MONEYCARE: 10 YEARS ON

A Decade of Challenge and Resilience

A 10-Year Analysis of People Accessing Moneycare: Profile, Income, Expenditure, Housing and Debt

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ABBREVIATIONS

ABS

Australian Bureau of Statistics

AHURI

Australian Housing and Urban Research Institute

AIHW

Australian Institute of Health and Welfare

FY

Financial Year

n

Number of analysed responses

mr

Number of missing response(s)

SAMIS

Service and Mission Information System

TSA

The Salvation Army

GLOSSARY

Financial Capability Worker

A community worker who helps people to build long-term capability to budget, manage finances and make informed choices about their finances.

Financial Counsellor

A community worker who negotiates and advocates on behalf of people experiencing financial hardship, or who are unable to manage their debts. They provide financial counselling, including financial information and advice, and deal with complex financial matters in a holistic manner.

Housing stress

Specific to this study, an individual or a household experience housing stress when they are paying more than 30% of their disposable income. The use of disposable income (post-tax) rather than gross income is more relevant to people's standard of living (Wilkins & Lass, 2018).

Over-indebted

An individual or a household who is over-indebted has debt that is three times or more than their annual disposable income. The Australian Bureau of Statistics' definition for over-indebtedness also looks at the debt to asset ratio (ABS, 2018a), which is not analysed in this study.

Participants

Sample of people analysed in this study, whose personal details have been de-identified.

Predatory loan

Loan that are considered unfair, deceptive, or fraudulent, such as payday loans, where interest rates are considered unreasonably high.

Severely over-indebted

An individual or a household who is severely over-indebted, with debt that is six times or more than its annual disposable income.

Social housing

Affordable rental housing that is owned and/or run by governments or not-for-profit organisations for people on low incomes and/or with particular needs. It includes both community housing and public housing.

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EXECUTIVE SUMMARY

This report represents a 10-year data analysis of people who accessed The Salvation Army Moneycare services in the Australian Capital Territory (ACT), New South Wales (NSW) and Queensland (QLD). The Moneycare research project seeks to examine the profiles and challenges experienced by community members who accessed Moneycare financial counselling and capability services from the period of 2008/09 to 2017/18 Financial Year (FY). The findings from this study will be used to inform Moneycare service delivery and to advocate for policies and system change[1] that promotes financial and social inclusion for people experiencing disadvantage.

Moneycare is The Salvation Army's (TSA) financial wellbeing and capability service that supports individuals and families in financial difficulties. For over 28 years, the Moneycare team has been supporting Australian communities through a variety of free and confidential financial services, such as financial counselling, financial capability, financial literacy education and microfinance. Moneycare seeks to address a person's immediate crisis situation and to build long-term financial resilience. The Moneycare team initiated this study to examine the 10-year profile of people accessing its services, such as their demographic profile, income, expenditure, debts, and the challenges that they had encountered that lead to, or were a result of, their financial situation.

The sample for this study has been derived from TSA's information system, SAMIS (Service and Mission Information System), which stores client information. For the purpose of this study, people who were included in the analysis were those who accessed Moneycare financial counselling and capability services in ACT, NSW and QLD from 2008/09 to 2017/18 FY, and whose full financial details were recorded in SAMIS as part of the service delivery. This has resulted in a total sample of 29,483 participants over a 10-year period. Participants' SAMIS data was de-identified prior to analysis and no identifiable information was included in the report.

The study reveals these key findings:

1. When adjusted for inflation, participants' median income remained similar over the 10-year period. In 2017/18, participants' median disposable income was $576 per week, which was below Australia's household poverty line[2].

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[1] Abercrombie, *et. al.* (2015) defines systems change as an intentional process designed to alter the status quo by shifting the function or structure of an identified system with purposeful interventions. It is a journey which can require a radical change in people's attitudes, as well as in the ways people work. Systems change aims to bring about lasting change by altering underlying structures and supporting mechanisms which make the system operate in a particular way. These can include policies, routines, relationships, resources, power structures and values.

[2] The poverty line is half of the median household income of the total population (OECD, 2018). The estimated poverty line for Australia in the financial year 2015/16 is $699, according to the latest ABS data (ABS, 2017a).

2. Participants spent less on basic necessities compared to Australian households (ABS, 2017b), specifically on food, transport and health. This is likely to reflect a prioritisation on payments for housing and utilities, resulting in participants not being able to afford things that average Australians normally enjoy, such as eating out once a fortnight, owning a motor vehicle or having private health insurance[3] (TSA, 2018).
3. Despite the low supply of affordable housing and the increased cost of private rental in Australia (Hulse, Parkinson and Martin, 2018), participants' expenditure on housing remained stable over the 10-year period (after adjusting for inflation).
4. Nevertheless, with participants' low and stagnant incomes, housing costs were a source of continuous struggle throughout the 10-year study period. Of total expenditure, participants generally spent 35% on housing, compared to 20% among Australian households (ABS, 2017b).
5. The incidence of housing stress was also significantly high among participants, with 64% experiencing housing stress in 2017/18.
6. Participants in private rental market were at most risk of housing stress. In 2017/18, 74% of participants in private rental experienced housing stress, compared to other housing types: owners with mortgage (61%), social housing (42%), and rooming/boarding house (68%).
7. Among participants in private rental, single parents, lone person households and participants aged over 55 years were found to be at most risk of housing stress. Of particular concern was the significant increase of participants aged over 55 years who were in private rental, from 27% in 2008/09 to 42% in 2017/18.
8. Participants living in Sydney who were in private rental, or home owners with a mortgage, were also found to be at most risk of housing stress compared to other areas in NSW and QLD.
9. Among participants with debt, the most common form of debt was credit card debt at 49%, followed by personal loans at 30%, and electricity debt at 25%.
10. The value of credit card debt increased significantly in the 10-year period. After adjusting for inflation, the real value of credit card debt increased by 38%, from $7,070 in 2008/09 to $9,789 in 2017/18.
11. The incidence of participants with predatory debt increased significantly, particularly for participants aged 18-24 years old. The proportion of participants with payday loans has doubled from 6% in 2008/09 to 13% in 2017/18 and tripled in real values to $1,383 compared to 10 years ago. Younger participants, aged 18-24, were more likely to have payday loans than other age groups.

[3] According to the ABS, these three items make up a significant proportion of Australian households' food, transportation, and health expenditure (ABS, 2017b).

12. The incidence of participants in severe debt remained the same over the years. Among participants with debt in 2017/18, over one-in-10 participants had debt that was six times or more than their annual disposable income. Most participants who were in severe debt also had mortgage debt.

These findings highlight the variety and extent of financial difficulties that many people experienced. Low and stagnant income, housing stress and a rising level of debt were only some of the issues that were revealed in this study. In line with the low supply of affordable housing (Anglicare Australia, 2017), participants in private rental were at most risk of experiencing housing stress. With the significant increase in housing prices in Sydney in the past 20 years (Scutt, 2017; Kusher, 2018), participants living in Sydney who were in private rental or who had a mortgage were also at most risk of experiencing housing stress.

The study also observed a significant increase in the proportion of participants aged over 55 years who were private renters and were likely to enter retirement without the extra financial security of owning a home outright. This is of concern, as private renters generally spend a higher proportion of their income on housing costs compared to other types of housing occupancy (Thomas, 2016). Indeed, compare to other age groups, participants aged over 55 who were living in private rental dwellings were found to be at most risk of housing stress. Private rental prices have also been historically shown to increase at a higher rate than the rate of mortgages or social housing (Thomas, 2016). Consequently, this situation increases the risk of housing stress and possibly homelessness at a retirement age for older participants, particularly those on a low income or those who experience financial hardship at the later stage of their life. These situations, coupled with the continuous growing number and proportion of older Australians (AIHW, 2018), could increase the demand on social and housing services, and the welfare system. This study has seen an increase of proportion of older Australians who accessed Moneycare services from 19% in 2008/09 to 26% in 2017/18. The Salvation Army recommends that older Australians are included as a key focus area for research on housing and homelessness (based on historical data and future projections), and in reviews of welfare and housing policies, affordable housing strategy and service design.

Although incomes were stagnant and housing costs were high, the study demonstrated the level of resilience exhibited by people with low incomes. Many participants had to lower their budget for basic items such as food, transport and health, to prioritise for urgent, sometimes non-negotiable payments such as housing and utilities. Nevertheless, with such limited incomes, unexpected expenses often forced participants into debt. The lack of affordable housing, persistent debt and prolonged financial hardship could have significant negative long-term effects on health, including their family members', and on personal relationships, which may lead to family breakdown and an inability to be a productive member of Australian society (Australian Psychological Society, 2015).

Based on the findings of this research, The Salvation Army recommends:

1. Reform of the lending practices of financial institutions, particularly the practices of credit providers in regard to credit cards and payday loans towards low-income earners and disadvantaged groups in Australia. The Salvation Army also calls on the Federal Government to implement all recommendations from the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry (when released) and to pass the National Consumer Protection Amendment (Small Amount Credit Contract and Consumer Lease Reforms) Bill 2018, introduced into the Parliament in February 2018. Further, The Salvation Army calls on banks to fully implement the revised Banking Code of Practice.
2. An increase in funding for and access to independent financial counselling, financial capability services and no-interest loans from the Department of Social Services and the Financial and Banking Industry to assist people with low incomes and people who are experiencing financial hardship.
3. Federal Government to increase the Newstart Allowance support payment to provide adequate resources for job seekers to maintain a very basic standard of living, increasing their likelihood of securing employment.
4. Federal and State Governments to encourage and support the work of the Australian Securities and Investments Commission in the area of financial capability, with an emphasis on targeted and well-designed programs for younger people, as early as primary school. The Salvation Army also recommends that the financial literacy and capability education for younger people includes good financial decision-making, the impact of credit cards and payday loans, and the value of having financial goals; and that it is delivered by independent providers, without association to financial institutions. Early financial literacy education may help to reduce the rate of young people acquiring bad and/or persistent debt (such as payday loans) that has been observed in this study.
5. Both Federal and State Governments to continue the discussion and policy review on a long-term housing strategy targeted to increase the proportion of affordable housing and housing ownership to prepare Australians for retirement, particularly in light of an ageing Australian population. This is to minimise the risk of homelessness for older people, reduce the future needs for social and welfare services, and promote a sustainable retirement for all Australians.

The Salvation Army research team also recommends that a similar study is repeated in the next five years to provide up-to-date knowledge about people that have been accessing Moneycare services and the socioeconomic trends and challenges that are faced by this population group. This knowledge will help to inform Moneycare service delivery and advocacy strategy for the team and the wider organisation.

