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# The Marketing of Credit to New Zealanders

## A Topline Report

April 2008

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Prepared by:

• **point**research



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## 1 Purpose

The purpose of this survey is to determine the type of credit New Zealanders have, whether they are being offered unsolicited credit and how easy it is to cancel credit.

In addition to finding out whether respondents had credit cards and arrangements with hire purchase companies, they were asked who they had credit cards and credit arrangements with, and whether they generally pay off credit on time.

Lastly, respondents were given an optional section on house prices and mortgage interest rates, in particular questions around tenure, house buying intentions, the value of their mortgage as a percentage of house value, the percentage of income of any mortgage repayments, and about rental properties.

## 2 Methodology

Respondents to this survey were sourced from two online research panels; the first a mainstream panel of New Zealanders, across the demographic spectrum called Buzz.ThePeople and the second, a Youth focused online research panel called BuzzStop. 63 people (or 1.5% of completed responses) came into the survey through the website rather than from one of the two Buzz research panels.

The study was designed by Buzz Channel Ltd, an on-line technology company that provides research and public consultation tools and services.

A total of 5,677 people entered the survey, with 4,626 completing the survey.

The theoretical margin of error is +/- 1.5%.<sup>1</sup>

The results have been weighted on personal data, using Statistics New Zealand data, to match and better represent the population.

The coding of open ended responses is indicative only as it uses search based coding techniques.

## 3 Credit

### People and Finances

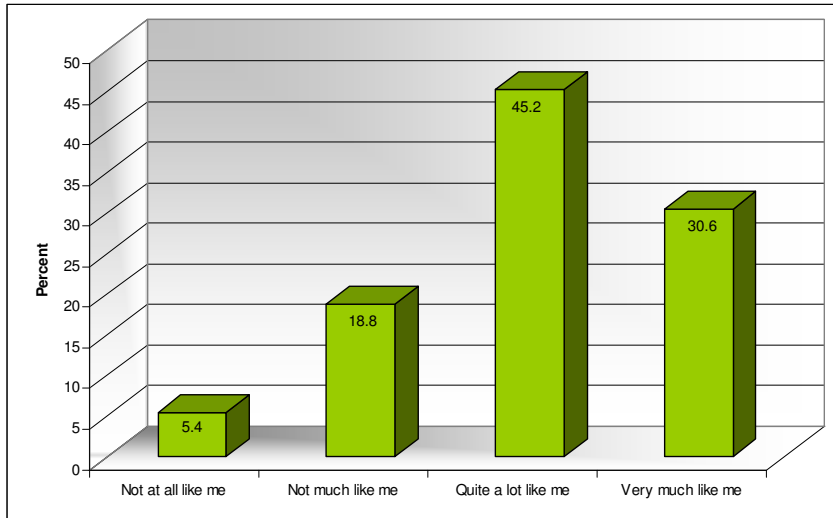
Although some respondents are well organised, rarely use credit and don't have a problem with debt or credit, there is a small group for whom credit card debt appears to be an issue.

Around one-quarter (24.2%) of the respondents are not particularly well-organised nor plan their commitments to stay within their income.

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<sup>1</sup> The margin of error has been calculated at the 95% confidence level.

**Figure 1: I am well organised with my finances and plan my commitments to stay within my income**

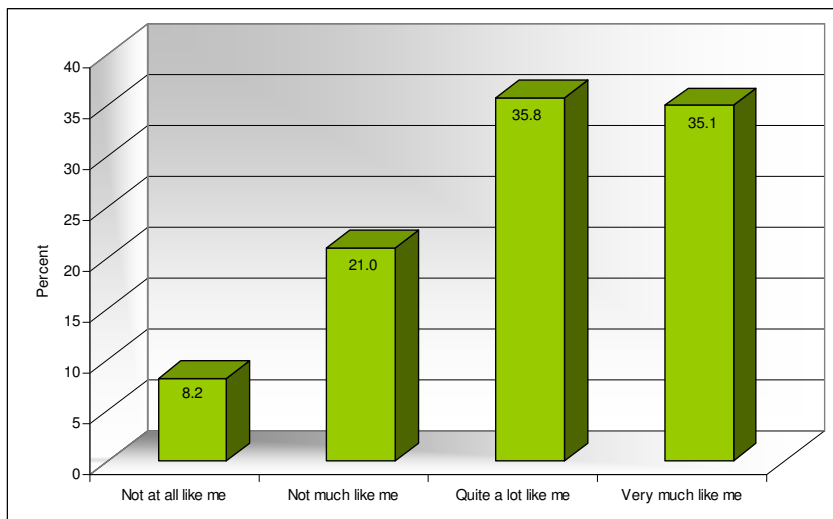


n=4498

***Use of credit***

Over one-quarter (29.2%) appear to have used credit to pay their bills.

**Figure 2: I rarely have to use credit as I can usually pay my bills from my income**

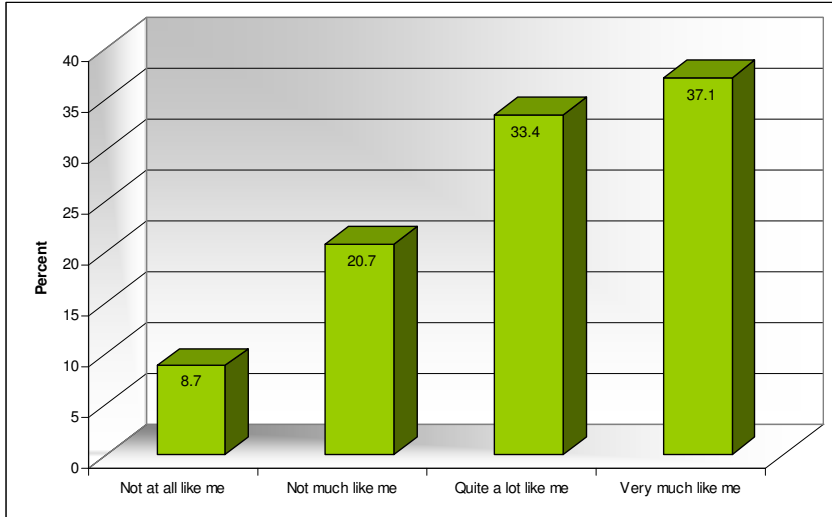


n=4497

**Problems with debt**

Similarly, 29.5% indicate that they have a problem with debt or the use of their credit card.

**Figure 3: I don't have a problem with debt or my use of credit cards**

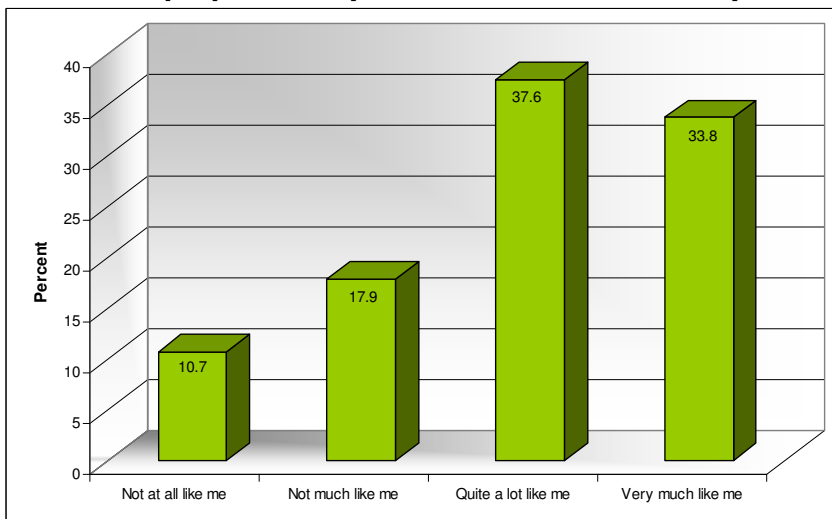


n=4497

**Better off**

Although most respondents felt that they were quite a lot better (37.6%) or very much better off (33.8%) than they were two years ago, over one-quarter did not appear to feel this way (28.6%).

