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EXECUTIVE SUMMARY

BACKGROUND

This research report defines and outlines the issue of financial debt for young Australians aged 12 to 17 years and their families. It explores:

- which young people have financial debt and associated debt management issues
- the level of debt experienced by young people
- the means by which young people accrue debt
- young people’s capability to manage or avoid debt.

The project was commissioned for the National Youth Affairs Research Scheme (NYARS).

METHODOLOGY

The project involved four stages:

- Stakeholder analysis to identify organisations and agencies with an interest or expertise in the subject area
- A knowledge review, encompassing a scan of relevant literature and in-depth stakeholder interviews
• An online survey with 616 young people aged 12 to 17 years and their parents/guardians

• A stakeholder workshop to explore key issues further that have emerged in the research, identify issues that have not been raised and discuss the way forward in terms of support services and policy responses.

YOUTH DEBT (CHAPTER 3)

Of the 616 young people surveyed:

• 26% were in debt at the time of the survey

• 36% have been in debt before but were not currently in debt

• 38% have never been in debt.

A total of 25% (i.e. almost all of the young people currently in debt) were in informal debt, owing parents (21% of all young people), other family (2%) or friends (3%). Only a minority (3% of all young people) were in formal debt—i.e. to a mobile phone company, the bank (credit, loan), train fines and so on. Two per cent of young people were in both formal debt and informal debt.

The 26% of young people currently in debt is made up of three groups:

• 10% of all young people whose debt is no greater than their weekly income

• 7% whose debt is more than they would earn in a week, but less than they would earn in a month

• 9% whose debt is equivalent to more than a month’s income (including 2% who have no income).

Among young people currently in debt (n=161) the average amount owing was $296—$315 for girls and $271 for boys. The amount owing increased markedly at age 15 years (from an average of $98 at age 14 years to $285 at age 15 years, $339 at age 16 years and $524 at age 17 years).
These average figures exclude two other cases—a 16-year-old boy with a $27 300 bank loan and a 17-year-old boy with a $15 640 bank loan. The main reasons for borrowing money were to spend it on (n=161 currently in debt):

- clothes and accessories (27%)
- mobile phones (24%)
- electronic equipment (e.g. iPods, game consoles) (19%)
- CDs, DVDs, games (includes downloads) (17%)
- food and drink (16%).

One in eight young people surveyed (12%) said that at some point in their past they had been stressed about paying back money they owed. This evidence of ‘problematic debt’ was particularly common among young people:

- living with a single parent (22%)
- in households earning over $110 000 (18%)
- whose parents had grown up with financial hardship because of their parents’ debt (17%)
- whose parents had not spoken to them about money for at least a few weeks (17%)
- who tended to spend all their money each week (17%).

There were no other clear socioeconomic patterns in the incidence of problematic debt.

Two in five young people (41%) reported that money has been a source of tension between them and their parents/guardians (5% frequently, 36% occasionally) (n=616).

**YOUTH SPENDING AND CONSUMPTION**

*(CHAPTER 4)*

Over half the young people surveyed said they spend all (21%) or most (31%) of the money they earn or are given each week/fortnight/month.

The most common items that young people reported spending their own money on were food and beverages (66%), clothes and accessories (54%), CDs, DVDs and games (51%), mobile phones (47%) and going out (43%). Spending habits vary between girls and boys of different age groups.
Eighty-eight per cent of young people in this survey used a mobile phone. Among those who have a phone, 85% have a pre-paid account.

Just under half of the young people surveyed (45%) said they shopped using their mobile phones or the internet (i.e. shopping online, buying things using SMS).

Young people were asked about what they would do if they did not have enough money for something they wanted. Most (78%) said they would find a way to buy it, either by:

- borrowing the money from someone (13%)
- spending money they would otherwise have spent on something else (9%)
- saving up to buy it (52%)
- taking some other approach (4%).

Most young people say that they feel pressured to buy things in order to keep up with friends (84%), by commercials on TV/radio (72%) and because of the need to ‘fit in’ with social expectations (70%).

PARENTS AND GUARDIANS—INPUT, VIEWS AND CONCERNS (CHAPTER 5)

Most young people have a fair degree of autonomy about what they spend their money on: 53% of parents/guardians say that their child takes full responsibility for their spending, 43% say they decide together with their child about their spending (10% about all spending, 33% just on certain, designated items).

Most parents feel they know what their child spends their money on at least most of the time (61%), if not all the time (24%).

Most parents/guardians feel their child manages her/his finances very well (19%) or fairly well (58%). However, this leaves one in four parents who feels their child manages their finances not very well (18%) or not at all well (5%).

Almost all parents/guardians (95%) said they held at least some concerns about their child and money. The two most common causes of concern for parents were their child’s spending habits and budgeting habits.
Most young people (86%) said they talk about money (spending, saving, budgeting, earning money or banking) with their parent/guardian; 55% talk about money with their friends.

Most parents/guardians (84%) said they speak with their child regularly about money and related issues—46% in the last few days and another 38% within the last few weeks. The main topics of conversation were young people’s saving, budgeting and earning.

Two in three parents (69%) reported having talked about their past or present financial concerns with their children.

One in four parents (24%) said they felt they should do more to help their child be effective in managing their money.

**ADDRESSING YOUTH DEBT (CHAPTER 6)**

Almost all young people (95%) said they would talk to their parent/guardian if they or a friend needed help with money or being in debt. The next most frequent source of support was other family members—a distant second at 27%.

Only one in three parents/guardians surveyed (33%) was aware of any financial literacy/debt education programs or other information currently available to their child or other young people.

Parents/guardians were asked what they thought would be most effective in helping young people manage their finances. The majority (83%) believe that an increased emphasis on teaching financial literacy at schools is needed; 41% liked the idea of externally run financial literacy programs in schools (financial literacy is discussed further in Chapter 6). Around half also saw value in greater responsibility being taken by media and advertising companies (54%) and advice being provided by banks and financial institutions.

Given the importance of parents in modelling and teaching their children, stakeholders also see a valuable role for parents to provide direct financial literacy tools.
1. INTRODUCTION

1.1 Introduction

This research report defines and contextualises the issue of financial debt for young Australians aged 12 to 17 years and their families.

The key research questions that this project explores are:

- which young people have financial debt and associated debt management issues
- the level of debt experienced by young people
- the means by which young people accrue debt
- young people's capability to manage or avoid debt.

The research also reviewed the adequacy and relevance of other surveys measuring young people’s financial debts, and was designed to address any gaps that may exist.

The project was commissioned for the National Youth Affairs Research Scheme (NYARS) and conducted by Urbis.

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1 NYARS is responsible for providing the federal, state and territory governments with nationally-based research to inform the development and implementation of policies and programs for young people (12–25 years). All NYARS research is designed to add new knowledge that is not available in existing research and address questions that are specifically relevant to policy and/or program development.
1.2 Methodology overview

The project involved four stages:

- Stakeholder analysis was undertaken in July and August 2007 to identify organisations and agencies with an interest or expertise in the subject area.

- A knowledge review was undertaken during August and September 2007, encompassing a scan of relevant literature (see Appendix A) and in-depth interviews with stakeholders (see Appendix B).

- An online survey was conducted in October 2007 with 616 young people aged 12–17 years and their parents/guardians.

- A stakeholder workshop was hosted in November 2007 to further explore the key issues that have emerged in the research, identify issues that have not been raised and discuss the way forward in terms of support services and policy responses.

1.3 Design of research parameters and instruments

The parameters of the literature review, the topic guide for stakeholder consultation and the survey questionnaire were all designed by Urbis in consultation with NYARS secretariat and the Ministerial Council on Education, Employment, Training and Youth Affairs Youth Taskforce.

The design of the survey questionnaire was also informed by prior literature review and stakeholder consultation.

The questionnaire had two parts: Part A was completed by parents and Part B by one of their children aged 12 to 17 years (see below for more details). A copy of the questionnaire is attached at Appendix C.

1.4 Survey and sampling methodology

The survey fieldwork was conducted online by Research Now, an international, online fieldwork company that specialises in hosting online surveys and supplying data for analysis. The survey was in field for 6 days (Wednesday 17 to Monday 22 October 2007), and took an average of 25 minutes to complete.

Survey respondents were drawn from Research Now’s online survey panel, which is one of the largest and best quality panels in Australia. The survey sampling was designed to include at least 50 responses from young people of each age group and gender (i.e. at least fifty 12-year-old boys, fifty 12-year-old girls and so on).
To qualify for the survey, respondents on the survey panel needed to:

- be a parent/guardian of a child/children aged 12 to 17 years
- have a child who had at least some money of their own and filled a vacant age/gender quota available to complete the second part of the survey
- meet broad geographical quotas (roughly one-third capital/major city, one-third large inland/coastal centre, one-third rural/regional area).
2. CHARACTERISTICS OF THE SURVEY SAMPLE

The sample included 616 young people (50–56 boys and 50–53 girls of each age from 12 to 17 years) and 616 parents/guardians.

2.1 Characteristics of parents/guardians

- Four in five parents/guardians (80%) were married or living with a partner (Figure 2.1).
- Two thirds were employed (34% full-time; 22% part-time; 11% self-employed) (Figure 2.2).
- Two in five (41%) owned a car that had been bought with a loan/finance plan with regular payments.

Figure 2.1: Relationship status of parents/guardians (n=616)
2.2 Characteristics of the households

- **Location**—in order to obtain an equal spread, roughly equal numbers of respondents were located in a capital/major city (35%), large inland/coastal centre (32%) or rural or regional area (34%)

- **Language spoken**—8% of households spoke a language other than English in the home (this was roughly proportionate with the ABS Census of Population and Housing)

- **Household income**—39% of households earned less than $50 000 per annum (before tax), 48% earned between $50 000 and $109 000 and 13% earned more than $110 000 (Figure 2.3)

- **Housing tenure**—Two in three had bought the home they were living in (50% paying off a mortgage, 16% owned outright). Most others were in private rental (24%) or social housing (7%) (Figure 2.4)

- **Children at private schools**—30% of households had one or more children at private schools.
Figure 2.3: Household income (n=616)

- $20,000 to $49,000: 31%
- Under $20,000: 8%
- $200,000+: 2%
- $110,000 to $199,000: 11%
- $80,000 to $109,000: 20%
- $50,000 to $79,000: 28%
- $49,000: 20%

Figure 2.4: Housing tenure (n=616)

- Own home with mortgage/home loan: 50%
- Renting from private landlord: 24%
- Renting from public/social housing provider: 16%
- Own home outright (no mortgage): 7%
- Living with friends/family: 1%
- Other: 3%
2.3 Parents’/guardians’ experiences of debt

Parents/guardians were asked a number of money and debt-related questions about themselves. The results below show that debt is a way of life for many parents, and that the results are not always pleasant:

- 83% of parents/guardians currently owe money (see Figure 2.5 below for sources of debt). This includes:
  - 79% in formal debt (e.g. to a bank—often for mortgages)
  - and 2% who only have informal debt (i.e. to family/friends)
- 71% of parents/guardians have experienced financial hardship because of financial debt. Of these:
  - 16% are currently in debt-related financial hardship
  - 49% have experienced debt-related financial hardship in the past
  - 13% experienced debt-related financial hardship when they were a child.
- 36% of parents/guardians have lost sleep over debt owed
- 27% have stretched themselves beyond their means by borrowing money
- 24% have struggled with school fees (see Figure 2.6 below for other examples of financial stress).

Figure 2.5: Current debts owed by parents (n=616)
Figure 2.6: Signs of financial stress among parents/guardians (n=616)

<table>
<thead>
<tr>
<th>Struggling Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lost sleep of debt</td>
<td>36%</td>
</tr>
<tr>
<td>Struggled beyond your means</td>
<td>27%</td>
</tr>
<tr>
<td>Struggled with school fees</td>
<td>24%</td>
</tr>
<tr>
<td>Used re-draw on a home loan</td>
<td>24%</td>
</tr>
<tr>
<td>Have had to increase credit limit</td>
<td>21%</td>
</tr>
<tr>
<td>Had phone/electricity cut off</td>
<td>20%</td>
</tr>
<tr>
<td>Opened a second credit account</td>
<td>19%</td>
</tr>
<tr>
<td>Struggled with mortgage payments</td>
<td>17%</td>
</tr>
<tr>
<td>Held accountable for someone else's debt</td>
<td>16%</td>
</tr>
<tr>
<td>Been unable to renew care insurance/registration</td>
<td>16%</td>
</tr>
<tr>
<td>Struggled with rent payments</td>
<td>15%</td>
</tr>
<tr>
<td>Struggled with payments on car loan</td>
<td>11%</td>
</tr>
<tr>
<td>Pawned furniture/goods</td>
<td>10%</td>
</tr>
<tr>
<td>Taken out a second loan to cover first</td>
<td>8%</td>
</tr>
<tr>
<td>Struggled with interest-based loan</td>
<td>7%</td>
</tr>
</tbody>
</table>

2.4 Young people’s income and access to money

As noted earlier, it was a requirement of the survey that young people had at least some money that they could spend. The sources of these funds are set out in Figure 2.7. It should be noted that survey respondents were able to record multiple sources of funds.