MONEYCARE PARTICIPANTS PROFILE SNAPSHOT (FY 2017/18)

- The majority of participants (60%) were female.
- About half of participants were aged between 35-42 years (50%), followed by over 55-year-old at 26%, 25-34 years old at 19%, and 18-24 years old at 5%.
- Close to one-in-three participants were in lone person households (31%), followed by single parent households (25%), group households with related adults (15%), couple with children households (14%), couple-only households (9%), and group households with unrelated adults (7%).
- About 9% of participants identified themselves as being of Aboriginal or Torres Strait Islander origin.
- Thirty-nine percent of participants had non-financial issues that led them to experience a financial hardship, with the top four most reported issues being health (15%), employment (9%), addiction (5%) and situational (4%; situational issues include natural disasters, loss of family member, and immigration problems).
- Seventy percent of participants relied on government income support, and 24% were employed (including 15% who were in full time employment and 2% who owned a business).
- Among those who relied on government income support, 33% were Newstart Allowance recipients, followed by Disability Support Pension recipients (28%), Family Tax Benefit Part A&B recipients (14%), and Age Pension recipients (10%).
- Participants' median household income was $576 a week.
- Ninety-two percent of participants were in the 40% lowest income group, including 69% who were in 20% lowest income group.
- Forty-nine percent were in the private rental market, followed by owners with mortgage and public housing (both at 13%).
- Sixty-four percent were in housing stress.
- Among participants with debt, 49% had credit card debt, followed by personal loans at 30%, electricity debt at 25%, Centrelink debt at 23% and mortgage debt at 19%.
- Median debt values were $246,000 for mortgage, followed by car loan at $16,950, personal loan at $15,600, and credit card at $9,789.
- Median payday loan value was $1,383.

1. BACKGROUND

1.1 About Moneycare

Moneycare is The Salvation Army's financial wellbeing and capability service, that has been operating for over 28 years in Australia, delivering a range of free and confidential services such as financial counselling, financial capability work, financial literacy workshops and microfinance. The services seek to help people in financial hardship by addressing their immediate crisis situation and to build their long-term capability and resilience in managing financial hardship. With The Salvation Army's mission and values as the foundation, Moneycare services are delivered with empathy and dignity, and the team at Moneycare invests highly in building trusting relationships with people who are accessing their services. Since 1990, Moneycare has helped thousands of people in vulnerable and disadvantaged circumstances who were at risk of, or experiencing, financial and social exclusion.

The value of Moneycare services is evidenced by two key pieces of research. Firstly, the 2012 research by the Swinburne University of Technology found that The Salvation Army's national financial counselling services had a positive impact across the domains of debt resolution, wellbeing, financial capability and advocacy, with 94% of those surveyed wishing that that they had sought help sooner (Brackertz, 2012).

Secondly, the development of the Moneycare outcomes measurement tools, piloted in ACT, NSW and QLD in the 2017/18 financial year, measured the changes in the first three months of a person's journey with Moneycare financial counselling and capability services. The findings demonstrated that Moneycare has helped community members in addressing their financial hardships, building financial resilience, improving their mental health, and their overall wellbeing and spirituality. Seventy-nine percent of respondents reported improvement in their financial resilience and 67% reported improvement in their mental health within the first three months of connection with Moneycare (Misra & Susanto, 2018[4]).

Moneycare's client feedback on casework services[5] also reaffirms the impact of its service delivery. Out of 2,207 responses received in 2017/18, 95.2% respondents claimed to have increased their money management knowledge or skills, 96.1% had an improved ability to handle their own financial situations, and 93% had their financial difficulties resolved or mostly resolved.

[4] Manuscript in preparation.
[5] Casework services were delivered by financial counsellors and financial capability workers.

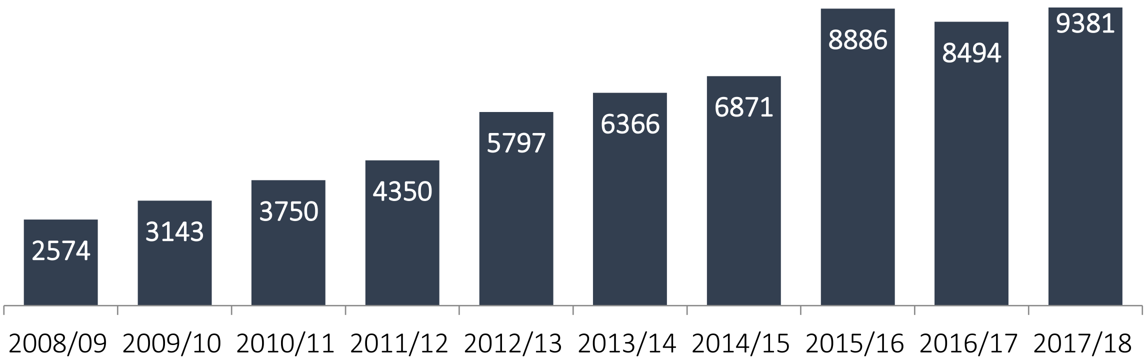
1.2 Study Aim

This study aims to examine the changes in the profile, circumstances, challenges, income, and expenditures of people who received assistance from the Moneycare financial counselling and capability services over the past 10 years. The study also investigates changes in the level and type of debts over the years. Information and insights from this study will be used to inform Moneycare's advocacy and policy strategy to promote financial inclusion and resilience of people experiencing disadvantages, and to improve its service delivery amid changing community needs and socioeconomic and employment situation in Australia.

1.3 Methodology

Data for this report was gathered from The Salvation Army's information system, SAMIS (Service and Mission Information System) which recorded a total number of 59,612 people accessing Moneycare services in ACT, NSW, and QLD from the 2008/09 to 2017/18 financial years. Figure 1 outlines the number of all Moneycare clients who were recorded in SAMIS for each financial year throughout the 10-year study period. For the purpose of this study, only people with financial details who accessed financial counselling and capability work were included in the study, resulting in a total sample number of 29,483 participants (49.5% of total clients). Table 1 provides the breakdown of total participants per state for each financial year, based on their recorded residential address[6]. For state-based analysis, only NSW and QLD were analysed and presented due to statistically small sample size of ACT.

FIGURE 1 Number of people recorded in SAMIS that accessed Moneycare Services between FY 2008/09 to 2017/18



[6] The summation of number of participants in 'ACT', 'QLD', and 'NSW' may not add up to the 'Total' number, as a small number of clients (less than 1% of total sample for each financial year) were recorded as residents from the other states. These participants might have been travelling to other states when accessing Moneycare services, or human errors in data collection might also have occurred. These participants were still included in general analysis, but not included in state-based analyses.

TABLE 1 Number of Moneycare participants, by states, FY 2008/09 to 2017/18

	Financial Year									
States	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
NSW	574	868	817	1,129	1,608	2,164	2,690	3,740	3,779	4,297
QLD	158	352	646	538	643	624	542	865	1,000	1,156
ACT	59	79	112	119	176	136	119	139	150	137
Total[6]	792	1,303	1,581	1,787	2,439	2,944	3,360	4,747	4,933	5,596

The demographic profile, case plan and financial information of people accessing Moneycare services were de-identified, cleaned and quantitatively analysed using Microsoft Excel. Only de-identifiable information was stored, analysed and reported by TSA territorial research team.

1.4 Research Limitations

It is important that readers of this report are aware of the following limitations of the study:

- Possible human errors during data collection and changes in mandatory data collection throughout the 10-year study period.

  Moneycare workers recorded people's demographic information, issues, goals and financial information directly in the SAMIS database based on information gathered during Moneycare sessions. The data's completion rate and quality have improved considerably throughout the 10-year study period; however, it may still be subjected to human errors in SAMIS data collection (e.g. typos resulted in people's age recorded as three years old rather than 30 years old). Over the years, there have also been changes in mandatory data reporting from funding bodies, which resulted in changes in the way data was collected and recorded throughout the study period. A caution will be written alongside findings if such changes or human errors may affect the data quality, analysis or finding's interpretation. Furthermore, data that has been significantly impacted by these changes or errors (therefore resulted in non-comparable, incorrect or poor quality of data) were excluded from the analysis.
- Missing responses

  The missing responses (reported as "*mr*" in this report) were generally less than 5% of total responses and appeared at random. Unless specified, data analysis in this report excluded missing responses to increase the power of confidence for each variable.

2. FINDINGS

2.1 Demographic Profile

Moneycare continues to serve groups of people who are at high financial risk: older people, single parents, lone person households and Indigenous people (Croucher, 2017; Stack & Meredith, 2018; King et al., 2018; ANZ & Roy Morgan, 2018). Increasingly over the years, participants seeking Moneycare assistance had been affected by an unexpected event that upset their usual financial arrangements, such as health issues, relationship breakdown, death or loss of loved ones, or increased costs of child care.

Key Statistics:

- Sixty percent of participants were female and 40% were male. These proportions have been reasonably consistent throughout the 10-year period.
- Majority were aged 35-44 years (50% in 2017/18), followed by participants aged over 55 (26% in 2017/18).
- There was an increase in the proportion of participants aged over 55 in the 10-year period, a nine-percentage-point increase from 2008/09.
- Majority were lone person households (31%), followed by single-parent households (24%). (The data for household composition were only captured in 2017/18, therefore no historical data was available.)
- Nine percent identified themselves as being of Aboriginal or Torres Strait Islander origin in 2017/18 (a four-percentage-point increase compared to 2008/09).
- Fifteen percent of participants in 2017/18 had health issues which had impacted their financial situation (a seven-percentage-point increase compared to 2008/09).

Gender

60%

of participants were **female**

Throughout the 10-year period, there was a higher proportion of female participants (60% in 2017/18) accessing Moneycare services compared to male participants (40% in 2017/18). This finding supports other study that indicated women were more likely to seek financial help and use financial advisers compared to men (Loibl & Hira, 2006).

Age

Figure 2 shows the changes in the age group's proportion in 2008/09 compare to 2017/18. Half of participants in 2017/18 FY were aged between 35-44 years (50%), followed by participants aged over 55 years (26%) and 18-34 years (24%). Over 10-year period, there was a slight but steady increase of participants aged over 55 accessing Moneycare services (data not shown). In 2008/09, 19% of participants were aged over 55, which increased to 26% in 2017/18. Participants aged 18-34 remained steady at around a quarter of participants, and participants aged 35-44 slightly decreased from 54% in 2008/09 to 50% in 2017/18 (Figure 2). The increase of participants aged over 55 accessing Moneycare services was more prominent in Queensland (Figure 3), where the proportion had more than doubled in the 10-year period from 13% in 2008/09 to 28% in 2017/18, with decrease of 8 percentage points in proportion of younger participants aged 18-34 (31% in 2008/09 to 23% in 2017/18).

