



# ONE STEP AT A TIME

FIVE YEAR FINANCIAL  
COUNSELLING ANALYSIS

**We commit ourselves in prayer and practice to this land of Australia and its people, seeking reconciliation, unity and equity.**

## MISSION

- Caring for people
- Creating faith pathways
- Building healthy communities
- Working for justice

## VALUES

- Integrity
- Compassion
- Respect
- Diversity
- Collaboration

## CONTACT DETAILS

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## OVERVIEW

The Salvation Army has supported Australian communities with financial counselling, financial capability and financial literacy education, and microfinance programs for nearly 30 years. Our free counselling programs support people experiencing financial difficulties, by addressing their immediate crisis and working towards long-term financial competency and resilience.

In 2017/18, more than 18,000 people accessed The Salvation Army's Moneycare financial counselling services; an increase of more than 40% in the past five years.

This booklet presents the key findings from a five-year analysis of more than 12,000 people who have accessed our Moneycare financial counselling services in Australia between 2013/14 and 2017/18. The findings reflect 2017/18 data and highlight any distinct changes compared to five years ago.

This research highlights the financial pressures and hardships that people have endured and reveal the personal circumstances and challenges households experienced due to financial stress and difficulties. Over the past five years, economically the situation for these people has not improved; for many it really is just **one step at a time**.

# SUMMARY

## IN 2017/18 THE SALVATION ARMY FOUND:



Australians aged between 18-24 years and aged 65+ were the most rapidly increasing groups accessing financial counselling services.



More than three in five participants who accessed financial counselling were women. The number of women aged 55-64 who experienced employment issues increased by 50%; particularly in NSW and SA.



More than one third of participants experienced financial difficulties due to health problems, an increase of 44% compared to five years ago.



Financial counselling participants received an income of \$535 per week<sup>1</sup>, less than 40% of an average Australians' weekly income and well under the poverty line.<sup>2</sup>



Participants spent at least 50% less on essential items such as food and health, compared to average Australian households. Many low income households were unable to maintain an adequate standard of living; those on government support benefits and allowances were the worst affected.



More than one in six participants experienced energy stress<sup>3</sup>. They spent 15% of their total income on electricity and gas, compared to 2-3% for average Australian households<sup>4</sup>. One quarter of participants in South Australia experienced energy stress; the highest rate recorded in the country.<sup>5</sup>



The amount of debt owed to electricity companies increased by 18% in the past five years, with each household now owing \$1,924.



Participants delayed paying bills, reduced the amount they spent on essential items such as food, and went without basic necessities. For those resorting to predatory loans, the amount of debt owed to payday lenders increased 33% in the past five years, with each household now owing \$2,247.



One quarter of participants experienced **EXTREME** housing stress<sup>6</sup>, on average paying 70% of their income towards housing; this left these households approximately \$22 per day to live on<sup>7</sup>.



Sydney was the most expensive city to rent and for home ownership.<sup>8</sup> Nearly two in five private renters and nearly one in three mortgagors experienced **EXTREME** housing stress<sup>9</sup>; the highest rate recorded in the country.



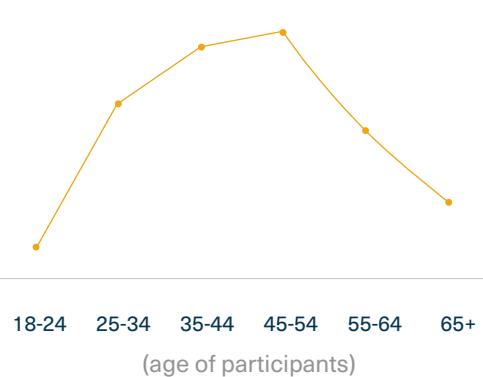
One in twenty participants who accessed financial counselling was homeless. Rates of abuse or domestic violence multiplied 2.5 times in the past five years; affecting one in seven people who were homeless.



