



# *My Money Book*



Produced with funding provided  
by WA Consumer Credit Grants

*Taking Care of My Money, Every Day*

## *Why do I need a Money Book?*

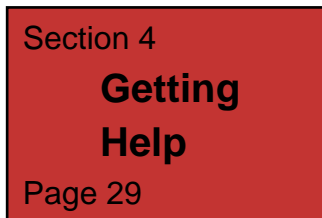
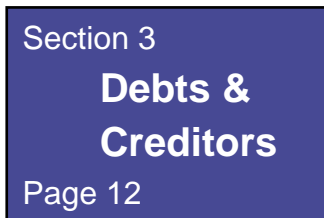
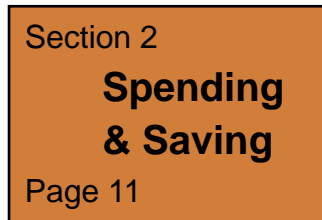
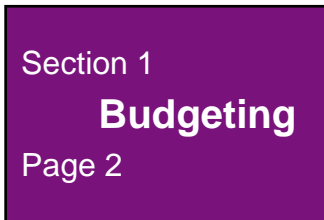
Don't know where your money goes each week?

Have trouble making it to the end of pay week without the credit card?

Are your debts getting bigger?

*Use this book and you should be able to budget your money and plan your payments at a level you can afford.*

## Contents



### Legal Disclaimer

While every effort has been made to ensure that the information in this book is as up-to-date and as accurate as possible, readers are advised that it is intended as a general guide only and should not be used as a substitute for legal or financial counselling advice. The author and the publishers are not liable to users of this book for any loss or damage however caused resulting from its use.

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## Prepare your own Income and Expenditure Statement

Prepare an Income and Expenditure Statement to identify one of the following causes of the problem.

An **unforeseen event** has occurred, such as recent unemployment, an accident or illness, a relationship breakdown or a disaster such as a house fire.

**Your expenses have been higher than your income for some time** and are now beginning to become obvious as your savings are depleted, credit cards reach the maximum or creditors' patience has come to an end.

**Poor financial management or decision making skills.** This may just need a little education or might be due to an intellectual or learning disability, mental illness or stress.

An **administrative error** by Centrelink, the bank or your employer. This may be able to be resolved quickly or you may need to seek advice.

What to Do *List all your income and expenses on a fortnightly basis on the income and expenditure statement. If you are paid weekly you may choose to do this activity weekly but will need to enter half the amount of all the following calculations.*

### Requirements

*Blank Income and Expenditure Statement  
Pencil  
Eraser  
Calculator*

### **Income**

**Wage/benefit 1** - Enter the fortnightly income of the primary income earner after tax, Medicare and HECS payments. Take note of any other deductions made from the income that are actually expenses such as child support or union dues, rent deductions and Centrepay transfers.

**Wage/benefit 2** - Do the same for the secondary income earner.

**Family Tax Benefit** - Enter the amount of any fortnightly Family Tax Benefit, Parts A & B.

**Austudy/ABSTUDY** - Enter the amount of any fortnightly Austudy or ABSTUDY payments.

**Board** - Enter the amount of any fortnightly board received from boarders or adult children.

**Child Support** - Enter the amount of any fortnightly Child Support payments (maintenance) you receive from the other parent. Multiply monthly payments by 12 and divide by 26.

**Other Income** - Enter the amount of any other fortnightly income such as net rental income or investments.

## Expenses

**Rent/Mortgage** - Enter the amount of fortnightly rent or mortgage payments

**Land rates** - Enter the amount of annual rates divided by 26.

**Water rates** - Enter the amount of annual rates divided by 26

**Water consumption** - Add together the last two 6-monthly water consumption bills. Divide by 26

**House/contents insurance.** - Divide your annual insurance premium by 26. If paying fortnightly just enter this figure.

**House care** - Unless you have receipts this will have to be estimated. Don't forget garden care, buying furniture, pest control, linen and carpet cleaning.

**Electricity** - Divide your 2-monthly bill by 4.

**Gas** - Divide your 3-monthly bill by 6.5 or estimate how many gas bottles you use each year, add up the cost and divide by 26.

**Telephone** - Divide your monthly bill by 2 or your 3-monthly bill by 6.5.

**Mobile Phone** - Divide your monthly bill by 2 or estimate how many prepaid cards you use each year, add up the cost and divide by 26.

**Internet** - This cost maybe in addition to your telephone bill if with a different carrier. Divide your monthly bill by 2.

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**Car payments** - Enter any fortnightly amount paid towards a car loan.

**Insurance** - Divide your annual insurance premium by 26. If paying fortnightly just enter this figure.

**Registration** - Divide your annual bill by 26 or your 6-monthly bill by 13.5.

**Fuel** - Add your weekly petrol cost and multiply by 2. Include petrol money paid to others.

**Fares** - Add your weekly bus, train or taxi costs and multiply by 2.

**Parking** - Add any weekly parking fees and multiply by 2. Divide annual fees/permits by 26.

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**Food** - Add weekly food and grocery expenses and multiply by 2.

**Incidentals** - This is for any additional grocery spending not already accounted for. Estimate a fortnightly allowance for this.

**Lunch** - Add weekly lunch orders or bought lunch expenses and multiply by 2.

**Pet food** - Add any weekly pet food expenses not bought at the supermarket and multiply by 2.

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**Fees** - Add all your school fees for the past year and divide by 26. Include tutoring.

**Uniforms & books** - Add all uniform, books and other school requirement expenses for the year and divide by 26.

**Excursions** - Add all school excursion expenses for the year and divide by 26.

**Scholarships** - Some families put money into a scholarship fund for their children's education. Enter the premiums as a fortnightly amount.

**Child minding** - Enter any fortnightly amount paid towards child care or babysitting.

**Self education** - Add all self education expenses for the year and divide by 26. Include stationery and books.

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**Health insurance** - Divide your annual insurance premium by 26. If paying fortnightly just enter this figure.