- 58% earned wages from a formal job and/or an informal job (including 6% who had both)
- 13% received Centrelink payments
- 58% received other income (mostly pocket money)

It is curious to note that there were more parents/guardians who reported giving pocket money (72%) than young people who reported receiving pocket money (less than 58%). This suggests that some young people have a different understanding to their parents about whether earnings for chores and informal jobs constitute pocket money or an informal job.
Among those currently working a formal/formal job, the average (mean) weekly income was $81.25. The highest weekly income reported was $750 (earned by a 16-year-old male). Most young workers reported being paid weekly (71%); 19% were paid fortnightly and 10% were paid monthly.

*Note: the 42% with $0 income from employment are those without a formal or informal job.*
3. YOUTH DEBT

Most young people experience debt at some point in their teenage years, and one in four young people are in debt at any given time.

However, young people’s experience of ‘problematic’ debt is not as widespread as some stakeholders suggested. Most debt is only small (less than a few weeks of their normal income) and is owed to their parents; nine in ten parents who have lent money to their children report that it gets paid back in full.

This study suggests that ‘problematic debt’ affects one in ten young people aged 12–17. For example:

- 9% currently owe more than they earn in any given month
- 12% say they are/have been stressed about paying back money they owe.

3.1 Incidence of youth debt

Of the 616 young people surveyed:

- 26% were in debt at the time of the survey
- 36% have been in debt before but were not currently in debt
- 38% have never been in debt.
The incidence of debt among young people lifted steadily with age, with a steep change at age 15 years for girls and at age 16 years for boys. For all ages other than 13 year olds, debt was more commonly reported by girls than boys (Figure 3.1).

Household income also had a bearing on whether young people had ever been in debt—93% of young people with a household income over $80,000 had been in debt at some point in their past, compared with 71% of young people in households earning between $20,000 and $80,000.

The literature review revealed a number of socioeconomic factors that played a role in the incidence of youth debt. Contrary to these findings, no other clear trends were evident in the data from our survey in terms of socioeconomic status etc. This is consistent with the picture painted by stakeholders who have expertise/interest in youth debt. These stakeholders did not identify any particular predisposing factors for debt among young people, and commented that it was often the most unlikely that were suffering, e.g. children from families with a high socioeconomic status who had access to credit, but a poor concept of the finite value of money.

**Figure 3.1: Incidence of current debt by age and gender (n=616)**

Although most stakeholders believed that money management skills varied according to socioeconomic status, geographic location, age, gender and cultural background, the general view was role models and access to credit played as much of a role in getting into debt (if not a greater role) as money management skills per se.
The main reasons for borrowing money were to spend it on (n=161 currently in debt):

- clothes and accessories (27%)
- mobile phones (24%)
- electronic equipment (e.g. iPods, game players) (19%)
- CDs, DVDs, games (includes downloads) (17%)
- food and drink (16%).

Age/gender patterns for these items were very similar to those for general expenditure (see Section 4.2).

### 3.2 Informal vs formal debt

Almost all of the young people currently in debt (a total of 25% of all young people) were in informal debt, i.e. owing parents (21% of all young people), other family (2%) or friends (3%). Only a minority (3% of all young people) were in formal debt—i.e. to a mobile phone company, the bank (credit, loan), land line phone bill, driving or parking fines, Centrelink, utility bills, overdue pay TV subscriptions, the Australian Tax Office, train fines, a store card. This 3% included seven young people in formal debt but not informal debt, plus 13 in both formal and informal debt.

As Figure 3.1 above shows, formal debts tend only to be incurred by employed 15–17 year olds—particularly girls aged 16 years (7% in formal debt) and at age 17 (13% in formal debt).

From our reading of the literature and stakeholder consultations, this predominance of parents as the source of loans was something that we expected to find. Accordingly, we specifically asked parents what their lending habits had been with regard to the young person who was being surveyed.

Over half (56%) of all parents/guardians surveyed said they had lent an amount of money to their son/daughter with the expectation of them paying them back. Of those owed, 89% have been paid back in full (Figure 3.2)
Ten per cent of parents/guardians also reported that they have had to pay a debt on their child’s behalf at some point in time. The average debt repaid by parents/guardians was $294, with a maximum of $3 400.

The largest amount currently owed to parents by any young people in our survey was $3 000.

3.3 Size of current debt

Among young people currently in debt (n=161) the average amount owing was $296—$315 for girls and $271 for boys (Table 3.1). The amount owing increased markedly at age 15 years (from an average of $98 at age 14 years to $285 at age 15 years, $339 at age 16 years and $524 at age 17 years).

Two things should be noted about these average figures:

- They exclude two cases—a 16-year-old boy with a $27 300 bank loan and a 17-year-old boy with a $15 640 bank loan.

- These figures are only for the 161 young people currently in debt. If we take the average across all young people (including those not currently owing), the figures come out at $77 average debt—$92 for girls and $61 for boys.

These figures, about debt size, are in contrast to those found in research conducted for the NSW Office of Fair Trading (Dangar Research 2003), which estimated an average debt size of $3 300 for 15 to 17 year olds (and $5 830 for 18 to 24 year olds). The sizeable gap may be attributed to a number of factors, including sample size.
(only 194 12–17 year olds were surveyed), outliers (as it was not made clear whether these were included), and whether debts recorded were cumulative and from more than one source (Urbis asked the largest debt ever owed at one particular time).

Levels of current debt were significantly correlated with income (i.e. as income increases so did debt). However, the relationship is far from definitive—there was only a 21% correlation between the two.\(^2\)

Table 3.1: Current debt (mean) by age and sex

<table>
<thead>
<tr>
<th>Age</th>
<th>Boys</th>
<th>Girls</th>
<th>Total</th>
<th>Boys</th>
<th>Girls</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>12 year olds</td>
<td>$26.71</td>
<td>$149.18</td>
<td>$101.56</td>
<td>$3.60</td>
<td>$33.49</td>
<td>$18.10</td>
</tr>
<tr>
<td>13 year olds</td>
<td>$159.00</td>
<td>$51.43</td>
<td>$117.17</td>
<td>$33.63</td>
<td>$6.92</td>
<td>$20.28</td>
</tr>
<tr>
<td>14 year olds</td>
<td>$168.00</td>
<td>$41.82</td>
<td>$98.60</td>
<td>$30.24</td>
<td>$8.85</td>
<td>$19.33</td>
</tr>
<tr>
<td>15 year olds</td>
<td>$185.27</td>
<td>$349.88</td>
<td>$285.21</td>
<td>$39.19</td>
<td>$114.38</td>
<td>$76.79</td>
</tr>
<tr>
<td>16 year olds</td>
<td>$309.62</td>
<td>$357.70</td>
<td>$338.76</td>
<td>$82.14</td>
<td>$137.58</td>
<td>$110.68</td>
</tr>
<tr>
<td>17 year olds</td>
<td>$511.67</td>
<td>$533.38</td>
<td>$524.07</td>
<td>$180.59</td>
<td>$246.17</td>
<td>$213.70</td>
</tr>
<tr>
<td>Total</td>
<td>$271.32</td>
<td>$315.16</td>
<td>$296.13</td>
<td>$61.18</td>
<td>$91.79</td>
<td>$76.56</td>
</tr>
</tbody>
</table>

* Excludes two outlier cases ($27 300 and $15 640—both bank loans)

3.4 Size of current debt relative to income

Young people's income patterns are described later in this report (see Section 4). However, one useful way of putting debt into context is to compare current debt with income. Table 3.2 below shows that 26% of young people were currently in debt, and that this cohort is made up of three groups:

- 10% of all young people whose debt is no greater than their weekly income
- 7% of all young people whose debt is more than they would earn in a week, but less than they would earn in a month
- 9% of all young people whose debt is equivalent to more than a month's income (including 2% who have no income).

\(^2\) Pearson correlation coefficient 0.216 (2-tailed sig. 0.000). Excludes two outliers for current debt ($27 300 and $15 640).
Table 3.2: Current debt relative to current weekly income (n=616)

<table>
<thead>
<tr>
<th>Current debt is equivalent to…</th>
<th>No. young people</th>
<th>% of young people</th>
<th>26% currently in debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>up to 1 week’s income</td>
<td>63</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>&gt;1–2 weeks’ income</td>
<td>25</td>
<td>4%</td>
<td></td>
</tr>
<tr>
<td>&gt;2–3 weeks’ income</td>
<td>6</td>
<td>1%</td>
<td></td>
</tr>
<tr>
<td>&gt;3–4 weeks’ income</td>
<td>14</td>
<td>2%</td>
<td></td>
</tr>
<tr>
<td>&gt;4 to 10 weeks’ income</td>
<td>23</td>
<td>4%</td>
<td></td>
</tr>
<tr>
<td>&gt;10 weeks’ income</td>
<td>18</td>
<td>3%</td>
<td></td>
</tr>
<tr>
<td>Ratio not possible—no income</td>
<td>12</td>
<td>2%</td>
<td></td>
</tr>
<tr>
<td>Not applicable—no debt (but does have income)</td>
<td>404</td>
<td>65%</td>
<td>72% not in debt</td>
</tr>
<tr>
<td>Not applicable—no debt and no income</td>
<td>52</td>
<td>8%</td>
<td></td>
</tr>
<tr>
<td>Total young people</td>
<td>616</td>
<td>100%</td>
<td></td>
</tr>
</tbody>
</table>

3.5 Largest debt ever owed

Young people were also asked to tell us the largest amount they had ever owed someone or been in debt by. Across all young people surveyed:

- 60% said they had owed more than $1—this is very similar to the 62% who were reported in Section 3.1 as having ‘ever been in debt’

- 22% had owed more than $100 at some point in their lives. This includes 24 who had owed over $1,000 (n=616). (Figure 3.3)

Looking just at the 60% who have owed money in the past, the average largest debt was $257–$264 for girls and $249 for boys (Table 3.3). The size of ‘largest debts’ increased markedly at age 16 years (from an average of $197 at age 15 years to $324 at age 16 years and $602 at age 17 years).

As with current debt, largest debt was significantly correlated with income earned—i.e. the more young people earned, the larger their ‘largest debts’ tended to be (32% correlation)^3.  

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^3 Pearson correlation coefficient .321 (2-tailed sig. 0.000). Note—excludes three outliers as described above.
Figure 3.3: Largest debt incurred by young people (n=371)

Table 3.3: Largest debt (mean) by age and sex

<table>
<thead>
<tr>
<th>Age</th>
<th>n=364* young people ever been in debt</th>
<th>n=613*, i.e. all young people, including those never in any debt</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Boys</td>
<td>Girls</td>
</tr>
<tr>
<td>12 year olds</td>
<td>$78.40</td>
<td>$147.72</td>
</tr>
<tr>
<td>13 year olds</td>
<td>$118.25</td>
<td>$46.33</td>
</tr>
<tr>
<td>14 year olds</td>
<td>$110.67</td>
<td>$89.79</td>
</tr>
<tr>
<td>15 year olds</td>
<td>$166.06</td>
<td>$229.34</td>
</tr>
<tr>
<td>16 year olds</td>
<td>$326.85</td>
<td>$323.22</td>
</tr>
<tr>
<td>17 year olds</td>
<td>$637.03</td>
<td>$573.54</td>
</tr>
<tr>
<td>Total</td>
<td>$249.53</td>
<td>$264.82</td>
</tr>
</tbody>
</table>

* Excludes three outlier cases ($39 000 and $15 000—the bank loans to the 16 and 17 year old boys mentioned above, plus another outlier of $10 500 which was also a 16-year-old boy)
3.6 Stress and difficulty because of debt

Stakeholders stressed the importance of not falling into the trap of seeing debt as a necessarily negative thing. Debt can be an investment in the future (e.g. a car that provides independence and the capacity to earn income, e.g. on a pizza delivery route). Debt can also be non-problematic because of its small size—a debt of $3 from a splurge in the confectionary aisle is unlikely to cause profound difficulties for most young people.