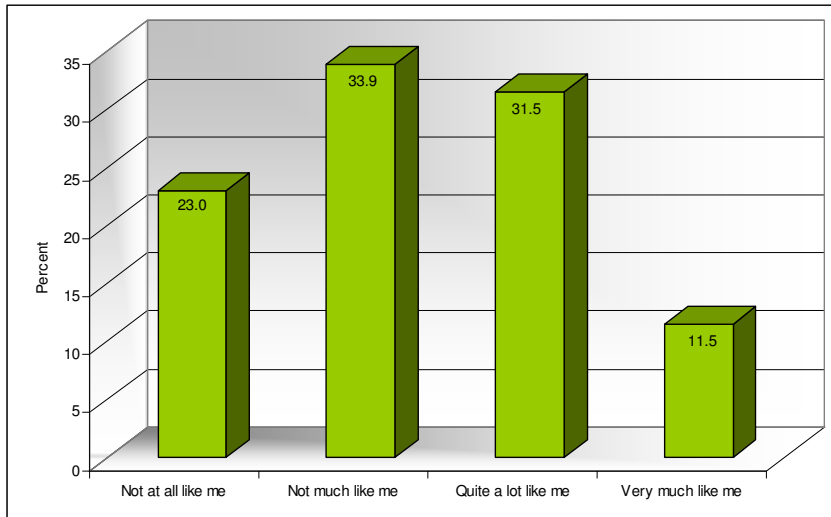
**Figure 4: I'm the same or better off than 2 years ago i.e. my assets and income are proportionally the same or more than my debts**



## Money worries

Over half of the respondents (57%) appear to worry about their money situation.

**Figure 5: I hardly ever worry about my money situation**



n=4498

## Main financial difficulties

### **What are the main things that are making life difficult for you with regard to your finances?**

Most respondents are struggling with increased costs of living such as food and petrol and interest rates plus paying off accumulated debt.

Essentially, these people can be broken down into one of two categories:

- Those who are struggling due to external circumstances outside their control (e.g. divorce/ injury/ illness/ redundancy/ retirement)
- Those who are struggling as they spend more than they earn. Some of this is because they, or their partner "can't stop shopping", or they put holidays on the credit card etc.

*"We are finding that the noose is closing around our necks, I took on a second job and for a little while it was easier then it's as if I need another job or need to get better paying jobs as everything has gone up. Luckily we have only been in our fixed 5yr term mortgage for just over a year (which we hope will be a blessing) we don't over commit our finances but with larger bills creeping up and up and food so expensive it is having a big affect on us. Our health suffers because we can only afford certain foods which we had tried to avoid (i.e. bread) but as it is cheaper to buy the wrong foods it hinders the good eating habits although, we still try. We don't socialise as much because although we usually visited friends homes, we now try to visit at least only in the weekends if the money allows us enough to splurge for extra petrol costs. We are not gamblers, nor heavy drinkers (we do partake now and again but buy from shop rather than go out) and drink at home when we do. My partner is a smoker who has cut down and I am the one with the weight problem that I am fighting to keep control of and which despite some exercise am finding the weight is slowing getting more. The weight is causing a catch 22 because I have other health issues that are compounded because of the weight... I can not even join a super scheme as I have to hold on to every cent I earn in order to survive the basics with the occasional treat (which is dependant on how much money is spare at the time)."*

*"Debt from when I was a full time student. I was offered interest free overdrafts and a \$4k credit card while I was studying, and only earning \$200 a week which all went into living costs. 8 years out of Uni and I'm still paying it off, it's a myth that Uni degrees will get you better paid jobs, and I still live pay cheque to pay cheque. Some of it admittedly is my own fault, but when credit is so easily obtained and you get into the habit of relying on it, it is a very hard hole to climb out of."*

*"Getting on top of my credit card debt is hard and the bank has upped my available credit limit without asking so I am now in more debt than I thought. Increasing cost of living with regard to necessities i.e. petrol for transport to/from work, food, rent and utilities bills while pay rates stay at about the same level and do not increase in step with actual real expense increases."*

**Type of Credit**

The most common form of credit that respondents had was credit cards (68.9%).

**Figure 6: What kind of credit do you have?**

	Percent
Mortgage	33.5
Revolving credit mortgage	10.9
Personal loan	20.0
Hire purchases or deferred payments	27.3
Credit cards	68.9
Student loan	31.1
Loan from family or friends	16.2

**Credit institutions**

Respondents were asked the kind of institution that they had credit with. For non-bank lending institutions this could be small home loan companies, money lenders, companies that sit behind retailers when you take up 'buy now, pay later' offers or companies that offer their own brand credit cards.

**Figure 6: What kind of institution?**

	Percent
A bank e.g. for a mortgage, credit card, personal loan etc.	76.0
A non-bank lending institution e.g. for a mortgage, credit	25.0
A store card	22.3
The Government e.g. student loans	28.7
Other institutions	6.0

### **Number of Credit Cards**

Over one-third of the respondents had two or more credit cards.

**Figure 7: Number of credit cards**

	Percent	Cumulative Percent
None	19.5	19.5
1 credit card	43.6	63.1
2 credit cards	25.8	88.9
3 credit cards	7.2	96.1
More than 3	3.9	100.0
Total	(n)4110	100

### **Credit card payments**

Many of the respondents are paying interest on their cards on a regular basis.

Only half of the respondents (52%) pay off their credit cards on time so they don't incur interest charges. Almost one-third seldom or never pay off the interest charges.

**Figure 8: Which statement most closely matches your situation?**

	Percent
I generally pay off my credit card(s) on time so don't incur interest charges.	52.0
I sometimes pay off my credit card(s) in full but sometimes do incur interest charges	16.7
I often don't pay my card(s) off in full and often incur the interest charges	17.2
I never pay off my cards and always have interest charges	14.1

### **What stops us paying off our card?**

Although most of us know that we should pay it off in full every month, many of us don't. The reasons varied:

*"I use the card because I underestimate how much money I'll need for basics each fortnight – for petrol(!) food, etc and don't leave enough balance in my current account. I pay for things on my credit card then pay it back from my savings account (mostly!) I don't have the sort of savings account I can use via EFTPOS because that would be my preferred option. That's a good idea - I might be able to change to another type of account."*

"I was 18 when I got it and at first was paying it in full, then I was putting every purchase I could on it to accumulate reward points with the intention of paying it in full every month. Needless to say I didn't and the debt just kept escalating. It was so easy to just 'put it on the credit card'. Now I am chipping away at the debt."

"I have a wife and six kids and am self employed. Just trying to make it day-to-day is a challenge, paying for milk, bread etc. so paying off my credit card is low in my priorities - I do manage to pay the minimum payments each month."

"Due to the debt getting out of control due to a period of time I didn't have a job I borrowed money off one card to pay the other. Now my payments are higher than my income."

## Card Interest Rates

Only one-quarter of the respondents said that they knew how much interest and fees they were paying, although half said that they had a good idea. This left just under one-quarter (22.7%) who were not really sure.

**Figure 9: Do you know what interest rates and fees you pay for your credit cards?**

	Percent
No, not really	22.7
Yes, I have a general idea	54.9
Yes, I do know	22.4

Despite the existence of low interest rate or 'light' credit cards, most respondents thought that they were paying 15% or more in interest on their cards.

**Figure 10: What interest rate per annum are you paying on your credit card with the highest interest rate?**

	Percent
Less than 5%	3.0
From 5 and up to 10%	4.1
From 10% and up to 15%	19.0
From 15% and up to 20%	40.7
From 20% and up to 25%	32.5
25% or more	0.7

### Types of Card

Visa was the most common brand of credit card in the respondents' wallets.

**Figure 11: Which brands of credit card**

	Percent
American Express	5.8
Diners	1.0
MasterCard	30.5
Visa	52.6
Other	5.1

### Unsolicited Credit

Over half of the respondents (55%) said that in the past year, they had been offered an extension of credit that they hadn't actually asked for.

Although those working and on higher incomes were most likely to have been offered credit, young people, students, and unemployed had also been offered unsolicited credit.

Those aged 36 to 65 were most likely to report having been offered credit. Almost half of those 18 to 25 years had been offered a new credit card or extension, along with 17.5% of those aged 18 years and under.

Those working full-time or in unpaid work (62%) were most likely to be offered credit, however one-third of students (37%) and almost half of those unemployed (43.8%) had been offered this.

Overall, those on high incomes were likely to have been offered more credit, however 47.2% of those earning less than \$20,000 had also been offered this facility.

**Figure 12: In the past 12 months, have you been offered a new credit card or an extension of credit that you didn't actually ask for?**

	Percent
Yes	55.0
No	37.9
I can't remember	7.0

N=4502

In all, respondents had 39 companies competing for their debt. Of the 2564 respondents, 1035 had been approached by **American Express**, either via mail, phone call or in person in places such as shopping malls and airports. At least 65 respondents had been approached more than once.

Of the banks, **Westpac Bank** was mentioned most frequently (352). Most of these respondents had been given unsolicited credit limit increases, although others (particularly students) had been offered credit cards as part of a banking package. The other “main” banks also featured prominently, again primarily through unsolicited credit limit increases.