**Dentist/doctor/etc** - Add all your medical bills for the past year minus Medicare/health fund rebates and divide by 26. Unless you have receipts this will have to be estimated.

**Chemist/medication** - Add all your chemist expenses for the past year and divide by 26. Don't forget other non-prescription items such as vitamins, creams and cough medicine. Unless you have receipts this will have to be estimated.

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**Child Support** - Multiply any monthly child support payments by 12 and divide by 26. If paying fortnightly just enter this figure.

*How do you buy clothes for the family?  
Do you buy them in bulk each winter and summer or do you buy a few things at a time?*

**Clothing and shoes** - Add all your clothing expenses for the past year and divide by 26. Don't forget shoes and underwear, op' shops. School uniforms are listed further down as are any items given as gifts. Unless you have receipts this will have to be estimated.

**Hair care** - Add all your hair care expenses for the past year and divide by 26. Items purchased at the supermarket can be listed under groceries. Unless you have receipts this will have to be estimated.

**Entertainment** - Estimate your average entertainment expenses for your family for a fortnight. Include DVD's, CD's etc.

**Sport** - Add all your sporting expenses for the past year and divide by 26. Unless you have receipts this will have to be estimated.

**Papers/magazines** - Add your weekly newspaper and magazine expenses and multiply by 2.

**Alcohol** - Add your weekly alcohol expenses and multiply by 2.

**Cigarettes** - Add your weekly cigarette expenses and multiply by 2.

**Pocket money** - Add your weekly pocket money expenses and multiply by 2.

**Personal spending** - This is for any addition spending not already accounted for. Estimate a fortnightly allowance for this. If not already done so, include take-a-way or restaurant food here.

**Lotto/Gambling** - Add your weekly lotto or other gambling expenses and multiply by 2.

**Life Ins./Superannuation** - Divide your annual insurance premium by 26. If paying fortnightly just enter this figure. Include additional superannuation payment you may make.

**Union dues** - Enter any fortnightly amount paid towards your union fees

**Memberships** - Add all your membership fees for the year and divide by 26.

**Gifts & donations** - Add all the money you expect to spend on birthday, Christmas and other gifts for the year. Include cards, and friends birthdays and annual or one-off donations. Divide by 26. Add and fortnightly amounts of donations or tithes.

**Tax Debts** - Enter any fortnightly amount paid towards a tax debt.

**Fines** - Enter any fortnightly amount paid towards fines.

**Centrelink Debts** - Enter any fortnightly amount paid towards a Centrelink debt.

**Credit cards** - Enter any fortnightly amount paid towards a credit card debt.

**Store accounts** - Enter any fortnightly amount paid towards a store card debt.

**Personal Loans** - Enter any fortnightly amount paid towards a personal loan.

**Hire** - Enter any fortnightly amount paid towards hiring goods.

**Other Loans** - Enter any fortnightly amount paid towards any other loan. Include loans from friends and family

Once completed add up all the totals and find out if you have a surplus or a deficit.

How does this feel to you? Do you think it looks about right? Do you want to make some adjustments?

**Remember** This has been based on estimates and recent expenditure. Only time will tell if you have done an accurate job.

Keep a record over the next few fortnights to see what you really are spending. If you are really keen or concerned, keep a record over the next year.

*This can be done by using blank copies of the same document this time recording **actual amounts spent**.*