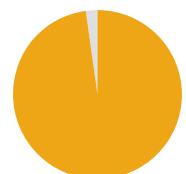
In another study by TSA, participants reported they benefited greatly from financial counselling services; 96% reported improved ability to handle their own financial situations and 93% reported their financial difficulties were resolved or mostly resolved.<sup>10</sup>

# 12,031

SAMPLE SIZE

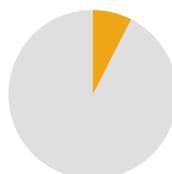


### RESIDENTIAL STATUS



Australian citizens/  
permanent  
residents (98%)

### INDIGENOUS STATUS



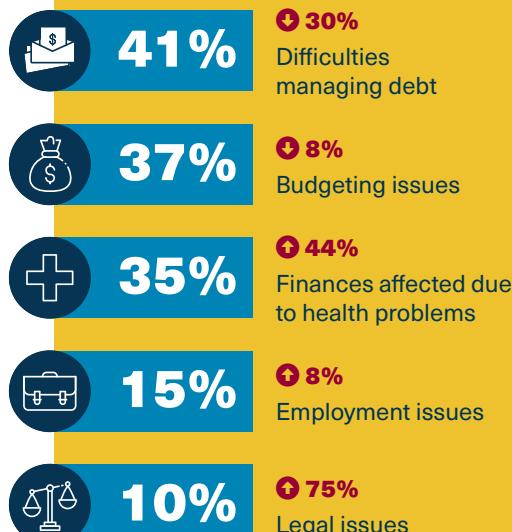
Identified as Aboriginal  
and/or Torres Strait  
Islander (7.5%)



More than three in five participants were women

3547 people (2013/14) + 8484 people (2017/18)

### Five main reasons participants have accessed financial counselling services:



Sample distribution  
(2017/18)

Sample distribution  
(2017/18)

↑ 30%  
Difficulties  
managing debt

↑ 8%  
Budgeting issues

↑ 44%  
Finances affected due  
to health problems

↑ 8%  
Employment issues

↑ 75%  
Legal issues

## DEMOGRAPHICS

The proportion of people who accessed financial counselling through The Salvation Army has increased more than 40% in the past five years.

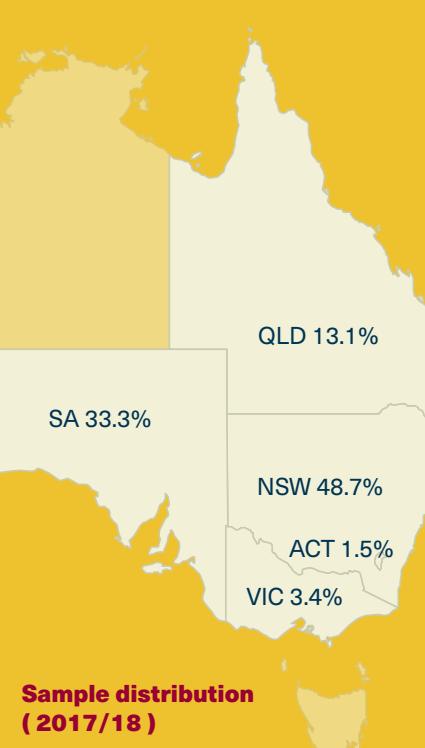
More than three in five participants were women.

More than one quarter of participants who accessed financial counselling were over 55 years of age.

Older Australians (65+) were the most rapidly increasing group accessing help from The Salvation Army's financial counselling services; up 22% compared to five years ago. Followed by an increase in younger Australians<sup>11</sup> (18-24) accessing financial counselling services, up 19% compared to five years ago.

### For those accessing financial counselling in the past five years, the number of people:

- Who identified as Aboriginals has increased by 27%<sup>12</sup>
- Seeking asylum has doubled<sup>13</sup>



## PRESENTING ISSUES

The top three presenting issues participants accessed financial counselling related to problems managing debt, budgeting issues, and health problems.

More than one third of participants experienced financial difficulties due to health problems, an increase of 44% compared to five years ago; lower income groups and recipients of government income support were worst affected.

For NSW participants, financial difficulties due to legal issues and alcohol and other drugs increased significantly.

For SA and QLD participants, financial difficulties due to abuse or family/domestic violence increased significantly.

## KEY FINDINGS

## INCOME AND POVERTY

Financial counselling participants lived well under the poverty line<sup>15</sup> and received less than 40% of an average Australians' weekly income.