**GE Finance** was the most frequently mentioned finance company (168). Respondents were typically offered pre-approved personal loans or increased credit limits on existing GE Money accounts. They were described by one respondent as “incessant”.

Store cards were also popular, with both **the Warehouse** (50) and **Farmers** (52) offering respondents credit cards or increases to credit limits.

**Figure 13: Banks**

	Frequency
Westpac Bank	352
National Bank	277
ASB	245
Bank of New Zealand	221
ANZ	210
Kiwi Bank	116
Citibank	2
Trustbank	1
Raboplus	1
Commonwealth Bank	1

**Figure 14: Other Institutions**

	Frequency
American express/Amex	1035
GE Finance / GE Money	168
Diners Club	61
Warehouse	52
Farmers Card	50
AA	43

Q card	20
Pacific Retail Finance	16

Table only includes institutions mentioned by 10 or more respondents.

### **Types of Unsolicited Credit**

A number of respondents have been made unsolicited offers of credit. Although 89% said that they had not taken up the offer, 9% said that they had.

Just under one-third (32.1%) of respondents had their credit limit increased or were offered an extension to existing their credit.

At least 76 people (2.9%) stated that they were offered new cards, however the actual number is likely to be a lot higher, as most respondents did not indicate whether the credit they were being offered was "new". <sup>[1]</sup>

At least 50 people (1.95%) were offered personal loans. GE Money was the most frequently mentioned company offering this facility amongst these respondents.

<sup>[1]</sup> As an example, an analysis of the respondents' answers for American Express shows that only 7 indicate they were offered a credit increase. It appears from this that the remaining 1028 (or 40.1%) were, in fact, offered new cards.

### **Credit Offers**

Many respondents were not given a choice regarding the extended credit – it was simply given to them 'automatically'. For some, this has lead to disastrous financial consequences. Stories include:

*"Credit limits put up without being requested -this is the most annoying one - led to us cancelling ANZ Visa cards. Our BNZ MasterCard does the same thing - we took it for \$1,500 and now it's showing \$8,000. My daughter took a credit card from ANZ with a \$500 limit for a trip - in case of emergency. Ended up with them increasing her credit limit to \$5,000!!!! Yes, that's FIVE THOUSAND!!! Her unscrupulous (now ex-) boyfriend used all the credit and left her with the debt (which climbed easily to over \$8,000 with interest and before she could settle)."*

*"To automatically increase my credit limit to \$10,000 and I had to opt out of it happening."*

*"Extending the credit on the Visa card I had as a student which I don't use anymore, which is attached to a bank account which I don't use any more, so there is absolutely no income coming into the account...!!! This was the National Bank."*

*"Not even asked - bank just sent a letter saying credit limit had been extended - very cheeky."*

*"I had a loan with GE Finance for a while and they sent me a credit card with a limit of \$20,000."*

*"GE Money - constantly try to get me to borrow money with 'pre-approved' loans of up to \$10,000."*

*"Westpac increased it to \$3,000 without my knowledge as I misread the note they sent - I thought it said if I did not respond they would not increase - but I had to say no."*

"GE Money, we paid in full Personal Loan they phoned and offered us more money - go figure."

### How hard is it to cancel credit?

Cancelling credit appears to be far more difficult than accessing it.

We asked the respondents if they had ever tried to cancel credit in the past. Many of the respondents had tried to pay off a hire purchase (37.5%) or loan (37%) early or to cancel a credit card (25.3%).

**Figure 13: Have you ever tried to do any of these in the past?**

	Percent
Cancel a credit card	25.3
Reduce your credit card limit	22.9
Cancel a line of credit	9.5
Reduce a credit limit	22.9
Pay off a loan early	37.0
Pay off a Hire Purchase early	37.5
None of the above	37.7

Two thirds of respondents (66.2%) who have tried to cancel their credit indicated they encountered little or no problem doing so. The remaining third, however (874) people (or 32.8%) encountered significant difficulties, such as being required to justify their decision to one or more people, having to complete excess amounts of paperwork (when all it took to establish the account was a phone call), to be told that it was "impossible" to cancel their account, or they incurred early payment fees.

Some credit companies appear to be desperate to hold on to their customers:

*"Yes the bank offered to pay me \$50 to keep going with my credit card. The teller got on the phone to a manager and they tried to bargain with me. I got persuaded and she put the \$50 into my account, then I changed my mind and decided I did want to cancel. They had already put the \$50 into my account, so they had to just give me the money."*

The biggest problem for people trying to close accounts was the "hassle" - which was experienced by 233 respondents. GE Finance, American Express and Farmers cards were commonly alluded to by participants as being particularly difficult to get rid of, however most credit companies received a mention:

*"Very difficult to pay off my ASB credit card. Every time I made what I thought was my last payment I would get some kind of fee which would keep it open and would have to go back in to pay it again. Took me 5 goes to pay the 'final' balance."*

*"Diners refused to cancel the card until I had cancelled a recurring Insurance premium payment with the insurance company, who wouldn't cancel till I had cancelled Diners!! A mention of legal action got results from the Insurance Company!!!"*

*"It took 3 years to cancel the credit card! Computer glitch..."*

*"It was harder to pay off the HP early than to start it in the first place"*

*"Only once with a HP though a finance company - they closed the account then told me that I could still borrow that money again and at a higher interest rate. Once I made it perfectly clear that I didnt want that they then 'pissed' around with the closing of the account and trying to make me pay a 5c balance and then ended up refunding me 1c - what am I supposed to do with that?"*

*"The bank could not understand why I wanted to cancel the credit card and tried to use fear-based tactics to make me keep it....(e.g.) I might need it in the future, there could be something important, a trip, a death in the family, a crisis somewhere where this card will be what I really need. (When) I reduced my credit limit they did not seem to care. Every couple of years they put it up anyway so it is only a temporary setback for them."*

*"Told it will take at least two days to reduce my credit limit, and had to give a valid reason why I wanted it reduced and yet only took a phone call to increase my credit amount."*

*"Very difficult to cancel an Amex card we had. Took several phone calls and letters before it was finally done. When I closed my ANZ Visa - they kept trying to make me keep it and even when I was in the branch they made me take a phone call from their credit division asking why I was closing the card etc."*

*"I was told that early loan repayments are 'too difficult' to administer and they wouldn't accept the money from me. Also have a personal loan with The National Bank. Totally impossible to increase the payment amount without speaking to 'my account manager' who changes on what seems to be a daily basis and is generally 'unavailable'. The bank unilaterally moved my repayment date forward by three days which caused my account to go into overdraft then refused to waive the payment penalties, even though they have been unable to provide evidence that they had authorisation to move the dates."*

*"When I tried to cancel a joint credit card or take my name off the account, the bank told me I had to get signed permission from the other person (my ex) even though the balance had been cleared to \$0. My ex at the time was in another country and still had access to this credit card. He refused to sign the papers (it was a nasty breakup) resulting in more debt for me."*

*"The Bank (Westpac) was so unhelpful and wouldn't even freeze the account, or note my situation down. They just ignored it and chased me for money that my ex had racked up on the card. Never going near that bank again. Worst customer service ever!"*

*"Cancelling a credit card was very time consuming and took approx 5 phone calls to do it, it was not until I got very crabby about it that it actually happened. It took about 6 months also."*

*"The bank (National Bank at the time) made it very hard to reduce my credit limit. I had to fill in several forms at a branch to do it. Cancelling the card was also difficult - requiring an interview with a staff member and half an hour to do so. They had offered me automatic credit increases repeatedly that I had to opt out of accepting and it was time consuming and difficult to opt out."*

Many of the same names keep coming up:

### **GE Finance:**

*"Yes when I wanted to close my account and cut up my card with GE Finance, the guy told me that it would be easier to keep my card even if it was a zero balance because if I needed it then it would take too long to re-open an account. When I said that I still wanted it closed, he said he would waive the annual credit card fee so that it would cost me nothing to keep it open. When I still insisted on closing it, he got angry and said 'fine then'. For the next two months I still received statements showing a zero balance so I rang them and the guy hadn't*

*closed the account!!! I was so wild, I explained to the latest person what had happened and he apologised for the other man's behaviour."*

*"Yes when we paid off our account with GE Finance we had months of trouble with them, they sent us letters saying we still owed them money and constant phone calls from them. We would be told it was all sorted then, we would get more phone calls and letters. We wrote to them emailed them and phoned them to cancel our account and now we still get letters from them offering to loan us money."*

*"GE finance - took a long time to work out the final balance so I could pay it off, firstly unable to find me as a customer even with a customer number and then after it was paid off it took 5 phonecalls to get them to take me off their mailing list!"*

### **Farmers:**

Some respondents found it extremely difficult to cancel their Farmers card, with at least three being told that it was impossible to do.