We have already seen that 26% of young people are currently in debt, and that this includes 9% (of all young people) whose debt is equivalent to more than a month’s income. This figure is similar to other results in this and other studies:

- NSW Office of Fair Trading research from 2003 estimated that 10% of people under the age of 18 years had experienced difficulties with financial debt
- This survey found that 12% of young people said that at some point in their past they had been stressed about paying back money they owed.

These indicators of ‘problematic debt’ (i.e. large or stressful) are lower than many of the figures that were suggested by stakeholders in interviews. For example, one peak youth organisation estimated that debt or money problems cause stress among 20% to 30% of young people.

Taking ‘stress about paying back’ as an indicator of problematic debt, a number of interesting patterns emerge. Stressful debt was more commonly reported by young people:

- currently in debt (24%), particularly those in formal debt (55%)
- living with a single parent (22%), compared with those whose parents are married (11%) or separated/divorced (6%)
- in households earning over $110 000 (18%), compared with those earning $20 000–110 000 (11%) or less than $20 000 (8%)\(^4\)
- whose parents/guardians had grown up with financial hardship because of their parents’ debt (17%) or who had a history of debt-related hardship themselves (14%)
- whose parents/guardians had not spoken to them about money for at least a few weeks (17%, compared with 11% of young people whose parents had spoken about money more recently)

\(^4\) A similar socioeconomic trend also plays out with housing tenure: 13% for young people in owner-occupied housing, 9% for young people in private rental, 7% in social housing.
• aged 15–17 years (17%) compared with those aged 12–13 years (6%)

• who tend to spend all their money each week (17%), compared with 5% of those who spend less than half.

One other minor difference was that stressful debt was slightly more often reported by young people whose parents speak only English (12%) compared with 8% where a language other than English is spoken in the home. There were no clear geographic patterns (city/regional) or patterns with young people’s income.

More broadly, 40% of young people indicated that they had experienced some form of stress or anxiety over money in general. This figure includes the 12% who had been stressed about debt discussed above, as well as:

• 27% who have had an argument with their parents/guardians over who pays for what\(^5\)

• 16% who have borrowed money from family that they couldn’t pay back shortly afterwards

• 7% who have borrowed money from friends that they couldn’t pay back shortly afterwards

• 3% who have received a late fee for not paying a bill

• 3% who have had a disruption to your phone account because of late payment

• 3% who have stolen something in order to pay back a debt

• 2% who have borrowed money from a second person to pay an existing debt

• 2% who have had trouble with Centrelink and not received a payment

• 2% who have tried gambling to repay debts.

Other negative impacts of youth debt mentioned by stakeholders (but not quantified in the survey) included an increase in the risk of engaging in inappropriate activities to support debt needs, for example crime or homelessness, flawed credit history, young people being forced to work long hours in order to make repayments.

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\(^5\) Around two in five young people reported that money has been a source of tension between them and their parents/guardians (5% frequently, 36% occasionally). Parents gave a similar response (36% overall: 4% frequently, 32% occasionally).
4. YOUTH SPENDING AND CONSUMPTION

Many young people spend all their income, particularly on consumer goods like food and drink, clothes and accessories, CDs, DVDs and games, mobile phones and going out. Not afford, four out of five young people said they would find a way to buy it regardless (mostly through saving up for it, but also with some readiness to borrow).

Many studies identify the ‘have now, pay later’ credit mentality as being increasingly prevalent among young people. This study found that when faced with the situation where there was something they wanted but could not afford, four out of five young people said they would find a way to buy it regardless (mostly through saving up for it, but also with some readiness to borrow).

Most young people say that they feel pressured to buy things in order to keep up with friends and ‘fit in’ with social expectations. Advertising (particularly on TV/radio) is also a major driver of youth consumer purchasing.

4.1 Young people’s spending habits

The prevailing view in the stakeholder interviews and workshop was that young people tend to spend all/most of their money on consumer goods and rarely save any of their income. This view was supported by findings from the literature that show the majority of young people work in order to have money for spending. In a 2006 survey, 51% of
10–14 year olds gave ‘money for spending’ as the reason they worked, compared with 24% who said ‘money for saving’ (ABS 2007b).

The findings from this survey are consistent with the views and evidence cited above:

- over half the young people surveyed said they spend all (21%) or most (31%) of the money they earn or are given each week/fortnight/month
- a further 27% said they spend around half
- this leaves around one in five who said they spend hardly any of their money (19%) or save all of it (2%).

Spending all income within the pay period was:

- more common among older girls (28% of 16–17 year olds), e.g. compared with 18% of 12–13-year-old girls
- more common among those who had full autonomy over when and how they spend their own money
- less common among young people whose parents/guardians earned over $110 000.

**Figure 4.1: Young people’s spending per pay period (n=614 with a regular income)**

Those who spend all their money within the pay period are more likely than average to be currently experiencing debt (30%; average is 26%) or have experienced debt in the past (41%; average is 36%), and also tend to have higher average levels of debt.
4.2 Common items of youth expenditure

4.2.1 Overview

The most common items that young people reported spending their own money on were food and beverages (66%), clothes and accessories (54%), CDs, DVDs and games (51%), mobile phones (47%) and going out (43%). Fifteen per cent shop online with their own money.

As might be expected, spending habits vary greatly between girls and boys of different age groups:

- Some product categories had clear gender differences regardless of age. For example:
  - girls had a clear preference for spending their own money on clothes and accessories (71% girls, 24% boys) and make-up and personal care products (38% girls, 5% boys)
  - boys were more likely than girls to spend their own money on CDs, DVDs or games (48% boys; 28% girls) or electronic equipment (e.g. iPods, game players) (27% boys; 6% girls)
- Other products were more influenced by age than gender, e.g. magazines were more often bought by 12–15 year olds (22%) than 16–17 year olds (5%).
- Other products had slightly more complex profiles:
  - Among 12–15 year olds, mobile phones attracted more spending by girls (38%) than boys (28%). However 16–17-year-old boys (53%) were the highest spenders on mobile phones.
  - Gender trends for outings were only evident among 14–15 year olds, where boys (43%) were more likely to spend their own money than girls (17%).

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6 12–13-year-old boys (64%) were the biggest market overall
4.2.2 Youth expenditure on mobile phones

Eighty-eight per cent of young people in this survey used a mobile phone (owned either by themselves or their parents/guardians).

Among those who have a phone, 85% have a pre-paid account—this includes 43% who pay for credit with their own money, 30% who have their parent/guardian pay for credit and 12% where the cost is shared.

Among pre-paid phone users, 55% have at least some limits on the amount of top-up credit put on the phone or when this top-up is added (n=455).

Among young people whose phone is on a plan, 82% have limits placed on the cost of phone bills (n=74).
4.2.3 Expenditure through mobile phones and the internet

Just under half of the young people surveyed (45%) said they shopped using their mobile phones or the internet (i.e. shopping online, buying things using SMS):

- 18% of young people said they shop online with their parent/guardian’s credit card. This included:
  - 28% of 16–17 year olds (compared with 14% of 12–15 year olds)
  - 28% of young people with a household income over $110 000 (compared with 16% of those from lower income households).

- 18% said they enter competitions run by TV stations using SMS or by calling in. This includes 27% of young people currently in debt.

- 15% said they shop online with their own money. This includes:
  - 24% of 16–17 year olds (compared with 11% of 12–15 year olds)
  - 24% of young people currently in debt.

- 13% make votes using SMS (e.g. for Big Brother or Australian Idol)

- 9% buy things using SMS for their mobile phone (e.g. ring tones)

- 3% said they participate in mobile phone chat rooms. This included 10% of young people whose household income exceeds $110 000 (compared with 2% of those from lower income households)

- 1% said they place bets online.
4.3 Attitudes towards spending

Young people were asked about what they would do if they did not have enough money for something they wanted. As shown in Figure 4.4 below, 78% said they would find a way to buy it, either by:

- borrowing the money from someone (13%)
- spending money they would otherwise have spent on something else (9%)
- saving up to buy it (52%)
- taking some other approach (4%).

Parents/guardians were also asked this question. The main difference between young people and their parents was that:

- young people were less willing to simply not buy it (22%) than their parents (32%)
- young people were more likely to save up for it (52%) than their parents (41%)
- young people did not have the option of interest-free credit (which was taken by 9% of parents), so were more likely to suggest borrowing the money for it (13%, compared with 3% of parents). Young people who spend half or less than half of their money each pay period were more likely to save up to buy it.

Among young people, a number of other patterns emerged:

- 16–17-year-old boys were the least likely cohort to borrow money for the purchase (6%)
- 12–15-year-old boys were the most likely cohort to save up to buy it (57%)
- young people who spend all of their money each pay period were more likely than others to borrow (25%).

Figure 4.4: Attitudes towards spending (n=616)
4.4 Pressure agents for youth spending

Many studies identify the ‘have now, pay later’ credit mentality as being increasingly prevalent among young people (e.g. Dangar Research 2003). The stakeholder interviews and workshop also heard reports of ‘young people today [spending] far more money more often today than they did 10 or 15 years ago.’ Although there is little data currently available to compare the spending habits of young people today to those from previous decades, many stakeholders argue that the social imperative for young people to spend has never been greater than it is today.

The discussion from the stakeholder interviews and workshop revealed a consistent view that there are strong societal influences on both young people and their parent’s spending and saving behaviours, and that young people today face strong pressure to spend from a wide range of sources, even if it is money that they do not have.

Around half of the young people surveyed agreed that young people are put under pressure to buy things by advertising and companies promoting products and services (55%) and that young people are put under pressure to buy things by their friends (52%).

When asked what or who they thought was pressuring them to buy, most young people say that they feel pressured by keeping up with friends (84%), followed by commercials on TV/radio (72%) and the need to ‘fit in’ with social expectations (70%) (see Figure 4.5). Within this:

- 16–17 year old girls (93%) feel most pressured by keeping up with friends
- 12–13 year olds (77%), and in particular 12–13 year old boys (79%) feel most pressured by commercials on TV/radio.

Figure 4.5: Pressure agents for youth expenditure (n=616) (multiple responses)
These results are consistent with the influences identified by stakeholders, who commonly mentioned peer pressure as a core driver of youth spending patterns. Stakeholders noted that young people often feel pressured to wear the right brand, have the right mobile phone and have the latest gadget, and that many young people are highly conscious of their ‘status’ among their peers—something that is often influenced by money and possessions.

These results are also consistent with stakeholders’ views that young people are heavily influenced by advertising (be it on TV, through radio, in magazines or on the internet). Although stakeholders report that young people tend to be highly media savvy and aware of the influence of the media, advertisers nonetheless constantly capitalise on young people’s desire for spending and, in turn, fuel their spending habits. This is seen to be done in both an overt and subtle manner, however, it is the subtlety that is most concerning to some stakeholders.

In addition, stakeholders often observed that contemporary Australian society is more accepting (and encouraging) of consumerism and materialism than in past generations. One stakeholder commented that that ‘young people have grown up with the concept that cash just pours out of the wall and that money is no longer seen as a finite object’.

### 4.5 Items young people feel pressured to spend money on

The two items that young people predominantly reported feeling pressured to spend money on were mobile phones (83%) and clothes and accessories (80%), however there was also plenty of pressure for other items (see Figure 4.6 below). The age and gender trends in pressure are very similar to those relating to what young people said they like to spend their own money on. For example:

- **Clothes and accessories**: more 16–17 year olds (84%) feel pressure to spend on clothes and accessories than 12–15 year olds (78%); almost all 16–17-year-old girls feel pressured to spend on clothes and accessories.

- **Make-up and personal care products**: far more 12–13-year-old girls (70%) feel pressure to buy make-up and personal care products than boys of the same age (21%).

- **CDs, DVDs and games**: more 12–17-year-old boys (66%) feel pressure to spend on CDs, DVDs and games than girls of the same age (58%).
• **Electronic equipment (e.g. iPods, game consoles):** more 12–17-year-old boys (65%) feel pressure to spend on electronic equipment than girls of the same age (53%).

