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Contents

- 1. Introduction 1**
- 2. Objectives..... 1**
- 3. The Survey Process..... 2**
- 4. Summary of Key Findings 5**
 - Satisfaction ratings for ITSA staff..... 5
 - Overall satisfaction with Debt Agreement Administrators 5
 - Seeking independent advice..... 5
 - Understanding the consequences of Part IX Debt Agreements 6
 - Getting on with your life 6
 - Regular reporting to debtors by Administrators 6
- 5. Before Entering the Debt Agreement 7**
 - Independent advice 7
 - Direct Contact with Administrators or with an Agent of the Administrator..... 8
 - Finding an Administrator..... 8
 - Assistance with budgeting and managing finances..... 8
 - Prescribed Information Booklet and other written material..... 9
 - Consequences of Part IX Debt Agreements 10
- 6. After the Debt Agreement was accepted..... 11**
 - Protection from creditors 11
 - Regular reporting to debtors by Administrators 11
 - Frequency of contact between debtors and Administrators..... 12
 - Overall satisfaction with Debt Agreement Administrators 12
- 7. About your experience with the Debt Agreement process. 13**
 - Getting on with your life 13
 - Terminated special questions 14
 - Default special question..... 15
- 8. Open-ended questions 16**
 - Q31. Do you have any comments about your Administrator? 16
 - Q32. Do you have any suggestions for improving the Debt Agreement process that would help others in the future? 18

1. Introduction

The Insolvency and Trustee Service Australia (ITSA) is the Australian government agency responsible for personal insolvency law and practice. Its responsibilities include operating a public bankruptcy registry, providing information about bankruptcy and its alternatives, administering bankruptcies and other personal insolvencies, investigating possible offences under the Bankruptcy Act, regulating insolvency practitioners, monitoring debt agreement administrators and advising Government on appropriate reform to the Bankruptcy Act and related legislation. ITSA deals with a diverse range of clients including creditors who are owed money, financial counsellors, other professionals (i.e. lawyers, accountants) and individual debtors who have become bankrupt or entered into a Part IX Debt Agreement.

The debt agreement research for 2004 has a different scope to previous debtor research. The 2002 debtor research focused on the experiences of *all* debtors before and immediately after the lodgement of a debt agreement proposal (irrespective of whether they were successful). In contrast, the 2004 debt agreement research focuses *exclusively* on the experiences of debtors who were successful in achieving a debt agreement.

The Empower Group has become Right Management Consultants

The 2004 debt agreement research was conducted by an independent organisation called The Empower Group. During the conduct of the debt research, The Empower Group became part of Right Management Consultants. This resulted in a change of legal name from The Empower Group Pty Ltd to Right Management Consultants (OC) Pty Ltd with no change to their ABN or operating capacity.

2. Objectives

The broad objectives of this research were to:

1. Collect feedback from debt agreement debtors about their experience of Part IX debt agreements, *prior* to creditors voting to accept their debt agreements;
2. Collect feedback from debt agreement debtors about their experience of Part IX debt agreements, *after* creditors voted to accept their debt agreements;
3. Identify suggestions and recommendations for improving the operation and administration of debt agreements.

3. The Survey Process

Telephone survey method

This year, for the first time, ITSA employed telephone surveys as the research method. This method allowed for efficient collection of data over a two-week period, and the opportunity for participants to give verbal feedback 'in their own words'. Telephone surveys were employed to improve response rates and the quality of responses. More importantly, they allowed people who were not confident in written English to participate and express their views. The current study was also able to increase the response rate to 24% compared to 17% achieved for the 2002 paper survey of debtors whose Debt Agreement was accepted.

Survey construction

The survey was constructed in an iterative process between Empower, ITSA, the Australian Financial Counselling and Credit Reform Association (AFCCRA) and Debt Agreement Administrators (DAA) over a 2 month period. During this time feedback from Financial Counsellors was also sought and incorporated into the survey design.

A final survey was developed that required between 10 and 12 minutes to administer. The survey was constructed to ensure:

- The correct debtor named on the agreement was identified in a confidential manner at the commencement of the interview;
- The debtor's right to refuse to participate in the survey was respected; and
- The debtor's right to withdrawal from the survey at any time was respected.

Survey administration

The survey was administered 2 weeks following the distribution of a letter sent by ITSA that explained the purpose of the independent survey and reminded the participant that it was a voluntary process. The surveys were conducted in a 3-week period between 7 June 2004 and 25 June 2004.

All respondents were asked to respond to 32 separate items that assessed their experience with the Debt Agreement process:

- before the agreement was accepted;
- after acceptance; and
- gauged their ability to 'get on with their lives' since entering a debt agreement.

Two additional lines of questions were included to assess why debtors had either:

- fallen behind on payments; or
- had their agreements terminated.

To complement the quantitative data collection, two qualitative items requested the participant to make a comment about their Administrator and provide suggestions for improving the Debt Agreement process:

- "Do you have any comments about your Administrator?" and;

- “Do you have any suggestions for improving the Debt Agreement process that would help others in the future?”

Sampling Frame

A representative sample was drawn from a database of debtors who had a Debt Agreement proposal accepted by creditors in the period 1 February 2002 – 30 June 2002. This sample included 9 of the larger Debt Agreement Administrators (Debt Relief Services, Fox Symes, RDA Creditfix, Australian Debt Counsellors, GT Lean, Ramsay Insolvency Administrators, Solvency Resolution Management Consultants, Debtcare, and Official Trustee/ITSA) as well as a sample of the other 11 organisations and people who administered Debt Agreements during this period (Shirley Harvey, Financial Crisis Recovery, The Financial Managers, Mirella Avramoski, TJ Collinson, Paul Anthony Scott, Phillip Aggs, My Budget, Frank Lo Pilato, Police Credit Union and Walter Stragan).