***Blank copies of all these forms can be obtained from  
Sussex Street Community Law Service Inc.***

*Phone 08 9470 2676*

*Email [sscls@sscls.asn.au](mailto:sscls@sscls.asn.au)*

*On the web [www.sscls.asn.au](http://www.sscls.asn.au)*

**INCOME**

Wage/benefit 1 \_\_\_\_\_

Wage/benefit 2 \_\_\_\_\_

Family Tax Benefit A+B \_\_\_\_\_

Austudy/ABSTUDY \_\_\_\_\_

Board \_\_\_\_\_

Child Support \_\_\_\_\_

Other Income \_\_\_\_\_

**TOTAL INCOME** \_\_\_\_\_**LIVING EXPENDITURE****HOUSING**

Rent \_\_\_\_\_

Land rates \_\_\_\_\_

Water rates \_\_\_\_\_

Water consumption \_\_\_\_\_

House/contents Ins \_\_\_\_\_

House repairs \_\_\_\_\_

Electricity \_\_\_\_\_

Gas \_\_\_\_\_

Telephone \_\_\_\_\_

Pest control \_\_\_\_\_

Lawn mowing \_\_\_\_\_

**TRAVEL**

Car payments \_\_\_\_\_

Insurance \_\_\_\_\_

Registration \_\_\_\_\_

Maintenance \_\_\_\_\_

Fuel \_\_\_\_\_

Fares \_\_\_\_\_

Parking \_\_\_\_\_

**GROCERIES**

Food \_\_\_\_\_

Incidentals \_\_\_\_\_

Lunch \_\_\_\_\_

Pet food \_\_\_\_\_

**EDUCATION**

Fees \_\_\_\_\_

Uniforms &amp; books \_\_\_\_\_

Excursions \_\_\_\_\_

Child minding \_\_\_\_\_

Self education \_\_\_\_\_

**SUB-TOTAL (1)** \_\_\_\_\_**MEDICAL**

Health insurance \_\_\_\_\_

Dentist/doctor/etc \_\_\_\_\_

Chemist/medication \_\_\_\_\_

**PERSONAL**

Child Support \_\_\_\_\_

Clothing and shoes \_\_\_\_\_

Toiletries/cosmetics \_\_\_\_\_

Hair care \_\_\_\_\_

Entertainment \_\_\_\_\_

Sport \_\_\_\_\_

Papers/magazines \_\_\_\_\_

Alcohol \_\_\_\_\_

Cigarettes \_\_\_\_\_

Pocket money \_\_\_\_\_

Personal spending \_\_\_\_\_

Lotto/Gambling \_\_\_\_\_

Life Ins/Superannuation \_\_\_\_\_

Scholarships \_\_\_\_\_

Tax debts \_\_\_\_\_

Fines \_\_\_\_\_

Union dues \_\_\_\_\_

Memberships \_\_\_\_\_

Gifts &amp; donations \_\_\_\_\_

**OTHER PAYMENTS**

Centrelink repayments \_\_\_\_\_

Credit cards (1) \_\_\_\_\_

Credit cards (2) \_\_\_\_\_

Store Accounts (1) \_\_\_\_\_

Store accounts (2) \_\_\_\_\_

Personal Loans (1) \_\_\_\_\_

Personal Loans (2) \_\_\_\_\_

Hire \_\_\_\_\_

Other loans \_\_\_\_\_

**SUB-TOTAL (2) plus** \_\_\_\_\_**SUB-TOTAL (1)** \_\_\_\_\_**TOTAL EXPENDITURE** \_\_\_\_\_**NET SURPLUS** \_\_\_\_\_**(Total Income – Total Expenditure)**

## Assets and Liabilities Statement

An assets and liabilities statement is simply a complete list of what the person owns and what the person owes. It includes resale value of significant belongings such as the home, motor vehicles and household goods.

Most significantly during crisis it lists what all the debts are and who they are owed to. Having a clear picture of who is owed what allows payment decisions to be made based on due dates, fees and interest charges and specific consequences of non-payment.

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### Requirements:

*Blank paper*

*Blank Assets and Liabilities Statement (next page)*

*Documentation of debts, loans, accounts etc.*

*Pencil*

*Eraser*

*Calculator*

### What to Do:

1. Go around your house with paper and pencil estimating the resale value of all your possessions including your home. You may have done this last time you renewed your contents insurance but would have recorded their replacement value. This is different to resale value. If you were in absolute dire straits and needed to sell things to raise money how much would you get for them?
2. Enter these details in the **Assets** list.

3. Some of these things may be held as security against a loan, such as your house or a car. You need to estimate your equity.
4. Pull out copies of all your overdue bills, debts, loans and accounts including those that are up to date. List all these items in the **Liabilities** list.
5. Where an item is used as security against a loan, enter the amount currently outstanding on the loan into the **Assets** list under 'Loan Outstanding' and calculate the difference. The difference between what the item is worth and what you still owe is called equity. Do you have any equity?

*if you owe more than the item's current value you have a 'negative equity'.*

## Assets

Asset Name	Asset Location	Current Resale Value	Loan Outstanding	Current Equity
House	29 Sussex St	\$450,000	\$125,000	\$325,000

## Liabilities

Creditor	Type of debt	Amount Borrowed	Loan Outstanding	Repayments
Name of Bank	Home Loan	\$160,000	\$125,000	\$640.00 p/f

## Plan a Budget

Prepare a 3 month budget plan from the information in the income and expenditure statement and your due dates. Record what payments will be made and when, making sure that there is enough money to pay them and still leave you with enough to live on.

### Requirements:

*Completed Income and Expenditure Statement*  
*Blank Budget Sheet (on the back of the income and expenditure statement)*  
*Documentation of bills, debts, loans, accounts etc.*  
*Pencil*  
*Eraser*  
*Calculator*

### What to Do:

#### 1. Payment Dates

You may plan your budget by what ever dates suit you best. You may prefer to do it fortnightly, but if you make some payments on pay day and some payments from you Family Tax Benefit, for example, you may plan weekly. Enter these dates in to your planner.

#### 2. Income

Enter the income received in that period into the appropriate boxes. There is room for extra income earned by overtime, extra hours or child support payments.

#### 3. Essential Regular Expenses

Set aside money to pay for essential regular expenses that must be considered before paying other bills. What items you consider essential is up to you. As a start consider the following: *fuel, fares, food, health*

*insurance and chemist/medication.* You may have additional priorities such as cigarettes or personal spending. Only you know what items are essential for the benefit of your family (or your own sanity!) Add up these items as recorded in your income/expenditure statement and enter this amount into the budget as your first payment 'Essential Expenses'.

#### 4. Regular Payments

List the names of your regular payments or creditors going through the list in your income and expenditure statement. Do you pay these fortnightly or on the due date? Enter the dates that you intend to make the payments. Add to this any lay-bys or short term payment plans not specifically listed in the income/expenditure statement. You may use this plan to schedule hair cuts and up-coming birthdays and to save money for Christmas.

#### 5. Calculate the Figures

Add up your expenses. The 'Payments' total in each column shouldn't exceed the 'Income' total. The ideal budget will leave a fairly evenly distributed surplus at the end of each column. Remember this is not a true surplus; you also need to provide for irregular expenses listed in the income/expenditure statement.





### Section 3

#### How Does This Help?

These statements will give a general picture of your situation based on fortnightly averages. They can help you identify the source of any financial crisis, which can help you decide on strategies to fix it

#### What is a Financial Crisis?

A financial crisis is experiencing the negative effects of not being able to meet a financial commitment. Just because someone has high debt doesn't mean they have a crisis.

*Most Australians feel comfortable about their debt level and are enjoying what they have bought with their borrowed money.*

*Likewise, a person can be in financial crisis with very little debt if that debt creates a negative consequence, such as disconnection of their electricity.*

How do businesses, charities and governments deal with financial crisis?

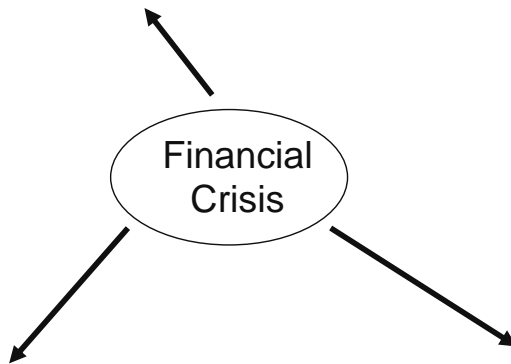
- \$ Go over accounts
- \$ Reduce spending
- \$ Sell assets
- \$ Use credit
- \$ Change leadership
- \$ Negotiate with creditors
- \$ Call in debts owed to them
- \$ Collective action
- \$ Reduce services
- \$ Fund raise
- \$ Use volunteers
- \$ Lobbying and media attention

Is that really very different to what we might do as individuals?

