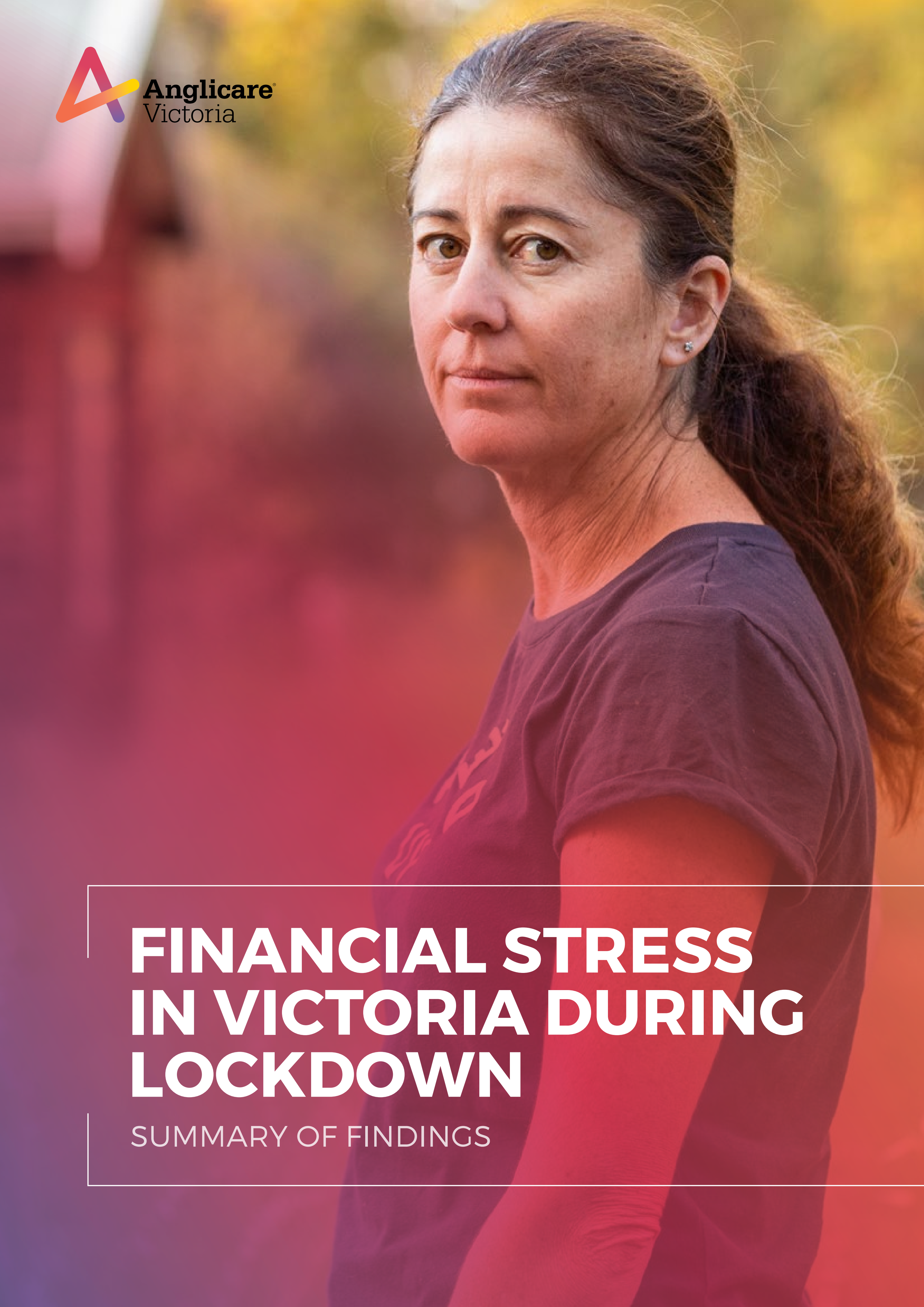

Anglicare Victoria

FINANCIAL STRESS IN VICTORIA DURING LOCKDOWN

SUMMARY OF FINDINGS

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EXECUTIVE SUMMARY AND NOTABLE FINDINGS

Anglicare Victoria is one of the largest providers of financial counselling services in Victoria and has services in the inner east, north and west of metropolitan Melbourne, as well as in Central Victoria and Gippsland. Anglicare Victoria's research team reviewed data for 9,483 clients receiving financial counselling services (funded by Consumer Affairs Victoria) over six quarters, spanning the period 1 April 2019 to 30 September 2020.