FIGURE 2 Age Group, Moneycare Participants, ACT, NSW and QLD, FY 2008/09 & 2017/18, %

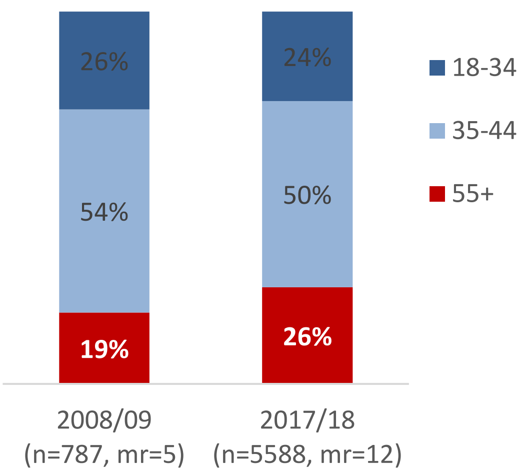
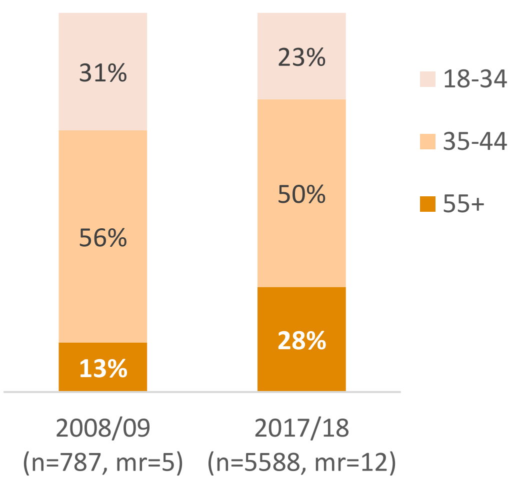


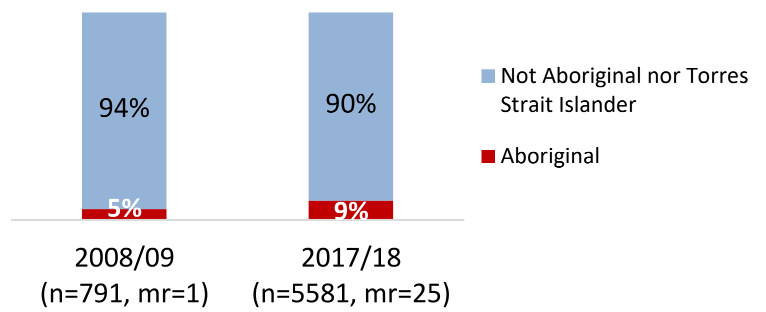
FIGURE 3 Age group, Moneycare Participants, QLD only, FY 2008/09 & 2017/18, %



Aboriginal and Torres Strait Islander People

Close to one-in-10 participants (9%) identified themselves as being of Aboriginal origin in 2017/18. The proportion of Aboriginal participants had increased slightly in the 10-year period by 4 percentage points (Figure 4).

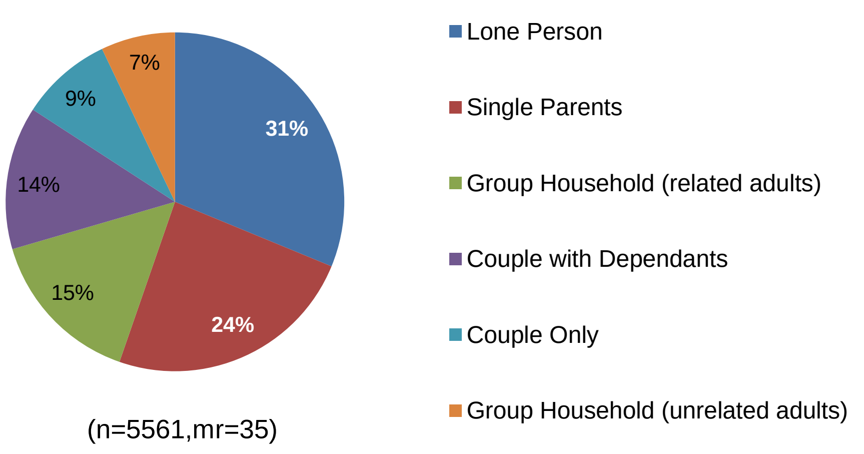
FIGURE 4 Indigenous Status of Moneycare Participants, FY 2008/09 & 2017/18, %



Household Composition

The household composition was only captured in the 2017/18 FY (Figure 5). Most participants were lone person households (31%), followed by single-parent households (24%), and group of related-adult households (15%).

FIGURE 5 Household Composition of Moneycare Participants, FY 2017/18, %

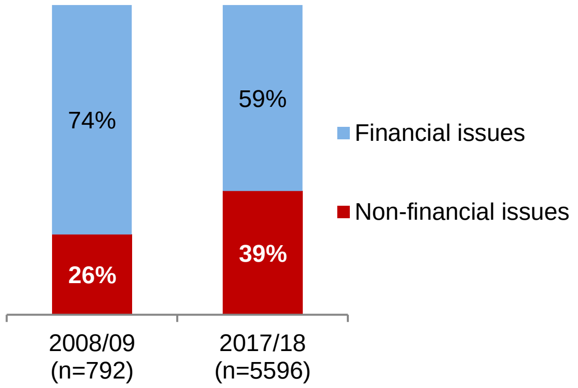


Main Presenting Issues

A presenting issue is defined as the main reason(s) people seek help from Moneycare. Figure 6 outlines the main presenting issues of participants during the 10-year period. Financial-related issues such as budgeting, debts and insufficient income were the most common reasons for seeking assistance from Moneycare. Non-financial issues were also reported as issues that had negatively impacted participants' financial situation, such as such as employment problems, housing issues, health problems, addiction, domestic violence, and/or situational problems[7].

Interestingly, the number of participants who reported financial-related issues as their main presenting issue had decreased over the years from 74% in 2008/09 to 59% in 2017/18, followed by an increase of non-financial related issues (26% to 39% for same years) (Figure 6). This trend may be caused by the refinement of data recorded in SAMIS, which have increased the accuracy and variety of presenting issues over the years.

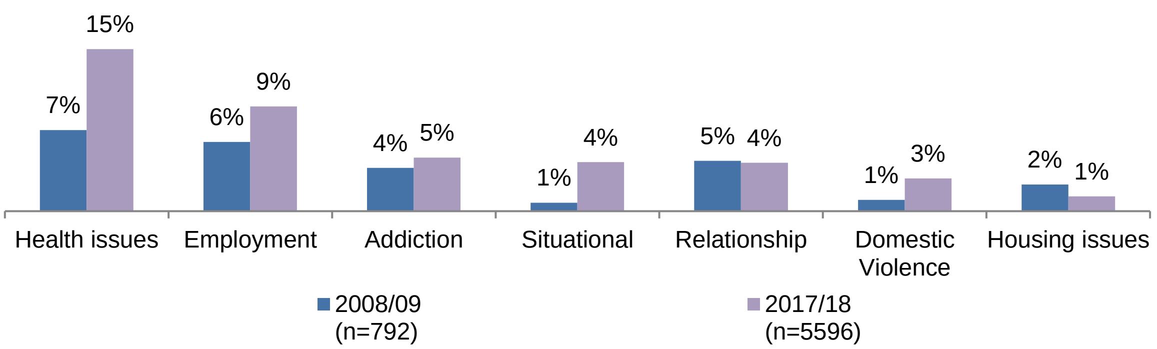
FIGURE 6 Main Presenting Issue of Moneycare Participants, FY 2008/09 to 2017/18, %



For example, additional categories for presenting issues were added to the SAMIS system based on feedback from frontline workers and changes in funding reporting requirement, which had allowed for recording of more specific issues. Nevertheless, it should be noted that a significant proportion of participants reported non-financial issues as the reasons for seeking help (39% in 2017/18), which was likely to indicate participant's underlying issues of hardships.

As seen in Figure 7, the number of participants reported health problems (mental and physical health) as the reasons for seeking help had doubled to 15% in 2017/18. Participants requiring help due to situational problems and domestic violence have tripled from 1% in 2008/09 to 4% and 3% respectively in 2017/18.

FIGURE 7 Non-financial issues, Moneycare Participants, FY 2008/09 & 2017/18, %



[7] Recorded situational issues include relationship breakdown, increased of cost of child care, natural disasters, loss of driving license, immigration problems.

2.2 Income and Expenditure

Many Australians have the luxury to eat out or afford a holiday, but not those living on a low income (ABS, 2017b). *Like many Australians on a low income, participants had to stretch every dollar as far as they could to meet their basic living costs. The income and expenditure analysis of this study demonstrated that many participants with low income were good budgeters. With a low and stagnant income, participants were likely to spend a higher proportion of their expenditure on housing and were forced to reduce their spending on other essential items.*

Key statistics:

- In the 10-year period, nine-in-10 participants were in Australia's 40% lowest income group (lowest & second quintile), including seven-in-10 participants who were in Australia's 20% lowest income group (lowest quintile).
- Participants' median household income was $576 a week in 2017/18 – well below the Australian household poverty line of $699[8].
- When adjusting for inflation, participants' expenditures on basic items had relatively stayed the same in the 10-year study period. In 2017/18, participants' average weekly spending was $262 on housing, $126 on food, $40 on utilities, $32 on utilities, and $16 on health.
- Generally, participants spent less on basic necessities compared to Australian households but spent a higher proportion of income on housing. Of the total expenditure, participants spent 35% on housing, as compared to 20% among general Australian households.

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[8] Poverty line is half of the median household income of the total population (OECD, 2018). The estimated poverty line for Australia in the 2015/16 financial year is $699, according to the latest ABS data (ABS, 2017a).

Main Source of Income

Figure 9 outlines the main source income for Moneycare participants over the 10-year period. Majority of Moneycare participants (70%) were receiving government income support payment in 2017/18, a slight increase from 63% in 2008/09. The proportion of participants who were in employment had decreased from 32% in 2008/09 to 24% in 2017/18. The proportion of participants in full employment had decreased from 25% to 15%, while the number of participants in casual employment had increased slightly from 2% to 4% within the same period (Figure 8).

FIGURE 9 Main Source of Income, Moneycare Participants, FY 2008/09 & 2017/18, %

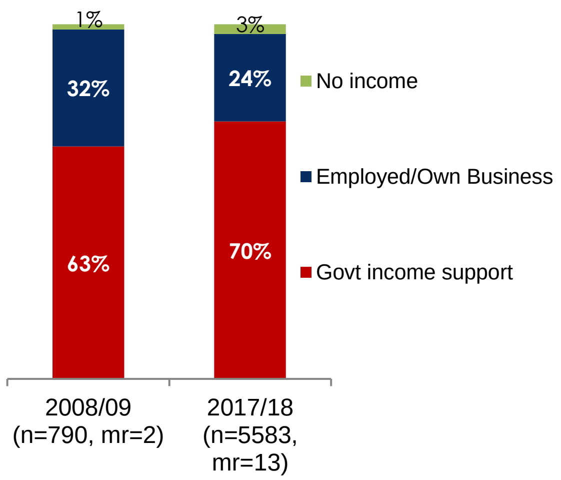
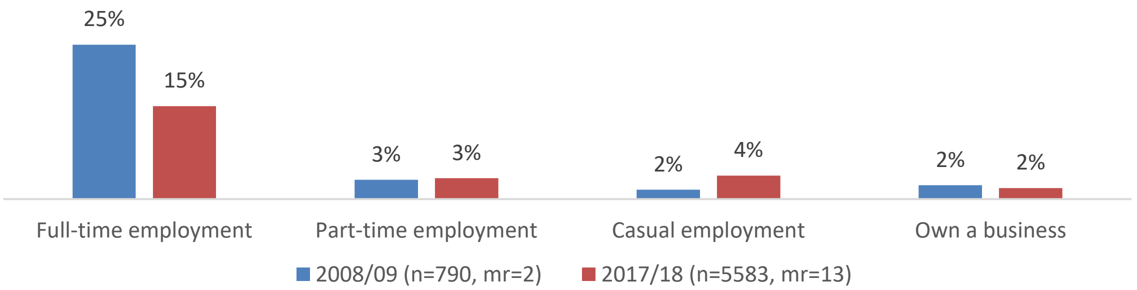
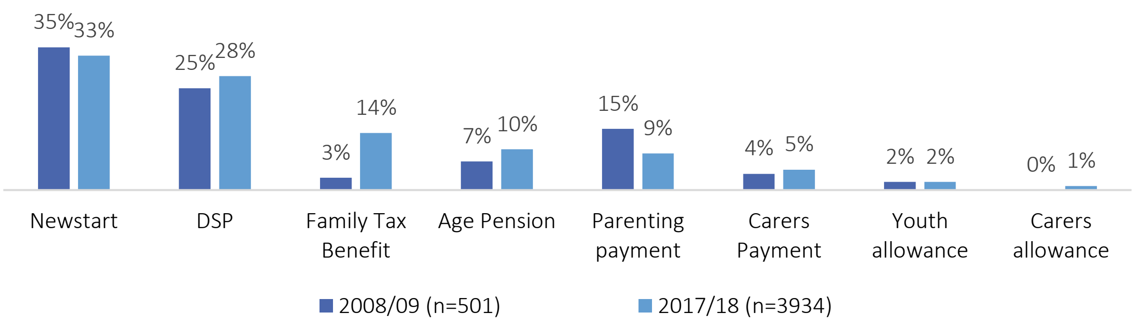


FIGURE 8 Types of Employment, Moneycare Participants, FY 2008/09 & 2017/18, %



About a third of those receiving government income support payments were Newstart Allowance recipients, followed by Disability Support Pension recipients (28%), Family Tax Benefit recipients (14%), and Age Pension recipients (10%) (Figure 10).