*Participant income rates have remained unchanged in the past five years.<sup>14</sup>*

**AVERAGE AUSTRALIAN**  
Median income  
**FINANCIAL COUNSELLING PARTICIPANTS**  
Median income



Participants receiving Newstart Allowance, Disability Support Pension (DSP) and those working were the three main groups who accessed financial counselling.



Government income support recipients, particularly those on Newstart Allowance (\$408 a week) and Youth Allowance (\$291 a week), received the lowest household income, spent the least on housing and had the least money left over to pay their other expenses and bills.



In the past five years, the proportion of participants on Youth Allowance<sup>16</sup> accessing financial counselling increased by more than 70% and for those on DSP increased by 13%.<sup>17</sup>



Participants with lower income tend to present health problems as the main reason for their financial difficulty, affecting more than one third.



One in five participants accessing financial counselling were working or operating their own business; of these, half had problems with debt.



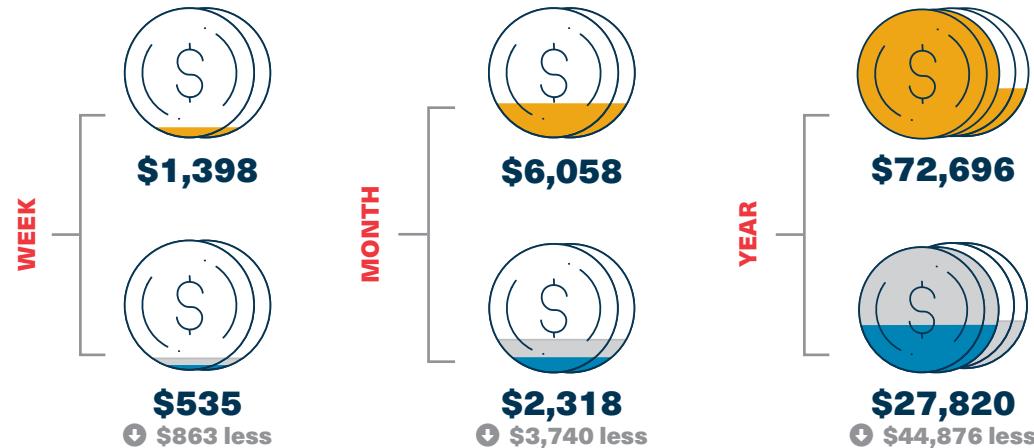
The number of women aged 55-64 who experienced employment issues (job discrimination, sudden job loss, under employment) increased by 50%; particularly in NSW and SA.



In 2017/18, more than two thirds of participants who accessed financial counselling were from the lowest income households;<sup>18</sup> earning on average \$452 per week.

**'But being on Centrelink is very difficult. And because of the high electric bills that you get, and the rent, it all adds up'**

ESIS 2018  
FINDINGS



# COST OF LIVING COMPARISON

On average, participants spent considerably less on essential items, especially on food and health, compared to the average Australian household.

**ALL TSA FINANCIAL COUNSELLING PARTICIPANTS**  
**\$436 PER WEEK**

House	\$225
Apple	\$123
Bus	\$37
Lightning bolt	\$35
Plus sign	\$16

**LOWEST INCOME<sup>19</sup> AUSTRALIAN HOUSEHOLDS**  
**\$439 PER WEEK**

House	\$180
Apple	\$144
Bus	\$35
Lightning bolt	\$34
Plus sign	\$46

**AVERAGE AUSTRALIAN HOUSEHOLDS**  
**\$701 PER WEEK**

House	\$279
Apple	\$237
Bus	\$62
Lightning bolt	\$41
Plus sign	\$82

**COST OF LIVING**  
Many low income participants were forced to delay payments, reduce spending, and sacrifice essential items in order to 'get by'.



On average, participants spent \$123 per week on food, approximately half that spent by an average Australian household.



Sydney was the most expensive city to live in, with participants spending on average \$508 per week on essential household items.



Housing



Food



Transport<sup>20</sup>



Utilities



Health

**KEY FINDINGS**

# COST OF LIVING COMPARISON CITIES



Participants in Sydney had the highest cost of living expenses and spent the most on housing, food and transport compared to other capital cities.<sup>21</sup>

## CANBERRA

\$438 PER WEEK



## MELBOURNE

\$401 PER WEEK



Housing   Food   Transport<sup>22</sup>   Utilities   Health

\*Due to rounding, the numbers presented might not add up precisely to the totals indicated.