• more 16–17 year olds feel pressure to buy *alcohol, cigarettes, drugs* (56%), *tickets to music concerts or sporting events* (45%) and *presents for friends* (42%) than younger people.

**Figure 4.6: Top 10 items young people feel pressure to spend on (n=616)**
5. PARENTS AND GUARDIANS—INPUT, VIEWS AND CONCERNS

Most young people have a fair degree of autonomy from their parents about what they spend on. However, parents still play a critical role in their children’s money management, and most young people talk with their parents about money reasonably regularly.

Almost all parents hold at least some concerns about their child and money (particularly about spending habits and budgeting habits), even though the majority of parents think their child manages their money reasonably well.

5.1 Responsibility for young people’s spending

Most young people have a fair degree of autonomy when it comes to their spending habits:

• 53% of parents/guardians say that their child takes full responsibility for their spending
• 43% say they *decide together* with their child about their spending (10% about all spending, 33% just on certain designated items)

• only 4% have clear *rules about spending*.

Autonomy is more common among 16–17-year-old boys (70% *full responsibility*) than other age/sex groups.

Among 12–15 year olds, autonomy is greater among girls (51%) than boys (37%).

**Figure 5.1: Decision making for spending (n=616 parents/guardians)**

5.2 **Parent/guardian knowledge and views about their child’s spending**

Most parents feel they know what their child spends their money on at least *most of the time* (61%), if not *all the time* (24%). Only a minority of parents say they only know *some of the time* (13%) or don’t know at all (2%).

Parental knowledge decreases as their children grow older: Parents (31%) of 12–13 year olds say they know *all of the time*, compared with 28% of parents of 14–15 year olds and 14% of parents of 16–17 year olds.

Parental knowledge was also reportedly greater among:

• parents who speak only English at home (25% all the time), compared with 19% where a language other than English is spoken

• single parents (38% all the time) compared with 23% of parents who are living with a spouse/partner or are separated/divorced

• parents who are not working (35% all the time) compared with 17% of full-time workers and 23% of part-time workers.
Most parents/guardians feel their child manages her/his finances very well (19%) or fairly well (58%). However, this leaves one in four parents who feels their child manages their finances not very well (18%) or not at all well (5%) (Figure 5.3).
5.3 Conversations about money between parents and their children

The role played by parents in their child’s knowledge of finances was considered extremely important by stakeholders. Stakeholders often reported family to be a primary socialising agent, as young people (even unknowingly) model their spending and money management habits on their parents.

This was supported by findings from the online survey which show that young people are most likely to talk to their parents/guardians about money and financial matters (Figure 5.4):

- 86% of young people said they talk about money (spending, saving, budgeting, earning money or banking) with their parent/guardian
- relatively few young people (21%) said they talk about managing money at school in class.

Figure 5.4: Who young people talk to about money (n=616)

Most parents/guardians said they speak with their child regularly about money and related issues—46% in the last few days and another 38% within the last few weeks (n=616) (Figure 5.5).

Parents/guardians were more likely to speak with their children who:

- are aged 16–17 years (52% in the last few days)
- have a higher high level of income ($100+ per week) (57%)
- are currently in debt (56%) or whose debt exceeds $200 (62%).
Among parents who discussed money with their child (n=605), the most common topics on the agenda were young people's saving (85%), budgeting (76%) and earning (65%) (Figure 5.6).

Two in three parents (69%) also reported having talked about their past or present financial concerns with their children. Parents who had talked about their own financial concerns with their child were also more likely to discuss money and broader-related issues more regularly with their child.

**Figure 5.6: Money-matter discussions between parent/guardian and child (n=605)**

<table>
<thead>
<tr>
<th>Topic</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Saving their money</td>
<td>85%</td>
</tr>
<tr>
<td>Budgeting their money</td>
<td>76%</td>
</tr>
<tr>
<td>Earning money</td>
<td>65%</td>
</tr>
<tr>
<td>Financing what they want to buy</td>
<td>37%</td>
</tr>
<tr>
<td>Banking options</td>
<td>34%</td>
</tr>
<tr>
<td>Borrowing money</td>
<td>17%</td>
</tr>
<tr>
<td>Dealing with debt</td>
<td>15%</td>
</tr>
<tr>
<td>Investment options</td>
<td>14%</td>
</tr>
</tbody>
</table>
The following results further describe the conversations that parents/guardians have with their child about financial issues:

- 42% of parents/guardians said they usually have constructive discussions about money matters
- 35% believed they talk to their child enough about money matters
- 31% felt they have enough influence over how their child spends their money
- 24% said they should do more to help their child be effective in managing their money
- 23% said they thought they could have more constructive discussions about money issues.

### 5.4 Parent/guardian concerns

Almost all parents/guardians (95%) said they held at least some concerns about their child and money.

The two most commonly cited causes of concern for parents were their child’s spending habits (56%) and budgeting habits (55%).

Risk of getting into debt was a concern for 17% of parents—below other things like lack of savings (34%) and pressure to spend from their friends (34%) or corporate marketing (29%).

**Figure 5.7: Things that parents/guardians are concerned about regarding their child and money (n=616)**

<table>
<thead>
<tr>
<th>Concern</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Their spending habits</td>
<td>56%</td>
</tr>
<tr>
<td>Their budgeting skills</td>
<td>55%</td>
</tr>
<tr>
<td>Reliance/expectation for us to pay for things</td>
<td>37%</td>
</tr>
<tr>
<td>Their lack of savings</td>
<td>34%</td>
</tr>
<tr>
<td>Pressure from friends to buy</td>
<td>32%</td>
</tr>
<tr>
<td>Pressure from companies that target them</td>
<td>29%</td>
</tr>
<tr>
<td>Their risk of getting into debt</td>
<td>17%</td>
</tr>
<tr>
<td>Their income</td>
<td>10%</td>
</tr>
<tr>
<td>Lack of advice available</td>
<td>8%</td>
</tr>
<tr>
<td>Exposure to gambling</td>
<td>6%</td>
</tr>
<tr>
<td>None</td>
<td>5%</td>
</tr>
</tbody>
</table>
The following patterns emerge about parent/guardians concerns about their child and money (n=616):

- Parents of 14–15-year-old boys (61%) and 16–17-year-old girls (64%) were more concerned about their child’s spending habits than parents of other children.

- Parents’ concern about their child’s reliance on them to pay for things decreased with the age of their child: 49% concern for 12–13-year-old boys and 46% for 12–13-year-old girls, compared with 28% of parents of 16–17-year-old boys and 35% of parents of 16–17-year-old girls.

- Parents’ concern about pressures from friends to buy products and services also decreased with the age of their child: 42% of parents of 12–13 year olds compared with 24% for parents of 16–17 year olds. Parents/guardians of 12–13 year old girls (50%) were more concerned about pressures from friends to buy than parents of other children.

- Parents with older children were more concerned about their lack of savings—40% of parents with 16–17 year olds compared with 24% of parents with 12–13 year olds. Lack of savings was a particular concern for parents of girls aged 15–17 (44%).

- Parents with young children aged 12–13 years (38%) showed more concern about pressures from companies that target them as consumers than parents of older children (23% of 16–17 year olds).
6. ADDRESSING YOUTH DEBT

Parents are without question young people’s first port of call when they fall into trouble with money or debt.

Parents were largely unaware of support available for young people, and were very supportive of the idea of financial literacy education in schools.

Given the importance of parents in modelling and teaching their children, stakeholders also see a valuable role for providing financial literacy tools directly to parents.

6.1 Support available for young people

6.1.1 Where young people would go for help

As earlier reported, most young people said they talk to their parents/guardians about money and related issues (86%). Parents also play a particularly prominent role as the first port of call in trouble—95% of young people said they would talk to their parent/guardian if they, or a friend, needed help with money or being in debt; the next, most-frequently mentioned source of support was other family members—a distant second at 27% (Figure 6.1).
There was very little recognition or use of helplines, teachers, financial counsellors or the internet in young people’s responses.

**Figure 6.1: Where young people would go/who they would contact young people would go to for help if they or a friend needed help with money or being in debt (n=616)**

<table>
<thead>
<tr>
<th>Service</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parents/guardian</td>
<td>95%</td>
</tr>
<tr>
<td>Other family members</td>
<td>27%</td>
</tr>
<tr>
<td>School counsellor</td>
<td>13%</td>
</tr>
<tr>
<td>Look on the internet</td>
<td>11%</td>
</tr>
<tr>
<td>Teachers</td>
<td>9%</td>
</tr>
<tr>
<td>Helpline specifically for young people</td>
<td>8%</td>
</tr>
<tr>
<td>Financial counsellor (at school)</td>
<td>3%</td>
</tr>
<tr>
<td>Helpline (that doesn’t specialise in money issues)</td>
<td>3%</td>
</tr>
<tr>
<td>Helpline for people with financial issues (but not specifically for young people)</td>
<td>2%</td>
</tr>
</tbody>
</table>

**6.1.2 Parents’ awareness of support available for young people**

There is a range of other support available for young people to help them manage their money well and either avoid or manage their debt. However, only one in three parents/guardians surveyed (33%) was aware of any ‘financial literacy/debt education programs or other information currently available to your child or other young people (aged 12 to 17)’. This included (n=616, multiple responses allowed):

- 22% who said that financial literacy was taught in schools
- 12% who said that financial institutions and banks provided advice and support
- 8% who said that there are counsellors available for young people to talk to (at school, online, through telephone helplines)
- 7% who said that youth organisations provide advice and support
6% who said that federal and state government bodies provided information and support

2% who said that external financial literacy programs are run at their child’s school.

6.1.3 Parents’ views on what would help support young people

Parents/guardians were asked what they thought would be most effective in helping young people manage their finances. The majority (83%) believe that an increased emphasis on teaching financial literacy at schools is needed; 41% liked the idea of externally run financial literacy programs in schools (financial literacy is discussed further below). Around half also saw value in greater responsibility being taken by media and advertising companies (54%) and advice being provided by banks and financial institutions.

Figure 6.2: Parents’ views on what would be effective in developing young people’s money management skills (n=616) (multiple responses)

6.2 Financial literacy education

The perceived need for financial literacy education

The level of financial literacy among young people today was considered fairly low. Overall, it was agreed by most stakeholders (in interviews and the workshop) that the financial sector and services available had evolved faster than young people’s ability to grasp the concepts of wants and needs and how to mediate between the two.
There was also concern expressed that, because today's generation of young people have grown up during an unusually long period of national economic growth and prosperity (and with ample access to credit by their parents), many had no functional memory of financial hardship or having to 'save up or do without'.

**Financial literacy education in schools**

Financial literacy is currently embedded in the school curriculum in some states; however it was agreed by stakeholders that far more can be done. In general, it was suggested that an element of financial literacy should made compulsory in all schools nation-wide, whether taught by schools themselves or through guest speakers (e.g. in a workshop format).

In addition, it was generally agreed that this knowledge should be developed at different stages throughout school to address age-specific, money-management skills, and be taught in a way that is relevant to everyday life. For instance, focus could be placed on pocket money for Years 8 and 9 students, mobile phones for Years 10 and 11 students, and moving out of home and purchasing cars for Year 12 students. The results of this survey may provide a valuable resource for secondary-school curriculum development.

It was also cautioned that teachers still lack knowledge themselves about aspects of financial literacy. During interviews, it was mentioned that the Professional Learning Strategy will be implemented in 2008 by the Financial Literacy Foundation (part of the Australian Government Department of Treasury), and that this will provide assistance to teachers while integrating financial literacy into the curriculum.

There are also education programs in some schools such as:

- the YWCA *Finance First* program
- Commonwealth Bank’s *Making Sense* program
- the *MoneyMinded* program (facilitated by ANZ bank and run by independent organisations such as the Smith Family and Benevolent Society).

At the workshop, all attendees were keen to explore all educational options, which may include online training programs. Online or not, a strong emphasis was placed on the need for learning to be fun and interactive. One idea mooted by a stakeholder in the workshop was the potential role of interactive games that teach about money management, earning an income, saving and the importance of making sound financial decisions.
The role of family and parents versus school

One stakeholder commented that ‘if parents can’t be forced to teach financial literacy, one could certainly make sure kids acquired the knowledge at school’. This sense of school-based, financial literacy education as a ‘backup plan’ for family-based modelling of good money management was echoed by a number of stakeholders.