For the overall sample, a confidence level of 95% and a precision range of + 0.20 was adopted. 211 debtors responded, thus the means generated from the sample fell within a precision range of ± 0.10 of the population mean, at the 95% confidence level. In other words, the results for the overall sample provided a very high level of confidence.

For the largest Administrator Debt Relief Services, a confidence level of 95% and a precision range of + 0.20 was adopted. The mean generated from the DRS sample fell within a precision range of ± 0.14 of the population mean at the 95% confidence level. Therefore, the results for the DRS sample provided a very high level of confidence.

Due to the lower populations for the smaller Administrators, a slightly lower confidence level of 90% with a precision range of + 0.30 was adopted in determining the sampling frame. The means generated from these groups fell within a precision range of + 0.20 to 0.41, providing a highly satisfactory level of confidence for most of these administrator groups other than one, however representative results were observed.

Further, the sampling frame for the 1505 names provided to Empower required a minimum sample of 129 (target sample). Thus the attainment of 211 responses (achieved sample) exceeds this requirement.

Polling rates

Database Size	1505
No Phone Number Provided	260
Wrong Phone Numbers	371
Adjusted Database	874
Declined to participate	82
Not contactable after 2 attempts	406
Target Sample	129
Achieved Sample	211

Database integrity

The previous table demonstrates that the original debtor database that was provided to Empower contained 1505 names. Of these, however, 260 entries had no telephone details, and a further 371 entries were found to be wrong telephone numbers. The adjusted (available) database size was therefore 874.

Participation rate

A further eighty-two persons who were contacted chose not to participate. The overall experience of telephone interviewers, however, was positive, with 72% of those contacted completing the survey. This was attributed to the efficacy of the ITSA introductory letter, recalled by approximately 67% of those contacted.

Data analysis

Several procedures and approaches were utilised to analyse the data, interpret the outcomes, and propose recommendations. Specifically:

- average scores and percentages were calculated to identify high and low scoring items and to obtain a measure of central tendency;
- standard deviations were calculated to assess variability or inconsistencies across responses; and
- open ended comments were analysed for common themes and issues.

Observations of key questions

Overall, the utility of the survey questions was sound, clearly satisfying the intent of the research questions. Two questions, however, appeared to pose some difficulties for respondents.

The first (question 6) asked "At the time of entering the Debt Agreement, did you deal directly with your administrator or through an agent of the administrator?" Respondents were asked to select from a) 'directly' or b) 'agent'. Anecdotally, a significant number of respondents appeared to be unsure as to the distinction between DAA staff ('direct') and an 'agent'. A large proportion of respondents asked for clarification regarding this question.

Secondly, as the target population was those debtors who signed their agreement between 1 February 2002 – 30 June 2002, some respondents (24%) were unable to recall what written material was provided to them by their Administrator.

4. Summary of Key Findings

Satisfaction ratings for ITSA staff

Of the respondents who said they had been in contact with an ITSA person or an ITSA office (28.8%), 88.1% reported that contact with ITSA was helpful for them (Survey Question 4). This response is consistent with the overall high levels of satisfaction with ITSA staff reported in both the 2000 and 2002 client opinion surveys

This low reported rate of contact with ITSA, however, indicates that the experience of debtors relies heavily on the relationship between the debtor and the servicing Debt Agreement Administrator.

Overall satisfaction with Debt Agreement Administrators

Overall, the majority (83.4%) of respondents rated their Administrator as either 'Acceptable' or 'Above average'. 16.1% rated their Administrator as 'Poor'. (Survey Question 24).

Respondents also rated their Administrator on a number of specific aspects (i.e. providing information quickly, listening and responding to your needs and concerns) (Survey Question 23). A large proportion of respondents considered the performance of their Administrator to be 'Acceptable' or 'Above Average' for:

- Clearly explaining what would happen to them during the administration of their Debt Agreement (Acceptable = 46.9%; Above Average = 35.5%);
- Listening and responding appropriately to their needs and concerns (Acceptable = 29.9%; Above Average = 50.2%);
- Providing information that they requested quickly (Acceptable = 33.6%; Above Average = 46.9%).
- Providing letters or pamphlets that were easy to understand (Acceptable = 40.3%; Above Average = 33.6%).

Comments by clients of the Debt Agreement Administrators are provided in Section 8 ('Open-ended questions') of this report.

Seeking independent advice

33.8% of respondents chose to seek independent advice to help solve their financial difficulties before entering a Debt Agreement (Survey Question 5). Respondents indicated that in 20% of cases, Administrators encouraged debtors to consult a financial counsellor (Survey Question 11) and in 14.4% of cases suggested that the debtor talk to other professionals (i.e. lawyer, accountant or ITSA) (Survey Question 12).

Understanding the consequences of Part IX Debt Agreements

Seventy respondents (35.0%) indicated that they were not informed that their name would be placed on a public register of insolvencies before they signed their Debt Agreement. In fact, a number of respondents indicated that they became aware of this fact only after being refused credit from a retailer or finance provider (Survey Question 15).

Thirty-nine respondents (18.7%) indicated that they were not informed that their credit rating and ability to obtain further credit may be affected (Survey Question 15).

Getting on with your life

The majority of respondents reported that entering a Debt Agreement had helped to solve their financial difficulties (76.6%) (Survey Question 28). Similarly, the majority of respondents reported that entering a Debt Agreement had made them better able to manage their household budget (77.1%) (Survey Question 29).

While 46.2% of respondents had not tried to obtain further credit, 48.1% of respondents reported that entering a Debt Agreement has made it difficult to obtain further credit (Survey Question 30).

Regular reporting to debtors by Administrators

Respondents overwhelmingly indicated that they did not receive regular information regarding how much money has been paid to creditors (69.0%) (Survey Question 21) and how much money has been deducted as fees (68.0%) (Survey Question 22).