## SYDNEY

\$508 PER WEEK\*



## BRISBANE

\$421 PER WEEK



## ADELAIDE

\$392 PER WEEK



## 2017/18 AVERAGE WEEKLY PARTICIPANT SPENDING ON ESSENTIAL HOUSEHOLD ITEMS



More than one in six participants experienced energy stress,<sup>23</sup> spending 15% of their total income on electricity and gas; compared to 2-3% for average Australian households<sup>24</sup>.



Energy stress was highest among SA participants, affecting one quarter.



In SA, more than half of participants experiencing energy stress also suffered with health problems or cared for someone who was ill. As a result, high energy consumption was unavoidable for many households.



Participants spent at least 50% less on essential items such as food and health, compared to average Australian households; those on government support benefits and allowances were the worst affected.

*'Meal planning - make meals from scratch, no takeaways. Reduce the use of car to save petrol. My husband who is a casual truck driver takes on more work. No coffee out with friends. Any spare change goes into money box.'*

Female, 60, lives with husband – ESIS 2018 findings

*'When I don't have money I don't eat and only get the medication I could not live without. Bills and debts get fines. The medical conditions get worse so I end up needing more medication and get admitted to hospital to fix that. Before having community housing I would give up where I was staying to save rent money for a few weeks.'*

Female, 26, lives alone – ESIS 2018 findings

*'Go without the main meal and just provide for children. Before payment arrangements were organised, I would put off paying electricity and gas bills to pay for other things due.'*

Female, 41, single mother with three children – ESIS 2018 findings

## DEBT

More than half of all participants who accessed financial counselling had outstanding debts; credit card, personal loans and electricity arrears were the three most common types.

In the past five years, the proportion of participants in debt to:

- 15% UTILITY COMPANIES increased, with each household now owing \$1,924
- 47% PAYDAY LENDERS increased, with each household now owing \$2,247
- 31% CENTRELINK increased, with each household now owing \$3,292<sup>25</sup>

*'When other expenses came up, such as an electricity bill or car registration, I would put off paying my personal loan. But soon, creditors came knocking. The bank started harassing me. It then became really overwhelming. I became really depressed and it started affecting my weight, [and] my relationships with my friends. I didn't want to have contact with anyone because I was so ashamed. I am really appreciative of all the support The Salvation Army provided me, especially Vispi [Financial Counsellor]. For me it was life changing. I feel like they saved my life.'*

John, Sydney

## HOUSING

In the past five years, the proportion of participants:

- 7% Renting increased by more than 7%
- 24% Paying off a mortgage decreased by nearly 24%
- 67% of participants experienced **HOUSING STRESS**,<sup>26</sup> paying more than 30% of their income towards housing.
- 25% of participants experienced **EXTREME** housing stress,<sup>27</sup> on average paying 70% of their income towards housing; leaving households approximately \$22 per day to live on.<sup>28</sup>
- More than one in four **PRIVATE RENTERS** experienced extreme housing stress; leaving households approximately \$23 per day to live on.
- More than one in five **MORTGAGERS** experienced extreme housing stress; leaving households approximately \$21 per day to live on.
- Participants who lived in **MAJOR CITIES** and **INNER REGIONAL** areas experienced higher rates of housing stress compared to those in outer regional and rural areas.
- Sydney was the most expensive city to rent and for home ownership; nearly two in five private renters and nearly one in three mortgagors experienced **EXTREME** housing stress.<sup>29</sup>

**'After I pay my rent, I only have \$100 a week left, so that's ridiculous. I just can't afford to pay for anything.'**

ESIS 2018 FINDINGS

**'Rent is my biggest killer. Hopefully I will be able to get into government housing. I am on the list but it's a very lengthy wait.'**

ESIS 2018 FINDINGS

# HOMELESSNESS



One in 20 participants who accessed financial counselling was homeless.



Participants who were homeless had an average weekly income of \$485; considerably lower than other financial counselling participants.



Participants who were homeless were four times more likely to experience abuse or family/domestic violence, compared to those who were not homeless and twice as likely to experience issues with addiction.