Although school-based, financial literacy training was seen as an essential part of the solution, it was recognised that the school curriculum is ‘already crowded by a million priorities that are all important’. Stakeholders agreed (and the results of this survey confirm) that modelling by parents is likely to have the most lasting impact on how young people learn to manage money and view debt.

It is also salient to remember that parents are young people’s primary source of support when in trouble with money, so parents also need skills for dealing with these kinds of situations positively and with lasting, educational benefit for their children.

This raises the importance of financial literacy training and support for parents themselves, so that the behaviours modelled are in fact good behaviours. For example, we know from this survey that many parents do not handle debt well themselves, and have experienced financial hardship and stress because of debt.

One popular suggestion made by a stakeholder in the workshop was for a take-home booklet for parents, following the Talking with your kids about drugs booklet issued by the Australian Government as part of the Tough on drugs! National Drugs Campaign and the Netalert initiative helping parents protect their children from inappropriate content/activities on the internet. A similar tool on money management could be designed to encourage children and parents to talk about money issues, as well as including information and links to the support services available.

6.3 Safeguards and protective factors

Several formal protective factors/safeguards were identified that stop young people getting into debt. The main one was that young people aged under 18 years are generally not able to enter into contracts or accumulate formal debt through credit cards. Other measures include contracts and agreements to stop young people borrowing money and mobile phone companies placing limits on the number of ring tones that can be downloaded per week etc.
The skills learned in adolescence (e.g. through managing small amounts of informal
debt to parents) were widely seen by stakeholders as critical for learning good
behaviours that will be protective against damaging/problematic/stressful debt as
adults. Along these lines, pocket money was reported as a useful and constructive
means of learning about money management, in terms of learning about having money
and how to deal with it. It was also suggested that parents should take a more active
interest in what their children are spending money on and, where appropriate, help
them to make decisions about how to spend their money.

6.4 Other suggested initiatives

Other suggested initiatives to help address/prevent problematic youth debt and
promote good money management included:

- greater promotion of existing services and programs that support young people
  and/or their parents to manage money well and cope with debt

- public awareness campaigning about what parents/young people can do to
  avoid debt becoming burdensome. Stakeholders agree that promotion of
  financial literacy requires a national approach, complete with media, marketing
  and telecommunications campaigns along with education and support for youth
  workers, teachers and parents in providing assistance to young people in need.

- continuing the flow of research and data about what young people are
  spending their money on, how they are getting into debt and how youth debt
  can be avoided/managed. This survey should certainly contribute to the debate
  and provide valuable information to policy makers and support agencies along
  these lines.
APPENDIX A
LITERATURE REVIEW

A1 BACKGROUND

The aim of this literature review is to summarise current knowledge around financial debt among young people aged 12 to 17 years. In particular it focuses on:

- the scale and sources of financial debt among 12 to 17 year olds
- causes of debt
- characteristics of young people in debt
- income, expenditure and attitudes towards money
- levels of financial literacy
- addressing teenage financial debt.

The literature on this age group tends to be fairly scant. Much of the literature concerning ‘youth debt’ and related issues, such as youth gambling and mobile phone use, tends to focus on older youth aged 17 to 24 years. While many studies include younger teenagers, this age group tends not to be separated out, and the characteristics of younger youth debt vis-à-vis older youth debt are not adequately
explored. To some extent this reflects the evidence pointing towards problematic debt being significantly more prevalent among older youth.

A2 SCALE AND SOURCES OF FINANCIAL DEBT

Little work has been undertaken to estimate the scale of the problem of debt among 12 to 17 year olds. Research conducted for the NSW Office of Fair Trading (Dangar Research 2003) on youth debt included young people aged 12 to 18 years as well as parents of young people in this age bracket. While the study acknowledges that debt appears to be significantly more prevalent for those 16 years and older, it estimated that 10% of people under the age of 18 had experienced difficulties with financial debt. The average size of debt for 15 to 17 year olds was estimated to be $3 300 (compared with $5 830 for 18 to 24 year olds). The study concluded that:

Debt issues in the 12 to 15 year age bracket are not sufficiently common to realistically connect with the public although it is true that anecdotal examples of very young teenagers with major money problems will have shock publicity value’ (p18).

The major areas of debt for 12 to 17 year olds tend to be mobile phone debt and car expenses/repayments (again skewed to the upper end of the age range). There is a tendency for females to get into debt with mobile phones and males to get into debt with cars (Dangar Research 2003). In the Dangar Research study, parents reported that half of all 12 to 18-year-old debts encountered were mobile phone debts, while young people themselves put the figure at 35%. Parents/young people next listed car repayments/expenses (11%/14%), phone bills (10%/11%) and fines (11%/6%) as primary areas of debt.

Australian youth almost lead the world in mobile phone ownership, second only to Hong Kong young people. Accurate statistics on mobile phone ownership among this age group are difficult to pin down as different surveys target different age groups. A Roy Morgan Research survey (2006) of ‘tweenies’ (pre-teen children who aspire to be teenagers) found that 55% of boys and 65% of girls aged 12–13 years own mobiles. Another study (Australian Psychological Society, 2004) of high school students in Years 7–12 found 83% of students had mobile phones. It is clear, however, that mobile phone ownership among teenagers—and younger children—has increased markedly over the past five years.
One in five children and parents say they/their children spend too much on mobile phones (Downie & Glazebrook 2007). A survey of high school students (Australian Psychological Society 2004) found that 16% of teenagers felt they were unable to control their mobile phone use, and 58% said they had no parental rules over use of their phone.

Significantly, the highest rates of child mobile phone ownership occur in the lowest income households. Therefore it is low income households that experience the greatest financial difficulties associated with child mobile phone debt (Downie & Glazebrook 2007).

Teenagers are major consumers of a range of mobile phone products including SMS, downloads such as ring tones, images and screensavers, and ‘3G’ content such as music videos, mobile TV, email and internet, which makes them the target of particularly aggressive marketing by mobile phone companies. Provision of unlimited credit to young people and ‘have now, pay later’ options encourage significant overspending on mobiles by young people (La Trobe University 2004). Of increasing concern is the growth of mobile commerce or ‘m-commerce’, which effectively turns a mobile phone into a credit card, allowing a user to make payments using their phone credit. As one study concludes,

This wave of technology has only just begun and major credit card companies have begun to join forces with mobile phone corporations, making payments for almost all goods and services possible with the touch of a mobile phone. (La Trobe University 2004)

In 2004 the Youth Action & Policy Association (YAPA) polled 550 young people in NSW under the age of 18 years about their mobile phone use. The survey (YAPA 2004) found that:

- 20% admitted phone debt had caused them major problems
- fewer than 10% knew where to go for help with debt
- 40% had received monthly bills for more than $200
- 4% had received bills exceeding $1 500
- more than one in 10 spent more than 50% of their income on phone bills.
- only 6.5% were aware of anywhere they could go for help with a mobile phone debt.
Another Australian study (Funston & MacNeill 1999) found that of the surveyed 750 young people aged 16–24 years, 25% either had difficulty with, or were struggling to pay, their normal bill. Eighteen per cent found the normal phone bill ‘a bit difficult’ and, for 7%, it was ‘usually a struggle’.

Fines are a significant area of debt for 12–17 year olds. In a study of youth debt (Dangar Research 2003) nearly half of 15–17 year olds mentioned fines as something that worried them. The fines are not just restricted to car and traffic-related infringements; in the younger age groups they relate to having no ticket on public transport, not wearing a helmet while riding a bike, being caught with fake ID cards.

Credit card ownership appears to still be low among young people under 18 years of age, with around 2% of 15–17 year olds owning credit cards (Australian Institute of Health and Welfare 2007). Nevertheless, in 2004, some 17 269 15–17 year olds had credit cards. The data indicate, furthermore, that 60% of young people in this age bracket never pay off the entire amount owing. In other words, while few teenagers have credit cards, those who do, tend to remain in debt from month to month.

Problem gambling amongst teenagers under 18 years is recognised as a ‘small but appreciable’ issue, with US estimates of between 4–7% of youth having a serious gambling problem (Winters et al 2002). In Australia, studies on youth gambling are limited. Studies from New South Wales, South Australia and the Australian Capital Territory found problem gambling rates of between 3.5–6.7% (Delfabbro & Thrupp 2003, Delfabbro et al 2005, Moore & Ohtsuka 1997, Splevins nd). Rates of problem gambling that were nearly double those other studies were recorded among teenagers in the Sydney study (Splevins nd).

Informal debt, or money owed to family or friends, is viewed as an increasingly significant phenomenon (Dangar Research 2003). In the NSW study, 8% of 15–18 year olds reported debts to family members, and 14% reported having debts to friends (Dangar Research 2003). However, very little exploration of the prevalence and impact of informal debt among teenagers has been undertaken to date.

A3 CAUSES OF DEBT

Many studies concur with a model of youth debt that presents three main factors, which collectively and inter-relatedly impact on young people’s vulnerability to debt:

- Social mores (‘keeping up’; ‘have now, pay later’ mentality). Young people, including children, are motivated by status and aesthetics in their purchasing decisions. Children (as young as age six) who own mobile phones demonstrate ‘competitive
consumption’ by trying to keep up with their peers (Downie & Glazebrook 2007). A credit mentality has become normalised, with many young people viewing debt as an accepted part of modern life (Dangar Research 2003).

- Easy access to credit (Dangar Research 2003).
- Lack of money management skills. Numerous studies have revealed low levels of financial literacy and competence amongst Australian youth (ANZ 2003, Commonwealth Banking Foundation (CBF) 2004, Dangar Research 2003). Concern over the impact that this knowledge/skill gap is having on young people’s ability to manage money effectively has prompted an increased focus on financial and consumer education in schools in recent years (Office of Fair Trading 2003, Consumer Affairs Victoria 2003).

Some research studies provide positive perceptions of young people and their propensity to spend and get into debt, however. There are indications that, alongside the ‘frivolous spending’ of youth, is the sustainable consumption movement, whereby young people are seen as catalysts for change for consumption-addicted societies (Bentley et al 2004). And the findings from a wide-ranging study of ‘Generation Y’ (born between 1976 and 1991, and at the time of data collection were aged between 13 and 28 years) counters some of beliefs about youngsters’ frivolous spending habits. According to the data, ‘Gen Y’s’ spent less on household items such as clothes, food and alcohol than the generation that preceded them at the same age (NATSEM 2007).

A4 CHARACTERISTICS OF YOUNG PEOPLE IN DEBT

The research indicates that characteristics of young people in debt are readily identifiable. Dangar Research (2003) found that debt is most likely experienced by those living in households with lower incomes (especially Centrelink debt) and lower levels of education. Young women are more susceptible to mobile phone debt, while males are more likely to get into debt through car ownership. The study also suggests that, while there are young people in their early teens experiencing debt, the problem is more pronounced among those aged 16 years and above.

The research also indicates that certain groups of teenagers are more susceptible to certain types of debt. For example, females are more likely than males to experience mobile phone debt. One study found that those who consistently received higher than expected bills obtained their phone on a plan, and were disproportionately from homes in which English was not the main language. Those who reported that they signed the
contract without understanding it were more likely to have bills higher than expected (Funston & MacNeill 1999).

Young people who experience financial hardship may have poor health and wellbeing due to stress, having insufficient money to visit the doctors or other health professionals, and being unable to socialise with other young people (AIHW 2007).

There is a typology of the typical teenage problem gambler. Young people first gamble between the ages of 12 and 15 years, although the Splevins research among high school students in East Sydney found that children began gambling as young as five years old. Boys gamble more, and earlier, than girls, and boys are far more likely than girls to be problem gamblers (Splevins nd, Delfabbro et al 2005). There are commonalities between youth gambling and youth drug abuse; both behaviours sharing risk factors such as delinquency, being male and school problems (Winters et al 2002). Youth gambling is also strongly associated with parental gambling behaviour (Winters et al 2002, Delfabbro et al 2005). Involvement in gambling in teenage years is strongly linked with gambling problems in adulthood. It is also linked to higher levels of substance use, smoking, self-harm, school problems, psychological problems and physical/sexual abuse (Splevins nd, Delfabbro et al 2005). There is also strong evidence that over-involvement with gambling leads to delinquent behaviours in youth, with youths turning to crime to finance gambling-related debt (Arsenault et al 1997, Splevins nd).