This issue was identified in thematic analysis of verbal responses by clients of Debt Agreement Administrators. A number of useful written comments regarding this issue were received and are included in Section 8 of this report.

5. Before Entering the Debt Agreement

Independent advice

Q5. Did you seek independent advice to help you solve your financial difficulties before entering a Debt Agreement?	Count	%
No. of responses to the question:	210	
Yes	71	33.8%
No	139	66.2%
If Yes: From whom did you receive this advice:		
No. of responses to the question: (select relevant options)	69	
An independent financial counsellor	24	34.8%
A solicitor or an accountant	19	27.5%
ITSA itself	4	5.8%
Banks	17	24.6%
Other (Salvation Army, Friends, Family, local magistrate, Citizen Advice Bureau & debt consolidation company)	9	13.0%

*Please note that some respondents received advice from multiple sources

210 responses were obtained for question 5 "Did you seek independent advice to help you solve your financial difficulties before entering a Debt Agreement?". One third of the respondents indicated that they did seek independent advice (33.8%). From those who did seek independent advice (i.e. from other than an administrator or consultant working for an administrator), sources of advice included an independent financial counsellor (34.8%), a solicitor or accountant (27.5%), banks (24.6%), ITSA itself (5.8%) or 'other', including the Salvation Army, friends, family, magistrate, and debt consolidation companies (13.0%).

Q11. Did they encourage you to talk to a financial counsellor before entering your debt agreement?	Count	%
No. of responses to the question:	200	
Yes	40	20.0%
No	160	80.0%
Q12. Did they suggest you talk to any other professionals (such as lawyers, accountants or ITSA) to help you with any personal problems that contributed to your financial difficulties?	Count	%
No. of responses to the question:	202	
Yes	29	14.4%
No	173	85.6%
If Yes: can you tell me who?		
No. of responses to the question:	18	
Lawyer	10	55.6%
Accountant	3	16.7%
ITSA	5	27.8%
Did you find them useful?		
No. of responses to the question:	18	
Yes	15	83.3%
No	3	16.7%

While 45.7% of respondents sought such advice, Question 11 revealed that Administrators actually encouraged debtors to talk to a financial counsellor in 20.0% of cases, and to other professionals (i.e. lawyers, accountants or ITSA) in 14.4% of cases (question 12). Of the 18 debtors who were referred for independent advice, 10 of those consulted a lawyer (5 consulted with ITSA, 3 with an accountant). 83.3% found that these extra sources of professional advice useful.

Direct Contact with Administrators or with an Agent of the Administrator

Q6. At the time of entering the Debt Agreement, did you deal directly with your Administrator or through an agent of the administrator?	Count	%
No. of responses to the question:	196	
Directly	142	72.4%
Agent	54	27.6%

72.4% of respondents to question 6 indicated that they dealt directly with their Administrator, rather than through an agent. The response rate, however, was slightly lower, with only 196 debtors providing a response to this question.

This lower response rate corresponds with a high rate of confusion amongst respondents regarding the difference between an agent and an employee of the Administrator (and how to distinguish between the two). It is recommended that this result be treated with caution and further investigation conducted to address the research question.

Finding an Administrator

Q7. How did you find out about your administrator?	Count	%
No. of responses to the question:	210	
TV	51	24.3%
Radio	8	3.8%
Newspaper	103	49.0%
Word of mouth	19	9.0%
Pamphlet drop/flyers	1	0.5%
Letter after court action	1	0.5%
Referral by another person/professional	19	9.0%
Other (yellow pages, phone book, Web site & work in the field)	8	3.8%

Most respondents to question 7 found their Administrator through a newspaper advertisement (49.0%). Other sources of information were TV (24.3%), word of mouth (9.0%) and referral by another person or professional (9.0%). A number of other sources of information were also reported, including The Yellow Pages directory, phone book, internet and 'working in the field'.

Assistance with budgeting and managing finances

Q8. Did your administrator or the agent you dealt with provide assistance with personal budgeting or managing your finances?	Count	%
No. of responses to the question:	209	
Yes	116	55.5%
No	93	44.5%
Q16. Did they help you to prepare a household budget to work out how much you could afford to pay your creditors?	Count	%
No. of responses to the question:	211	
Yes helped me	160	75.8%
No help given	37	17.5%
No budget prepared	14	6.6%

For question 8, 55.5% of respondents (116) indicated that their Administrator or agent provided assistance with personal budgeting or managing their finances. A larger proportion (75.8%), however, indicated in question 16 that their Administrator helped them to prepare a household budget to work out how much they could afford to pay their creditors.

Q18. How much time in total did they spend with you preparing your budget and Debt Agreement proposal?	Count	%
No. of responses to the question:	201	
0.5 Hour	36	17.9%
1 Hour	43	21.4%
1.5 Hours	18	9.0%
2 Hours	47	23.4%
2.5 Hours	15	7.5%
3 Hours	25	12.4%
More than 3 hours	17	8.5%

Question 18 revealed Administrators (or their Agents) spent 1 hour or less with debtors in 39.3% of cases, 1.5-2.5 hours in 39.9% of cases, and 3 hours or more in 20.9% of cases.

Prescribed Information Booklet and other written material

Q9. Did they provide a copy of ITSA's 'Prescribed Information Booklet' detailing the various alternatives to, and consequences of bankruptcy ?	Count	%
No. of responses to the question:	193	
Yes	158	81.9%
No	35	18.1%
Q10. Did they go through the 'Prescribed Information Booklet' and explain it to you?	Count	%
No. of responses to the question:	156	
Yes	120	76.9%
No	36	23.1%

Question 9 revealed that a large majority of debtors had received a copy of ITSA's Prescribed Information Booklet from their Administrator (81.9%). Despite this large majority, 35 debtors (18.1%) indicated that they had not been given a copy of this essential material. Where debtors had received the booklet, a large majority (76.9%) had the booklet explained to them (Survey Question 10).