FIGURE 10 Types of Government Income Support received by Moneycare Participants, FY 2008/09 & 2017/18, %

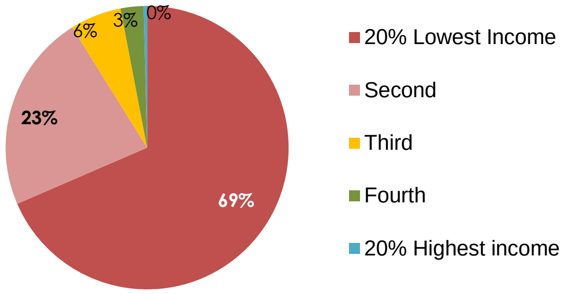


Other income support payment is not shown here due to small percentages. The percentages shown here includes of participants who may receive combinations of more than one type of income support.

Income

Ninety-two percent of participants were in Australia's 40% lowest income, which also includes 69% of participants who were in Australia's lowest quintile (Figure 11). The household income distribution among participants had been relatively consistent over the years.

FIGURE 11 Income Quintile Group, Moneycare Participants, FY 2017/18, %



Participants' disposable income (adjusting for inflation, real values) had not increased compared to 10 years ago (Figure 12). When comparing participants' income with the Australian Households in 2015/16 FY, participants' income was well below Australia's poverty line of $699 per week (Figure 13).

FIGURE 12 Household Disposable Income, Moneycare Participants, FY 2008/09 to 2017/18, $AUD/week

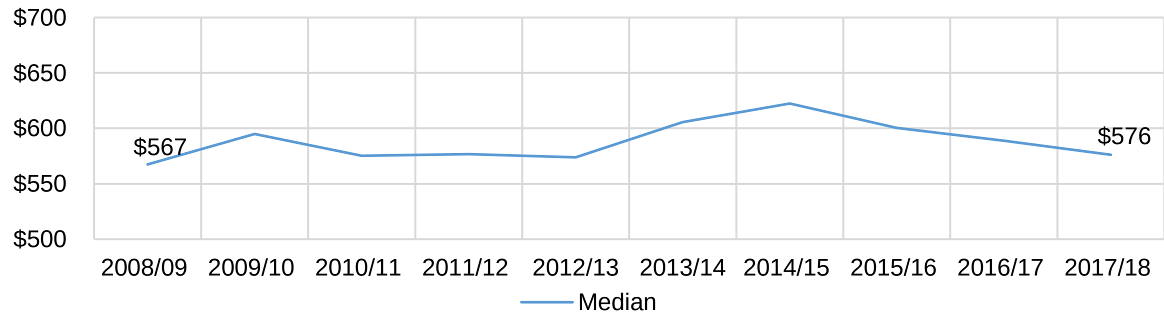
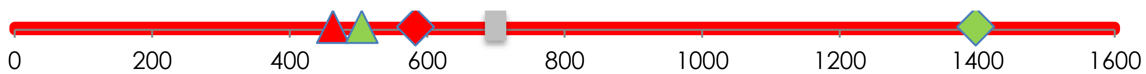


FIGURE 13 Median Disposable Income Spectrum, Moneycare Participants & Australian Households, $AUD/Week (FY 2015/16)

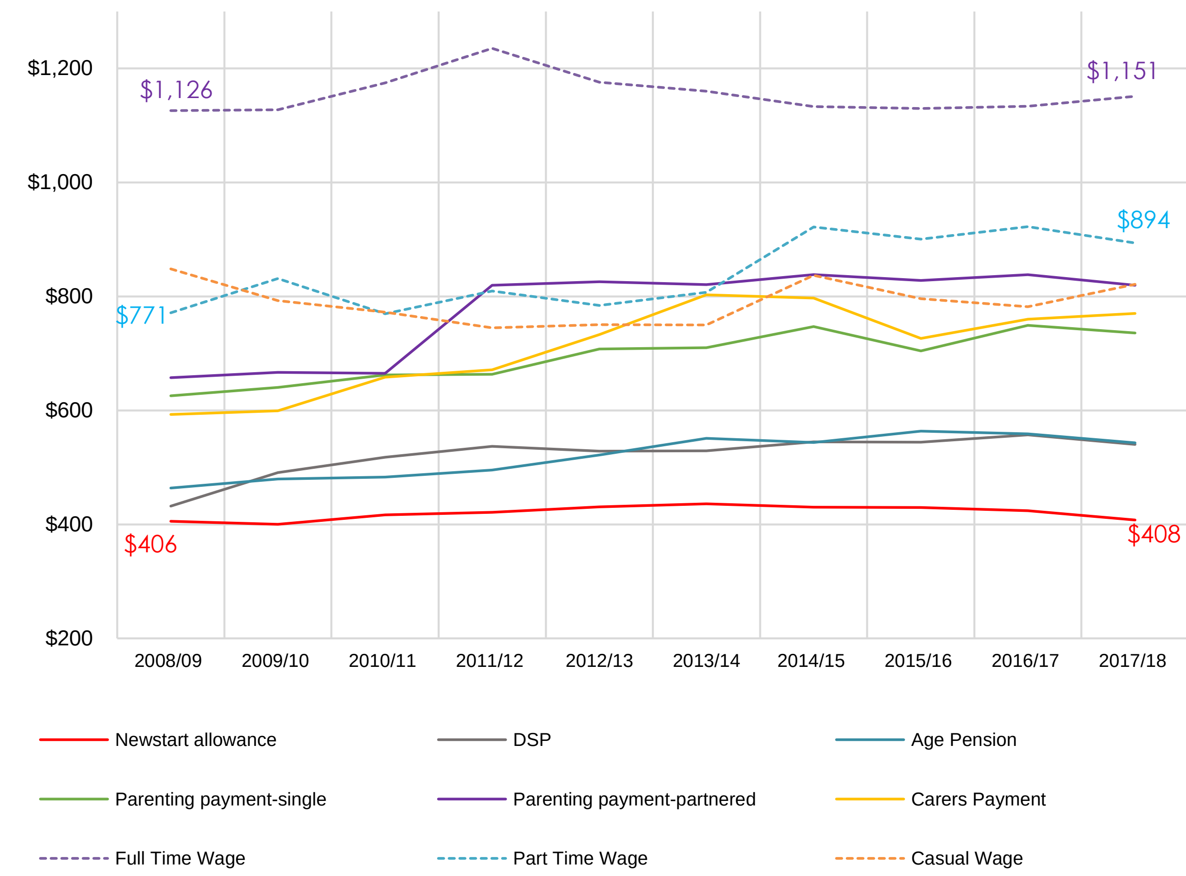


	Median Disposable Household Income, 2015/16	
	WEEKLY	ANNUALISED (1 YEAR=52 WEEK)
Australia Households	1,398	72,696
Australia's Lowest 20% Income	505	26,260
All Participants	583	30,316
Participants in Lowest 20% income	463	24,076
Poverty Line (OECD)	699	36,348

Those in full time employment had the highest household income compared to participants with other income source (Figure 14), although their household income had not increased over the years in real values, averaging at $1,151 per week in 2017/18. In contrast, there seems to be an increase in real wages among participants in part time employment, with average real income of $894 a week in 2017/18 as compared to $771 ten years ago. However, as SAMIS database did not collect hours of part time work, it was not possible to examine if the increase in income amongst participants with part time employment reflected an increase of wage growth over the years, or if it was caused by an increase in the number of participants who worked longer hours without significant wage growth.

Among participants who received government income support, those on Newstart Allowance received the lowest income[9] at an average income of $408 a week in 2017/18, which was only $2 higher in real values compare to the value in 2008/09 (Figure 14).

FIGURE 14 Average Household Disposable Income of Moneycare Participants (adjusted for inflation), by types of main income sources, FY 2008/09 to 2017/18, $AUD/week



[9] Recipients of youth allowance or similar income support payment might receive a lower or similar amount of income compare to Newstart Allowance recipients. However, was not included in this study due to a small sample size.

Expenditure Comparison with Australia Households

In 2017/18, participants' average weekly spending was $262 on housing, $126 on food, $40 on transport, $32 on utilities, and $16 on healthcare (Figure 15). In contrast, according to latest ABS data[10] (ABS, 2017b) Australian households typically spent $312 on housing, $249 on food, $218 on transport, $39 on utilities, and $87 on healthcare (Figure 16). The significantly lower spending on food among participants compared to the average Australian household were likely to reflect participants' inability to afford occasional meals in restaurants or cafes. While eating out forms a significant proportion of Australian households' food expenditure[11], it is a luxury that many individuals and families on low income could not afford[12]. Transport and healthcare were the two essential items that participants were spending the least on, possibly to prioritise payment for housing, utilities and food. The low expense on transport was also likely to reflect cost of public transport and the unaffordability of motor vehicle/s ownership among participants. On the other hand, the proportion of housing expenditure for participants was significantly higher (35% of total expenditure) compared to Australian households (20% of total expenditure).