This project aimed to identify demographic characteristics and trends, and to explore whether COVID-19 had any marked impact on client profile and service demand during the latter two of these six quarters (April-September, 2020).

One of the most pronounced trends uncovered by the research was a decline in the number of clients experiencing financial distress during COVID-19. The most likely explanation is due to the Federal Government's JobSeeker and JobKeeper payments, along with a range of additional provisions such as debt amnesties and measures to ensure vulnerable people were not evicted or without a home during the pandemic.

The positive effects of JobSeeker and JobKeeper for those who had been struggling underline the importance of permanently raising the level of support available for those on Centrelink benefits. A recent Anglicare Australia survey of people receiving Centrelink benefits – *Asking those who know* – found the increased payments had helped to restore the dignity of people seeking work. Prior to these supplements, 72 per cent reported skipping meals because they couldn't afford to eat or were making sacrifices for their family, with an average of 3-4 meals skipped every week[1].

The main trends identified by the financial counselling research were as follows:

1. **Reduction in client numbers.** Client numbers during the COVID-19 lockdown periods declined due to the Federal Government's increased support payments to help those affected by the pandemic.

2. **Utilities were the leading pain point.** More than a third (36 per cent) listed utilities such as electricity, gas and water as a source of financial difficulty during the July-September quarter.

3. **Credit cards and household debts also caused difficulty.** 28 per cent of clients reported issues with credit cards, with 28 per cent also reporting problems with household debts (generally relating to rates and rent-to-own/in-store credit products for furniture, white goods, etc.) in July-September 2020, even with increased JobSeeker rates. In this same quarter, nearly half (47 per cent) of clients reported facing financial difficulties related to multiple financial products and liabilities.

4. **Clients experiencing multiple vulnerabilities increased in Melbourne during lockdown.** 44 per cent of clients reported multiple vulnerabilities concurrently with their financial difficulties, such as family violence, mental illness and substance abuse during July-September 2020. This proportion increased markedly in metro areas during COVID-19 months, from an average of 30.8 per cent prior to COVID-19 to 50.9 per cent in the third quarter of 2020.

5. **Life events were a major contributor to financial difficulties.** Metro areas saw a marked increase in clients reporting the experience of major life events such as job loss, health issues and relationship breakdown triggering financial distress during COVID months, increasing from an average of 67% across the four pre-COVID quarters to 75.5 per cent in Apr-Jun 2020, then to 76.4 per cent Jul-Sep 2020.

[1]Anglicare Australia, Asking those who know: A survey of Australians on Centrelink benefits, December 2020, page 12

ABOUT THIS REPORT

Anglicare Victoria is one of the largest providers of financial counselling services in the state. Our financial counselling workforce comprises 60 staff who supported more than 4300 people in 2019/2020.

Anglicare Victoria's Research department conducted a short-term research project in the last quarter of 2020 into the organisation's financial counselling services. The aim of this project was to identify demographic characteristics and trends in relation to financial counselling clients, and to explore the impact of COVID-19 on these services.

Service data of 9,483 clients was analysed for financial counselling services funded by Consumer Affairs Victoria. For the current research, data from the IRIS database was analysed in the regions where Anglicare Victoria provides services – namely the inner east, north, west, Central Victoria and Gippsland regions. Findings from an analysis of six quarters (April 2019 to September 2020) are detailed in this report.

Anglicare Victoria's 1700+ staff and volunteers operate from more than 93 locations across the state, as well as delivering assistance online, at home and in the community. We are Victoria's largest provider of out-of-home care and family services, and one of Australia's most innovative agencies in working with vulnerable children, youth and families.