Q13. Other than the 'Prescribed Information Booklet', Did your administrator or agent provide written material that was helpful in understanding Debt Agreements or managing your financial affairs such as:									
					If Yes: Did they help you?				
	Count		%		Count		%		
	Yes	No	Yes	No	Yes	No	Yes	No	
Budgeting forms	84	84	50.0%	50.0%	60	6	90.9%	9.1%	
Question and Answer sheet	80	84	48.8%	51.2%	61	3	95.3%	4.7%	
Pamphlet about their services	123	55	69.1%	30.9%	86	8	91.5%	8.5%	
Pamphlet about other referral or assistance services	47	99	32.2%	67.8%	31	1	96.9%	3.1%	
Debt Agreement process information pamphlet	109	57	65.7%	34.3%	86	2	97.7%	2.3%	
Q14. Did you receive any other services from them that were helpful to you?								Count	%
No. of responses to the question:								204	
Yes								22	10.8%
No								182	89.2%
Other services include: general advice, advice on home loan post-agreement, advice about post payment options, personal problems with new relationship, deal with taxation, re-assess situation, contact creditors, manage to straighten out another problem, reminder call, refer to people who could help when DA completed, detail letters & put proposal together.									

Question 13 asked respondents to indicate whether they had received a range of other written material from their Administrator. The response rate for this question was lower than average with between 146 and 178 responses recorded. Comments from many debtors indicated that due to the length of time that had elapsed since their agreement was accepted, they were unsure whether or not they had received the specific materials mentioned in this question (see page 5). The percentage of respondents who reported receiving the materials were:

- a) Pamphlet about Administrator services (69.1%);
- b) Debt Agreement process information pamphlet (65.7%);
- c) Budgeting forms (50.0%);
- d) Question and Answer sheet (48.8%); and
- e) Pamphlet about other referral or assistance services (32.2%).

Question 14 revealed that of those who had received the various written materials, a large majority (90.9% – 97.7%) indicated that they found them useful (see Table above for specific responses).

10.8% of respondents indicated that they had received other services from their Administrator that were helpful to them. These services included: general advice, advice on home loans; dealing with taxation; re-assessing situation; contacting creditors; 'reminder call', and referral for advice after completion of DA.

Consequences of Part IX Debt Agreements

Q15. Before you signed your Debt Agreement Proposal, were you informed that:								
					If Yes: Did you understand the proportion or amount of this fee?			
	Count		%		Count		%	
	Yes	No	Yes	No	Yes	No	Yes	No
Your name would be placed on a public register of insolvencies	130	70	65.0%	35.0%	~	~	~	~
Your credit rating and ability to obtain further credit may be affected	170	39	81.3%	18.7%	~	~	~	~
Your Administrator would deduct a fee from your payments for administering your Debt Agreement	195	14	93.3%	6.7%	167	28	85.6%	14.4%

Question 15 revealed that most respondents (93.3%) were aware that their Administrator would deduct a fee for administering their agreement. Of these, 85.6% indicated that they were aware of the proportion or amount of the fee.

A large minority of respondents (35.0%), however, replied that they were not informed that their name would be placed on a public register of insolvencies. 18.7% stated that they were not informed that their credit rating and ability to obtain further credit may be affected.

6. After the Debt Agreement was accepted

Protection from creditors

Q19. After signing your Debt Agreement, did any of the creditors listed on the agreement press you for payment?	Count	%
No. of responses to the question:	211	
Yes	135	64.0%
No	76	36.0%
If Yes: Can you say who?		
No. of responses to the question: (select relevant options)	113	
Banks	49	43.4%
Finance Companies	73	64.6%
Utilities	7	6.2%
Other	5	4.4%
Q20. Did you approach your Administrator to help protect you from any of your creditors listed in your agreement?	Count	%
No. of responses to the question:	131	
Yes	117	89.3%
No	14	10.7%
If Yes: Was your Administrator able to stop your creditors calling you?		
No. of responses to the question:	112	
Yes	95	84.8%
No	17	15.2%

* Please note that some respondents were pressed by multiple creditors

Question 19 revealed that 135 (64.0%) of respondents indicated that creditors 'pressed them for payment' after they had signed their Debt Agreement. Question 20 revealed that 89.3% of those who experienced being pressed for payment approached their Administrator to protect them; with a reported success rate of 84.8% (i.e. the creditor ceased contacting the debtor).

The most commonly cited creditors were:

1. Finance Companies (64.6%),
2. 'Banks' (43.4%), and
3. Utility companies (6.2%).

Regular reporting to debtors by Administrators

Q21. Are you regularly informed on how much money has been paid to your creditors?	Count	%
No. of responses to the question:	210	
Yes	65	31.0%
No	145	69.0%
Q22. Are you regularly informed on how much money has been deducted as fees by your Administrator?	Count	%
No. of responses to the question:	203	
Yes	65	32.0%
No	138	68.0%

Question 21 revealed that 145 respondents (69.0%) indicated that they are not regularly informed of how much money has been paid to creditors. Similarly, 68.0% indicated that they are not regularly informed of how much money has been deducted as fees (Question 22).

Frequency of contact between debtors and Administrators

Q25. How regularly do you have contact with your administrator?	Count	%
No. of responses to the question:	201	
Every month	17	8.5%
Every 2 months	4	2.0%
Every 3 months	41	20.4%
Every 4 months	6	3.0%
Every 6 months	43	21.4%
Every 12 months	24	11.9%
I never have contact	66	32.8%
Q26. Do they normally contact you or do you have to chase them?	Count	%
No. of responses to the question:	186	
They contact me	50	26.9%
I have to chase them	136	73.1%

Question 25 revealed that 30.9% of debtors had contact with their Administrator at least once every 3 months. A further 36.3% had contact once every 4-12 months and 32.8% indicated that they 'never' have contact with their Administrator. Question 26 revealed that 73.1% of debtors usually initiated contact with their Administrator.