FIGURE 15 Weekly Average Expenditure as Proportion of Total Expenditure, Moneycare Participants, FY 2017/18, % (with average $AUD/week spent)

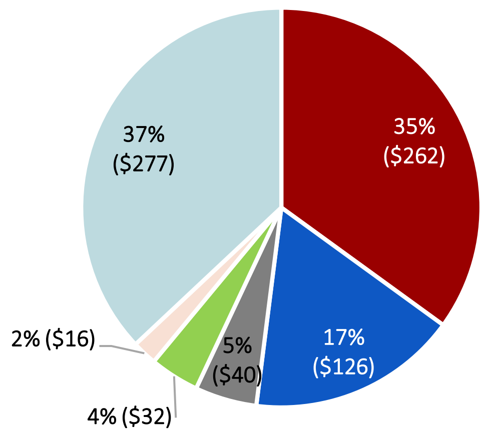
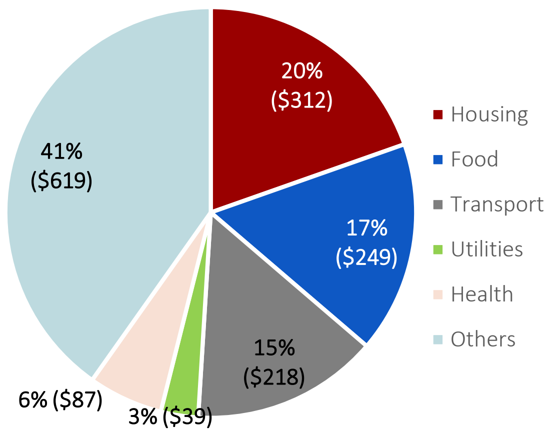


FIGURE 16 Weekly Average Expenditure as Proportion of Total Expenditure, Australia Households, FY 2015/16, % (with average $AUD/week spent)

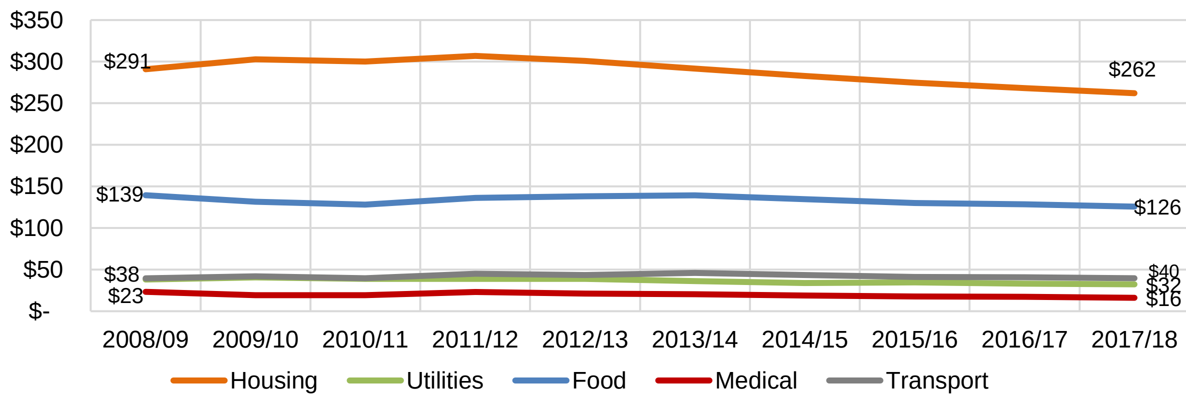


[10] The latest available data for Australia expenditure was published in 2017 and was based on data from financial year 2015-16. The nominal values for participants' expenditure for year 2015/16 and 2017/18 was found to be similar.
[11] The average Australian household's spending for eating out (including meals in restaurants, takeaway, fast food) was $80.43 a week, which was a third of total food spending at $236.97 a week (ABS, 2017, Household expenditure survey.)
[12] The Salvation Army National Economic and Social Impact Survey in 2018 found that 70% of respondents who accessed Emergency Services for material and financial assistance could not afford eating out once a fortnight (TSA, 2018).

Changes in Expenditure

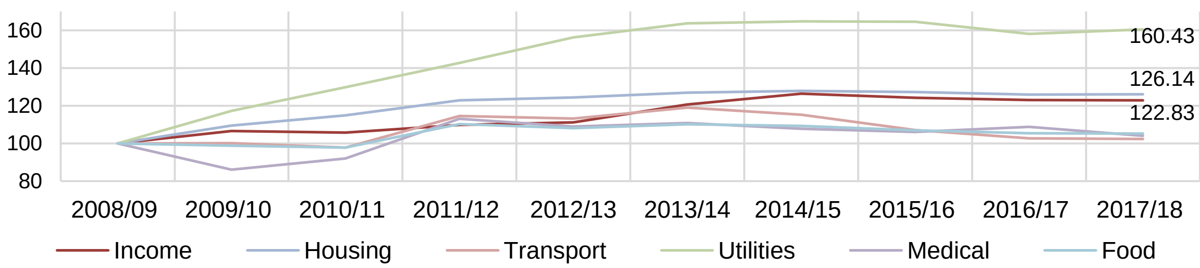
Adjusted for inflation[13], the average weekly expenditure for basic necessities for Moneycare participants had not changed significantly in real values over the 10-year period (Figure 17). This indicates that participants' expenditure has only risen proportionally to the rate of inflation. The slight decrease in real housing costs, from $291 in 2008/09 to $262 in 2017/18, is likely to be attributed to the decrease of mortgage payment by those with mortgage debt (See Section 2.3 for more details).

FIGURE 17 Average weekly Income & Expenditure (adjusted for inflation), FY 2008/09 to 2017/18



When analysing the nominal values of expenses and income (that is, without adjusting for inflation), there was a 60% increase in utility cost in the 10-year period, which is in line with Australia's increase in utilities cost[14], and had significantly outpaced participants' income growth (Figure 18). The high cost of utilities, in particular electricity had forced participants into electricity debt, where our study also observed a significant increase of participants with electricity debt from 13% in 2008/09 to 25% in 2017/18 (see section 2.4 on debt for more details). Participants' housing and debt situation will be explored further in section 2.3 and 2.4 respectively.

FIGURE 18 Changes in Income & Expenditure of Moneycare Participants from FY 2008/09 to 2017/18, indexed at 100, base year 2008/09



13 Each item is adjusted for inflation according to individual CPI index (ABS, 2018b).

14 The increase of utilities cost between June 2008 to June 2018 was 58.7 percentage points, according to the ABS (ABS, 2017, Consumer Price Index, Jun 2018).

2.3 Housing

From 2008 to 2017, the rental price in Australia has increased by 33.4% in real terms (ABS, 2018b) and fewer Australians own their home outright at retirement (ABS, 2017c). The decline of housing affordability is one of the key issues among Australians and has particularly affected people with low incomes in the private rental market (Thomas, 2016). The housing analysis in this study shows that private rental prices had been consistently high and unaffordable for Moneycare participants. Most participants with a mortgage debt continued to experience housing stress, even with falling interest rates and stagnant mortgage repayments in the recent years (Bullock, 2018). Participants living in social housing also experienced financial stress, despite their rental price being capped at 25-30% of gross income (Family & Community Services, 2018).

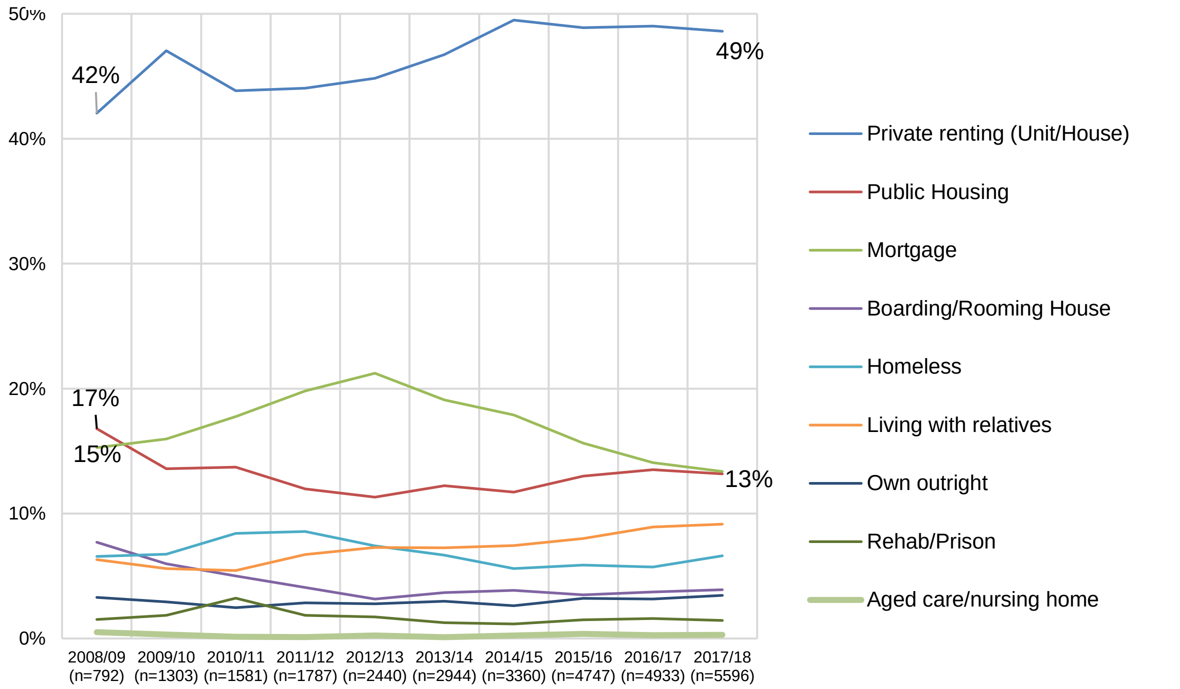
Key Statistics:

- Sixty-four percent of participants experienced housing stress in 2017/18, a nine-percentage-point increase compared to 10 years ago (2008/09).
- A significantly greater proportion of participants' expenditure was spent on housing costs (35% of total expenditure) compared to typical Australian households (20% of total expenditure). (See section 2.2 on income and expenditure for more details.)
- The majority of participants living in privately rental dwellings (70%) experienced housing stress, which was consistently observed over the 10-year period. Amongst private renters, single parents, lone person households and over 55-year-old were found to be at most risk of housing stress.
- Participants who lived in Sydney and either rented from private landlords or had a mortgage debt were found to be at most risk of housing stress compared to other participants who lived in other parts of NSW or QLD.
- The proportion of people aged over 55 years living in privately rented dwellings had significantly increased to 42% in 2017/18 from 27% in 2008/09, which might contribute to the increase of proportion of the older age group experiencing housing stress and seeking support from Moneycare over 10-year period.

Housing Situation

In 2017/18, most participants were in the private rental market (49%), followed by participants with mortgage (13%), and those in social housing (13%) (Figure 19). The proportion of participants in private rental market had increased by seven percentage points over the 10-year period.

FIGURE 19 Housing Situation of Moneycare Participants, FY 2008 to 2017/18, %



Note: homeless refer to living in car, caravan, living with friends, no accommodation, sleeping rough, refuge, transitional/crisis home

Housing Cost

There was an overall increase of 26% housing cost in nominal value for all types of participants' dwellings in 2017/18 compared to 2008/09 (Table 2). Participants who lived in private rental dwellings (unit or house) or had a mortgage debt, paid significantly higher housing cost compared to those living in boarding room/house or in social housing (Table 2).

Interestingly, the reported nominal value for rental price for those living in social housing or boarding room/house rose significantly over 10 years: 56% and 54% higher than the 2008/09 price. The price increase for these types of dwelling was significantly higher than the price increase for reported nominal value of private rental (20%) or mortgage repayment (-1%; Table 2). Despite the higher rate of rental increase, participants who were living in a social housing or boarding room/house might choose to maintain their current housing arrangement due to difficulty in finding cheaper dwellings in private housing market (Thomas, 2016). In comparison, participants in privately rented dwellings or living in their own home with mortgage were likely to be more vulnerable to any increase in housing market price or mortgage interest rate due to the already high and unaffordable housing cost of these types of dwelling, especially for people with low incomes.