## Identifying Types of Financial Crisis

### Unforeseen Crisis

- An unplanned event that involves a sudden loss of income or needs an urgent payment
- Can't be avoided
- Requires immediate access to cash to prevent crisis
- May be temporary or may become on-going.



### Temporary Crisis

A *temporary* inability to meet committed expenses due to either:

- An unforeseen expense,
- A foreseeable but unplanned expense, or
- Lots of bills due at once.

Situation can be resolved in the short term i.e. less than 3 months

Might have been avoided with advanced planning and an accurate budget

Can be addressed with patience, planning and negotiation.

### Ongoing Financial Hardship

Expenses are more than income due to either:

- illness,
- relationship breakdown,
- prior unresolved event or purchase,
- Death of income earner.

Hardship develops over time.

Savings used up over time.

Might owe money to family or friends.

Requires some lifestyle changes.

Might lead to bankruptcy.

## Dealing with Short-term Crisis

*(less than 3 months)*

### Emergency Relief

One-off Emergency Relief may be all that is needed to help a person or family through a brief tough time. Community agencies and the Department of Child Protection's Financial Assistance Program (in WA) can provide assistance to address an unforeseen crisis.

### Talk to Creditors

Where extensions of time or payment plans need to be negotiated to fit the budget plan, contact the creditors as soon as possible offering to show them a copy of the plan.

Most creditors appreciate knowing the larger picture as it assures them you are dealing with your problems and trying to make your payments. They are also more willing to co-operate with debtors where there is a foreseeable end to the financial difficulty, particularly if the difficulty can be attributed to an unforeseen event and not the result of bad management or bad character of the debtor.

### Use of Credit

It may be appropriate to rely on additional credit during a short term crisis. Interest charges on a credit card over a couple of months may be less than overdue fees charged by the creditor or overdrawn fees charged by the bank. **Compare these costs carefully.**

## Dealing with Medium and Long-term Term Hardship

*(Medium term - 3 months – 2 years*

*Long term - 2 years plus)*

A person in this situation is going to need to make some very serious decisions and it is essential that you receive professional advice and support during this time to discuss the following concerns and options.

- Credit contracts regulated by the *Consumer Credit Code (1996)* can allow for a period of non-payment where the relevant criteria are met.
- A person who has been receiving a Centrelink payment for 6 months may be able to release some of their preserved superannuation to pay bills.
- A creditor can list an overdue account as a default on the debtor's credit record when it has been overdue for 60 days.

It is for these reasons, and the fact that there are a lot of qualifying criteria that if you see your financial hardship lasting more than three months you should probably see a financial counsellor.

### Housing Affordability

Options may be to refinance the home loan, trade down, sell and rent elsewhere, or move in with the family.

### Keeping Your Motor Vehicle

Consider refinancing, trading-down or selling a car. You may not need a second car.

## Superannuation

You may be able to access unpreserved funds or even preserved funds if you have been on Centrelink benefits for more than 26 consecutive fortnights and in severe financial hardship. This does not apply to all super funds.

## Education

Most private schools will accept a payment plan but your children may need to change schools if high fees can not be negotiated. You may need to change to a school within walking distance of home.

*If unemployed consider attending a full time course as an alternative to job hunting and to improve long term job security but your education and travel costs are an issue.*

## Lifestyle change

Changes of attitudes towards your lifestyle may be required, even if only for a little while. This not only includes suspending holidays and social activities but more subtle changes like shared meals with friends instead of eating out, walking and bike riding instead of driving, changing the types of food and drink usually bought.

## Understanding Documents

Just as with a short term crisis, it is important to communicate with those you owe money. In order to do this you need to understand what all the letters and documents mean.

## Loan Contracts

The loan contract will show you the amount borrowed, additional fees and the interest charge. It will also show you if you purchased any *consumer credit insurance policies* through the finance provider that you may be able to claim against, and if there are any goods such as a vehicle that are under mortgage.

There are many clauses in a loan contract that you will need to be aware of such as keeping a mortgaged vehicle insured, overdue fees and debt recovery charges.

*Improvements in your financial health often improve your physical health also.*

## Letter of Demand

A letter of demand (or Final Notice) is generally sent to a debtor if you have fallen behind or failed to make a payment on a debt. It is sent either by a creditor or a debt collection agency. It will state the amount of money outstanding and any other fees or interest charges.

Sometimes *letters of demand* may be designed to look like court documents, when they are not. If you are in any doubt whether it is a court document or not, seek legal advice. If you receive what looks like a court document but is in fact a letter of demand he or she should complain because:

- it is a criminal offence for anyone to send such a letter (*Unauthorised Documents Act 1961 WA s.5*); and
- debt collection agencies have to be licensed. An agency can lose its licence if it engages in conduct that involves unfair or improper harassment. If the debtor is in any doubt about the nature of a document they receive, or about the validity of the amounts claimed in the document, *legal advice* should be sought immediately.

## Court Documents

A debtor may receive one of a number of court documents. A court document will be *signed and stamped* by an officer of the court and contain a specific reference number called the Plaintiff number.

The amount demanded will be higher than the original amount borrowed or owed as it includes court fees. The document will detail the different amounts for you to check.

If you have received a notice from the court it requires *immediate attention*. Seek advice from a financial counsellor or solicitor as soon as possible to prevent further action being taken by the creditor. If you do not respond to a summons or enforcement order within the time specified the creditor can proceed with enforcement as if you had legally agreed to their claim and it is very difficult to get this reversed.