Overall satisfaction with Debt Agreement Administrators

	No. of Responses	Poor	Acceptable	Above Average	Not Sure
Q24. Please rate the overall level of service provided by your Administrator	211	16.1%	36.5%	46.9%	0.5%

Question 24 reveals that overall, the majority (83.4%) of respondents rated their Administrator as either 'Acceptable' or 'Above average'. A further 16.1% rated their Administrator as 'Poor'.

Q23. For each of the following services, please rate how well your Administrator has been handling your Debt Agreement:	No. of Responses	Percentage			
		Poor	Acceptable	Above Average	Not Sure
Clearly explaining what would happen to you during the administration of your Debt Agreement	211	16.1%	46.9%	35.5%	1.4%
Listening and responding appropriately to your needs and concerns.	211	18.5%	29.9%	50.2%	1.4%
Providing any information that you requested quickly	211	16.6%	33.6%	46.9%	2.8%
Providing letters or pamphlets that were easy to understand	211	20.9%	40.3%	33.6%	5.2%

In addition, respondents to question 23 rated their Administrator on how well they were handling the Debt Agreement. A large proportion of respondents considered the performance of their Administrator to be 'Acceptable' or 'Above Average' for:

- Clearly explaining what would happen to them during the administration of their Debt Agreement (Acceptable = 46.9%; Above Average = 35.5%);
- Listening and responding appropriately to their needs and concerns (Acceptable = 29.9%; Above Average = 50.2%);
- Providing information that they requested quickly (Acceptable = 33.6%; Above Average = 46.9%).
- Providing letters or pamphlets that were easy to understand (Acceptable = 40.3%; Above Average = 33.6%).

7. About your experience with the Debt Agreement process.

Getting on with your life

Solving financial difficulties

Q28. Has entering a Debt Agreement helped to solve your financial difficulties?	Count	%
No. of responses to the question:	209	
Yes	160	76.6%
No	49	23.4%

Question 28 revealed that 76.6% of respondents indicated that a Debt Agreement has helped to solve their financial difficulties.

Managing finances

Q29. Has entering a Debt Agreement made you better able to manage your household budget?	Count	%
No. of responses to the question:	210	
Yes	162	77.1%
No	48	22.9%

A similar number (77.1%) reported that the Agreement has made them better able to manage a household budget (question 29).

Obtaining further credit

Q30. Has entering a Debt Agreement made it difficult for you to obtain further credit?	Count	%
No. of responses to the question:	210	
Yes	101	48.1%
No	12	5.7%
Not tried to obtain further credit	97	46.2%

Question 30 revealed that 94.3% of respondents indicated that entering an Agreement has made it difficult to obtain further credit (48.1%) or that they have not tried to obtain further credit (46.2%).

Meeting household bills

Q17. Did the Debt Agreement leave you with enough money to meet household bills	Count	%
No. of responses to the question:	211	
Yes	166	78.7%
No	45	21.3%

Question 17 revealed that 21.3% of respondents indicated that the Debt Agreement did not leave them with enough money to meet household bills.

Maintaining payments

Q27. Have you been able to maintain the payments that were agreed to in your Debt Agreement?	Count	%
No. of responses to the question:	210	
Yes	140	66.7%
No, my agreement has been cancelled or terminated	30	14.3%
No, I am behind in my payments at the moment	40	19.0%

In line with this finding, question 27 revealed that a third of respondents (33.3%) indicated that they were either behind in their payments (19.0%), or their agreement had been cancelled or terminated (14.3%).

Terminated special questions

C1. What was the reason that your Debt Agreement was cancelled/terminated?	Count	%
No. of responses to the question:	28	
I could not afford payments from the beginning	3	10.7%
I could not afford to keep up-to-date with payments because of:	21	75.0%
Changed employment conditions	14	66.7%
<i>Unemployment</i>	6	42.9%
<i>Reduction in income/loss of overtime</i>	6	42.9%
<i>Other (became ill or didn't specify)</i>	2	14.3%
Changed family circumstances	4	19.0%
Increased household or personal expenses	3	14.3%
A further creditor not disclosed at time of proposal	0	0.0%
Other (DAA did not pay the people we owed money to, administrator was not contactable after payments were made, Money was going on charges, Just didn't pay it)	4	14.3%

A small number of the 28 respondents to question C1 (10.7%) replied that they could not afford the payments from the beginning. Rather, the most common reasons for termination of an Agreement were:

- f) Unemployment (21.4%);
- g) Reduced income/loss of overtime (21.4%)
- h) Changed family circumstances (14.3%); and
- i) Increased household or personal expenses (10.7%).

C2. Have you become Bankrupt?	Count	%
No. of responses to the question:	27	
Yes	13	48.1%
No	14	51.9%
C3. In hindsight, do you think that cancelling/terminating the Debt Agreement was the right thing to do?	Count	%
No. of responses to the question:	25	
Yes	17	68.0%
No	8	32.0%

Question C2 revealed that 48.1% of the 27 debtors who answered this question indicated that they had become bankrupt. A large majority (68.0%) indicated that cancellation or termination of their Agreement was the right thing to do (question C3).

Default special question

D1. Why are you struggling to make your payments?	Count	%
No. of responses to the question:	39	
I could not afford payments from the beginning	2	5.1%
I could not afford to keep up-to-date with payments because of:	35	89.7%
Changed employment conditions	24	68.6%
<i>Unemployment</i>	16	66.7%
<i>Reduction in income/loss of overtime</i>	8	33.3%
Changed family circumstances	5	14.3%
Increased household or personal expenses	5	14.3%
A further creditor not disclosed at time of proposal	1	2.9%
Other (creditors not being paid so stopped paying administrator, DAA's System's error)	2	5.1%

39 debtors responded to question D1 (*Why are you struggling to make your payments?*). A very small percentage (5.1%) indicated that they could not afford payments 'from the beginning'. Most respondents (68.6%) indicated that changed employment conditions (unemployment or reduction/loss of income) caused their inability to keep up-to-date with payments.