*"When I tried to lower my Farmers card limit about 4 years ago, I was told rudely that I wasn't allowed!"*

*"Yes the company that handled my credit card for Farmers Trading would not cancel my credit in-store card ... this made it easy to carry on using it when the mood took me... I would have been much happier if it had been no longer available as I had first requested... as time past the amount on my card grew... I managed okay until I started to study... I just could not meet the amount due each month and the interest then was about 19%."*

*"Yes, Farmers Card was difficult - in the end I just cancelled it."*

*"YES! It took me about 4 months to cancel a Farmers card. They kept sending me statements that showed I still had credit available and I kept being charged interest on it!! Took me phone call after phone to get them to write me a letter stating that the cards had been actually cancelled. One of them said I had life insurance payments coming off the card and I would have to contact the insurance company direct to cancel it but they couldn't tell me who the insurance company was!!"*

*"No resistance, but it was a Farmers card and within two months they had automatically increased my credit limit to more than what it was when I had asked them to reduce it. I no longer have a Farmers card."*

*"Farmers card said 'we don't close accounts' and several months later sent us replacement cards."*

*"Farmers took about 3 years to acknowledge my cancellation of their store card. I still received promotions in that time."*

### **American Express:**

Many customers found it difficult to rid themselves of their American Express card. Most only succeeded because they persisted, and persisted, and persisted...

*"Yes - I recently cancelled American Express and they really tried to resist it - offering me all sorts of things - but ultimately I cancelled anyway."*

*"Yes from American express did not wish to let go but ended up posting all material back to them then ignored all correspondence."*

*"Yes, American Express would rather waive fees than cancel the card."*

*"Yes. American Express would not cancel."*

*"Absolutely! American Express bent over backwards to keep us when we tried to cancel. The first time I tried to cancel by writing a letter and they just ignored it."*

*"American Express - they kept sending me statements with a zero balance on them and then debiting the annual fee, putting me into a debt- it's almost impossible to speak to anyone on their phone lines about it - I just wouldn't pay the fee, kept ringing them and throwing the bills away - and finally sent them the cut up card in the mail and eventually (over a year later) they stopped contacting me."*

*"American Express very difficult to deal with. Took several attempts to cancel the card."*

*"American Express. Couldn't get rid of them! That was the REAL Amex not the one associated with Visa."*

*"I cancelled my American Express card and they were quite persistent. I had to ring again and tell them to stop sending offers."*

*"An American Express salesperson falsified my income and I received a card, which I never used. I rang to complain but they said it was I had signed the application and accepted the card, and suggested I keep it in case of need!! Eventually they started charging me fees and I requested they cancel the account and told them I would not pay the charges. That was months and months ago and they are still mailing me statements trying to get me to pay \$5.00 closing fee, which I will not do. I now return their statement unopened - Return to Sender - but they keep coming....."*

A further 221 had to pay penalty fees to close accounts or pay off hire purchase early.

Respondents who had Hire Purchase agreements on interest free terms were understandably confused as to why paying off their goods early would incur a penalty payment.

*"Yes I have. I have been told that if I paid early I would incur a fee for doing so. We paid off a credit card off with National Bank and closed the account at their request. After it was done we continued to receive bills for it along with charges. They bill keeps increasing as they keep charging us. We still have the letter to tell us the account was closed."*

*"Found an 'early payment fee' which made it detrimental to pay off early in small amounts. e.g. pay an extra \$10 a week on top of weekly payments = additional fee at the end of the loan."*

*"Had a couch on HP at Farmers. Incurred a penalty for forgetting to make a payment although I was paying twice the asked amount every month. My HP was paid off well and truly before it was necessary."*

*"I had a 12 month interest free purchase which I decided to pay off in full early but I was told I would incur penalty charges if I did so. I let it run. It just seemed ridiculous to have to pay a penalty for paying of an interest free loan."*

*"I was told that I could pay off a loan early but that I would be charged a higher interest to do so. When I asked to cancel a credit card that had arrived from my bank unsolicited, I was told that I needed to have it for identification purposes in other branches of the bank."*

*"We paid GE finance back 12 months early, in fact we overpaid them by \$150. It took us more than six weeks to get the money refunded."*

A number of people (160) had to justify their decision – often a lengthy process – to the bank or finance company. Many of these were offered incentives to stay.

*"We went into the bank and they made it very difficult. We couldn't do it until we had spoken to the card people over the phone at the branch, and then they offered that they'd wipe the annual charges... then after we said no and paid it off in full, we continued to get statements showing that we still had the credit available to us."*

*"Yes - cancelled National Bank Visa card - was offered cheaper interest rates, and asked why I wanted to cancel (as they wanted to talk me out of it). In fact they sent me a replacement card about 3 months after account was cancelled!"*

*"American Express. Tried to cancel card over phone but was subjected to intense, emotive hard sell. In the end, chopped the cards up and posted them back with very succinct, to the point letter."*

*"Cancelled my Amex card as did not need it and was phoned by the Head Office of the bank and felt as though I had to explain my actions."*

*"I cancelled an ANZ credit card that I had cut up and paid off and when I went to the bank to close the account the bank teller put me on the phone to a manager and her tried to talk me out of cancelling the card by wiping the interest and account charges for 6 months."*

*"Only when cancelling credit card, and only to be asked several times if we were sure that was what we wanted to do."*

*"Only with the National Bank card. They have a retention team you must speak to before you cancel your card as they try to talk you into keeping it."*

*"The ANZ bank didn't have a form to allow customers to reduce their credit limit. The branch I went to cannibalised a form that increases credit card limits. They commented that no one had ever wanted to reduce their credit limit."*

*"Very much so!! ASB Bank wouldn't take no for an answer and ended up standing there for an hour trying to convince me. It was awful!"*

A further 49 people still continue to get statements, even though they are convinced they have cancelled their cards/accounts:

*"Cancelled Visa credit card (closed account), but bank still honoured transactions against card for up to a year after even though other arrangements had been made for payments or subscriptions had been cancelled. Bank still allowed card to be used (even though it had been destroyed and account closed)."*

*"The store credit facility still kept sending me invoices of nil balance with an increased credit facility."*

*"With one credit card I had a 54c amount, I told them to write it off, keep the money, or even write me a cheque. I got statements for 8 years. This amount of 54c did not build interest, did not decrease due to fees. They even kept sending me a new card every two years. I gave up sending it back cut up. In the end I finally managed to get someone over the phone to close the account, after 8 years."*

*"Yes tried to cancel a Q card - bloody near impossible. They were charging me a annual fee for a card a never asked for or used."*

*"Yes. I paid my credit card off in full and cancelled it, the next month I received a bill saying it was still open and I still owed money on it! I phoned them up and asked what was going on they apologised and reversed the charges and said it would now be closed. The next month the same thing happened! I phoned again and now in 2 weeks I will find out if I receive another bill or not! (BNZ Visa Credit Card)."*

Some people (13) tried hard to reduce their credit card limit, only to find that it was increased again:

*"It took a while to get the credit limit down and a month later they were offering to raise it again."*

*"One credit card I had in the past on a regular every few months I would have to ring them to put the limit back down as it was constantly increasing without my authority."*

*"When trying to reduce credit limit. Limit was increased to double of original limit."*

*"Yes - they allowed me to reduce the credit limit and then put it back up a few months later!"*

## Credit Laws

Almost half of the respondents (45.5%) believe that there should be changes on the laws governing credit cards.

**Figure 14: Do you think that there should be any changes on the laws governing credit cards**

	Percent
Yes, I think there should be some changes	45.5
No, I think the laws are OK as they are	23.4
Don't know	31.1

N=4500

Common responses included:

- Putting an age limit on getting credit cards
- Regulating to ensure that there are no unsolicited offers
- Tightening controls on interest rates
- Stricter controls on the issuing of credit cards

Comments include:

*"Banks shouldn't be allowed to give credit cards without acknowledging proof of ability to repay."*

*"They shouldn't make it so easy to get one, mainly where younger people are concerned. If you don't have the assets to cover your credit card limit, then you shouldn't get one."*

*"The credit card companies need to take a better look at monitoring people and their use of credit cards and limits and have a general idea of how to recognise when people are getting in over their heads and look for the warning signs. They need to be more accountable."*

## 4 Retail Deals

This section is about those great Retail deals where we get to buy something we need now and pay later!

This is specifically about Retail deals that enable you to take things home, but pay for them later (either with the whole payment delayed or with payment in instalments).

Almost one-third of respondents (30.7%) currently had items that they had bought and were paying off either now or would have to pay off in the future.