## Contacting the Creditor

Once you have gathered and checked all your information you need to confirm this with the creditors before making any decisions about paying the debt. This is usually done by phoning the creditor to check the amount due or it can be requested in writing.

### Making First Contact

It is important to present yourself professionally at all times when contacting a creditor. The outcome is often influenced by the creditor's opinion of you. In addition to this any future dealings with this creditor are influenced by how you deal with them now.

You will not achieve your goal if you put the creditor off-side by the use of insults or a failure to listen.

*Be professional*

Before making the call, remember the following:

1. Have with you the documents, pen and paper. Make a note of the date and time you called and have the reference numbers handy.
2. At this stage you are only getting information. You are not admitting liability for the debt at this point and are not yet ready to make a decision about payment. If the creditor presses you for a payment explain that you need to sort out all your debts before working out a payment plan. Explain that you will call back again when you have done your budget.
3. Don't argue with the creditor, chances are you are only speaking with an employee. If the information they give you is different to yours, take notes, ask for an explanation (perhaps one in writing if it is complicated) and tell them you need to check this with your records.
4. You may prefer to put your request in writing. This is advised where you are seeking written information such as old statements or a copy of the contract or where you have contacted a creditor by phone and they have asked for the request in writing.

An example of a written request is provided below.

Jennifer Hart  
29 Sussex Street  
EAST VICTORIA PARK WA 6112

“Without prejudice”

28 April 2007

J&K Clarke Industries  
12a Coopers Lane  
COOPER NSW 2345

Dear Mr Clarke

**Re: Account number WA2005 12345**

I refer to your letter of 4 April 2005 in which you claim that I owe you \$660.00 relating to services you provided to us in March last year.

It is our understanding that this matter had been finalised and no money is outstanding.

Please provide to us a copy of the original contract and a statement of all payments made including the dates they were made.

As we are not satisfied at this stage that we owe the money we do not intend to admit liability or offer any payment.

Please contact us within 14 days with this information.

Yours faithfully

Jenny Hart

## What Can Go Wrong?

There are many reasons why your information does not match that of the creditor. Some of these causes and what to do about them are discussed below. If in doubt seek advice from a financial counsellor or solicitor and don't admit liability for any debts you are unsure of.

### Miscalculation of payments

Action: Ask the creditor for written proof. Search bank records for payments. Write back to the creditor stating the amount you believe you owe. This is difficult to prove without receipts.

**Additional Fees and charges** You may not be aware of charges the creditor can add, or the creditor may have added a charge they can not legally add.

Action: Check the contract for fees and charges payable. Ask the creditor to explain why the fee has been added.

**Additional Purchases or Other Items** Purchases may have been added on to a credit card or additional items may have been added to a personal loan such as a REVS fee or stamp duty.

Action: Clarify the nature of the purchase or the additional item with the creditor before seeking advice about the validity of the additional charge.

**Fraudulent Use of Credit Card** Another person such as a trader, thief or possibly a member of the household may have used the card illegally.

Action: Find your credit card immediately. Report it lost or stolen if you can't locate it. Advise the creditor of the unexplained purchase and follow the creditor's advice. Check to see if your card comes with insurance for fraudulent use. If the card was used by a member of your family you will have to bear the cost and get the money off them.

**The debt is too old for the creditor to recover** The debt may not be a valid debt due the *statute of limitations* or other legislation.

Action: Do not admit liability for a debt that you have no contact about for over six years. Seek advice from a financial counsellor or lawyer about limitation dates.

**The debt has been paid** The creditor may not have recorded your payment at the time of sending the demand. This is often the case with phone or power accounts and with debt collectors.

Action: Contact the creditor to advise and send a copy of the receipt if necessary.

**The debt was previously written off** A creditor may agree to write off a debt for a set period of time or indefinitely. Unlike a waiver (discussed below) a debt that was written off can be recovered depending on the terms of the write-off.

Action: Check the documents in which the write-off was agreed to for any time limits. If the time limit is up, you may be able to ask the creditor to write it off indefinitely or ask for a waiver.

**The debt was previously waived** A creditor may agree to waive a debt where you have no capacity to pay in the future.

Action: Send the creditor a copy of the document confirming the waiver. If this is not successful seek legal advice.

**The debt was previously included in a bankruptcy** A creditor may not be aware if you have petitioned for bankruptcy. Alternatively a creditor may be unsure of what debts are extinguished in bankruptcy.

Action: Advise the creditor of your bankruptcy and provide them with your trustee's name, contact number and reference. Contact your trustee to discuss the matter.

### **A debt collector has tracked down the wrong person**

Action: Contact the creditor for more information about why they think this person is the debtor and compare personal information. Seek legal advice if not successful.

**The debt has been sold to someone else** A creditor may sell your debt to another business, usually a debt collection company. This means you now owe the money to them. This is still a legally recoverable debt.

Action: These details should be on the correspondence from the new creditor. If you are not sure check the details with the original creditor.

### **The debt for a power bill was the responsibility of an ex-partner or flat-mate**

A power company sometimes pursues another occupant of a house where the account holder has not paid an old bill. This can be urgent where disconnection is threatened.

Action: Disconnections and payments are covered by the Electricity Code of Conduct and the company's Hardship Policy which they are required by law to have. Contact a financial counsellor or a WACOSS utility worker for advice.

### **A credit contract was the responsibility of an ex-partner or other person**

A debtor may have signed as a co-borrower for a loan that was the benefit of someone else such as a partner and not really understand their legal obligations.

Action: Ask the creditor to send copies of the contract and seek legal advice

## Make a Plan

Consider the best way to pay the debt that is both affordable for you and acceptable to the creditor. Options include:

- ✓ fortnightly/monthly instalments;
- ✓ lump sum payments gathered from sources such as a loan from a family member,
- ✓ Centrelink Advance Payment or Emergency Relief; or
- ✓ a combination of both.