A5 INCOME AND ATTITUDES TO MONEY

It is clear that teenagers have access to often significant incomes. Some 11% of children, aged 10 to 14 years, work (ABS 2006). The proportion of people aged 15 to 19 years who work has increased over the past 15 years, such that in 2007 more than half of all people in this age group are in the labour force. Females in this age group have consistently participated in the labour force at a slightly higher rate to males (ABS 2007a). Even young pre-teen children are highly likely to have access to their own money—either given to them by their parents or earned through work (Roy Morgan Research 2004).

The majority of young people work in order to have money for spending: in a 2006 survey, 51% of 10–14 year olds gave ‘money for spending’ as the reason they worked, compared with 24% who said ‘money for saving’ (ABS 2007b).

Many young people receive a regular allowance from their parents. In 2004, 42% of 15 to 17 year olds received a regular allowance, which on average amounted to just under $9 per week (AIHW 2007).
Most studies identify the ‘have now, pay later’ credit mentality as being increasingly prevalent among young people (Dangar Research 2003). A significant influence on teenage attitudes to credit is family financial management attitudes and practice. Children tend to be influenced by their parents’ saving and/or spending habits (Dangar Research 2003). Compared with people without children, people with children over the age of six tend to have higher incomes and are considerably more likely to have high spending patterns (Roy Morgan Research 2004).

Youth debt is recognised by many young people in the high school years as posing a problem. In a NSW study, 15% of 15–17 year olds identified youth debt as a major problem, placing it behind excessive drinking (36%), drugs (26%) and youth suicide (24%), and just above unemployment (14%) (Dangar Research 2003). When asked what they perceived to be major debt risks, young people under the age of 18 years identified the following major areas:

- credit cards (51%)
- mobile phones (43%)
- car finance (30%)
- gambling (27%)
- personal loans (16%) (Dangar Research 2003).

A6 ADDRESSING FINANCIAL DEBT

How young people deal with debt

Dangar Research (2003) found that while the majority of young people under 18 years of age report that they pay off debt themselves, it is clear that many are bailed out by their parents/family and that it is a significant cause of stress for the family.

Another clear indication is that parents’ willingness to assist their children to pay off a debt depends on the reason for, and nature of, the debt. Parents are less sympathetic, for instance, when the debt is due to indulgence or anti-social behaviour, and more ready to assist when the debt results from a child’s effort to ‘get ahead’ (e.g. education, employment) or a situation which was beyond a child’s control (e.g. a car accident, job loss) (Dangar Research 2003).

Financial literacy and consumer education

Recent surveys of Australians’ financial literacy have been undertaken by the ANZ Bank (2003) and the Commonwealth Bank Foundation (CBF 2004). Both surveys have
identified young people (in the ANZ survey 18–24 year olds and in the Commonwealth’s survey 16–20 year olds) as having some of the lowest levels of financial literacy. Such findings have sparked a debate about the need for financial literacy and consumer education in schools, to ensure that young people are equipped with the necessary knowledge and skills by the time they finish secondary education (ASIC 2003).

In 2005, the CBF commissioned the Australian Financial Literacy Assessment (AFLA), an annual survey which aims to determine the financial literacy levels of Years 9 and 10 students. The 2006 research found that:

*While Australian 14 to 16 year olds are reasonably ‘savvy’ consumers, they lack the financial skills to back up this consumer awareness. As it stands, there are some significant gaps in the students’ financial understanding, which, if unaddressed, will put them at considerable risk as consumers.* (CBF 2006)

Low levels of financial literacy among young people are not unique to Australia. Overseas studies from the UK, USA and New Zealand have revealed similar results as those recorded in the ANZ survey (Australian Securities and Investments Commission (ASIC 2003). UK surveys have found, for instance, that 19% of adults cannot calculate the change from £2 from the purchase of three minor grocery items. Seventy-five per cent of people would take more interest in their finances if they understood the information that was sent to them (Consumer Affairs Victoria 2003). The Scottish Consultative Council on the Curriculum (SCCC 1999) identified lack of knowledge and understanding of an increasing range of financial products and services as a significant factor in persistent social exclusion of many social groups.

A number of studies have concluded that consumer education, particularly relating to financial literacy, is crucial in addressing youth debt. However, in Australia, consumer education and financial literacy has lacked resources, consistency and encouragement.

A review of school programs in 2003 (ASIC 2003) found that the teaching of financial literacy in schools was not formally established in any state/territory and there was no systematic approach to the teaching. Financial literacy tended to be taught in elective subjects such as studies of society and environment (SOSE) (Human Society and its Environment, or HSIE, in NSW).

Australian and UK research has identified a number of factors for successful financial literacy programs in schools. They include that programs should:

- be related to the existing curriculum (SCCC 1999)
• be integrated into compulsory subject areas such as English and Mathematics, rather than just elective subjects, in order to ensure all students participate (ASIC 2003, CFLT 2004)

• provide young people with opportunities to identify, engage with and discuss ‘real world’ financial contexts (SCCC 1999)

• be accompanied by high quality, accessible resources with clear instructions for teachers (CFLT 2004).

Best practice principles for curriculum development and materials in Australian schools were developed by the Curriculum Corporation for the Consumer and Financial Literacy Taskforce (CFLT 2004). The checklist details information about the development, content, design/format, distribution, staging, professional development and promotion/distribution. In Australia, an integrated, cross-curricular approach, including all Key Learning Areas, is favoured. ASIC (2003) further recommend that financial literacy be taught as part of the Vocational Education and Training (VET) program.

Views on the impact of consumer education in schools are mixed. A study by Consumer Affairs Victoria (Consumer Affairs Victoria 2003) found that education had helped school students to make better decisions about money, but acknowledged that school was only one of the many influences on their decision making. Another study (Commonwealth Bank Foundation 2005) found that consumer education at school had been the main source of financial knowledge for only one-third of the young people participating.

The Office of Fair Trading NSW (Dangar Research 2003) warned that despite the efforts of the formal education process, young people were still attending or leaving school without acquiring the skills to handle debt.

A literature review on Personal Credit and Debt in Australia (Singh et al 2005) identified four areas for further development in attempting to curb debt:

• responsible provision of credit to low income people and a curbing of exploitative industry practices

• a focus on financial literacy in consumer education

• more effective regulation

• more research on the social, cultural and behavioural dimensions of financial decision making.
There are also lessons in the literature for targeting communications with young people. It is noted that campaigns or programs that have inappropriate messages or approaches are likely to fail with this demographic. For instance, promoting the idea that being on top of money is ‘cool’, and incorporating financial education into a life skills program, was viewed by young people as being appropriate (Dangar Research 2003).

**Supply side regulation/responsibility**

The issue of supply side regulation is a contentious one. Advocates argue for increased consumer protection, while opponents argue for maintaining the integrity of the free market and consumer choice.

Avram (1997) concludes that while ‘truth in lending’ (providing sufficient information to consumers so they can make an informed choice) is important, this alone ‘cannot guarantee equity for all consumer credit markets’ (p.2). This study supports increased regulation through the establishment of safety nets for credit consumers.

A report by researchers at La Trobe University (2004) advocates that mobile phone companies must stop targeting people who have little chance of managing the potential debt phone companies freely offer. The researchers conclude that

> If the companies will not be more responsible, authorities need to introduce more stringent guidelines to prevent them taking advantage of vulnerable customers. Whether it be blatant overpricing—like charging up to 25 cents per SMS message or 55 cents for premium messages, when it costs the company only one cent to send—encouraging reckless spending through providing unlimited credit or unreasonable credit limits, or the constant bombardment of advertising, mobile phone company actions seem far from having the consumers’ best interests at heart. (La Trobe University 2004, p.1)

Singh et al (2005) conclude that regulation is limited for a number of reasons, such as companies’ ability to avoid coming under the jurisdiction of the Uniform Consumer Credit Code (UCCC), inadequate disclosure, insufficient protection for vulnerable consumers and inadequate enforcement. They argue that other strategies are needed to better safeguard consumer protection.
A7 CONCLUSION

While financial debt affects a relatively small proportion of 12 to 17 year olds at present, relative to young people over 18 years of age, it is clearly an issue of concern, not least to teenagers themselves. Advocates of financial literacy programs fear that teenagers who fail to learn adequate financial management skills will move into adulthood experiencing increasingly serious levels of debt. The evidence points towards financial debt being a significant burden in terms of diminished health and wellbeing, as well as restricted life opportunities.

It is significant that the poorest families tend to have significant debts such as credit card debt, HECS debt, and personal debt (Singh et al 2005). Over the last decade, household debt (as a proportion of household income) ‘has reached historically high levels’ (Cava & Simon 2005). Given that children and young people from poorer families have the highest rates of mobile phone ownership—the single biggest source of teenage debt—it follows that any debt incurred by a teenager is likely to have a significant impact on the family budget and overall household debt.
A8 REFERENCES


(2007b) New survey on child employment, ABS media release 15/2/07.


Australian Psychological Society 2004, APS study finds parents are relying on mobile phones to keep kids safe, media release 7 November, Australian Psychological Society.


INTRODUCTORY PREAMBLE

• As you’re aware, Urbis is doing a research project about youth debt, looking particularly at 12–17 year olds and their families.

• We’ve been commissioned to do this by NYARS—the National Youth Affairs Research Scheme.

• (If respondent asks, explain that NYARS is run by DEEWR—the Australian Government Department of Education, Employment and Workplace Relations)

• I’m interviewing you as part of a broader round of consultation with stakeholders and people who are well informed about youth debt issues. This includes a range of people in the education and finance sectors, federal and state government agencies and community organisations.

• The purpose of this interview is to discuss the critical issues around youth debt in Australia, including the nature of youth debt, the impacts it has and what can be done about it.
• Once our interviews are done we will be conducting some qualitative research with parents and children, followed by a survey. So the interviews will also inform how we go about that and what we focus on. We’re also most of the way through a literature review.

• And just to be clear, when I use the term ‘young people’, I’m referring to 12–17 year olds. In other words for the most part we’re talking about kids in high school, or have recently left high school.

CONFIDENTIALITY STATEMENT

We’ll treat everything you say in this interview as confidential. No individuals or their views will be personally identified in the report, including direct quotes. The report will list the names of the organisations we consulted, but that’s about it. If there’s anything you particularly want to be off the record, just let me know.

Of course, if you give me any examples or case studies of best practice, these projects might well be identified in report (unless you tell me otherwise).

BACKGROUND INFORMATION

• Brief personal context and rapport building (how long worked with young people/in the finance/education sector, career background, any areas of particular expertise or interest).

YOUNG PEOPLE AND MONEY

• Do you think that teenagers’ spending habits or attitudes towards money have changed over the past 5–10 years?

• Do you think that young people are spending more than they have the capacity to earn?

• What are the biggest influences on a teenager’s spending habits?
YOUNG PEOPLE AND DEBT

- How would you define ‘problematic debt’ for teenagers? That is, at what point does debt become problematic for this age group? Is it different for teenagers, compared with young people aged over 17 years or adults?

- How common is problematic debt among teenagers aged under 17?

- How do young people get into debt? What are the major risks for young people falling into debt (prompt: use of credit cards, mobile phones, internet shopping, informal loans from family, education costs)? Are there any new or emerging threats to teenagers that may lead to, or increase debt? (e.g. M-commerce—where a mobile phone can be used as a credit card)

- Does informal debt (where money is owed to family or friends) cause significant problems for teenagers? In what circumstances is this kind of debt a problem? Do teenagers deal with this kind of debt differently to how they would deal with a formal debt?

- What are the downsides/disadvantages of debt for young people and their families?

- Are there any upsides/positives of debt can be for young people/families?

- Comment—the focus of the interview is on problematic debt, i.e. debt that causes the kind of negatives/downsides they just mentioned.

- Are there any groups of teenagers who are particularly at risk of falling into debt? For example, in terms of socioeconomic status, location, age, gender, cultural background?

- What is particular to young people in debt, as opposed to adults in debt? Why should we be concerned about teenage debt?

REDUCING AND DEALING WITH DEBT

- How do you think most teenagers deal with debt? Are there any patterns to how they deal with debt—e.g. in terms of gender, age, socioeconomic status?

- Are you aware of any particularly effective or innovative ways that young people cope with their debt?