SUMMARY OF FINDINGS – ALL SERVICES

Reduction in client numbers

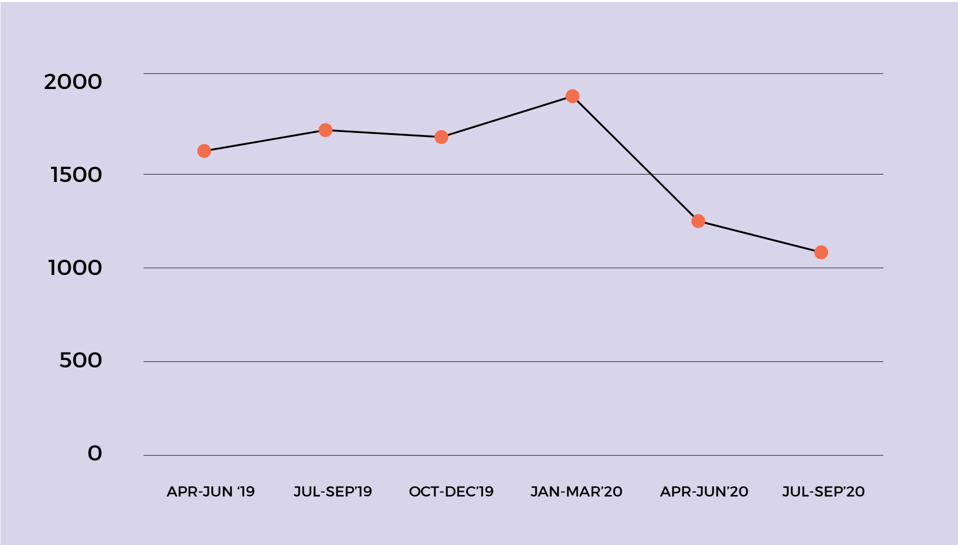
In the 12 months prior to the beginning of April 2020, Anglicare Victoria financial counsellors saw an average of 1758 clients per quarter – with approximately the same number of clients each quarter. In the April-June 2020 quarter, our services saw 1332 clients, which declined further in July-Sep to 1118 clients.

The explanation for this seems primarily due to the introduction of the increased JobSeeker payment during the pandemic, combined with moratoriums on debt repayments, bans on evictions and other relaxations to repayment requirements during this period.

Far from being idle, financial counsellors spent slightly more hours than average providing services to clients as usual during the third quarter of 2020. One reason for this is that they are able to devote more time to the clients they do have, which is often not an option when case numbers are high. Alternative consultation methods such as Zoom and phone can be more time-consuming than face-to-face consultations. Lastly, the clients still in need following the increased levels of government assistance during the pandemic require more in-depth assistance to help them manage their finances.

Anecdotal reports suggest some new COVID clients who have never previously needed to access social services appreciate the option of being able to participate in consultations via phone or Zoom due to the associated stigma.

FC Programs: client numbers by quarter - AV wide



Client demographics remained very similar during the pandemic

The demographic profile of financial counselling clients during the second and third quarters of 2020 compared to the preceding 12 months was very similar in terms of age, sex, culturally and linguistically diverse (CALD) status, Aboriginal/Torres Strait Islander (ATSI) status, household type and income source.

In the Jul-Sep quarter of 2020:

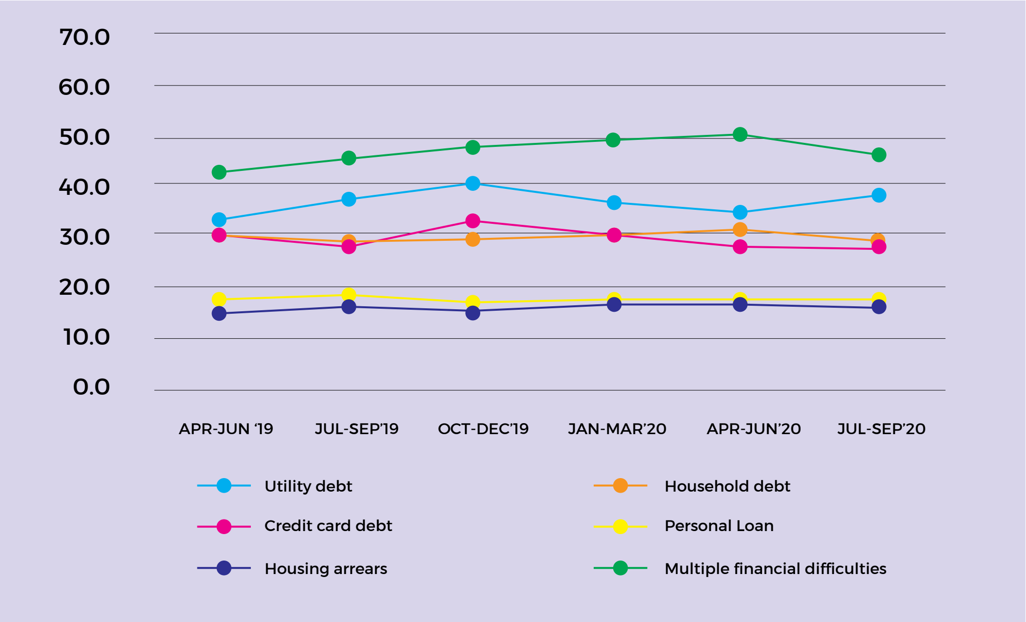
- 24% of clients were in the 30-39 year age group, 21% were in the 40-49 year age group, 20% were in the 50-59 age group, 15% were in the 20-29 year age group, 11% were in the 60-69, 5% were in the 70-79 age group – with very small numbers of clients in other age-groups.
- 16% of clients were from a CALD background, 5% were from an ATSI background.
- Women made up the bulk of clients – accounting for 65%. This is likely for a number of reasons, including the financial impacts of family violence, more single parents being women, the gender pay gap, and men typically engaging in less help-seeking behaviours (including accessing services) than women.
- Single people with no children made up the largest client cohort by household type, accounting for 35% of clients. Single parents were the next largest, accounting for 29%, followed by couples with children (12%) and couples without children (8%). People in various other kinds of living situations made up the remainder.
- 64% of clients received their income from Centrelink, 24% received it from paid employment through which they derived what they declared to be "insufficient income".

Causes of financial difficulty were similar during COVID months

Statistics from Apr-Sep 2020 appear very similar to those from the 12 months prior. In the Jul-Sep 2020 quarter:

- Almost half (47%) of clients had difficulties with multiple financial liabilities.
- The most common cause of financial difficulty reported by clients was utility debt, with more than a third (36%) of clients reporting this as a source of financial difficulty during the last quarter examined.
- Household debt (related to rates and rent-to-buy contracts for household items) was next , with 28.3% of clients reporting this, followed closely by credit card debt (28.2%).
- Personal loans were a source of financial difficulty for 17% of clients, and 15% of clients listed housing debt arrears (mortgage and rent) as problematic.
- Insurance issues caused financial difficulty for 10% of clients (though this was largely the case in outer Gippsland rather than across regions, and appears related to the impacts of the 2019/20 summer bushfire season in that specific region). Other sources of financial difficulty (such as third tier lenders - commonly referred to as payday loans - unpaid fines and tax debts) impacted only small proportions of clients (<5%). Our financial counsellors report that these liabilities are common, but they tend not to be the most prominent sources of financial difficulty for clients, and so are frequently not reported in our data.