## Do Your Budget

Use the budget planner you prepared in Section 1 with payments scheduled for each creditor. Be creative in what you can offer.

*Organise your payments according to your priorities and not just to keep the noisiest creditor happy.*

## Lump Sum Offers

Lump sum payments for amounts less than the full amount due will often be accepted as full and final settlement if it is likely to be their best chance of recovering the debt. Think about what you can sell, or borrow from mum and dad.

## Loaning Money

You might consider getting a loan to pay the debt. This must be considered carefully as loans involving interest payments are likely to be *higher* than any interest charged on the *original debt*.

*If you already have a bad credit record, don't give in to pressure from the creditor who may force you to consider fringe credit, such as a short term loan with high interest charges or fees, or hocking personal goods at a pawn broker.*

## Making an Offer

Contact the creditor with the offer of payment and a brief explanation of his or your financial circumstances. *The more a creditor understands of the debtor's situation, the more likely it is that they will accept a reasonable offer.*

Do not agree to enter into another contract with the creditor to pay the old debt plus interest without seeking advice first.

## Asking the Creditor to Write-Off or Waive the Debt

If you have no capacity to pay and are not likely to in the future, you may ask

for the creditor to *write the debt off*. A creditor may consider this option if they believe they have little or no

chance of legal recovery of the debt, and that pursuit of the debt would be 'throwing good money after bad'.

Reasons for requesting to have the debt written off include the advanced age of the debtor, long term illness or unemployment, combined with little or no assets.

A write-off of a debt is not necessarily a permanent arrangement. It is simply an agreement by the creditor to not pursue the debt for a period of time, including an indefinite period of time.

A temporary write-off may be requested where your circumstances are expected to improve, for example in the context of illness, short-term unemployment or parental leave.

A write-off is different to a waiver. Waiving the debt has the effect of treating the debt as though it did not exist in the first place. This would only be agreed to by a creditor where there is evidence that the debt should not have existed, or where the creditor believes they would be unable to convince a court of the debtor's liability.

To request a write-off or a waiver, put the request in writing, explaining the reasons for the request and providing details of your financial circumstances. If requesting a write-off for a defined period, clearly request the time period required.

Waiver and write-off of government debts and the processes of applying are dependant on law and policy of each department. Check with the relevant department about eligibility criteria and application processes.

### Offer in Writing

In many cases it is necessary to put an offer of payment in writing. This creates a record for future reference and is important when you are not overly familiar with the creditor and the request has to go to another person for a decision.

When you write explain the following:

- ✓ A brief description of why you can't pay in full
- ✓ Your current source of income and the level of stability of any employment
- ✓ That you have carefully prepared a budget to ensure the offer is realistic
- ✓ What other major debts you have
- ✓ How you wish to pay the debt and how long this will take, and
- ✓ That your financial circumstances will be reviewed at a set date (eg: if unemployed then in three months, if studying then at the end of the course or semester).

*Writing a letter allows you to explain your situation clearly without the risk of becoming upset on the phone or being interrupted by questions and forgetting what you wanted to say.*

*An example of a letter of offer*

Jennifer Hart  
29 Sussex Street  
EAST VICTORIA PARK WA 6112

“Without prejudice”

28 April 2005

J&K Clarke Industries  
12a Coopers Lane  
COOPER NSW 2345

Dear Mr Clarke

**Re: Account number WA2005 12345**  
**Current balance: \$660.00**

I refer to the above account with you held in the name of (name of account) and wish to make an offer of payment.

In November of last year I was made redundant from my position of (previous employment) and my only income has been Newstart Allowance from Centrelink since then.

I have attached an Income and Expenditure Statement and a Statement of Assets and Liabilities showing my current financial position, including my other debts. I wish to pay this debt as quickly as possible and thank you for your patience in this matter.

I am able to access a Centrelink Advance payment of \$500.00. I offer to send you this as part payment of the debt and pay the balance at a rate of \$20.00 per fortnight. If accepted, the final payment would be made within four months.

Please contact me to advise if this offer is acceptable to you.

Yours faithfully,

Jennifer Hart

## Dealing with Specific Creditors -

### Utilities

As the failing to pay power, water and phone accounts can have significant consequences, it is important to organise these quickly.

### Current Accounts

The aim of negotiating a payment of an electricity account is to keep the power on without the debt getting any bigger and eventually getting the bill paid. The credit staff are not going to accept any debt payment arrangement that ends up with a larger debt. The best arrangement is one that has a dual payment arrangement, keeping future bills paid by fortnightly payments via Centrepay or b-pay plus additional payments that pay off the old debt within a reasonable time depending on the budget and the size of the debt.

*For more information contact the Financial  
Counsellors  
Resource Project (FCRP)  
Phone 08 9221 9411  
or the Western Australian Council of Social  
Services  
(WACOSS)  
Phone 08 9420 7222*

### Hardship Policies and Protocols

Financial Counsellors and Emergency Relief agencies have negotiated 'protocol' documents with Synergy, Alinta Gas and the Water Corporation. These documents outline what will happen when a debtor seeks assistance from a financial counsellor or emergency relief agency. They may include an extension of recovery action where a debtor needs to make an appointment to see a worker, and a commitment to work together to achieve the best outcome for the debtor.

*Some rights of customers are not protected in Utility Protocols if a debtor has a bad payment history.*

Synergy is required by law to have a financial hardship policy. This has been prepared with significant input from financial

counsellors and emergency relief agencies. As this is only being introduced it will be open to interpretation and many details will need to be worked out over the next few months. Contact Synergy to request a copy of the policy.

## Dealing with Specific Creditors -

### Centrelink

Centrelink debts are regulated by the *Social Security Act* and the *Family Assistance Act*. Most Centrelink debts are overpayments which have occurred by Centrelink having made payments to which the customer was not entitled or at a rate to which they were not entitled.

