



Fox Symes

Quarterly Debt Poll 3

Conducted by

Research Summary – Australians' Attitude to Debt

The **Fox Symes Quarterly Debt Poll** is a national poll produced quarterly by GA Research for Fox Symes & Associates which examines Australian attitude to debt and changes in the levels and causes of personal debt.

This national telephone poll of 1,200 Australians over the age of 18 years was conducted in three waves. Wave One was conducted 15-17 September 2006, Wave Two was conducted 1-3 December 2006 and Wave Three 9-11 March 2007 by Newspoll. The results have been post-weighted to Australian Bureau of Statistics data to reflect the population distribution for age, highest level of schooling completed, sex and area. Results based on the total sample have a maximum margin of error of plus or minus 3 per cent.

Changes in Personal Debt

When considering whether the change in financial situation has affected their own level of debt, one in six Australians believe it has increased, 17% believe it has decreased and two in three (67%) believe it has stayed the same.

Table 1: Assessment of Change In Current Levels of Personal Debt Compared to Three Months Ago (Sept. '06, Dec. '06 and Mar. '07 results)

"Compared with three months ago, has your personal level of financial debt...?"

Responses	Total % Sept. '06	Total % Dec. '06	Total % Mar. '07
Increased	14	17	15
Decreased	17	15	17
Sub-total (changed)	31	32	32
Same or Don't Know/Refused	67	65	69
Totals ('000)*	15,599 100%	15,599 100%	15,599 100%

* Australian Population Over 18 years WTD. RESP. (000's)

Reasons for Increased Personal Debt

Around 15% of Australians, down from 17% in Dec. '06, say their own level of financial debt has increased compared to three months ago. The primary listed causes for an increase in household debt during this period are:

- New purchases and expenses up from 24% to 40%, including items such as holidays (10%) and Christmas expenses (10%)
- Day to day living expenses / bills (up from 28% to 35%) and
- Employment related expenses (up from 1% to 9%)

Importantly, two key causes of increased debt in previous Fox Symes Polls have declined in importance:

- The costs of petrol and / or running a vehicle (down from a high of 22% in Sept '06 to 14% in Mar '07)
- Employment related reasons (up from 5% in Dec '06 to 13% in Mar '07)
- Mortgage/loan/interest related expenses (down from 28% in Dec '06 to 15% in Mar '07)

About Fox Symes

Fox Symes is the premier debt relief company in Australia. It is a wholly owned subsidiary of FSA Group Limited, a public company listed on the Australian Stock Exchange. Fox Symes helps people manage their debt by restructuring their current situation. It is not a bank, financial institution or law firm. Since 2000 Fox Symes has helped thousands of Australians work their way through debt.

Additional information can be found at www.foxsymes.com.au

Table 2: Reasons Given for Increased Personal Debt Changes Over Time (Sept. '06, Dec. '06 and Mar. '07 results)

Among those who say their debt has increased, their UNPROMPTED open-ended responses as to "why" are listed below.

* Note that the base size for these results is not overly large (n=160 in Mar '07)

"For what particular reasons has your level of debt increased in the past three months? What other reasons?"

Based On Those Who Had Increased Debt	SEPT '06 n=154 %	DEC '06 n=176 %	MAR '07 n=160 %
Cost Of Petrol / Running Vehicle	22	17	14
*Total Mortgage / Loan / Interest Related	22	28	15
* Mortgage / Home Loans / Interest On Home Loans	17	15	6
Loans / Interest On Loans / Interest Rates NFI	5	15	10
Total Day To Day Living Expenses / Bills	26	28	35
Cost Of Groceries / Food	15	12	10
Cost Of Living / Things More Expensive / Spending More / NFI	8	11	19
Rates	4	3	1
Electricity / Gas	3	4	4
* Insurance	5	0	4
Bills / NFI	5	6	6
*Total New Purchases / Expenses	31	24	40
Bought / Paying Off New Vehicle	12	8	8
Modifications / Renovations To Home	9	5	5
Build Or Buy New House / Unit / Property	-	-	9
* Holiday	5	3	10
New TV / Computer / Other Household Purchases / Maintenance	7	2	4
* Christmas Expenses	0	6	3
*Total Employment Related	9	5	13
* Partner / Self Lost Job	5	1	9
Change Of Employment / Less Work	4	4	4
Credit Card NFI	7	6	7
* Education Expenses	4	3	16
Drought	2	2	5
Investing In Shares / Investing NFI	0	4	4
* Business Related Exp./Difficulties/GST	2	1	8
Health / Medical Expenses	4	6	7
Other	10	12	9

* Shaded lines indicate that the change in response is statistically significantly different and therefore worthy of note (Dec. to Mar.)