Major financial difficulties: Proportion of clients - AV wide

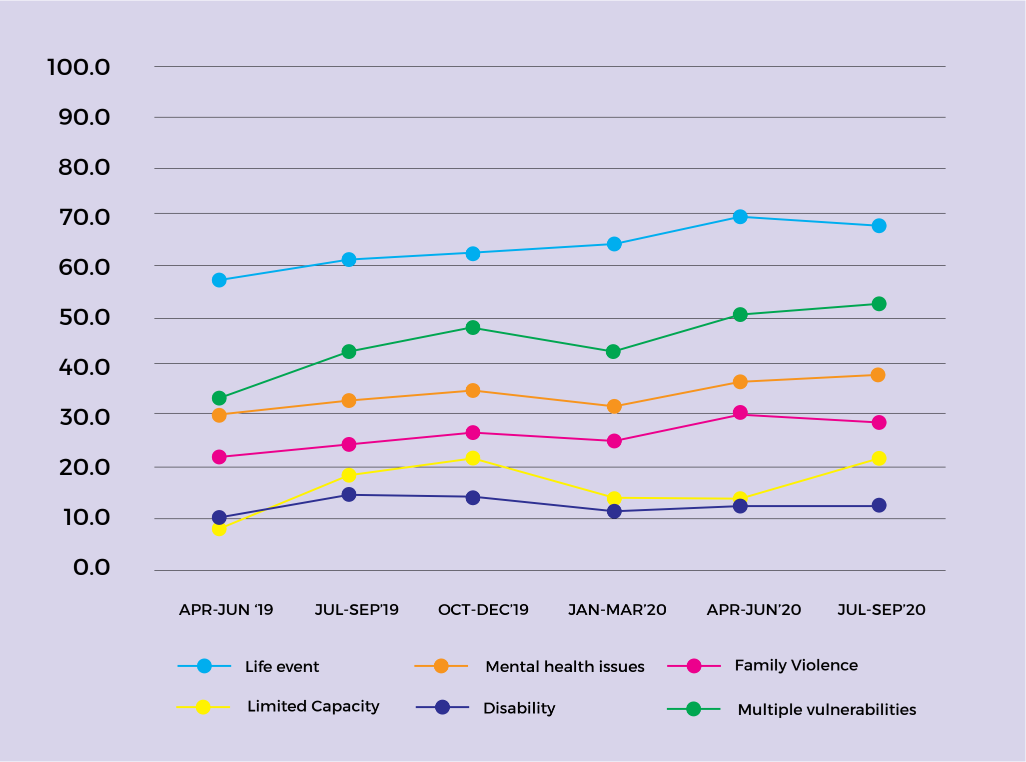


Changes in co-occurring vulnerabilities when comparing COVID months to prior months

Financial counsellors collect information about issues their clients are experiencing alongside financial difficulty, such as mental health problems, family violence and substance use issues. In comparing the period of April-September 2020 to the 12 months preceding that time, some shifts appear to have occurred. In the 12 months prior to the beginning of April 2020:

- A quarterly average of 42% of clients reported multiple co-occurring difficulties. In the Apr-Jun 2020 quarter, this proportion jumped to 50%, and then in the Jul-Sep 2020 quarter, it went up to 53%.
- A quarterly average of 24% of clients reported experiencing family violence. In the Apr-Jun 2020 quarter, this proportion jumped to 30%, and then remained close to this proportion in the Jul-Sep 2020 quarter, at 28%. This slight rise may be due to the financial and other pressures of movement restrictions during COVID-19 increasing stress and psychosocial difficulties within families in which abusive relational dynamics are already at play. As such, financial difficulty should not be considered a root cause of family violence, but an exacerbating factor.
- A quarterly average of 14% of clients reported experiencing "economic abuse" – a specific form of family violence that is financial in nature (e.g. one partner withholding much of the family income to spend on themselves). In the Apr-Jun 2020 quarter, this proportion climbed slightly to 17%, and remained at 17% in the Jul-Sep 2020 quarter.
- A quarterly average of 32% of clients reported experiencing a mental health issue. In the Apr-Jun 2020 quarter, this proportion jumped to 36%, and in the Jul-Sep 2020 quarter, it rose further to 38%.
- A quarterly average of 62% of clients reported having recently experienced a difficult "life event" triggering their financial difficulty. In the Apr-Jun 2020 quarter, this proportion rose to 69%, then remained close to this proportion in the Jul-Sep 2020 quarter, at 68%. "Life events" can relate to a number of experiences – including job loss, health issues, and relationship breakdown.

Major vulnerabilities: Proportion of clients - AV wide



Rates of substance abuse problems and gambling addictions among financial counselling clients were virtually unchanged in comparing COVID quarters with the preceding 12 months.

Service hours rose as client numbers declined

While the total number of financial counselling clients declined in the second and third quarters of 2020, the total service hours provided actually increased. Service hours provided (agency wide) averaged 6,948 hours across each of the quarters in the 12 months prior to April 2020. In the Apr-Jul 2020 quarter, 7,541 hours of service were provided, and then 8,115 hours were provided in the Jul-Sep 2020. This was largely due to the challenges posed by working with clients remotely during COVID lockdown.

Our counsellors reported that carrying out their work over phone and video conferencing – and remotely exchanging paperwork with clients – meant that their financial counselling practice took longer to complete with clients. The positive effects of the increased rate of JobSeeker and other measures during the pandemic helped many clients to better meet their financial obligations. Some clients who required financial assistance during this period had more complex needs, requiring more tailored assistance.

METROPOLITAN MELBOURNE VERSUS REGIONAL VICTORIA

Client demographics consistent across all periods

When comparing clients seeking financial counselling help in the regional and metro areas throughout the six quarters examined, there seems to be no markedly large differences in the demographic presentation of clients in terms of age, sex, household type or income source.