- Are there any coping strategies you’ve seen that aren’t so good, either for a young person themselves, or as a means for dealing with debt.
• Are you aware of any assistance that is available to help young people deal with debt?
  a. How well known are these services among this age group? Are these services reaching all young people in need?
  b. Who tends to use these services? Who tend to miss out?
  c. What gaps are there—i.e. things that could help young people avoid/deal with debt but aren’t available or accessible?
• What protective factors (safeguards) exist to stop young people getting into debt?
• To what extent can we expect suppliers of commodities that get young people into debt (e.g. mobile phone and related companies, car dealers, money lenders) to act to limit youth debt? Is government regulation or corporate responsibility a more appropriate path? What do you see as the most urgent need/s in terms of regulation or corporate responsibility?

FAMILIES OF YOUNG PEOPLE IN DEBT
• What is the impact of young people’s debt on families?
• What role can parents play to reduce potential or actual financial debt?

FINANCIAL LITERACY AND EDUCATION AND TRAINING
• Which approaches to improving the financial literacy of young people do you feel are most effective? Why is that? Are such approaches currently being implemented in Australia? Are any jurisdictions doing better than others?
• Are there any models you might nominate as good practice? Why is that? Where is it/are they documented?
• How would you describe the current level of financial literacy of young people? Why are some kids more financially literate than others? What seems to make the difference?
• Are you aware of training/education programs aimed at developing young people’s financial literacy?
a. Who provides this education?
b. How effective is it?
c. Who do they target?
d. Is the reach of these programs sufficient/appropriate? Who’s missing out?
e. What gaps are there—i.e. things that could help young people avoid/deal with debt but aren’t available or accessible?

• What else could be done to improve the financial literacy of young people?

FURTHER COMMENTS

• Are you aware of any research or studies that we might not have come across in our research (e.g. unpublished material or any studies on this age group in particular)

• Are there any additional comments that you would like to make about the research?

Thank you for your time. It is anticipated that a summary report of the research will be posted on the DEEWR website in the section on NYARS in 2008.

PARTICIPATION IN END OF PROJECT WORKSHOP (SYDNEY INTERVIEWS ONLY)

We will be conducting a workshop at the end of the research to discuss the findings and future directions.

The workshop will:
• further explore the key issues that have emerged
• identify issues that have not been raised
• consider what services should be available
• discuss the way forward in terms of what services need to be provided and future policy responses.

We will be inviting a broad range of stakeholders to attend—is this something that you would be interested participating in?
APPENDIX C
ONLINE SURVEY

PART A: PARENT/GUARDIAN SCREENER

What this survey is about

This survey is about young people aged 12–17 years and money. It asks about what money young people have, what they spend it on, their savings, what money they borrow and what they owe to other people.

The survey is being carried out by independent researchers from Urbis for the National Youth Affairs Research Scheme, which is jointly funded by Australian, state and territory governments.
What this survey involves

The following survey is divided into two parts:
• Part 1 is for you (the parent/guardian)
• Part 2 is for your child aged 12–17 years

Both parts of the survey are about spending habits and money management skills.

Please note that this survey is anonymous and Urbis will not pass your answers on to anyone else. They will only be used for this confidential survey.

A1 To participate in this survey you will need to be a parent/guardian of a child/children aged 12 to 17 years.

Are you the parent of a child/children of the following age and sex? Tick all that apply

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☐ No, I am not the parent/guardian of the above
(Pop up: Unfortunately your child does not fit the necessary criteria. Thank you for your time.)
A2  Do you live in:
□ A capital city or major city? (e.g. Sydney, Cairns, Darwin)
□ A large inland town or coastal centre? (e.g. Port Macquarie, Albany)
□ A rural or regional area?

A3  If needed in the survey: As noted earlier, this survey has two parts—both you and your child need to answer the relevant questions. Do you agree to take part in this survey?

It is important that you answer all questions in relation to your <#> year old <son/daughter> only. (determined by system)

□ Yes, I understand the requirements of the survey and agree for my child to take part. I will complete Part 1 and my <#> year old <son/daughter> will complete Part 2
□ No, I would not like to continue with this survey (will automatically exit survey)

After you complete Part 1, can you please save your section of the survey, and ensure your <#> year old <son/daughter> completes Part 2?

If not needed: Unfortunately we do not require you for this survey. Thank you for your time.

PART B: PARENT/GUARDIAN QUESTIONS

B1  What are the top three concerns you have about your <son/daughter> and money? Please tick THREE boxes
□ Their spending habits
□ Their budgeting skills
□ Their lack of savings
□ Their risk of getting into debt
□ Their income (e.g. from a part time job) or lack of income
□ Their reliance/expectation for us (their parents) to pay for things
□ Pressures from companies that target them as consumers
Pressure from friends to buy products or services
Exposure to gambling, e.g. online poker
Lack of advice available on money management skills
Other (please specify): ________________________
None of the above – I have no concerns about my child and money

B2 Does your <son/daughter> receive ‘pocket money’ or a regular allowance?
□ Yes
□ No (go to B4)

B3a How often does your <son/daughter> receive her/his pocket money/allowance? Please tick one box only
□ Weekly
□ Fortnightly
□ Monthly
□ Quarterly
□ Yearly
□ Other (please specify):

B3b How much do they receive at a time? If unsure please give an estimate
$ ___________
B3c  Which of the following best describes your rules about pocket money/allowance? *Please tick one box only*

- [ ] Pocket money is given regularly without conditions
- [ ] A base amount of pocket money is given without conditions, and extra is given for doing chores
- [ ] Pocket money is given only as payment for doing chores
- [ ] Pocket money is given or withheld depending on my child’s behaviour
- [ ] Other (please specify):

Next →

B4  Does your <son/daughter> receive money from any other source?  
*Tick all that apply*

- [ ] Wages from a formal employer (e.g. fast food outlet)
- [ ] Wages from an informal employer such as family, friends, neighbours (e.g. babysitting, gardening)
- [ ] Gifts from other family members (e.g. grandparents, aunts and uncles)
- [ ] Centrelink payments or other welfare benefits
- [ ] Other (please specify):
- [ ] No, my child does not receive money from any of the above sources or in the form of pocket money/allowance

Next →

*(If no, pop-up: As your <son/daughter> does not have any money of their own (either through pocket money or from another source) we will no longer require you for this survey. Please click on the ‘Exit survey’ button or if you wish to go back to the survey and make changes, please click on ‘Go back to survey.’)*

Exit survey →  Go back to survey →
B5 Who decides how your <son/daughter> spends <her/his> money? Please tick one box only

☐ My child takes full responsibility for when and how s/he spends her/his money

☐ We decide together when and how her/his money is spent

☐ We decide together on some items, and my child decides about other designated items

☐ I have rules about what my child can spend her/his money on and when

☐ My child does not have any money of her/his own, I make all payments on her/his behalf

☐ Other (please specify): _______________________________________

Next →

B6 How much do you know about what your <son/daughter> spends <her/his> money on? Please tick one box only

☐ I know what my child spends their money on all of the time

☐ I know what my child spends their money on most of the time

☐ I know what my child spends their money on some of the time

☐ I don’t know what my child spends their money on

Next →

B7a Have you ever lent an amount of money to your <son/daughter> with the expectation of them paying you back? (That is, not money given as pocket money/allowance)

☐ Yes

☐ No (go to B8a)

Next →
B7b  Which of the following best describes your <son/daughter>'s debt/s?

- Yes, they have always paid back the full amount within an agreed timeframe
- Yes, they have always paid back the full amount, but it has taken them longer than initially agreed
- No, they have not paid me back and I don’t expect to get the money back
- No, they are still paying me back

Next \(\rightarrow\)

B7c  What is the total amount they owe you at the moment?  
*If unsure please give an estimate*

$ __________

Next \(\rightarrow\)

B7d  What is the greatest amount that your <son/daughter> has ever owed you?  
*If unsure please give an estimate*

$ __________

Next \(\rightarrow\)

B8a  Have you ever had to pay a debt that your <son/daughter> owed to someone else?  
(e.g. other family member, friend or institution, mobile phone debt, train fine, car accident costs)

- Yes
- No (go to B9a)

Next \(\rightarrow\)
B8b  What is the greatest amount of debt that you have paid on your <son/daughter>’s behalf? *If unsure please give an estimate*

$ __________

Next →

B9a  Does your <son/daughter> have or use a mobile phone?

☐ Yes (includes phones that you own, but they use)
☐ No (go to B10)

B9b  How is this phone paid for? *Please tick one box only*

☐ It is a pre-paid mobile phone and my child pays for credit with their own money (go to B9ci)
☐ It is a pre-paid mobile phone and I pay for credit (go to B9ci)
☐ It is a pre-paid phone and we share the cost of it (go to B9ci)
☐ I have signed up to a mobile phone plan for my child and they repay me for the bills incurred (go to B9cii)
☐ I have signed up to a mobile phone plan for my child and I pay all of the bills incurred (go to B9cii)
☐ Other (please specify):

Next →

B9c  i. Are limits placed on either the amount of top-up credit put on the phone, or when credit is topped up (e.g. on a monthly basis)? *If answered top 3 options at B9b*

☐ Yes
☐ No

ii. Are limits placed on your <son/daughter>’s mobile phone use to keep the costs within a certain limit? *If answered options 4&5 at B9b*

☐ Yes
☐ No

Next →
B10  How well do you think your <son/daughter> manages their finances? Please tick one box only

- Very well
- Fairly well
- Not very well
- Not well at all
- Don’t know

Next

B11a  When did you last speak to your <son/daughter> about money and related issues? Please tick one box only

- In the last few days
- In the last few weeks
- Last month
- A few months ago
- Last year
- I have never spoken to my child about money related issues (go to B13)

B11b  Which of the following money matters do you talk to your <son/daughter> about? Tick all that apply

- Saving their money
- Financing what they want to buy
- Budgeting their money
- Borrowing money
- Dealing with debt
- Earning money
- Banking options
- Investment options
- Other (please specify):

Next
B12  Have your <son/daughter>’s money issues ever been a source of tension or conflict in your relationship with your child?

- Yes, frequently
- Yes, occasionally
- No

Next →

Now we would like to ask you a few money-related questions about yourself.

B13  Do you currently owe money to any of the following people or for any of the following things? Tick all that apply

- Friends
- Parents
- Another member of your family
- A bank or financial institution (mortgage/home loan)
- A bank or financial institution (car loan)
- A bank or financial institution (other loan or overdraft)
- Mobile phone company
- Land line phone bill
- Utility bills (e.g. electricity)
- Rent arrears
- Train fines
- Driving or parking fines
- A store card
- Overdue pay TV subscriptions
- Centrelink
- The Australian Tax Office
- Other (please specify):
- No, no money owed, no loans, no bills or fines unpaid

Next →
B14  Have you ever experienced financial hardship as a result of debt?
   ☐ Yes, am currently experiencing this
   ☐ Yes, I have experienced debt in the past as an adult
   ☐ Yes, my parents experienced debt when I was a child
   ☐ No, never

Next →

B15  Have you ever talked about your past or present financial concerns with your child/children? (e.g. your experiences of debt, your concerns about their spending)
   ☐ Yes
   ☐ No

Next →

B16  Which of the following best describes you?

   If I don’t have enough money to pay for something I want…

   Please tick one box only

   ☐ I will buy it with money which really should be spent on other items
   ☐ I will borrow money to buy it
   ☐ I will buy it on interest-free credit
   ☐ I will save up to buy it
   ☐ I won’t buy it
   ☐ Other (please specify):

Next →
B17  Have you ever… Tick all that apply

☐ Stretched yourself beyond your means by borrowing money
☐ Taken an interest-based loan but then found yourself in trouble due to rises in interest levels
☐ Lost sleep over debt that you owe
☐ Opened a second credit account
☐ Increased your credit limit due to problems meeting other payments or interest
☐ Taken out a second loan to repay an existing loan
☐ Found it difficult to keep up with mortgage payments
☐ Arranged a ‘mortgage holiday’ to have payments waived for a period
☐ Found it difficult to keep up with rent payments
☐ Found it difficult to keep up with payments on a car loan or hire agreement
☐ Found it difficult to keep up with school fees
☐ Used a re-draw facility on a home loan
☐ Had a disruption to your phone or electricity account because of late payment
☐ Had your driver’s licence suspended due to unpaid train, parking or driving fines
☐ Been unable to renew your car insurance or registration on time
☐ Been held accountable for someone else’s debt (e.g. ex-partner, housemate)
☐ Had goods seized by the sheriff for unpaid debts
☐ Pawned furniture or goods to make ends meet
☐ Been evicted due to non-payment of rent

Next ➔

B18  Are you aware of any of the following financial literacy/debt education programs or other information that is currently available to your child or other young people (aged 12 to 17 years)? Tick all that apply

☐ My child learns about financial literacy at school in class
☐ External financial literacy programs are run at my child’s school
There are counsellors available to talk with my child about financial concerns (at school, online, through telephone hotlines)

Financial institutions and banks provide online advice to young people

Youth organisations provide online advice and telephone support for young people with financial problems

Federal and state government bodies provide information on financial debt to young people

Other (please specify): ________________________________

No, I am not aware of any financial literacy/debt education programs or other information that is available to young people

B19 Which of the following do you think would be effective in helping your child/children and other young people learn more about the value of money and how to manage their finances?