**Figure 15: Do you currently have any items in your household that you have bought and are paying off now or have to pay for later?**

	Percent
Yes	30.7
No, not now but I have in the past	35.7
No, I never have	32.1
Don't know/Can't remember	1.5

N=4504

Over one-quarter (27.1%) said that their arrangement with the credit company was permanent, i.e. when you pay off the product you bought the credit remains available.

**Figure 16: And is your arrangement with this company a 'permanent credit arrangement ie when you pay off the product you bought, the credit remains available to you, or dies your arrangement automatically finish when the product is paid off?**

	Percent
Its permanent	27.1
It finishes when I pay for the product	43.2
Don't know	21.1
Other	8.6

Many of the respondents (39.4%) indicated that the type of credit arrangement was not clearly explained, with 18.5% stating that it had not been explained at all.

**Figure 17: How clearly was this type of credit arrangement explained to you when you first bought the product?**

	Percent
It wasn't explained at all	18.5
It was explained somewhat	39.4
It was clearly explained	42.1

N=2395

Most felt that this type of credit arrangement was not clearly explained to them (57.9%).

Almost half (48.6%) said that they had received communication from the company with which they have or had in the past had a hire purchase, lease or delayed payment arrangement, offering them additional credit.

**Figure 9: Have you received any communication from a company with which you have the (or have had a) hire purchase, lease or delayed payment arrangement offering you additional credit?**

	Percent
Yes	48.6
No	43.9
Don't know	7.5

N=3061

## 5 Debt Troubles

Many respondents found that debt was just too easy to acquire, and are now in trouble because of it.

*At one stage it was so easy for me to get credit that now I have too much debt and it's quite difficult to stay on top of things - especially as my income hasn't risen in the last 3 years... I wish consolidation was easier to acquire!*

*Credit obtained while I was studying. Personal loans and credit cards aimed at students with super cheap interest rates that weren't able to be repaid at that time. Also a period working for a bank, when I got heaps of credit as part of a staff package.*

*Debt from when I was a full time student. I was offered interest free overdrafts and a \$4k credit card while I was studying, and only earning \$200 a week which all went into living costs. 8 years out of uni and I'm still paying it off, it's a myth that uni degrees will get you better paid jobs, and I still live pay cheque to pay cheque. some of it admittedly is my own fault, but when credit is so easily obtained and you get into the habit of relying on it, it is a very hard hole to climb out of.*

*Firstly we got into a bad situation a number of years ago with our financial situation and ended up with a bad credit rating. Secondly I am a fulltime student and am only eligible to collect the living costs on my student loan as my husband is earning too much for me to be eligible to receive the student allowance. So we have to live from week to week, borrowing off Peter to pay Paul, so to speak. At the end of my studies I will have a huge student loan to repay with no idea how I will accomplish that before I am 65.*

*Getting on top of my credit card debt is hard and the bank has upped my available credit limit without asking so I am now in more debt than I thought. Increasing cost of living with regard to necessities i.e. petrol for transport to/from work, food, rent and utilities bills while pay rates stay at about the same level and do not increase in step with actual real expense increases.*

*Having bad credit from when i was younger and didn't care e.g. baycorp and now with kids i cant hp stuff eg car seats*

*High interest rates, not given enough time to make arrangements and people wanting you to pay their amounts not the amounts you can actually afford*

*Having built up a large credit card debt, even though I am now earning much more money than previously, paying back the credit cards is sucking all my available money.*

*High personal loan amount. Unable to sell car to help pay off loan as it is security for the loan. Feel trapped. Want to get out of debt asap so can purchase home.*

*I have previously been bankrupt and am now discharged. I used to be very bad with credit [hence the bankruptcy] and now cant get any credit at all!*

### **Difficulty coping with the rising cost of living**

Many respondents are struggling with the rising cost of living

*As a single mother with 3 daughters and a grandson at home, I work 72 hours per week average. My rent is half my income, most weeks I can't afford food. I work just to pay debt off and pay rent/power/phone. Inflation rises constantly but my wages do not get reviewed except every 2 years.*

*Between the two of us, our income has remained the same, but living costs are rising and rising - eg petrol, food, power, phone, basically everything we need to buy!! I have been working in a supermarket doing nightfill for over a*

*year and my wage is \$12.72 per hour - the minimum wage is \$12. I knew the pay was bad but this is ridiculous.*

*Cost of food keeps going up. In the last 6 months our shopping bill has gone from \$120 per week to \$180 per week buying the same or less stuff. Cost of petrol to go and from work has gone from \$50 per week to \$80 per week.*

*Everyday expenses (cost of living) increasing much faster than my salary. Starting family - more mouths to feed, bodies to clothe, rooms to heat, Drs visits etc and only one salary while Mum is at home.*

*Everything has gone so expensive in the market like groceries, fuel, meat, fish, vegetable, fruits, transport - everything daily day to day living. Have to feed and look after family. Very limited increase towards salaries. Spending power more than monthly income.*

*everything, things are way too expensive, rent food, clothing etc.....and with my pay it doesn't go far at all, so half the time i end up drinking to stop my worries for another day*

*Expenses outweigh income and getting worse all the time. petrol prices/supermarket shop substantially more expensive than even a year ago. Being on one main income while with small children makes it very difficult - have now got one main income from my husband and I have 3 part time jobs so I can be a full time Mum and we just stay the same each year - difficult to get ahead.*

*General price increases ie. petrol/food etc but no increase in income. Being a single parent makes it hard to save and the price of house is now beyond my reach especially without a partner*

*Not enough income, we really struggle to make ends meet. We make enormous personal sacrifices to pay our bills on time, ie apart from food (and that is very basic) we have nothing left over to live a little. We don't smoke, drink, eat out, have takeaways, go to movies, rarely go out because petrol is too expensive, no holidays, no sports etc for the children, no theme parks etc, everything we buy is second hand including clothing. When we have an unexpected bill we have to sell something.*

### **Using Credit Cards to pay bills**

Some respondents are finding that they are having to use their credit cards to pay bills. Many felt they had little hope of paying these off.

*Being a single parent who works part time and being in the lower income bracket. I don't have any extra usually so have to use credit to pay for any major bills.*

*Cost of living rising and incomes staying the same (at the moment we are on one income with a baby) paying an Auckland mortgage, rates, water, food and petrol, car costs, power, phone everything is just sooo expensive theirs nothing left for us even our house needs repairs we cant afford, most of these 'everyday' bills go onto our credit card and i guess may never get really paid*

*Every time I get close to getting on top of things something goes wrong and I end up struggling and getting more in debt.*

*I am trying to pay off my credit card but am finding it harder and harder to do with a the increase in my rent, petrol and food expenses. Contributing to this is my mortgage on my investment property which i am having to top up as the rent i charge no longer covers my repayments.*

*I use my credit card for most purchases to receive reward points but sometimes do not manage my finances well enough and cannot afford to pay off the whole month's credit card bill when it comes.*

*The cost of living is more than I am earning. I find it hard to keep within a budget as I can't afford to live on what I earn - even without any extravagant spending. Just the basics - rent, food, travel to work, power etc take my entire income. An illness in the family, medication needed, clothes needed for the kids - these all have to go on the credit card or we go without.*

### **Can't stop spending**

There were some to that admitted that they just couldn't stop spending ...

*Buying too many clothes. Easy access to overdrafts and using my new 'available funds'.*

*Credit card interest rates, too easy to get finance/hire purchase, too willing to take up a good credit deal*

*Credit cards make thing more accessible that i wouldn't otherwise buy. So if I don't have the money in the bank it goes to the card then I pay some off then keep on using so you end up getting no where with them.*

*Credit is too easy to get, appliances break down too soon, and too easily, and there's always the pressure of 'the next big thing'. Interest rates are climbing, but wages are not. It's a constant struggle to keep the wolves from the door.*

*I am continually spending more than I earn, consistently digging deeper into a pool of debt. The majority of things I am spending this 'income' on are disposable or fast depreciating products, so I don't even have assets to show for it.*

*I have a huge thing for expensive brands, so staying onto of my budget and my weakness for shopping is the main thing*

*i have got myself in financial trouble many times due to living beyond my means mostly my fault but sometimes due to many unforeseen circumstances*

*I spend on trivial things and find it hard to keep within my income*

*I spend too much on credit and then shudder at the amount of interest i pay.*

*I tend to make a lot of impulse buys that I don't use later so end up being a waste of money, which I could use for other more beneficial purchases*

*sometimes you have to spent money for other people and yourself so you tend to buy things that are quite expensive because you don't want them to be disappointed at what you buy and when you buy things for yourself that is quite cheap, you will soon wont like it and regret buying it so you buy another similar thing that is quite expensive then the one you bought before and found out that you wasted some money to buy the cheaper thing.*

## 6. Advice

Most of the respondents have never sought advice on personal finances (67.6%). Those that had sought advice had done so from their bank, a family member or friend, or a financial planner.