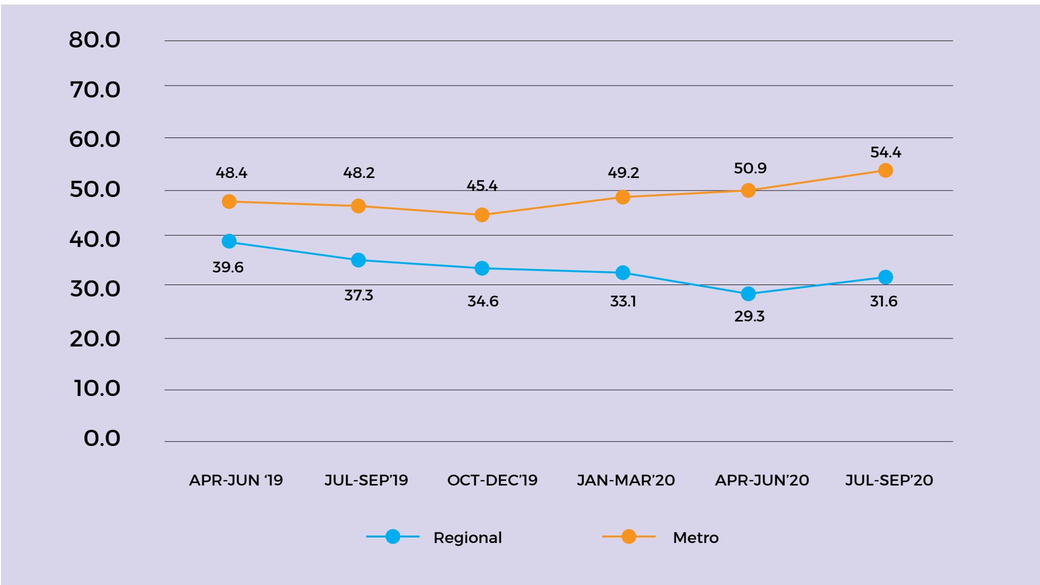
However the following metro/regional differences were consistently apparent:

- The proportion of clients from CALD (Culturally and Linguistically Diverse) backgrounds seeking support was considerably lower in regional areas compared to metro Melbourne, with a quarterly average of 2.2% in regional areas as against 22.6% in metro areas (across all six quarters examined). This difference is consistent across all quarters and did not vary during COVID lockdown.
- The proportion of clients who are Aboriginal and/or Torres Strait Islander was almost three times higher in regional areas than in metro Melbourne, with a quarterly average of 6.1% in regional areas compared to 2.6% in metro areas (across all six quarters examined). Again, this is consistent across all quarters analysed.
- A higher proportion of couples with children sought financial assistance in metro areas (15.6% of client base) compared to regional areas (9.9% average across all six quarters examined).
- The proportion of clients reporting disability as a co-occurring vulnerability was almost double in regional areas compared to metropolitan Melbourne, with an average of 18.3% in regional areas against 9.2% in the metro area. This was a consistent regional/metro difference in all the quarters and not markedly affected by the COVID-19 period.

Private tenants seeking help

The proportion of clients who are private tenants seeking help has decreased in regional areas with an average of 36.1% across the first four quarters analysed falling to 29.3% in the second quarter of 2020 and remaining close to this level at 31.6% in Jul-Sep. At the same time, this proportion increased in metro areas. There was a quarterly average of 47.8% of clients comprising private tenants over the four quarters prior to April 2020 across metro locations. This proportion increased to 50.9% during the Apr-Jun 2020 quarter, then again to 54.4% during Jul-Sep 2020. This could indicate that the JobSeeker payment has made a bigger difference to rental affordability for private tenants in regional areas – where rent is cheaper – than for those living in metro areas.

Private tenancy clients: Proportion of clients Regional and Metro



Multiple financial difficulties higher in metro areas

The proportion of clients reporting multiple financial difficulties was consistently higher in metro Melbourne compared to regional areas over all six quarters. A quarterly average of 50.6% of metropolitan clients reported multiple difficulties, against 43.3% in regional areas. This could be a reflection of the varying costs of living.