Other reasons cited were increased 'household or personal expenses' (5 responses), 'changed family circumstances' (5 responses), 'a further creditor not disclosed at time of proposal' (1 response), 'creditors not being paid by Administrator' (1 response) and 'Administrator's system error' (1 response).

8. Open-ended questions

Two questions were provided for open-ended responses. Question 31 asked *'Do you have any comments about your Administrator?'* Question 32 asked *'Do you have any suggestions for improving the Debt Agreement process that would help others in the future?'*

Q31. Do you have any comments about your Administrator?

Responses for this question were coded and analysed to determine themes. An analysis of open-ended questions yielded 2 main 'positive' themes and 5 'negative' themes.

Positive themes were:

- The Administrator was 'helpful and understanding'; and
- Satisfied with the service of the Administrator.

Examples of positive comments from participants:

- "Consultant is helpful - she has been in the same situation herself"
- "Helpful and prompt when contacted"
- "Highly recommended - I found them very helpful"
- "Terrific couldn't say a bad word about them"
- "Very happy, problems were sorted quickly"
- "Found it very good, gave us a lifeline"
- "Terrific, helpful, and understanding"
- "Very understanding"
- "Not much need to communicate with them - found them excellent"
- [They are] "handling it professionally"
- "It has been a great relief"
- "I can't speak highly enough of [the DAA]"
- "Good job. I would recommend them"
- "Really good. Can't fault them. Very helpful"
- "Doing their job well"
- "Efficient. I would recommend them. I don't like the fees"
- "Thoroughly recommend it"
- "They're great. No complaints"
- "No problems. The process is great and should be available to anyone who needs it"
- "Can't speak highly enough of the Administrator"
- "Very understanding"
- "Happy with them and the service. Easy to understand"
- "Happy with the way things are going - haven't had much contact with them"
- "More than pleased with them. I would recommend their service to anyone in the same predicament"

- They are pretty good. They don't hassle me"

Negative themes were:

- Lack of regular reporting to debtors by Administrators;
- Lack of information provided;
- Unhappy with Administrator;
- Dissatisfied with process and systems; and
- Unhappy with fee structure.

Examples of negative comments from participants:

- "The Administrator should send a regular statement"
- "It was very hard to get a statement of progress"
- "No regular contact or follow-up"
- "Service not well explained"
- "Didn't spend enough explaining consequences of debt agreement"
- "Would have been helpful to be told about credit rating"
- "Disappointed in trying to keep them updated, I wanted to increase payments"
- "Very offhand and do not listen when contacted by phone. Too busy to talk, didn't return calls"
- "Would not recommend them. They got us further into trouble"
- "Felt like I had no choice, felt pressured at the beginning"
- "They made the budget too tight"
- "Administrator collects interest that could be better used by me i.e. I pay weekly and Administrator pays quarterly (that's a lot of interest being collected by the Administrator)"
- "They charge a lot of money"
- "Initially helpful but support dropped off"
- "I needed more/better advice"
- "have not heard from [my DAA] since entering the agreement"
- "I think [the DAA] should be in contact more regularly"
- "Abrupt. Name has changed, and database has not been updated for 2 years"
- "I was not clear on what they were all about or about the fees. They hid them – it was wrong"
- "Take their licence off them! I am switching to [another DAA]"
- "Get others to do their homework. I would have preferred to go bankrupt because I practically am!"
- "Not happy with the process as it was terminated before it even began"
- "Particular concern regarding the fact that she was unclear about being publicly declared bankrupt, even though she entered a Debt Agreement"
- "Frustrating when trying to do the right thing yet still put in the same boat as people who declare bankruptcy"

- “One creditor would not take ‘no’ for an answer. Perhaps a letter would have been helpful to make it more official and get creditors off [my] back – especially as [my] husband had recently passed away”
- “[Administrator should] clearly explain what the agreement is, and the consequences if payments are not made”

Q32. Do you have any suggestions for improving the Debt Agreement process that would help others in the future?

Suggestions for improving the Debt Agreement process were provided by 126 respondents across all Administrators.

The most common suggestion for improvement made by respondents was:

- a) Administrators to provide more feedback regarding progress toward completion of the Agreement.

Other responses included:

- b) Explain consequences of the Debt Agreement more fully;
- c) Better explanation of the process;
- d) Greater publicity of the Debt Agreement service;
- e) Provide more budgeting assistance; and
- f) ‘Other’.

Quotes that reflect each of the major themes are provided below:

- “More communication during and after the process”
- “Would like a statement of what money has been paid, and to whom”
- “More support and contact”
- “Need to emphasis that it is a form of bankruptcy, having no credit card can be a real disadvantage”
- “The debt agreement administrators need to be more forthcoming about the consequences of debt agreements”
- “More people should know about this process”
- “More promotion about debt agreements in newspapers, TV and Radio”
- “Focus should be on the budget”
- “More information on levels of credit and how to manage”
- “Would have appreciated administrator to be based in my State”
- “Agreements should not be restricted by income”
- “They should give people more options”
- “People should go direct to ITSA. The DAA employee had me in tears”
- “Cheaper if possible”
- “Provide more options”
- “Dealing with issues ‘over the counter’ is not acceptable”