**Figure 17: Who did you seek advice from?**

	Percent
My bank	15.6
A family member	11.7
A financial planner	11.3
An accountant	7.9
The Federation of New Zealand Budgeting Service	3.0
Citizen's advice	2.0
Other	3.0

Respondents were given the following scenario:

*"You haven't paid off your credit card or overdraft in full and you are a bit worried about this. Meanwhile you've had a tough week, it's Friday and you are walking down the street and see....."*

In these circumstances most would not buy the larger items, however, half said that they would in fact by delicious take-aways that would save them from cooking tonight.

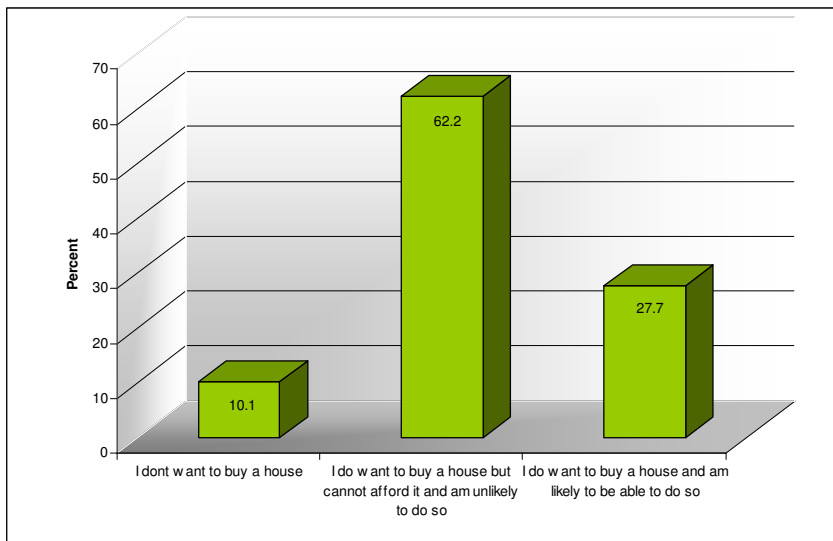
**Figure 18: Scenarios**

	Definitely buy it	Possibly buy it	Wouldn't buy it
A beautiful item of clothing that would be great for the weekend	3.5	22.3	74.2
A small electronic item that you've been dying to have	3.4	16.9	79.7
Delicious takeaways	16.1	50.4	33.5
A computer game, DVD or CD you've been wanting for ages	5.2	23.3	71.5

## 7. Housing

Of those who do not own a house, 62% want to buy a house but cannot afford it and are unlikely to afford it in the next 5 years.

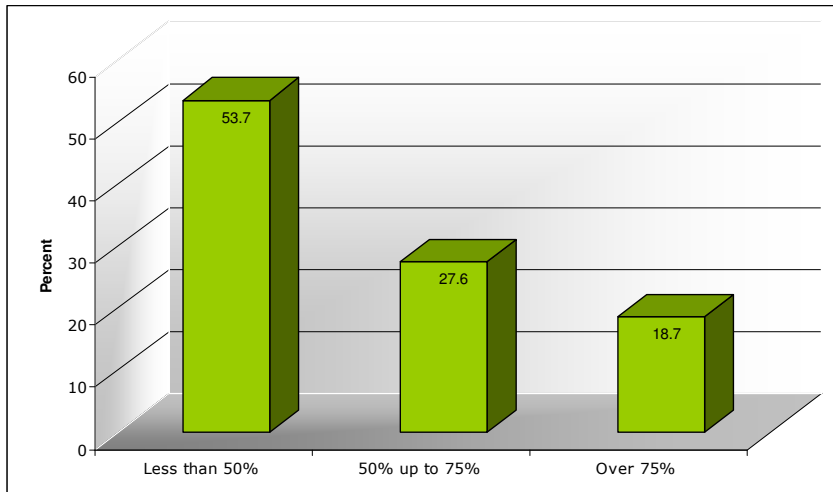
**Figure 19: Housing tenure**



N=779

Of those with a mortgage almost half (48%) are paying between 25% and 50% of their household income in repayments. 22% are paying more than half their income in repayments.

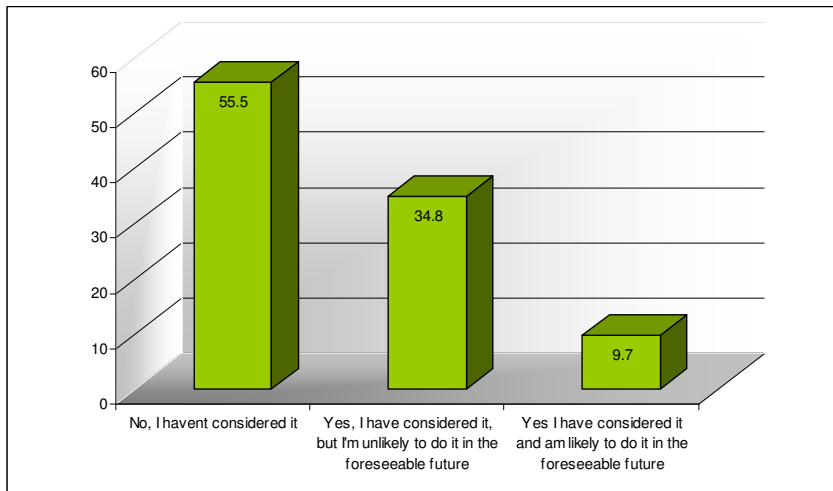
**Figure 20: How much money have you borrowed against your home?**



N= 1129.5

Most (55.5%) have not considered purchasing a rental or investment property.

**Figure 21: Over the past 5 years, have you ever considered getting a rental property**



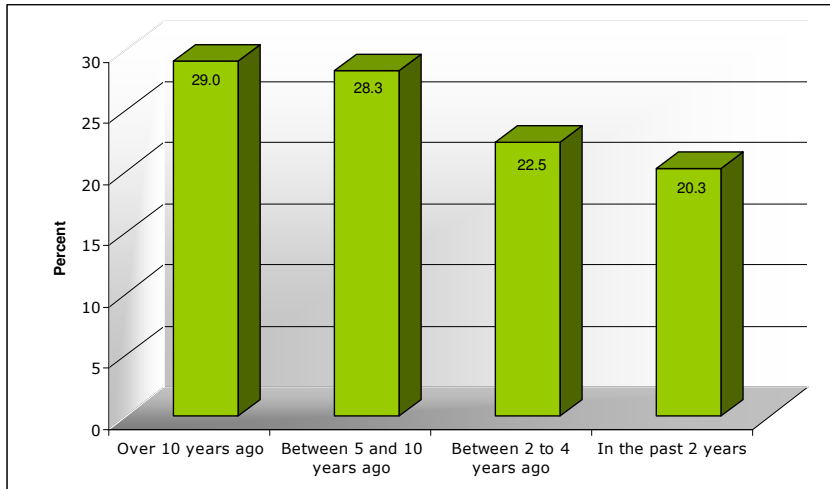
N=1775

Most of those with rental or investment properties had not purchased their first investment recently. A substantial minority (29%) had purchased their first rental property more than ten years ago.

Of those who had houses and investment properties, 61.7% had two, 21.3% had three, 7.9% had four and 6.4% had five to seven. A small percentage (2.7%) had more than seven properties.

Around half had less than 50% in mortgages against the total value of the property. A further third (35.8%) had borrowings of between 50% and 75% of the properties' value and a small percentage (14.2%) had over 75%.

**Figure 21: How recently did you buy your first rental or investment property?**



N=283

Respondents were asked how much of their total income is from rental payments on the property or properties they own. For most (71.7%) less than 25% of their total income is from rental income. For just one-fifth it comprises between one-quarter and half of their income and for around 5% between 50% and 75%.

For a very small percentage of respondents (0.7%), over 75% of their income was derived from rental properties.

## 6 Overall

When asked to comment on the future financial outlook, most respondents' comments centred on housing affordability, the rising cost of living, the "young people today have got it too easy" or the "grass is greener" arguments, or speculation on a media-fuelled recession.

Respondents were asked on a 7 point scale where 1= 'Not at all concerned' and 7 = 'extremely concerned' how concerned they were about a range of issues.