Concern About Debt

The number of people who are now worried about "falling deep into debt from paying interest rates on mortgage" has increased markedly since September (up from 25% to 35% in Dec '07 and 33% in Mar '07).

Overall, respondents indicated that only "getting a serious illness" was a greater worry than "not having a financially secure retirement" and "not having enough money to pay the bills".

Table 3: Relative Levels of Concern (Sept. '06, Dec. '06 and Mar. '07 results)

"At the moment, do you personally worry about each of the following things a lot, a little, or not at all?"

Things Australians Worry About	Total % SEPT '06	Total % DEC '06	Total % MAR '07
Getting A Serious Illness	62	66	64
A Lot	21	21	24
A Little	42	45	40
Not At All & Don't Know/ Refused	38	34	36
Not Being Able To Have A Financially Secure Retirement	60	61	59
A Lot	25	27	26
A Little	35	34	33
Not At All & Don't Know/ Refused	40	39	41
Being The Victim Of Identity Theft	55	55	59
A Lot	16	20	21
A Little	39	35	38
Not At All & Don't Know/ Refused	45	45	42
Not Having Enough Money To Pay Bills	55	56	57
A Lot	22	26	23
A Little	33	30	34
Not At All & Don't Know/ Refused	45	44	43
Being The Victim Of Violent Crime	51	53	56
A Lot	16	18	19
A Little	35	35	37
Not At All & Don't Know/ Refused	49	47	44
Losing House In Natural Disaster	43	46	44
A Lot	12	14	14
A Little	31	32	30
Not At All & Don't Know/ Refused	57	54	56
* Being Unable To Pay Your Water Bill	-	-	43
A Lot	-	-	15
A Little	-	-	28
Not At All & Don't Know/ Refused	-	-	57
* Being Injured / Killed In Major Terrorist Attack	-	37	35
A Lot	-	10	10
A Little	-	27	24
Not At All & Don't Know/ Refused	-	63	66
Falling Into Debt From Paying High Interest Rate On Mortgage	25	35	33
A Lot	9	17	16
A Little	16	19	18
Not At All & Don't Know/ Refused	75	65	67
Falling Deep Into Debt From Credit Card Repayments	26	29	30
A Lot	9	11	12
A Little	17	18	17
Not At All & Don't Know/ Refused	74	71	71
Falling Behind On Mortgage Payments And Losing Home	22	26	25
A Lot	9	12	11
A Little	13	13	14
Not At All & Don't Know/ Refused	73	74	75
* Effect Of Climate Change On Future Quality Of Life	-	76	-
A Lot	-	39	-
A Little	-	37	-
Not At All & Don't Know/ Refused	-	24	-

* Indicates the option was not included in every wave of the Poll.

Debt in Australia

Australians continue to recognise the seriousness of the debt problem. Nine in ten feel that the level of household debt in Australia is a problem to some degree, with four in ten viewing it as a very serious problem.

Table 4: Problem of Household Debt in Australia (Sept. '06, Dec. '06 and Mar. '07 results)

"About the level of household debt in Australia on things like credit cards, home mortgages, car loans and other personal loans. At the moment, do you think the level of household debt in Australia is...?"

Responses	TOTAL % Sept. '06	TOTAL % Dec. '06	Total % MAR'07
Very Serious Problem	39	41	42
Fairly Serious Problem	41	42	41
Serious Problem Sub-Total	80	83	83
Minor Problem	12	10	9
Problem Sub-Total	92	93	92
Not a Problem at All	4	2	3
Don't Know	5	4	5
Totals* ('000)	15,599 100%	15,599 100%	15,599 100%

* Australian Population Over 18 years WTD. RESP. (000's)

Older respondents are more likely to believe household debt in Australia is a serious problem, with 85% of over 50 year olds saying it is a very serious or fairly serious problem, compared to 84% of 35-49 year olds and 78% of 18-34 year olds.

Changing Financial Situation

In regards to their own financial situation in terms of income and expenditure, 19% of respondents said their financial situation has worsened over the past three months, 19% said it has improved and 63% said it has remained the same.

Table 5: Assessment of Current Financial Situation Compared to Three Months Ago (Sept. '06, Dec. '06 and Mar. '07 results)

"Compared with three months ago, do you think your own financial situation is now...?"

