



Media Release

17 October 2017

New data reveals vulnerable Australians are drowning in debt

New data has revealed that people seeking financial assistance through The Salvation Army's Moneycare financial counselling and capability services are presenting with extreme debt, with limited means of climbing out of it without help.

Coinciding with Anti-Poverty Week, these findings have shown that those on the brink of financial crisis have a debt-to-income ratio of 255 per cent (that's \$2.55 of debt for every dollar earned). This is much higher than the community average of 190 per cent.

"More and more Australians are falling into the vicious cycle of debt, feeling forced to max out credit cards, take out very expensive loans or take on consumer leases when they are in financially desperate situations. However, these band-aid solutions typically only exasperate the problem," says Tony Devlin, The head of The Salvation Army's Moneycare program.

The data also found casual and part time workers, carers and pensioners are more likely to seek our services than twelve years ago. The percentage of casual and part time clients has increased by 140%, carers as clients has increased by 93.3% and aged pensioners as clients has increased by 71.8%. This suggests underemployment and the casualisation of the Australian workforce is affecting the way people are able to manage their finances.

Housing affordability and cost of living pressures are having an adverse effect on our clients. Typically clients spend 37% of their income on rent, which is a 7% increase over the last ten years. Additionally, the percentage of income people spend on electricity has increased by 24.9% over the last ten years.

"Now more than ever we are now seeing people from all walks of life seeking our help. The cross section of people is growing, and the amount of debt each person has is very high," Mr Devlin says.

"Over the last ten years, we have seen major changes to the employment landscape in conjunction with increases to the cost of living. This combination of factors is making it harder for many people to keep their head above water."

Mr Devlin encourages anyone who is under financial pressure to seek the help of a free and confidential community financial counsellor. He says they provide a safer alternative to risky forms of borrowing or seeking help from a commercial provider.

"Financial counsellors can advocate on your behalf and where appropriate negotiate a payment plan with the people you owe money too. Additionally, No Interest Loans Schemes (NILS) provide safe and affordable credit to people for essential items. There are always people who are willing to help" Mr Devlin said.

The Salvation Army welcomes anyone having trouble with their finances to contact its free and confidential Moneycare service. Moneycare is one of the largest providers of financial counselling and related services in Australia, where staff can help with a range of issues including budgeting, credit, debt and repossession.

The Salvation Army is also encouraging the public to connect with its unique financial literacy education program, "You're the Boss". The app is free and provides financial tips, information and other resources to help you stay on top of your money. To contact your nearest Moneycare service please visit <https://salvos.org.au/moneycare> or call 1800 007 007

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For more information or for media comment, please contact The Salvation Army Media Department (02) 9466 3143

KEY STATISTICS AT A GLANCE

- Credit card debt is the most common form of debt our clients have (this has been the case over the last ten years)
- In 2006/7 the most common types of debt were (in order); credit cards, phones, car loans, personal loans, electricity, Centrelink, mortgages and fines.
- In 2016/17 the most common types of debt were (in order); credit cards, personal loans, electricity, car loans, Centrelink, mortgages, phones and fines.
- Pay day loan debt is increasing
- For clients who pay rent, the average budgeted expenditure as a % of average income for rent in 2016/17 was 37.2%, an increase of 7.2% on average income over the last ten years.
- For clients who pay electricity, the average budgeted expenditure as a % of average income for electricity in 2016/17 was 4.75%, an increase of 26.3% on average income over the last ten years.
- For clients with a pay day loan, the average budgeted expenditure as a % of average income for pay day loans in 2016/17 was 10.3%, an increase of 24.9% on average income over the last ten years.
- For clients who disclose gambling, the average budgeted expenditure as a % of average income for gambling in 2016/17 was 8.38%, an increase of 363.4% on average income over the last ten years.
- For clients with medical/doctors expenditure, the average budgeted expenditure as a % of average income for doctors costs 2016/17 was 3.07%, an increase of 46.56% on average income over the last ten years.
- The average percentage total debt to average annual income is 255% for 2016/17,
- Average total debt per client in 2016/17 was \$91,018
- Average total income per client in 2016/17 was \$35,672

Client profile:

- Casual and part time employed clients have increased by 140% over the last 12 years to 2016/17, to now being 6.77% of clients.
- Carers as clients have increased by 93.3% over the last 12 years to 2016/17, to now being 2.9% of clients
- Aged pensioners as clients have increased by 71.8% over the last 12 years to 2016/17, to now being 5.4% of clients