Many respondents are concerned about being personally affected by some form of capital gains tax being introduced that impacts on property returns (48.3%) and changes to the law that currently allow people to offset losses on rental properties against other income (35.1%).<sup>2</sup>

Half (49.9%) are concerned that house prices will drop significantly, however 74.7% are concerned about being personally affected by interest rates increasing. Just under half (44.7%) indicated that they were extremely concerned, rating their concern at '7'.<sup>3</sup>

<sup>2</sup> Those who rated the issues 5 or more were considered to have expressed concern.

<sup>3</sup> Once again, those who rated the issues 5 or more were considered to have expressed concern.

Respondents were asked to think back over the past two years and decide whether things were getting better or worse for them financially

- 31% said things are improving financially
- 39% said things are remaining the same
- 29% said things are getting worse

When asked to comment on the future financial outlook, most respondents' comments centred on housing affordability, the rising cost of living, the "young people today have got it too easy" or the "grass is greener" arguments, or speculation on a media-fuelled recession.

### **Housing Affordability**

*"I don't believe my children will be able to buy a house without my help. I believe the recession will be longer if the price of petrol/food and interest rates keep increasing. I am reducing my spending on some items (cheese)."*

*"I think we're overdue for an adjustment - I think it would be good for house prices to go down so that they are more affordable, but on the other hand, I don't want my house value to decrease! I think it was highly stupid of people to invest in rental properties that were 100% mortgaged, or to borrow more than they could afford, without budgeting for maintenance costs or a loss of rental income for part of the year."*

*"As a thirty something couple with 3 teenage children, we have looked at the prospects of buying a house but the reality of this is that we can't and won't be able to make the mortgage repayments for the foreseeable future. We probably won't own our own home unless we win lotto. A few people we know and also us are thinking about a different type of home when our children leave home and that is a mobile home as they don't cost as much and you can travel. We are struggling to bring our debt down but we are getting there."*

*"If we had to sell we would probably be screwed, because it would be less than we paid for it a few months ago."*

*"I feel sorry for those struggling to raise the deposit for a deposit on a house, and for those working families hit by mortgage interest rate increases. But I have no sympathy for those who mortgaged their properties up to the limit to buy more properties for rental. Most have been so arrogant about their achievements, I will smile as their properties go up for mortgage auctions."*

*"I'm getting scared about house prices and mortgage rates. If I absolutely work my butt off for the next 3 years I should have enough of a deposit for a house around \$350,000 BUT to service it on my own with 2 kids I'd have to have a job where I'm earning over \$100,000 with current interest rates. My last full time job before I had kids was 12 years ago and I was earning \$37,000 a year, how am I supposed to earn \$100,000 a year??"*

*"As a single separated father, I do not believe it would be possible for me to service a bank mortgage loan at all as I have meagre resources and too many bills to pay so it is a dream at this stage unless I win the lotto or some good fortune...I am positive things will change but currently the outlook is bleak."*

*"My husband and I will probably never be able to afford to buy a house. We are both aged over 40, have 2 children at school (one a teen) and are just hoping to inherit! Worrying. I shall definitely encourage my children to start saving for their own home at an early age."*

### **Rising Cost of Living**

*"I'm looking at selling my house now because we can't pay our mortgage very easily and we are living over our income. We don't smoke, drink, or have holidays, but we are struggling especially now that the interest rates are getting higher."*

*"I feel that interest rates and petrol plus dairy food prices are way too high for the average NZ family, making their task of providing good food and adequate housing for their children a very worrying one."*

*"The rising price for petrol, food power etc and the increase in interest rates, but no increase in pay, makes for a much tighter lifestyle, with luxuries like eating out, holidays etc having to be cut right back. This makes for a less enjoyable lifestyle."*

### **The Grass is always Greener...**

*"If the economy gets much worse I might just have to live in Australia (Perth) where my 20-year old son lives. He has a great income, house and brand new car. He's much better off in Australia than I am here."*

*"I feel that the NZ housing market is unaffordable for most young people these days, as our incomes do not reflect the housing market. Like many young people, I am considering moving overseas in order to get ahead."*

*"I am concerned for my children, one of which has moved to Australia to earn more money in order to save for a house. I am very concerned that I may eventually lose all 4 sons with very worthwhile skills overseas because they are unable to a. earn enough to save for a home of their own. All my sons are qualified - 2 as Electricians (1 now in the goldmines in Australia) with Industrial experience and 1 x son Mechanical Engineer and 1 x Teacher (high School) All excellent savers and hard working Kiwis and only 1 with a Student Loan. How on earth are they ever going to save for a house?"*

### **"In my day we had to walk barefoot through snow to get to school" etc...**

*"People living on to much extended credit and it's coming back to haunt NZ."*

*"Owning a home isn't a 'right' - you should have to work and save for it. I'm sick of hearing how hard it is for people yet they're still wearing designer clothes, having lunch at cafes, etc. They also have the leather lounge suite and new stereo system - whatever happend to saving and having an apple case as your table until you could afford one?"*

*"Money is too easily obtained. People do not want to work, save and wait to get the things their parents took almost a lifetime to accumulate. I do feel concerned for the younger generation who I refer to as the 'Y' generation - 'Why can't I have it now?"*

*"I feel that the fuss over housing affordability is being stoked by young people expecting to start life in the type of home their parents have after decades of hard work and by developers agitating for more land to be released and building over large homes because they can make more profit on a 4/5 bedroom house with rumpus room, t.v room etc than on a modest 3 bedroom house."*

*"If young couples (2 incomes, no kids) stopped buying so many consumer goods, clothing labels and big weekends out, they'd be able to buy a house the same way as their parents and the rest of us did. You have to start somewhere with a house - but does it have to be the perfect house first off?? Nobody but lotto winners ever get the perfect house as their first house. Stop whining and do your time like everyone else."*

*"Years ago we were paying 14% interest on a mortgage, I think it is heading back up there again, the young ones today have had great interest rates and unfortunately they didn't consider what would happen if the mortgage rates climbed higher, they have got huge mortgages which now a lot are struggling to pay, for them the outlook is pretty bleak, no one thinks modest these days they want the biggest and the best, these interest rates were*

*always going to go back up, going to be like it was years ago when people just couldn't afford to buy a house, but with the rents as high as they are it going to be tough for a lot of people in the not too distant future."*

*"Generally, in Southland, we have every reason to be optimistic - all the so-called 'crashes' are having limited effect on the majority of Southlanders, but business in general is on a slow up-swing. Interest rates are of major concern however, and could create havoc in low income households. We do sometimes get very antsy about 'city folk' (and especially North Islanders!) who think that household incomes under \$30,000 don't exist - as if! And everyone is so concerned about \$2.00/litre petrol - we are already there and past it in our rural corner, and we ain't dead yet!!! We definitely need more 'living within your budget' lessons though - things like Get Sorted and budget advisory services seem to be effective. I'm thinking of giving something like this a go but scared of what I will hear ..."*

*"I have leveraged the equity in my home to help each of my 3 kids into their own home - they have chosen a place, rented it off me for a few years, added a bit of sweat equity and when their income has gone up and or the value then they have bought it off me at COST - this has got them over the deposit gap - all the complaints about how hard it is for young people is nonsense - most have parents who have homes and they could have helped - I was a solo mum with 3 teen kids I put through uni as well... but have used my equity to help them - not to give myself a capital gains/tax free way of having an easy retirement - I still have a mortgage on my own home which I would have well paid off if I hadn't helped them. Many of the people I know who own rentals are self employed trades people who are hiding unpaid tax income and they and their mates help each other do them up etc and they often move surplus materials from jobs to fix their own places - for them a succession of rentals is a business. It would be unfair for the tax man to come after me as I have not gained from the investments personally - have helped 3 daughters get a roof over their heads so they can have a family and spend a few months home with their kids. If you compare ownership now with the 1970's /1980's it was still tough - 19% mortgages etc and had to put 25% deposit etc... there was no fun money to spend - could get 3 family meals out of 1 chicken! Tell young ones to toughen up - kill the flash cars, booze and dining out and expensive clothes...they can still have a home - but like us may have started in an undesirable suburb in a small house with no paths, fences, carpet, wallpaper and so on...and every weekend doing a bit ourselves."*

### **Media-fuelled recession**

*"I think the media need to stop making people panic. I know there are problems in the housing market, but when there are programmes on every single night saying 'property market a disaster zone', of course it is going to get worse. In the last few weeks i've noticed so many people putting up for sale signs as a panic reaction - they just need to sit tight and ride through it. I do however think NZ needs to be prepared for even more young people to go overseas as a result of the housing affordability issue. There is no way at the moment you can buy a house in your 20s in a city and have children. We're going overseas to try and make some money so that we can come home and afford to have kids - yet we'll get punished for that with interest on my husband's student loan. We've worked and saved really hard to be able to buy our house, but if I was to take time out to have a baby we'd never be able to keep the house. It's a tough decision to make."*