Responses	Total % Sept. '06	Total % Dec. '06	Total % Mar. '07
Better	16	16	19
Worse	23	25	19
Changed (sub-total)	39	41	38
Same or Don't Know/Refused	61	57	63
Totals ('000)*	15,599 100%	15,599 100%	15,599 100%

* Australian Population Over 18 years WTD. RESP. (000's)

Under Which Government is Personal Debt More Favourable – Howard or Rudd

About half the population (49%) believe that whether we have a Howard or Rudd federal government will make no difference to their personal debt levels.

One in four (25%) believe their personal debt would be more favourable under John Howard, whilst 20% believe it would be more favourable under Kevin Rudd. 49% think it would make no difference and 6% didn't know.

People over 50 years of age were more incline to believe their debt situation would be better under a Howard government (32%) compared to a Rudd government (18%), while younger people aged 18-34 would prefer a Rudd government (21%) compared to a Howard government (18%).

Table 6: Assessment of Preferred Government Regarding Personal Debt (Mar. '07 results)

"Thinking now about your personal level of debt and the federal election to be held this year. Over the next few years, under which government do you think your personal debt situation will be more favourable? Under...?"

Responses (N=1201)	TOTAL %	18-34 %	50+ %
A Howard Coalition Government	25	18	32
A Rudd Labor Government	20	21	18
No Difference	49	51	46
Don't Know	6	9	4

The Poll also found that 44% of Queenslanders said that choice of government will make no difference, compared to the national average of 49%, indicating that Queenslanders are most concerned about this issue.

Approached By Bank or Financial Organisation In Past Three Months To Increase Debt

Given the current high levels of personal debt, it was interesting to note that banks and financial service providers continue to heavily promote credit opportunities to current and potential customers.

The March Poll found that 55% of respondents have been offered increases in credit opportunities by a bank or financial organisation in the last 3 months

- 52% of respondents have been approached by them to increase their credit card limit or receive a new card
- 13% offered an increase in their mortgage borrowings

Note totals can equal more than 100% due to multiple responses.

Table 7.1: Approached By Bank or Financial Organisation in Past Three Months (Mar. '07 results)

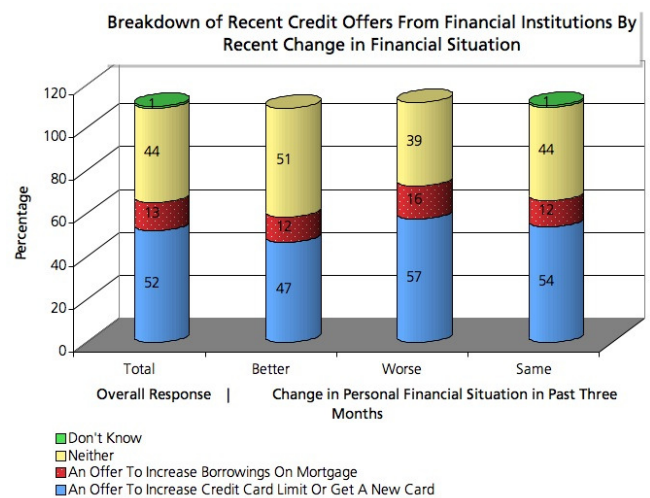
"In the past three months, have you been approached by a bank or other financial organisation, either through the mail, by telephone or in person, offering either of the following?"

Responses (N=1201)	TOTAL %	18-24 %	35-49 %	With Children %	Without Children %
An Offer To Increase Credit Card Limit Or Get A New Card	52	40	65	59	49
An Offer To Increase Borrowings On Mortgage	13	4	20	18	10
Neither	44	59	30	37	48
Don't Know	1	0	2	1	1

A high percentage (65%) of people aged 35-49 have received an offer to increase their credit card limit or get a new card in the past three months. It is also interesting to note that a high two out of five (40%) young people between 18 and 24 have received an offer to increase their credit card limit or get a new card in the past three months.

Almost 60% of people in households with children have received an offer to increase their credit card limit or get a new card in the past three months, even though they are one of the most concerned segments of respondents about the level of debt facing Australians.

Table 7.2: Approached By Bank or Financial Organisation in Past Three Months (Mar. '07 results)



The graph above illustrates that 57% of people who said that their financial situation had worsened in the past three months had received an offer to increase their credit card limit or to get a new card, compared to the 52% national average, and 16% of people who said that their financial situation had worsened in the past three months had received an offer to increase their borrowings on their mortgage. These are worrying statistics, indicating that people who are getting into increasing levels of debt appear to be the most vulnerable for increased credit card limits and mortgage repayments.

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