To understand if there were real changes in housing cost among participants, adjustment for inflation was applied to the yearly average of housing cost to calculate its real value (See Figure 17, section 2.2: Income and Expenditure.) Figure 17 shows that there was a slight decrease in real value of participants' housing cost, despite the rising rental and property prices over the 10-year study period (Hulse, Parkinson and Martin, 2018; Kusher, 2018). The nominal value[15] of participants' expenditure on private rent had increased by 20% over a decade, which was lower that the increase of Australian private rental price within similar period (33.4%; ABS, 2018b). Mortgage repayments among participants had also been stagnant in the 10-year study period (Table 2).

TABLE 2 Housing Cost of Moneycare Participants, by Types of Dwelling, FY 2017/18

	Housing Cost in 2017/18, $AUD/Week	Change from 2008/09, %
All participants	$ 262	+26%
Mortgage	$ 350	-1%
Unit/House – Rent	$ 300	+20%
Social housing – Rent	$ 169	+56%
Boarding/Rooming House - Rent	$ 196	+54%

Housing Stress

Despite the stagnant housing expenditure, participants still had to allocate a significant 35% of their spending on housing, and consequently the majority of participants (64%) experienced housing stress (Table 3).

The deterioration in housing affordability in Australia has mostly affected people with low incomes, particularly those that live in privately rented dwellings (Thomas, 2016). Similarly, our study demonstrates that housing stress was mostly experienced by private renters, with 74% who rented privately experiencing housing stress compare to 68% of those who lived in boarding houses, 61% of home owners with mortgage and 42% of those in social housing. Proportion of participants experiencing housing stress was relatively consistent over the 10-year period for private rental dwellings. Interestingly, housing stress had decreased by 7 percentage points for participants with a

15 Without adjusting for inflation.

mortgage debt, possibly due to the decrease in mortgage interest rate in the past two years that reduced repayment rate compared to 2008/09 (Bullock, 2018). Alarmingly, proportion of participants experiencing housing stress had increased by 24 percentage points for those living in social housing. This finding is in line with other reports that found an increase of housing stress among social housing tenants (Wilkins & Lass, 2018) and that 65% of all public tenants had housing affordability problems, even though they paid lower rent (Burke & Ralston, 2012).

TABLE 3 Housing Stress, by Types of Housing, 2017/18

	Proportion in Housing Stress, %	Change from 2008/09, %
All participants	64%	+9%
Mortgage	61%	-7%
Unit/House – Rent	74%	+3%
Social housing	42%	+24%
Boarding/Rooming House - Rent	68%	+11%

Groups at Risk of Housing Stress

The groups that were likely to experience housing stress were:

- Newstart Allowance recipients.

  75% of participants receiving Newstart Allowance were experiencing housing stress, compared to 62% of other income support types.

- Lowest & Second Quintile (lowest 40% of Australian income distribution).

  Sixty-seven percent of participants in lowest quintile experienced housing stress, followed by 63% of participants in second quintile and 44% of those in higher income (third to highest quintile).

- Single Parents and Lone Person Households.

  75% of single parents and lone person households in private rent experienced housing stress, as compared to couple households with or without children (70%).

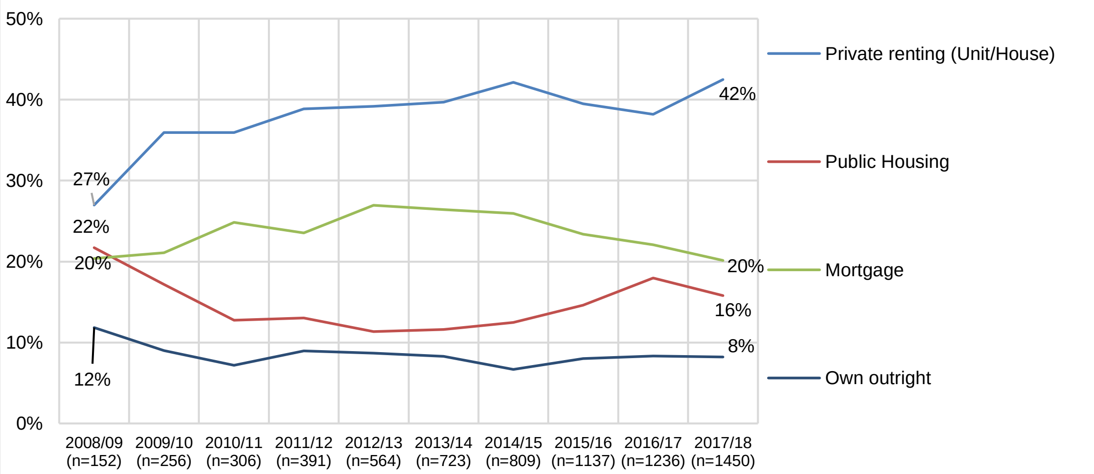
- **Sydney residents.**

  Participants in Sydney had the highest proportion of housing stress compared to other parts of NSW and QLD. Seventy-nine percent of participants **in the private rental market who lived in Sydney** were experiencing housing stress, while 72% of participants with **mortgage in Sydney** were experiencing housing stress. In comparison, participants with mortgage in rural areas of NSW had the lowest proportion of housing stress (46%), followed by Brisbane (59%). Participants in private rental market in the other parts of QLD had the lowest proportion of housing stress (66%).

- **Participants aged over 55 years.**

  78% of participants **aged over 55 in private rental market** were experiencing housing stress compared to other age groups (68% for participants aged 25-34, 70% for those aged 18-24, 75% for those aged 35-54). Figure 3 in section 2.1 on Demographic Profile shows that there was an increase in the proportion of participants aged over 55 who were seeking financial help and guidance from Moneycare in the 10-year study period. This was likely to be caused by the significant increase of participants aged over 55 who were living in privately rented dwellings (15 percentage points higher in 2017/18 than in 2008/09), coupled by a reduction of older participants who owned their homes outright (Figure 20). This finding is consistent with the ABS report on housing occupancy and costs, which identified a higher proportion of older Australians in 2015/16 who were entering retirement years without owning their home outright, were living in privately rented dwellings and were spending higher amounts of their income on housing costs compared with similarly aged households 20 years ago (ABS, 2017c).

FIGURE 20 Housing Situation of Moneycare Participants over 55, FY 2008/09 to 2017/18, %



2.4 Debt

With stagnant income and the rising cost of living (ABS, 2018b), participants were exposed to financial hardships when an unexpected change occurred in life. To pay for unforeseen expenses, people with low incomes were more likely to use credit cards or loans that attract a higher interest rate (Commonwealth of Australia, 2018, p.9). High interest rates, low repayments, and fees associated with these loans resulted in high and persistent levels of debt over time. This situation was observed in this study, where the proportion of participants who accessed payday loans had increased over the 10-year period, and a significant proportion of participants had debt that was relatively high compared to their income.

Key statistics:

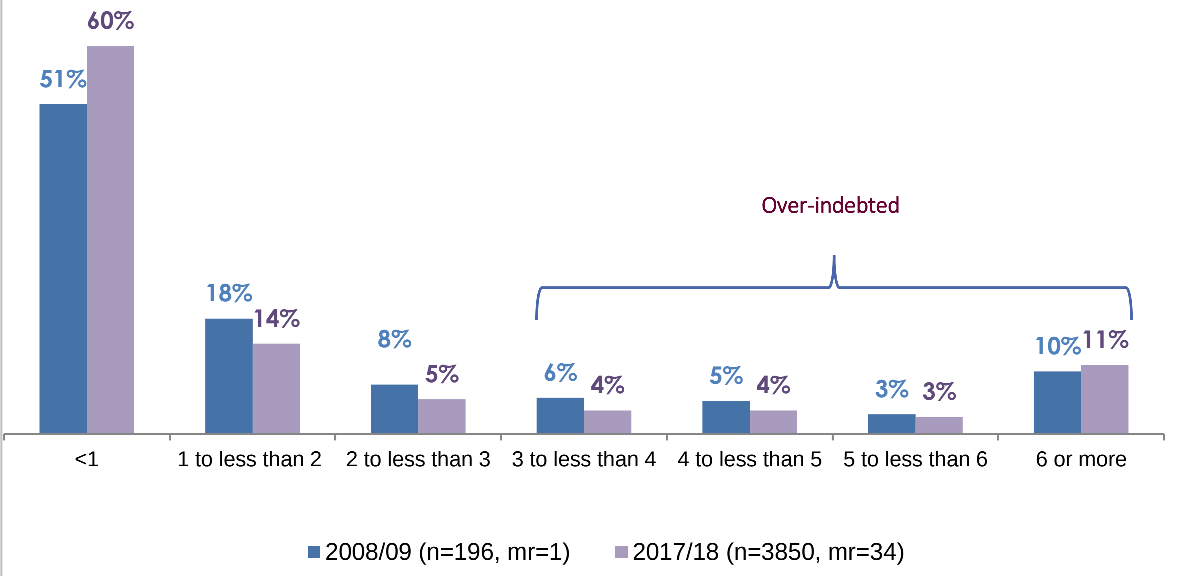
- Sixty-nine percent of participants had debt.
- The most common form of debt was credit card debt, at 49% of participants, followed by personal loans (30%), and electricity debt (25%).
- The real value of credit card debt had increased by 38%, from $7,070 in 2008/09 to $9,789 in 2017/18.
- In 2017/18, of participants with debt, 22% was over-indebted, with debt that was at least three times higher than their annual disposable income. This proportion includes 11% participants with debt who were severely over-indebted, with debt at least six times higher than their annual disposable income.
- Owners with mortgage tend to be over-indebted, with 84% of participants with mortgage had debt at least three times that of their annual disposable income. Participants' mortgage-debt-to-disposable-income ratio was 6.3, which was more than double the ratio of Australian households with a mortgage debt at 2.85.
- In the 10-year period, the proportion of participants with payday loans had doubled from 6% in 2008/09 to 13% in 2017/18, and the size of their debts to payday lenders had tripled in real values compared to 10 years ago, from $423 in 2008/09 to $1,383 in 2017/18.

In 2017/18, 60% of participants with debts had loans equal to or less than their annual disposable income (Figure 21). Of participants with debts, 22% with loans were over-indebted, or had debt at least three times or more than their annual disposable income. Half of these over-indebted participants were severely over-indebted (11% of participants), with debt equalling six times or more than their annual disposable income (Figure 21).

84% of **owners with mortgage tend to be over-indebted**, with mortgage at least three times that of their annual disposable income. This is almost **double that of the Australian figure** in 2015/16, where 47% of those with a mortgage tend to be over-indebted (ABS, 2018a).