In the past five years rates of abuse or domestic violence have multiplied 2.5 times; now affecting one in seven people who were homeless.

***'We're just moving day to day...it just spiralled down all the way...I was so desperate. There's the insecurity and depression of not having your own place.'***

George, Melbourne, ESIS 2018 findings



## CONCLUSION

The Salvation Army is a global faith-based organisation supporting individuals, families and communities who experience hardship, disadvantage and exclusion. This report outlines the main findings from a five year analysis of more than 12,000 people who accessed The Salvation Army's Moneycare financial counselling services in Australia, and provides an insight into the difficulties and challenges they experienced.

Financial stress, housing affordability and cost of living pressures forced many people to seek help. Many participants struggled to pay their rent or mortgage, delayed paying their utility bills and could not always afford to put food on the table. More than two thirds experienced housing stress, with one quarter of participants spending more than 70% of their income on housing; leaving only a fraction of income to live on. The majority of participants earned less than 40% of an average Australians' weekly income; and lived well under the poverty line.<sup>30</sup> Low income earners and government income support recipients were worst affected and struggled the most to maintain a basic standard of living.

One in 20 participants who accessed financial counselling was homeless. This highly disadvantaged cohort, received considerably less income, experienced increased rates of abuse and violence and many struggled with addiction while homeless. The housing situation in Australia is dire.

People urgently need access to affordable, safe and secure housing, with ongoing support to sustain their tenancy and the opportunity to address longer term barriers.

Low income earners were generally very savvy with their money, however people simply had less money available to spend. Many prioritised essential items like housing, 'cutting back' where they could and desperately trying to live within their means.

There has been a substantial increase in the proportion of people accessing The Salvation Army's financial counselling services; 40% more than five years ago. Over this time, we have seen a marked increase in the number of women, older (65+) and younger Australians (18-24) seeking help. This may suggest that both age groups are vulnerable and experience employment challenges and financial barriers.

Participants accessed financial counselling for a range of reasons, and not just due to debt. Health problems, employment issues, addictions, relationship breakdowns, domestic violence, and other emergencies or unexpected life events such as natural disasters, and the death or loss of family members were reasons participants sought financial counselling. Access to quality financial counselling services has made a considerable difference for people in order to more effectively manage financial stress, alleviate hardship and develop increased financial resilience.

## KEY FINDINGS

# JACK – ONE STEP AT A TIME

When people attend The Salvation Army, it is usually at a point in their lives when they need help the most. Our financial counselling services focus on people in vulnerable circumstances, most are at risk of financial and social exclusion and disadvantage. This was very true for Jack, from Queensland.

Jack will never forget the 30th of March, 2017. A massive flood ripped through his Brisbane suburb, the result of Cyclone Debbie, and he and his partner were forced onto the roof of their home for five hours until they were rescued, with flood waters inching higher and higher.

He and his partner lost everything. Their home, cars, small business – all destroyed by the floodwaters. Not all of it was insured.

'We were pretty much in dire straits,' Jack says. 'I had lots of business debt as well as personal debt like a car loan and machinery repayments to make, credit cards... We just had no idea what we were going to do because we couldn't service the loans, we couldn't survive, we couldn't do anything.' He was in disbelief. Jack had been financially secure his whole life, having been a manager and director of several businesses. Now, he had nothing.

'It crippled me. I couldn't get out of the house for weeks. I couldn't do anything. I was always tired. My partner and I were having arguments over crazy little things. It just about broke me,' he says. 'We couldn't eat properly. We had cut down to two meals a day. We couldn't buy food or anything at that stage.'

Jack was introduced to Lisa, a financial counsellor with The Salvation Army. At that stage, Jack says he didn't have much hope...things were so desperate, he was thinking about taking his own life.

Lisa firstly supplied Jack and his partner with a supermarket voucher so they could eat. Next, Lisa helped Jack get his entire financial situation down on paper so that they could make a plan to move forward. 'I was a little bit scared actually when it was all put on paper. She assured me that we'd just do one thing at a time and that's basically what we did. We just started to have a little win here, or there, and we worked our way right through.'