Tick all that apply

An increased emphasis on teaching financial literacy at schools

The development of external financial literacy programs to be run at schools

Increased awareness and availability of counsellors who are able to talk with young people about their financial concerns (at school, online, telephone hotlines)

Financial institutions and banks providing more or better advice and information to young people

Youth organisations providing more or better advice and support for young people with financial problems

Federal and state government bodies providing more or better information and support to young people with financial problems

Greater responsibility among the media and advertising companies about the effects they have on young people’s spending habits

Greater public awareness of young people with financial problems

Other (please specify): ________________________________
B20 Which of the following apply to you?

- I should talk to my child more about money issues
- I could have more constructive discussions with my child about money issues
- I think I should do more to help my child/children be effective in managing their money
- I talk to my child enough about money matters
- We usually have constructive discussions about money matters
- I would like to have more influence over how my child manages their money
- I feel I already have enough influence over how my child/children spend their money
- I think that others should take more responsibility for helping my child manage their money (e.g. the government, the community, employers)

FINALLY...

B21 Is there a language other than English spoken in your household?

- Yes (please specify):
- No

B22 What is your relationship status?

- Single
- Married
- Living with partner
- Separated
- Divorced
- Widowed
- Other (please specify):

Next →
B23  Are you….  
☐ Employed full-time  
☐ Employed part-time  
☐ Self-employed  
☐ Looking after the home full-time  
☐ Retired  
☐ Student  
☐ Unemployed and seeking work  
☐ Unable to work due to illness or a disability

Next ➔

B24  What is your annual household income before tax?  
☐ Under $20,000  
☐ $20,000 to $49,000  
☐ $50,000 to $79,000  
☐ $80,000 to $109,000  
☐ $110,000 to $149,000  
☐ $150,000 to $199,000  
☐ $200,000 to $499,000  
☐ $500,000 +

Next ➔

B25  Which of the following do you have? *Tick all that apply*  
☐ Professional qualification (e.g. lawyer, accountant)  
☐ University degree  
☐ Trade qualification (e.g. plumber, electrician)  
☐ Vocational or technical qualification  
☐ HSC certificate (completed Year 12)  
☐ School certificate (completed Year 10)
B26 Which if the following most accurately describes your housing situation?

☐ I am renting my home from a private landlord
☐ I am renting my home from a public/social housing provider
☐ I own my home outright (no mortgage)
☐ I have my own home with a mortgage/home loan
☐ I am currently living in the home of friends/family
☐ Other (please specify):

Next →

B27a Do you have a car that you bought with a loan or finance plan with regular payments?

☐ Yes
☐ No

Next →

B27b Do you have children at private schools?

☐ Yes
☐ No

Next →

Thank you for completing this section of the survey.

Please now ensure that your nominated child completes Part 2 of the survey.
PART C: YOUNG PEOPLE’S QUESTIONS

What is this survey about?
This survey is about young people aged 12–17 years and how they manage their money. The information from this survey will be used for a study about money management for the Australian, State and Territory Governments.

This survey asks about:
- How much money young people have?
- What young people are spending their money on?
- How much they are spending?
- Whether they have borrowed money or whether they are in debt?

Your parent/guardian has already completed Part One of this survey. Now we would like to ask you a few questions in Part Two.

Please note that this survey is anonymous and Urbis will not pass your answers on to anyone else. They will only be used for this confidential survey.

C1 Do you receive… Tick all that apply

☐ Wages from a formal employer (e.g. fast food outlet)
☐ Wages from an informal employer such as family, friends, neighbours (e.g. babysitting, gardening)
☐ None of the above (go to C3)
**C2a** Are you paid… Please select one only

- Weekly
- Fortnightly
- Monthly

Next →

**C2b** How much money do you earn from this job/these jobs each <week/fortnight/month> on average (before tax)? If unsure please give an estimate

$ __________

Next →

**C2c** What is your hourly rate and how many hours do you work on average per <week/fortnight/month>? If unsure please give an estimate

$ __________ p/hr ______ hours per <week/fortnight/month>

- I do not receive an hourly rate—I receive cash in hand or a one off payment
- Other (please specify):

Next →

**C3** Do you receive any Centrelink payments?

- Yes
- No
C4  Do you receive other regular sources of income (e.g. from your parent/guardian, or an allowance)?

☐ Yes (please specify):

☐ No (Go to C5)

Next ➔

C5  How much is this per week/fortnight/month on average? If unsure please give an estimate

Source 1___________  Amount $ ___________ per week/fortnight/month

Source 2___________  Amount $ ___________ per week/fortnight/month

Source 3___________  Amount $ ___________ per week/fortnight/month

Source 5___________  Amount $ ___________ per week/fortnight/month

Next ➔

C6  Do you have any other access to money that you are able to spend (e.g. from a savings account)?

☐ Yes (please specify):

☐ No

(If no, pop-up: As you do not have any money of your own, we will no longer require you for this survey. Please click on the ‘Exit survey’ button or if you wish to go back to the survey and make changes, please click on ‘Go back to survey.’)

Exit survey ➔

Go back to survey ➔
C7  Of the money that you earn or are given each <week/fortnight/month>, how much do you spend? Please tick one box only

- All of it
- Most of it
- Around half
- Hardly any
- None of it, it all goes into savings
- I do not earn or receive any money

Next →

C8  What do you spend your OWN money on? Tick all that apply

- Clothes and accessories
- Make-up and personal care products
- Car payments, accessories and fuel
- Mobile phone
- Holidays
- Transport
- Alcohol, cigarettes, drugs
- Electronic equipment (e.g. iPods, game players)
- Tickets to music concerts, sporting events etc
- CDs, DVDs, games (includes downloads)
- Sporting equipment
- Outings e.g. going to the movies, school dances/discos, game arcades
- Food and beverages
- Presents for friends
- Magazines
- Rent/board payments
- Driving lessons
- TAFE fees or other study related costs
- Other (please specify): ____________________________

Next →
C9 Which of the items listed below do you spend the most amount of money on? Tick THREE items

Same list as C8

Next ➔

C10 Do you ever...Tick all that apply

☐ Shop online with your own money
☐ Shop online with your parent/guardian's credit card
☐ Buy things using SMS for your mobile phone (e.g. ring tones)
☐ Make votes using SMS (e.g. for Big Brother or Australian Idol)
☐ Enter competitions run by TV stations using SMS or by calling in
☐ Participate in mobile phone chat rooms
☐ Place bets (e.g. online poker or other any other gambling)
☐ None of the above

Next ➔

C11 Do you currently have any savings of your own including money given to you by your parent/guardians or other relatives? (e.g. cash or money in a savings account)

☐ Yes
☐ No (go to C13)

Next ➔

C12 How much do you have in savings that you have access to if you wanted? (i.e. are able to spend now) If unsure please give an estimate

$ __________
C13  Is there anything in particular you are saving for? *Tick all that apply*

*Same list as C8*

Next →

C14  Do you currently owe money to any of the following people or for any of the following things? *Tick all that apply*

- Friends
- Mum or dad/guardian
- Another member of your family
- The bank (credit card; loan)
- Centrelink
- The Australian Tax Office
- Mobile phone company
- Land line phone bill
- Utility bills (e.g. electricity)
- Rent arrears
- Train fines
- Driving or parking fines
- A store card
- Overdue pay TV subscriptions
- Other (please specify):
- No I do not owe any money or have any outstanding bills or fines (go to C17)

Next →

C15  How much do you currently have owing to the following people or for any of the following things? *Complete all that apply—if unsure please give an estimate*

- Friends $_______
- Mum or dad/guardian $_______
Another member of your family $ _______
The bank (credit card; loan) $ _______
Centrelink $ _______
The Australian Tax Office $ _______
Mobile phone company $ _______
Land line phone bill $ _______
Utility bills (e.g. electricity) $ _______
Rent arrears $ _______
Train fines $ _______
Driving or parking fines $ _______
A store card $ _______
Overdue pay TV subscriptions $ _______
Other (please specify): $ _______

C16  Where you have borrowed money from family, friends or a bank, what have you borrowed this money for? *Tick all that apply*

*Same list as C8*

C17  What is the largest amount you have ever owed someone or been in debt by? (All sources of debt combined) *If unsure please give an estimate*

$ ___________

□ I have never been in debt

C18  Have you ever... *Tick all that apply*

□ Owed someone money and been stressed about paying it back
□ Borrowed money from friends that you couldn't pay back shortly afterwards
□ Borrowed money from family that you couldn’t pay back shortly afterwards
□ Had an argument with your parents over who pays for what
□ Borrowed money from a second person to pay an existing debt
□ Received a late fee for not paying a bill
□ Stolen something in order to pay back a debt?
□ Had trouble with Centrelink and not received a payment
□ Tried gambling to repay debts
□ Had a disruption to your phone account because of late payment
□ Had your drivers’ license suspended due to unpaid train, parking or driving fines
□ Been unable to renew your car insurance or registration on time
□ Had goods seized due to unpaid debts
□ Been held responsible for someone else’s debts (e.g. ex-partner, housemate)
□ None of the above

Next ➔

C19  Which of the following best describes you? If I don’t have enough money to pay for something I want… *Tick all that apply*

□ I will buy it with money which really should be spent on other items
□ I will borrow money to buy it
□ I will buy it with interest-free credit
□ I will save up to buy it
□ I won’t buy it
□ Other (please specify):

Next ➔

C20  Do you talk about money (spending, saving, budgeting, earning money or banking) with the following? *Tick all that apply*

□ Your friends
□ Your parents/guardian
In class at school
With a school counsellor, youth worker or other person trained to help young
People
With a financial counsellor (i.e. not someone who only helps young people)
Other (please specify):
No, I do not talk about money with anyone

C21 Have your money issues ever been a source of tension or conflict in your relationship with your parents/guardians?
Yes, frequently
Yes, occasionally
No

C22 Based on your experience, which of the following statements would you agree with? Tick all that apply
Young people are free to choose what they buy
Young people are put under pressure to buy things by advertising and companies promoting products and services
Young people aged under 16 years should not borrow money at all
Young people aged under 16 years should not borrow money unless they are able to pay it back
Young people are put under pressure to buy things by their friends
Young people should save money
None of the above
C23  What types of things do you think young people feel pressured to spend on? *Tick all that apply*

*Same list as C8*

Next →

C24  What/who do you think is pressuring young people to spend? *Tick all that apply*

- Keeping up with friends
- Commercials on TV, radio,
- Advertising in newspapers and magazines
- Advertising on the internet
- The need to ‘fit in’
- Other (please specify):

Next →

C25  Have you ever... *Tick all that apply*

- Been sent offers of credit in the mail, email or by SMS that you thought were inappropriate (e.g. to sign up for a credit card or a loan)
- Been offered interest-free credit when buying an item
- Bought something you thought you could afford and then found out that there were extras to pay for
- None of the above

Next →

C26  If you or a friend needed help with money or being in debt, where would you go/who would you contact? *Tick all that apply*

- School counsellor
- Financial counsellor (not at school)
- Parents
☐ Other family members
☐ Teachers at school
☐ Call a helpline for young people (that doesn’t specialize in money matters)
☐ Call a helpline for people with financial issues (but not specifically for young people)
☐ Call a helpline specifically for young people with money issues
☐ Look for advice on the internet
☐ Other (please specify):

Next ➔

C27 Finally, is there anything else you would like to tell us about your money management experiences or how young people can be given help with managing their money?

Open ender

Thank you for taking the time to complete our survey.