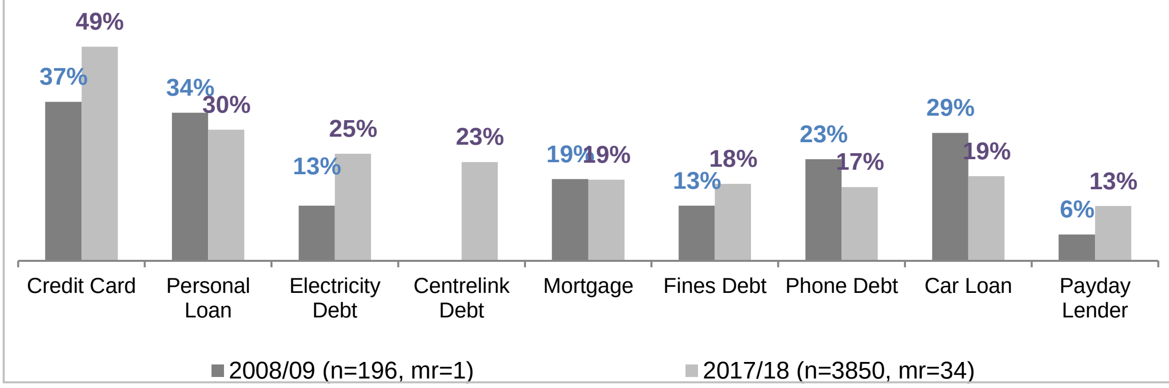
Proportion of participants with loans equalling less than their annual disposable income increased from 51% in 2008/09 to 60% in 2017/18 (Figure 21). This increase can be contributed to the increase proportion of participants who had smaller loans over the years, namely: Electricity Debt (from 13% in 2008/09 to 25% in 2017/18), Payday loans (from 6% in 2008/09 to 13% in 2017/18) and Fines Debt (from 13% in 2008/09 to 18% in 2017/18; Figure 22).

FIGURE 21 Debt to Annual Income Ratio, Moneycare Participants with Debt Only, FY 2008/09 & 2017/18, %



The most common type of debt was credit card debt (49%), which had increased by 12 percentage points in the 10-year period (Figure 22), followed by personal loans (30%), and electricity debt (25%). The proportion of participants that had electricity debt has almost doubled in the 10-year period, from 13% in 2008/09 to 25% in 2017/18.

FIGURE 22 Types of Debt, Moneycare Participants with Debt, FY 2008/09 to 2017/18, %



Additionally, the highest amount of debt in 2017/18 was mortgage debts at a median of $246,000. This was followed by car loans at $16,950, personal loans at $15,600 and credit card debt at $9,789 (Table 4).

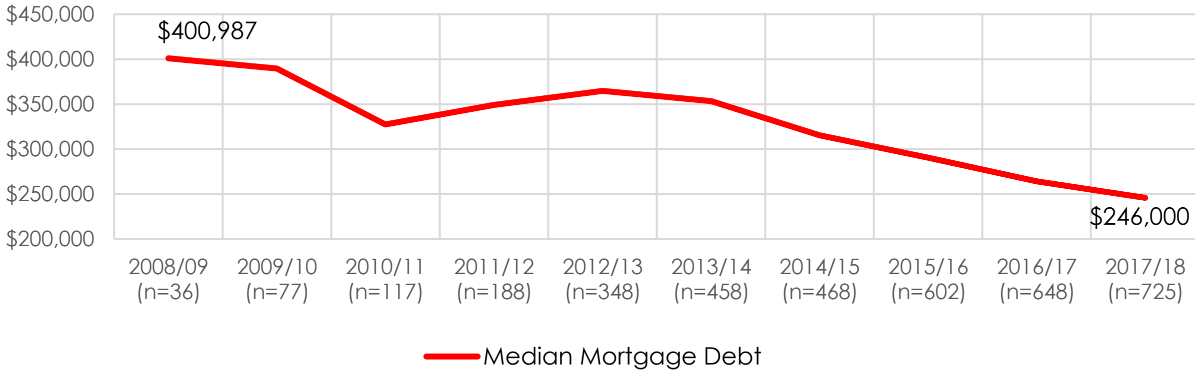
TABLE 4 Values of Debt, Moneycare Participants with Debt, by Types of Debt, FY 2017/18, $AUD

	Participants' Outstanding Debt Per Household, $AUD
	Median
Mortgage	$ 246,000
Car loan	$ 16,950
Personal Loan	$ 15,600
Credit card	$ 9,789
Fines	$ 1,000
Payday lender	$ 1,383
Electricity	$ 1,046
Phone	$ 1,002
Centrelink	$ 950

2.4.1 Mortgage Debt

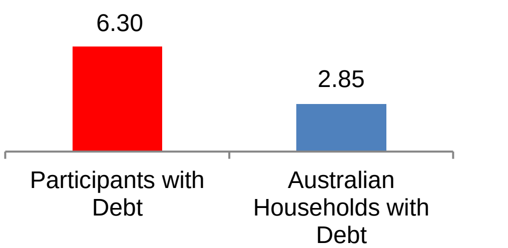
Although residential prices are up, Australian households might have taken advantage of falling interest rates to pay down debt faster than required (Bullock, 2018). This was possibly true also for participants, as the median mortgage debts among participants (after adjusting for inflation) have decreased over the years from $400,987 in 2008/09 to $246,000 in 2017/18 (Figure 23).

FIGURE 23 Values of Mortgage Debt (adjusted for inflation), Moneycare Participants with Mortgage Debt, FY 2008/09 to 2017/18, $AUD



When looking at the median of mortgage-debt-to-income ratio, participants have a much higher financial risk[16] compared to Australian households, with their mortgage-debt-to-income ratio (6.30) was significantly higher than the ratio of Australian households (2.85; Figure 24).

FIGURE 24 Median Mortgage-to-Income Ratio, FY 2015/16



Those with higher income tend to have a mortgage debt, with 45% of higher income participants with debt had a mortgage debt. Those employed and had credit card debt also tend to have a mortgage debt (Figure 25).

FIGURE 25 Groups who were more likely to have Mortgage Debt, Moneycare Participants with debt only, FY 2017/18, %

16 Bullock (2018) states in her speech that when [a person] paying interest-only loans, or similarly, having high mortgage-debt-to-income ratio, would "… presents a potential source of financial stress if a household's circumstances were to take a negative turn."

2.4.2 Credit Card Debt

After adjusting for inflation, median credit card debt among participants increased from $7,070 in 2008/09 to almost $9,789 in 2017/18 (Figure 26). Since 2011/12, more than half of participants with credit card debt had an outstanding debt value of $10,000 or higher (Table 5).

FIGURE 26 Values of Credit Card Debt, Moneycare Participants with Credit Card Debt, FY 2008/09 to 2017/18, $AUD

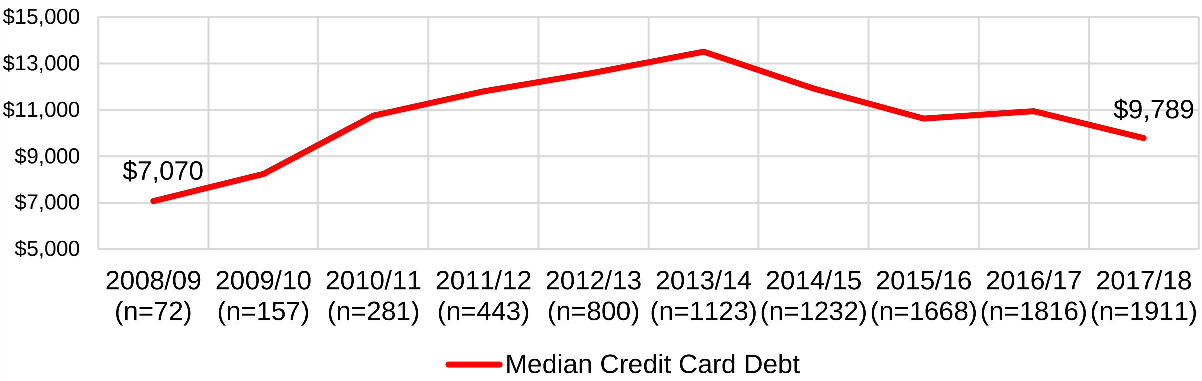
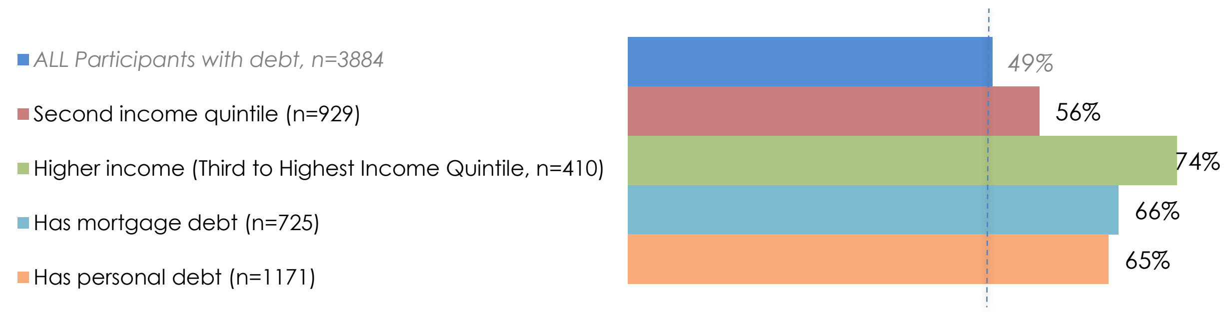


TABLE 5 Proportions of Moneycare Participants with Outstanding Credit Card Value of than AUD$10,000

	2008/09 (n=72)	2009/10 (n=157)	2010/11 (n=281)	2011/12 (n=443)	2012/13 (n=800)	2013/14 (n=1123)	2014/15 (n=1232)	2015/16 (n=1668)	2016/17 (n=1816)	2017/18 (n=1911)
$10k or More	30.56%	38.22%	48.75%	52.82%	55.25%	57.08%	55.68%	52.10%	53.96%	49.45%

Figure 27 shows that those with higher income tend to have credit card debt (74% in 2017/18), followed by participants on the second income quintile (56% in 2017/18). Those with mortgage debt and/or personal loan debt also tend to have credit card debt (66% and 65% respectively).

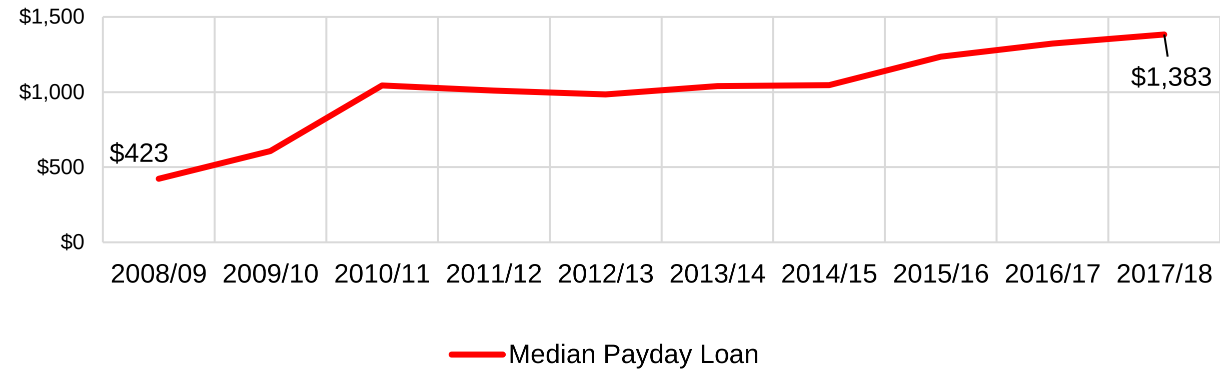
FIGURE 27 Groups who were more likely to have Credit Card Debt, Moneycare Participants with Debt, FY 2017/18, %