Lisa also accompanied Jack to the local government housing office where he had been trying to secure a home. 'It made a big difference to have someone there that could speak the same sort of language that they're used to; it made a big difference.' She also negotiated with his telecommunications company and his bank to get his hardship provisions extended.

Lisa recognised that he was struggling with his mental health. 'Lisa had actually rung up the guys from mental health in QLD to check on me,' Jack says. 'My partner kept on telling me that I should speak to someone or do something about it, but I was like, 'No I'm ok,' but they saw things that I couldn't see'.

Lisa from The Salvation Army has been there, every step of the way; working with Jack and his partner to sort through every debt, negotiate payment plans, access housing and much more.

'I had no idea that the Salvos could actually do [all of this] to help the situation,' he says. 'To give us the hope and the feeling that there was someone there for us was enormous. I wasn't aware of the time that it takes to get back up on your feet. It is overwhelming. It's taken so long to get going again.' For Jack is has been **ONE STEP AT A TIME**.



\*Names and some details have been changed to respect the privacy of the individual. The image used is a stock photo and the model is not related to the case study.

## ENDNOTES

- 1 Median. (*In Summary*)
- 2 The poverty line is half of the median household income of the total population, as defined by OECD. The estimated poverty line for Australia in the financial year 2015/16 is \$699, according to the latest ABS data. (*Summary*)
- 3 Spending more than 10% of their disposable income on domestic fuel (electricity and gas). (*Summary*)
- 4 In FY 2015/16, Australian households spent on average \$41 a week on electricity and gas, which is 2.9% of the disposable median income (\$1,398), or 2.4% of the average disposable income (\$1,706 a week). (*Summary*)
- 5 Compared to participants in NSW, ACT, QLD and VIC. (*Summary*)
- 6 Private rent/mortgage only. (*Summary*)
- 7 After housing costs. (*Summary*)
- 8 Compared to participants in ACT, QLD, SA and VIC. (*Summary*)
- 9 Spending more than 50% of their income on housing. (*Summary*)
- 10 Misra, G., Loo, J., and Susanto, J. (2018) Strength in Numbers: Moneycare Outcomes Measurement (ACT, NSW, QLD). The Salvation Army Australia, Sydney. Manuscript in preparation. (*Summary*)
- 11 This figure mainly contributed by NSW participants. (*Demographics*)
- 12 This figure mainly contributed by NSW participants. (*Demographics*)
- 13 This figure mainly contributed by NSW participants. (*Demographics*)
- 14 After adjusting with inflation. (*Income and poverty*)
- 15 The poverty line is half of the median household income of the total population as defined by OECD. The estimated poverty line for Australia in the financial year 2015/16 is \$699, according to the latest ABS data. (*Income and poverty*)
- 16 Small cohort, only 1.3%. (*Income and poverty*)
- 17 This figure mainly contributed by NSW and QLD participants. (*Income and poverty*)
- 18 Lowest 20% income quintile. (*Income and poverty*)
- 19 Lowest 20% income quintile. (*Cost of living*)
- 20 Only include public transport, petrol, and parking/toll/e-way. Excluding all other transport related expenses (vehicle purchase, insurance, etc.). (*Cost of living*)
- 21 Compared to participants in ACT, QLD, SA and VIC. (*Cost of living Comparison Cities*)
- 22 Only include public transport, petrol, and parking/toll/e-way. Excluding all other transport related expenses (vehicle purchase, insurance, etc.). (*Cost of living*)
- 23 Spending more than 10% of their disposable income on domestic fuel (electricity and gas).
- 24 In FY 2015/16, Australian households spent on average \$41 a week on electricity and gas, which is 2.9% of the disposable median income (\$1,398), or 2.4% of the average disposable income (\$1,706 a week). (*Cost of living*)
- 25 Not all states recorded Centrelink debt (*Debt*)
- 26 Private rent/mortgage only. (*Housing*)
- 27 Private rent/mortgage only. (*Housing*)
- 28 After housing costs. (*Housing*)
- 29 Spending more than 50% of their income on housing. (*Housing*)
- 30 The poverty line is half of the median household income of the total population, as defined by OECD. The estimated poverty line for Australia in the financial year 2015/16 is \$699, according to the latest ABS data. (*Conclusion*)
- NB: [ESIS findings 2018](#) is another TSA research report.