- “Monitor outside agencies. I work in the industry and have many complaints about my DAA”
- “More people should know about this process as it is a helpful alternative”
- “More regular contact would be helpful”
- “More advertising. Would help others to know about [the process]”
- “Keep in contact. More support would be nice”
- “Debt Agreements should not be restricted by income”
- “Contact would be appreciated. More support throughout the life of the Agreement”
- “More reporting would be useful”
- “More forms to inform us about what we have paid and what we still owe”
- “Make [it] more accessible, i.e. offices people can go into or call. I didn’t know if it existed”
- “More flexibility for unforeseen circumstances, i.e. car breakdown or new child etc”
- “Should be more widely publicised as an option”
- “[being publicly declared bankrupt] should be made clearer from the outset”
- “Let people know about the availability of this process”
- “Provide more precise information and declare the nature of fees”
- “Be more explanatory of consequences of the Agreement (i.e. that you have a black mark against your name). I was not aware of this at the outset”
- “They need to send complete information, rather than holding back. They left out information regarding the total amount I needed to pay back”
- “For people who are married there should be an automatic process of going to court and sorting out the finances then and there”

Debt Agreement Debtor Research

All Respondents {211}

Q3. Did you receive the letter?	Count	%
No. of responses to the question:	185	
Yes	125	67.6%
No	60	32.4%
About ITSA		
Q4. Have you had any personal contact with an ITSA person or ITSA office?	Count	%
No. of responses to the question:	208	
Yes	60	28.8%
No	148	71.2%
If Yes: Did you find them helpful?		
No. of responses to the question:	59	
Yes	52	88.1%
No	7	11.9%

Debt Agreement Debtor Research

All Respondents {211}

Before entering the Debt Agreement

Q5. Did you seek independent advice to help you solve your financial difficulties before entering a Debt Agreement?	Count	%
No. of responses to the question:	210	
Yes	71	33.8%
No	139	66.2%
If Yes: From whom did you receive this advice:		
No. of responses to the question: <i>(select relevant options)</i>	69	
An independent financial counsellor	24	34.8%
A solicitor or an accountant	19	27.5%
ITSA itself	4	5.8%
Banks	17	24.6%
Other (Salvation Army, Friends, Family, local magistrate, Citizen Advice Bureau & debt consolidation company)	9	13.0%
Q6. At the time of entering the Debt Agreement, did you deal directly with your Administrator or through an agent of the administrator?	Count	%
No. of responses to the question:	196	
Directly	142	72.4%
Agent	54	27.6%
Q7. How did you find out about your administrator?	Count	%
No. of responses to the question:	210	
TV	51	24.3%
Radio	8	3.8%
Newspaper	103	49.0%
Word of mouth	19	9.0%
Pamphlet drop/flyers	1	0.5%
Letter after court action	1	0.5%
Referral by another person/professional	19	9.0%
Other (yellow pages, phone book, Web site & work in the field)	8	3.8%
Q8. Did your administrator or the agent you dealt with provide assistance with personal budgeting or managing your finances?	Count	%
No. of responses to the question:	209	
Yes	116	55.5%
No	93	44.5%
Q9. Did they provide a copy of ITSA's 'Prescribed Information Booklet' detailing the various alternatives to, and consequences of bankruptcy?	Count	%
No. of responses to the question:	193	
Yes	158	81.9%
No	35	18.1%
Q10. Did they go through the 'Prescribed Information Booklet' and explain it to you?	Count	%
No. of responses to the question:	156	
Yes	120	76.9%
No	36	23.1%
Q11. Did they encourage you to talk to a financial counsellor before entering your debt agreement?	Count	%
No. of responses to the question:	200	
Yes	40	20.0%
No	160	80.0%
Q12. Did they suggest you talk to any other professionals (such as lawyers, accountants or ITSA) to help you with any personal problems that contributed to your financial difficulties?	Count	%
No. of responses to the question:	202	
Yes	29	14.4%
No	173	85.6%
If Yes: can you tell me who?		
No. of responses to the question:	18	
Lawyer	10	55.6%
Accountant	3	16.7%
ITSA	5	27.8%
Did you find them useful?		
No. of responses to the question:	18	
Yes	15	83.3%
No	3	16.7%

Debt Agreement Debtor Research

All Respondents {211}

Before entering the Debt Agreement (Continued...)

Q13. Other than the 'Prescribed Information Booklet', Did your administrator or agent provide written material that was helpful in understanding Debt Agreements or managing your financial affairs such as:

					If Yes: Did they help you?			
	Count		%		Count		%	
	Yes	No	Yes	No	Yes	No	Yes	No
Budgeting forms	84	84	50.0%	50.0%	60	6	90.9%	9.1%
Question and Answer sheet	80	84	48.8%	51.2%	61	3	95.3%	4.7%
Pamphlet about their services	123	55	69.1%	30.9%	86	8	91.5%	8.5%
Pamphlet about other referral or assistance services	47	99	32.2%	67.8%	31	1	96.9%	3.1%
Debt Agreement process information pamphlet	109	57	65.7%	34.3%	86	2	97.7%	2.3%

Q14. Did you receive any other services from them that were helpful to you?		Count	%
No. of responses to the question:		204	
Yes		22	10.8%
No		182	89.2%

Other services include: general advice, advice on home loan post agreement, advice about post payment options, personal problems with new relationship, deal with taxation, re-assess situation, contact creditors, manage to straighten out another problem, reminder call, refer to people who could help when DA completed, detail letters & put proposal together.

Q15. Before you signed your Debt Agreement Proposal, were you informed that:

					If Yes: Did you understand the proportion or amount of this fee?			
	Count		%		Count		%	
	Yes	No	Yes	No	Yes	No	Yes	No
Your name would be placed on a public register of insolvencies	130	70	65.0%	35.0%	~	~	~	~
Your credit rating and ability to obtain further credit may be affected	170	39	81.3%	18.7%	~	~	~	~
Your Administrator would deduct a fee from your payments for administering your Debt Agreement	195	14	93.3%	6.7%	167	28	85.6%	14.4%

Q16. Did they help you to prepare a household budget to work out how much you could afford to pay your creditors?

Q16. Did they help you to prepare a household budget to work out how much you could afford to pay your creditors?		Count	%
No. of responses to the question:		211	
Yes helped me		160	75.8%
No help given		37	17.5%
No budget prepared		14	6.6%

Q17. Did the Debt Agreement leave you with enough money to meet household bills?