### Notification

A customer will be advised in writing that they have been overpaid and will be asked to repay the debt usually within 14 days. In most cases this is not possible so the customer is required to contact the person who made the decision within 14 days to organise repayments. If the customer does nothing Centrelink will commence recovery of the debt by withholding part of the customer's current payment. Centrelink refer to this fortnightly deduction as 'withholdings'.

### Negotiating Payment

If the customer agrees that they have been overpaid and that the debt amount is correct they need to determine if they can afford having that amount deducted from their payment each fortnight. If they can't manage that amount they need to contact Centrelink to advise them of this and ask to have the *withholdings reduced*. Centrelink will send them a form to be completed which includes a brief income and expenditure statement and an alternative fortnightly repayment offer.

### Appealing the Debt

If the customer does not agree with the existence of the debt or the amount owed they can appeal the decision to raise the debt. Instructions on how to commence this process are printed on the back of the debt notice. The customer must first contact the person who made the decision (referred to as *the Original Decision Maker, or ODM*) and ask for a review of the decision. This is best done in writing detailing why the customer thinks the decision is wrong. If the ODM does not change his/her decision to the customer's satisfaction, the customer can appeal to an *Authorised Review Officer (ARO)* who works in a different office and has had no previous involvement in the case.

If this is not successful the customer can appeal to the *Social Security Appeals Tribunal* and then to the *Administrative Appeals Tribunal* and even the *Federal Court*.

### **Advice and Advocacy**

Advice should be sought from a *Welfare Rights Advocate* or a solicitor before commencing this process. In Western Australia, Welfare Rights Advocates can be found in some Community Legal Centres in Perth.

*For information on where to find a Welfare Rights Advocate, contact the Welfare Rights Advocacy Service of the national Welfare Rights website [www.welfarerights.org.au](http://www.welfarerights.org.au)*

## **Dealing with Specific Creditors -**

### **Fines Enforcement Registry**

The Fines Enforcement Registry (FER) is a state government organisation that collects the payments of fines and infringements issued by state and local government organisations including traffic infringements, local government parking infringements and court fines.

### **Infringements**

If a prosecuting authority such as the police or local council receives no payment after the issue of an infringement notice and a subsequent a final demand, the matter is referred to the Fines Enforcement Registry and a court order is issued.

*At this point you can within 28 days either pay or elect to have the matter referred to a court of petty sessions.*

If no action is taken and no payment received, a notice of intention to suspend a driver's and/or vehicle licence will be issued. After a further 28 days a suspension of driver's and/or vehicle licence will be issued.

### **Court Fines**

Collection of court fines are different. When you are fined by a court in Western Australia, you must pay the amount in full within 28 days.

You can do this by making full payment or by making arrangements with the court for an approved time-to-pay system. Applications for time-to-pay arrangements must be lodged within 28 days of receiving the fine.

If you fail to pay or fail to make other arrangements with the court within 28 days the court refers the matter to the Fines Enforcement Registry.

The Fines Enforcement Registry issues a notice of intention to suspend drivers and/or vehicle licence. If no payment is received after 28 days the debtor's drivers and/or vehicle licence will be suspended until the amount is paid in full.

If the fine is not paid after six months, a warrant of execution for seizure and sale of goods will be issued. If there are no goods to seize and sell, a work and development order (community work) will be issued. If the work and development order is not accepted or not complied with, a warrant of commitment for imprisonment will be issued.

*(Dept of Justice website [www.justice.wa.gov.au](http://www.justice.wa.gov.au))*

*Each additional action by the Fines Enforcement Registry incurs further fees.*

### Things to note when you have to pay a fine:

**Centrepay:** Fines paid to the Fines Enforcement Registry can be paid through Centrepay.

**Licence Suspension:** As discussed above, fines not paid on time lead to the suspension of the debtor's driver's or motor vehicle licence. Making a payment arrangement does not lift the suspension. The suspension will still be in place until the fine is paid.

**Extraordinary Driver's Licence:** A person with a suspended driver's

licence can apply to the court for an extraordinary licence if they need their driver's licence for a specific reason that meets licensing criteria such as having to get to work or medical appointments. However this option is not available to those under a Fine Suspension.

**Bankruptcy:** Fines can not be extinguished by the debtor petitioning for bankruptcy. They will still need to be paid.

***You are never the only one in this situation...***

You or someone you care about may need to get help to sort out their debts. A person hiding their financial situation may do some of the following:

- Drop out of sporting activities,
- Fail to attend birthday parties or social activities,
- Call in work sick,
- Miss booked appointments,
- Appear withdrawn, anxious or tired, or
- Experience marital conflict,

Their children might appear hungry, or miss school because they have no petrol, bus money or lunch. If you notice this and suspect financial crisis it is important the family be encouraged to get some confidential information and support from a financial counsellor or emergency relief worker.

There are many places to find information about local services. Here are some main contact numbers, but there are services in many locations in Western Australia and the rest of the country. *If these places can't help you, they will know who can.*

**Financial Counselling Services**

The **Financial Counsellors Resource Project (FCRP)** in Perth provides contact details of all community based financial counsellors in Western Australia.

You can call FCRP on 9221 9411. This information is also available on their web site [www.fcrp.org.au](http://www.fcrp.org.au).

The **Financial Counsellors Association of Western Australia (FCAWA)** is the state peak body for Financial Counselling issues in Western Australia. Information on their website includes fact sheets and contacts as well as training opportunities. You don't need to be a member to access training.

**Look up FCAWA at**  
**[www.financialcounsellors.org](http://www.financialcounsellors.org)**

## Information Feature

### What is Financial Counselling?

“The financial counsellor provides information, options, support and advocacy for individuals, families and groups of consumers and can explore, develop and implement strategies for redressing credit issues.”  
(Australian Financial Counsellors and Consumer Credit Reform Association)

### How are the services funded in WA?

- ✓ WA State Government Department for Communities
- ✓ Commonwealth Department of Family and Community Services
- ✓ Local Government
- ✓ Additional fundraising by employer organisation

### Where are they located?

Throughout WA from Esperance to Kununurra  
In some Community Legal Centres, non-profit community agencies, local governments, church organisations.