2.4.3 Payday Loan

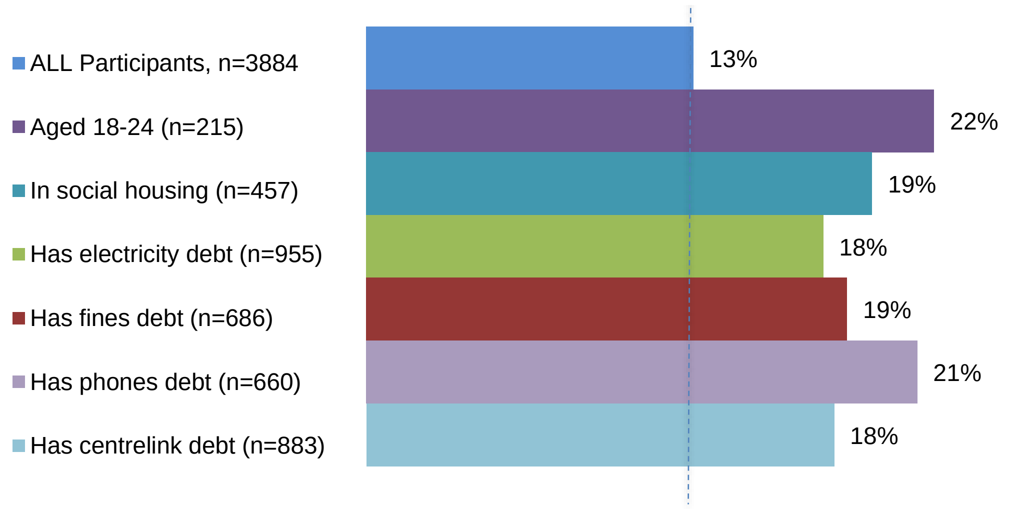
The proportion of participants with payday loans steadily increased over the years, doubling its size from 6% in 2008/09 to 13% in 2017/18 (Figure 21). The median values (after adjusting for inflation) tripled in value from $423 back in 2008/09 to $1383 in 2017/18 (Figure 27).

FIGURE 28 Values of Payday loan, Moneycare Participants with Payday loan, FY 2008/09 to 2017/18, $AUD



Those aged 18-24 years tend to have payday loans, with more than 2 in 10 participants in this age group in 2017/18 had payday loans, compared to other age groups. Participants with debt who lived in social housing, and/or had other forms of unsecured debt (such as electricity, fines, phones, or Centrelink debt), also tend to have payday loans.

FIGURE 29 Groups who were more likely to have Payday Loan, Moneycare Participants with Debt, FY 2017/18, %



3. CONCLUSION

For over 28 years, The Salvation Army Moneycare services have served thousands of Australian people in addressing their immediate financial problems and in building their financial resilience. In ACT, NSW and QLD alone, the Moneycare team has helped close to 60,000 people in vulnerable and disadvantaged circumstances who were at risk of, or experiencing, financial and social exclusion. Moneycare financial counselling and capability services work with people to identify better ways to manage their finances, budgets and debts; ensuring that people are aware of their rights; helping them to access and select financial products suitable for them (including loan products); and connecting people to the right support networks and other services that would address their holistic needs. Most importantly, Moneycare focuses on building a trusting relationship with people, listening to their problems without judgement, and working *with* them to resolve their financial issues.

A recent Moneycare outcomes measurement pilot found that 79% of participants who accessed the Moneycare financial counselling and capability services in ACT, NSW and QLD experienced positive changes within the financial resilience outcome domain, particularly in regard to debt management, their ability to meet living expenses, and the ability to budget within one to three months of accessing the service. The pilot evaluation also identified that 67% of participants reported positive changes in their mental health within one month of receiving Moneycare services. The pilot measurement on the wellbeing domain also indicated improvement with participants' satisfaction with life as a whole, satisfaction with achievement in life, and satisfaction with their standard of living and personal relationships (Misra & Susanto, 2018).

In addition to the outcomes measurement project, the Moneycare team further intended to better understand the profile and financial situation of people accessing its services over the past decade. The study found that over the years, the **vast majority of Moneycare participants were low income earners and living below poverty line[17], at the time of accessing the service**. **At the same time, the study found a diversity of people requiring Moneycare services, with almost one-in-four of participants were in employment or owning a business.** People were seeking help from Moneycare due to financially-related issues, and/or non-financial issues such as health, employment, addictions, rising cost of childcare, relationship breakdown, domestic violence, and other emergencies or unexpected life events such as natural disasters, and the death or loss of family members.

[17] Poverty line is half of the median household income of the total population (OECD, 2018). The estimated poverty line for Australia in financial year 2015/16 is $699, according to the latest ABS data (ABS, 2017a).

The real-term value of participants' median incomes[18] has been relatively similar over the past decade - at around $576 per week in 2017/18 - despite the rising living cost in Australia (ABS, 2018b). Adjusting for inflation, participants' weekly expenditure showed little change over 10-year period, with the majority of income was spent on essential items such as housing (weekly average $262 in 2017/18), followed by food ($126), transport ($40), utilities ($32), and healthcare ($16). Nevertheless, when analysing for the nominal values of expenditure (that is, without adjusting for inflation), there was a 60% increase of the average utility cost and 26% increase of the housing cost from 2008/09 to 2017/18, which outpaced participants' income growth.

Participants' weekly expenditure was found to be lower than the weekly expenditure of average Australian households, specifically in food, transportation, and health (ABS, 2017b). The lower expenditure on food, transport and health were likely to be due to prioritising payments for housing and utilities. Transport difficulties and poor health conditions have been shown to increase social and financial exclusion of people with low incomes and disadvantaged groups by reducing their ability to access employment, education and essential services; participate in activities; and travel to places of employment (Rosier & MacDonald, 2011; Webber, Page, Veliziotis & Johnson, 2015).

The small changes on the participants' weekly expenditure also indicates that **participants have made considerable efforts to live within their means**, despite the low and stagnant income and the steady price increase of housing, utilities and other essential items in Australia. The Salvation Army (2018) provided more details through its annual national Economic and Social Impact Survey (ESIS) on the efforts that were made by low-income families to live within their means, including but not limited to: skipping meals so their children did not have to, going without essential items, reducing or minimising participation in social activities, sleeping on a friend's couch or in their own car, moving to cheaper dwellings (regardless of location or dwelling condition), selling or pawning items, buying cheaper and less nutritious food, and seeking material and financial support from community organisations.

Of total expenditure, participants spent a higher proportion on housing (35%) compared to average Australian households (20%), indicating a higher incidence of housing stress amongst Moneycare participants. Indeed, the greater **majority of participants were experiencing housing stress**, particularly those who rented privately or were living in Sydney. The proportion of those experiencing housing stress has increased from 58% in 2008/09 to 64% in 2017/18.

Additionally, **those living in social housing were also found to be financially struggling**, despite paying lower housing costs compared to participants from other dwelling types. Participants living in social

[18] Adjusted for inflation.

housing were also likely to fall into predatory loans. The Salvation Army recommends further study to explore the extent of financial hardship and stress of those living in social housing to inform policy and service delivery that could promote social inclusion and financial resilience of this population cohort.

There has been an **increase in the number of people aged over 55 years who were seeking assistance from Moneycare**, from 19% in 2008/09 to 26% in 2017/18. **Among those living in a privately rented dwelling, participants aged over 55 (78%) were also more likely to experience housing stress than the other age groups**, which is consistent with recent reports (Chang, 2017; Hoh, 2017). These situations were observed alongside a significant increase of older participants who lived in privately rented dwellings in 2017/18 (42%) compared to 2008/09 (27%) and the decrease of older participants who owned their home outright (12% in 2008/09 to 8% in 2017/18). Similarly, ABS study (2017c) also found a reduction of older households who owned their home outright; an increase in the proportion of older households in private rental; and a greater proportion of spending on housing by older households in 2015-16 compared to similarly aged household in 1995-96. These reports, combined with our study, indicate the vulnerability of older Australians to rising housing costs that potentially could impact the demand on the social and welfare system, especially as the Australian population continues to age (AIHW, 2018). The Salvation Army recommends affordable housing strategies targeted to increase the proportion of housing ownership for older Australians to reduce the need for social and welfare services, minimising the risk of homelessness for older Australians, and the promotion of a sustainable retirement system for all Australians.

The National Economic and Social Impact Survey by The Salvation Army (2018) and the Moneycare outcomes measurement study (Misra & Susanto, 2018) also demonstrate that those with low-income have little ability to save money and to secure financial protection (such as insurance) to mitigate against the cost of unexpected life events. Some participants have been forced into debt, due to **unexpected expenses and limited resources to mitigate against increasing costs.** About 22% of participants with debts were over-indebted[19], including 11% who were severely over-indebted, with total debt being at least six times higher than their annual disposable income. Participants with mortgage debt were also likely to be severely over-indebted and experiencing housing stress.

Almost half of participants with debt had credit card debt (49%); over the 10-year period, **the real value of credit card debt has increased by 38%, from $7,070 in 2008/09 to $9,789 in 2017/18. Other types of debt that were found to have increased significantly over the decade were electricity debts and payday loans.** From 2008/09 to 2017/18, the proportion of participants with electricity debts has increased from 13% to 25%. Additionally, the proportion of participants with payday loans doubled from 6% to

[19] Please see glossary for definition

13% over the study period, and the value tripled to $1,383 in 2017/18. Those with payday loans tend to be aged 18-24 years, living in social housing, and had other smaller loans such as electricity, Centrelink and phone debt. The high interest and hefty fees that tend to come with credit card debt and payday loans, combined with the easy access to these types of debt for low-income earners, has led to longer-term debts and higher total payments, which further reduced participants' ability to improve their living situation and build a better financial position. The Salvation Army strongly recommends a reform of the lending practices of credit providers, in regard to credit cards and payday loan providers, particularly towards low-income earners and disadvantaged groups in Australia. The Salvation Army also recommends an increase in funding for and access to financial counselling, financial capability services and no-interest loans for low-income earners and people in financial hardship, as well as an increase to Newstart Allowance to provide adequate resources for job seekers to meeting a very basic standard of living in Australia, therefore increasing their likelihood to secure employment. Additionally, financial literacy/capability education needs to be provided to young people as early as primary school. This may help to reduce the rate of young people acquiring bad and/or persistent debt that has been observed in this study.

In conclusion, the 10-year Moneycare data analysis demonstrated the resilience of the low-income earners, amid stagnant incomes, social and financial exclusion, rising living costs and unexpected life situations. Participants made considerable efforts to live within their means and to find help from community organisation such as The Salvation Army to address their immediate crisis situation. Moneycare have been and will continue to reach and support diverse Australian communities to address the immediate crisis situation, build financial resilience, improve living situations and wellbeing, and to advocate for social and financial policies that enable financial and social inclusion for all Australians, regardless of their circumstances.

It is important to acknowledge the role of the Moneycare frontline workers in collecting quality service data for internal research and evaluation projects. The information from frontline workers has been invaluable to increase the richness and the depth of knowledge about participants and frontline practices. This knowledge can be utilised to strengthen service delivery and learning for The Salvation Army Australia, the community and financial sectors, and Government bodies that aim to improve financial wellbeing and capability. It is recommended that a similar study is repeated in five years' time to update knowledge on the profile and financial issues of those accessing the service. This knowledge will support learning and program improvement to ensure that Moneycare services remain relevant in meeting the changing needs of the Australian community amid a changing Australian demographic profile and socioeconomic conditions over that period of time.

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