The proportion of clients reporting multiple financial difficulties rose slightly in the metro areas during COVID months (quarterly average of 49.3% across the pre-COVID quarters increased to 54.6% in Apr-Jun this year, then remaining at a similar level of 52.1% in Jul-Sep). Regional areas remained relatively similar during the COVID months, though the activities of regional Victorians were less affected than those in Melbourne.

Multiple financial difficulties: Proportion of clients Regional and Metro

Major life events more of an issue for metro areas

Metro areas report a higher proportion of clients experiencing a major "life event" of relevance to their financial difficulty, with a quarterly average (across all six quarters) of 70% against a regional average of 56.9%. However, in metro areas, the proportion of clients reporting such an event increased noticeably during COVID months in metro areas, but not in regional areas. The quarterly average proportion of metro clients reporting such an event during the quarters prior to COVID lockdown was 67%, which rose to 75.5% in Apr-June 2020, then again to 76.4% in Jul-Sep. Regional clients reporting major life events remained relatively consistent. This is likely to reflect job losses related to lockdown restrictions being more pronounced in metro areas than in regional ones.

Life events: Proportion of clients Regional and Metro

Mental health issues substantially higher in metro areas

The proportion of clients seeking financial help who also reported mental health issues was considerably higher in regional areas than in metro Melbourne, with an average of 44.5% across all six quarters analysed, against a corresponding average of 23.9% in the metro areas.

However, while the proportion of clients experiencing mental health issues was higher in regional areas, these levels remained static during the second and third quarters of 2020. In metro areas the levels rose substantially during periods of staged movement restrictions. From a quarterly average of 20.8% of clients across the four quarters prior to lockdown, the proportion of clients reporting mental health issues rose to 29% in Apr-Jun 2020, then 30.9% in Jul-Sep. The psychosocial impacts of movement restrictions during the pandemic are likely to be contributing factors to this result.

Mental health issues: Proportion of clients Regional and Metro

Family violence issues moderately higher during COVID-19

The proportion of financial counselling clients who reported experiencing family violence increased during the months when COVID-19 was active in both regional and metro areas. In metro areas, the quarterly average across the year prior to April 2020 was 22.4%. In Apr-Jun 2020, this proportion rose to 27.2%, then declined slightly to 25.3% in Jul-Sep. In regional areas, by contrast, the quarterly average across the year prior to April 2020 was 25.6%. In Apr-Jun 2020, this proportion rose to 33.2%, then remained close to this figure at 32.2% for the Jul-Sep 2020 quarter.

Family Violence: Proportion of clients Regional and Metro

Reports of multiple vulnerabilities rose sharply in metro areas during lockdown

The proportion of clients reporting multiple vulnerabilities (i.e. experiencing issues like mental health problems, family violence and substance issues concurrently with their financial stress) was higher in regional areas, with an average of 53.7% against the 35.7% for metro areas across the six quarters analysed. However, this proportion remained static during the COVID months for regional areas, while it increased markedly for metro areas – rising from a pre-COVID quarterly average of 30.8% to 46.5% in Apr-Jun 2020, and then to 50.9% in Jul-Sep 2020. It seems likely the impacts of stage 4 lockdown in metro Melbourne contributed to this.

Multiple vulnerabilities: Proportion of clients Regional and Metro

Anglicare Victoria

Models appear in our photographs to protect the identity of our clients. The photographs used within this report are a combination of purchased imagery and rightfully owned images of Anglicare Victoria.

Contact us if you need this information in an accessible format such as large print: please telephone 1800 809 722 or email info@anglicarevic.org.au.

Data caveat*
Every effort is made to ensure the data is accurate at the time of publication. Data is subject to change as additional information is obtained. There may be a lag in public reporting of particular data due to data quality assurance activities, ongoing maintenance and updating of notification details.

Anglicare Victoria

Free and confidential assistance is available

We're here for you

Call Anglicare Victoria on **1800 966 172**

Chat to a Financial Counsellor by emailing **Financial.Wellness@anglicarevic.org.au**

Or visit **www.anglicarevic.org.au/our-services/financial-counselling** to find out more.

Additional Support Services

National Debt Helpline – **1800 007 007**

Lifeline Australia – **13 11 14**

Parentline – **13 22 89**

Kids Helpline – **1800 55 1800**

MensLine Australia – **1300 78 99 78**

1800RESPECT – **1800 737 732**

Safe Steps Family Violence – **1800 015 188**

Carers Australia – **1800 242 636**

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