### What can they do?

- ✓ Assess the debt situation
- ✓ Research legal issues
- ✓ Discuss rights and responsibilities of the debtor, the creditor and other third parties such as the bailiff, debt collectors etc.
- ✓ Prepare a budget and teach the client to maintain it
- ✓ Present options and discuss pros and cons of each alternative including bankruptcy and court processes
- ✓ Support the client to self-advocate
- ✓ Advocate where required on behalf of the client
- ✓ Identify other support needs and refer as appropriate

Information you give them will remain confidential and no personal details are given to the government departments funding the service.

### What do they expect the client to do?

- ✓ Be honest and forthcoming
- ✓ Make decisions according to what is best for themselves and their family
- ✓ Follow through with agreed actions

**Legal Aid Western Australia** can provide information advice and other legal help through a number of formats:

- Telephone information and advice,
- Community education,
- Kits, publications and website,
- Minor assistance to write letters and prepare documents etc,
- Legal representation by staff lawyers or private lawyers.

Eligibility criteria apply to those seeking representation.

Legal Aid can provide specialist assistance in Child Support, Domestic Violence and immigration matters.

Contact Legal Aid WA by  
telephone 1300 650 579 or on  
the web at  
[www.legalaid.wa.gov.au](http://www.legalaid.wa.gov.au)

### **Community Legal Centres Association (WA) Inc**

Community Legal Centres provide free advice on particular legal and social matters to those members of the community who are unable to afford private advice. They are each independent and funded to provide different services. Many are funded to provide advice in their local area and other specialist services provide advice on specific areas of law. Services often have strict eligibility criteria and are not available to everyone.

Community Legal  
Centres Association  
(WA)  
Telephone  
9221 9322  
or visit the national  
website  
[www.nacl.org.au](http://www.nacl.org.au)

### **Law Access**

Law Access is a service of *The Law Society of Western Australia*. Law Access offers 15 minute appointments with a Shopfront Lawyer to obtain general legal advice. Appointment times are available Monday, Tuesday, Thursday & Friday 8.35am - 4.20pm and a booking fee of \$25 applies. The shopfront lawyer may refer you to a private lawyer, Legal Aid, or in certain circumstances may refer you to a 'pro-bono' Law Access lawyer who will assist you free of charge.

Law Access  
Telephone  
9322 4911

Law Access also has a register of private lawyers in WA and the area in which they specialise.

### **Welfare Rights**

The **National Welfare Rights Network (NWRN)** provides free and independent information, advice and representation about Social Security law and its administration. NWRN member organisations operate

Welfare Rights Advocacy  
Service  
Telephone 9328 1751 or  
visit the national website  
[www.welfarerights.org.au](http://www.welfarerights.org.au)

in all states and territories of Australia and consist of specialist community legal centres and services and individual advocates. They are independent of Centrelink and all government departments.

## Bankruptcy

The **Insolvency and Trustee Service Australia (ITSA)** is the Commonwealth Government agency responsible for the administration and regulation of the personal insolvency system in Australia (bankruptcy). ITSA manages the bankruptcies of almost all low-income consumer bankrupts as well as keeping records of debt agreements as per bankruptcy law.

ITSA can provide to consumers considering bankruptcy information about how to petition for bankruptcy, their legal rights and obligations as a bankrupt and the paper work that will need to be completed. Before petitioning for bankruptcy ITSA encourages people to seek advice from a financial counsellor and provides in the information pack a contact list of financial counsellors in WA.

**ITSA**  
**Telephone**  
**1300 364 785**  
**or on the web at**  
**[www.itsa.gov.au](http://www.itsa.gov.au)**

## Consumer Protection

The **Department for Consumer and Employment Protection** provides information and assistance to both consumers and traders in the areas of consumer protection and fair trading, tenancy and other consumer related matters. It can assist to resolve complaints and prosecute traders acting illegally. The department produces lots of resources to assist consumers to make good spending decisions, including funding this book!

**Contact DoCEP by phone on the web at [www.docep.wa.gov.au](http://www.docep.wa.gov.au)**

<b>Perth:</b>	<b>1300 304054 (Consumer Protection)</b>	<b>Albany:</b>	<b>9842 8366</b>
	<b>1300 655 266 (Wageline)</b>	<b>Bunbury:</b>	<b>9722 2888</b>
	<b>9327 8777 (Worksafe)</b>	<b>Geraldton:</b>	<b>9964 6544</b>
		<b>Kalgoorlie:</b>	<b>9021 5966</b>
		<b>Karratha:</b>	<b>9185 0900</b>

## Australian Securities and Investments Commission

ASIC provides a myriad of information and consumer warnings on all sorts of finance, insurance and superannuation matters. You could spend all day on this site!

**Check out**  
**[www.fido.asic.gov.au](http://www.fido.asic.gov.au)**

## Information about Services in My Area

<b>Service Name and Worker's Name</b>	<b>Address and Phone Numbers</b>
Financial Counsellor	
Community Legal Centre	
Department for Community Development	
Department of Consumer and Employment Protection	
Department of Housing and Works (Homeswest)	





# *My Money Book*

**Don't know where your money goes each week?**

**Have trouble making it to the end of pay week without the credit card?**

**Are your debts getting bigger?**

Use this book and you should be able to budget your money and plan your payments at a level you can afford.



*This book includes:*

- *Preparing a budget*
- *Taking action to reduce your debt*
- *How to talk to people you owe money to*
- *Where to get help in WA*



29 Sussex Street  
(Locked Bag 2)  
East Victoria Park  
Western Australia 6101  
[www.sscls.asn.au](http://www.sscls.asn.au)



Department of Consumer  
and Employment Protection  
Government of Western Australia

Produced with funding provided  
by WA Consumer Credit Grants

*Taking Care of My Money, Every Day*