Q17. Did the Debt Agreement leave you with enough money to meet household bills?		Count	%
No. of responses to the question:		211	
Yes		166	78.7%
No		45	21.3%

Q18. How much time in total did they spend with you preparing your budget and Debt Agreement proposal?

Q18. How much time in total did they spend with you preparing your budget and Debt Agreement proposal?		Count	%
No. of responses to the question:		201	
0.5 Hour		36	17.9%
1 Hour		43	21.4%
1.5 Hours		18	9.0%
2 Hours		47	23.4%
2.5 Hours		15	7.5%
3 Hours		25	12.4%
More than 3 hours		17	8.5%

Debt Agreement Debtor Research

All Respondents {211}

After the Debt Agreement was accepted

Q19. After signing your Debt Agreement, did any of the creditors listed on the agreement press you for payment?	Count	%			
No. of responses to the question:	211				
Yes	135	64.0%			
No	76	36.0%			
If Yes: Can you say who?					
No. of responses to the question: (select relevant options)	113				
Banks	49	43.4%			
Finance Companies	73	64.6%			
Utilities	7	6.2%			
Other	5	4.4%			
Q20. Did you approach your Administrator to help protect you from any of your creditors listed in your agreement?	Count	%			
No. of responses to the question:	131				
Yes	117	89.3%			
No	14	10.7%			
If Yes: Was your Administrator able to stop your creditors calling you?					
No. of responses to the question:	112				
Yes	95	84.8%			
No	17	15.2%			
Q21. Are you regularly informed on how much money has been paid to your creditors?	Count	%			
No. of responses to the question:	210				
Yes	65	31.0%			
No	145	69.0%			
Q22. Are you regularly informed on how much money has been deducted as fees by your Administrator?	Count	%			
No. of responses to the question:	203				
Yes	65	32.0%			
No	138	68.0%			
Q23. For each of the following services, please rate how well your Administrator has been handling your Debt Agreement:	Percentage				
	No. of Responses	Poor	Acceptable	Above Average	Not Sure
Clearly explaining what would happen to you during the administration of your Debt Agreement	211	16.1%	46.9%	35.5%	1.4%
Listening and responding appropriately to your needs and concerns.	211	18.5%	29.9%	50.2%	1.4%
Providing any information that you requested quickly	211	16.6%	33.6%	46.9%	2.8%
Providing letters or pamphlets that were easy to understand	211	20.9%	40.3%	33.6%	5.2%
	No. of Responses	Poor	Acceptable	Above Average	Not Sure
Q24. Please rate the overall level of service provided by your Administrator	211	16.1%	36.5%	46.9%	0.5%
Q25. How regularly do you have contact with your administrator?	Count	%			
No. of responses to the question:	201				
Every month	17	8.5%			
Every 2 months	4	2.0%			
Every 3 months	41	20.4%			
Every 4 months	6	3.0%			
Every 6 months	43	21.4%			
Every 12 months	24	11.9%			
I never have contact	66	32.8%			
Q26. Do they normally contact you or do you have to chase them?	Count	%			
No. of responses to the question:	186				
They contact me	50	26.9%			
I have to chase them	136	73.1%			

Debt Agreement Debtor Research

All Respondents {211}

About your experience with the Debt Agreement process

Q27. Have you been able to maintain the payments that were agreed to in your Debt Agreement?	Count	%
No. of responses to the question:	210	
Yes	140	66.7%
No, my agreement has been cancelled or terminated	30	14.3%
No, I am behind in my payments at the moment	40	19.0%

Getting on with your life

Q28. Has entering a Debt Agreement helped to solve your financial difficulties?	Count	%
No. of responses to the question:	209	
Yes	160	76.6%
No	49	23.4%

Q29. Has entering a Debt Agreement made you better able to manage your household budget?	Count	%
No. of responses to the question:	210	
Yes	162	77.1%
No	48	22.9%

Q30. Has entering a Debt Agreement made it difficult for you to obtain further credit?	Count	%
No. of responses to the question:	210	
Yes	101	48.1%
No	12	5.7%
Not tried to obtain further credit	97	46.2%

Cancelled or terminated special questions

C1. What was the reason that your Debt Agreement was cancelled/terminated?	Count	%
No. of responses to the question:	28	
I could not afford payments from the beginning	3	10.7%
I could not afford to keep up-to-date with payments because of:	21	75.0%
Changed employment conditions	14	66.7%
Unemployment	6	42.9%
Reduction in income/loss of overtime	6	42.9%
Other (became ill or didn't specify)	2	14.3%
Changed family circumstances	4	19.0%
Increased household or personal expenses	3	14.3%
A further creditor not disclosed at time of proposal	0	0.0%
Other (DAA did not pay the people we owed money to, administrator was not contactable after payments were made, Money was going on charges, Just didn't pay it)	4	14.3%

C2. Have you become Bankrupt?	Count	%
No. of responses to the question:	27	
Yes	13	48.1%
No	14	51.9%

C3. In hindsight, do you think that cancelling/terminating the Debt Agreement was the right thing to do?	Count	%
No. of responses to the question:	25	
Yes	17	68.0%
No	8	32.0%

Default special question

D1. Why are you struggling to make your payments?	Count	%
No. of responses to the question:	39	
I could not afford payments from the beginning	2	5.1%
I could not afford to keep up-to-date with payments because of:	35	89.7%
Changed employment conditions	24	68.6%
Unemployment	16	66.7%
Reduction in income/loss of overtime	8	33.3%
Changed family circumstances	5	14.3%
Increased household or personal expenses	5	14.3%
A further creditor not disclosed at time of proposal	1	2.9%
Other (creditors not being paid so stopped paying administrator, DAA's System's error)	2	5.1%