*"We have been trying to sell our house over the last 18 months and it is increasingly difficult with all the doom and gloom in the media putting potential buyers off investing in property. Also we can not afford to drop our price too much as there would be no point in selling. The reason we want to sell is to downgrade and have a little money left to do the things we want while we are still able."*

### **Other**

*"At 56 I have two mortgages totalling \$97K and am very worried about my ability to repay these and save for retirement, and to keep my sales job which involves frequent travel. Don't*

*see a time when I can actually afford to retire and think I will always have to work. I also have health problems which may eventually mean I cannot manage to work at my present level."*

*"I am relieved that my husband and I bought our house fifteen years ago before the prices went crazy. That having been said, we worked hard and lived on a budget so that our mortgage was paid in 7 years. People don't seem willing to go without these days. We are in our early 40's, but feel that the way our parents lived, not living on credit, was the sensible way to go. We are sitting pretty now, while our friends are still managing ridiculously high extended mortgages. Most people we know live beyond their means. If we had a bit more cash I would be mercenary and say I would be looking forward to the mortgagee sales as I would love to take advantage of them. Believe me, there are a lot of richer people than us that will be picking up the good deals that will inevitably come their way. The sensible rich will get richer."*

## APPENDIX – QUESTIONNAIRE

### Introduction

Thanks for taking part in our first 'Have Your Say' survey for 2008.

The first section is about credit and 'buy now, pay later' retail offers. The second section is about house prices, interest rates and investments... Hope you have time to work through both sections. (We'll give you the option to stop at the end of the first section)..

Just a word of caution so you don't get a fright: As this survey is mainly about money, we'll be asking you quite a few personal questions about your finances. Please remember NO ONE will link the figures you give here to you. They'll simply see the information summed into totals.

**Let's get straight underway...**

#### Q1. One last thing to clarify before we start...

**To keep things simple, if you are in a relationship or household where your finances are jointly planned, please answer these questions with regard to your household. If you are single or plan your finances as an individual, please answer for yourself.**

[Single Selection \(Radio Buttons\)](#)

##### Question Options

1. I am answering this on behalf of my household
2. I am answering this about myself as an individual

#### Q2. Firstly, we want to get picture of your current financial position and use of credit.

**(And remember your responses are anonymous!).**

[Section Heading](#)

#### Q3. Here are some statements about people and finances. How closely do these describe you or your household?

[Matrix \(Radio Buttons\)](#)

##### Question Options

1. Not at all like me (34939)
2. Not much like me (34940)
3. Quite a lot like me (34941)
4. Very much like me

##### Possible Answers

1. I am well organised with my finances and plan my commitments to stay within my income
2. I rarely have to use credit as I can usually pay my bills from my income
3. I don't have a problem with debt or my use of credit
4. I'm the same or better off than 2 years ago i.e. my assets and income are proportionally the same or more than my debts
5. I hardly ever worry about my money situation

**Q4. What are the main things that are making life difficult for you with regard to your finances?**  
Large Text Area

**Q5. What kind of credit do you have?**  
Multiple Selection (Checkboxes)

Question Options



1.  
A mortgage - for the purchase of my home



2.  
A 'revolving credit' mortgage - e.g. used for funding other things as well as my house



3.  
A personal loan(s)



4.  
Hire purchase(s) or deferred payments for a product e.g. 'Buy Now, Pay Later' or 'Buy Now, Pay Off Over Time'



5.  
Credit Card(s)



7.  
Student Loan



8.  
A loan from family or friends  
9. None of these

Q16 - Main Branch (In the past 12 months, have you been offered a new credit card or an extension of credit that you didn't actually ask for? e.g. have you been stopped in a mall or an airport and asked if you wanted a credit card, or offered a credit card or credit card limit extension by post or phone?)

**Q6. What type of institutions do you have credit with?**

*(Just to be clear - for non-bank lending institutions this could be small home loan companies, money lenders, companies that sit behind retailers when you take up 'buy now, pay later' offers, companies that offer their own brand credit cards...)*

Multiple Selection (Checkboxes)

**Question Options**

1. A bank e.g. for a mortgage, credit card, personal loans, overdraft etc  
Q8 - Main Branch (This next section is specifically about credit cards...)
2. A non-bank lending institution e.g. for a mortgage, credit card, personal loan, hire purchase arrangement etc  
Q7 - Main Branch (Can you tell us which non-bank lenders you have borrowed from and approximately how much you have borrowed (or your credit limit) with each? If you have bought something to pay off later or are in the middle of paying something off, give us the total value of the item you purchased rather than the outstanding balance. If you've paid something off but the credit is still available to you, tell us the credit limit. )
3. A store card  
(6209) Q8 - Main Branch (This next section is specifically about credit cards...)
4. The Government (Student Loans)

- (6209) Q8 - Main Branch (This next section is specifically about credit cards...)
5. Other
- (6209) Q8 - Main Branch (This next section is specifically about credit cards...)

**Q7. Can you tell us which *non-bank* lenders you have borrowed from and approximately how much you have borrowed (or your credit limit) with each?**

*If you have bought something to pay off later or are in the middle of paying something off, give us the total value of the item you purchased rather than the outstanding balance. If you've paid something off but the credit is still available to you, tell us the credit limit.*

Matrix (Text Entry)

**Question Options**

1. Lender's Name
2. Amount borrowed or credit limit
3. Interest rate (leave this blank if you aren't sure off the top of your head)

**Possible Answers**

1. Non-bank lender 1.
2. Non-bank lender 2.
3. Non-bank lender 3.
4. Non-bank lender 4.

**Q8. This next section is specifically about credit cards...**  
Section Heading

**Q9. Firstly, just to double check whether you (or your household) have one or more credit cards and if so, how many?**  
Single Selection (Radio Buttons)

**Question Options**

1. None
- Q16 - Main Branch (In the past 12 months, have you been offered a new credit card or an extension of credit that you didn't actually ask for? e.g. have you been stopped in a mall or an airport and asked if you wanted a credit card, or offered a credit card or credit card limit extension by post or phone?)
2. 1 credit card
  3. 2 credit cards
  4. 3 credit cards
  5. More than 3

**Q10. Which statement most closely matches your situation?**

*(Remember, if you jointly plan finances with others answer this with regard to all the credit cards in your household)*  
Single Selection (Radio Buttons)

**Question Options**

1. I generally pay off my credit card(s) on time so don't incur interest charges
- Q12 - Main Branch (Do you know what interest rates and fees you pay for your credit card(s)?)
2. I sometimes pay off my credit card(s) in full but sometimes do incur interest charges
  3. I often don't pay my card(s) off in full and often incur the interest charges
  4. I never pay off my cards and always have interest charges

**Q11. Here's a strange question, but given we don't have a paying client we can ask anyway!**

**Tell us about your credit card!**

**Most of us know that we should pay it off in full every month and many of us don't. What stops you from paying it off?**

[Large Text Area](#)

**Q12. Do you know what interest rates and fees you pay for your credit card(s)?**  
[Single Selection \(Radio Buttons\)](#)

**Question Options**

1. No, not really

*Q14 - Main Branch (Which brands of credit cards do you have now? Just tell us about the ones you use for your personal use, not for business use. And if any of these are jointly held with someone else or have secondary card holders, they're fine to include too.)*

2. Yes, I have a general idea

3. Yes, I do know

**Q13. What interest rate per annum are you paying on your credit card with the highest interest rate?**

[Single Selection \(Radio Buttons\)](#)

**Question Options**

1. Less than 5%

2. From 5 and up to 10%

3. From 10% and up to 15%

4. From 15% and up to 20%

5. From 20% and up to 25%

6. 25% or more

**Q14. Which brands of credit cards do you have now?**

***Just tell us about the ones you use for your personal use, not for business use. And if any of these are jointly held with someone else or have secondary card holders, they're fine to include too.***

[Multiple Selection \(Checkboxes\)](#)

**Question Options**

1. American Express

2. Diners

3. MasterCard

4. Visa

5. Other

**Q15. For your cards what credit limit do you have, and after your next scheduled payment what will the outstanding balance be?**

**(If you have more than one of any type of card, please add the limits together).**

***(Remember this is totally confidential and won't it be interesting to compare your situation to everyone else's?!)***

[Matrix \(Text Entry\)](#)

**Question Options**

1. Credit Limit
2. Likely outstanding balance after my next scheduled payment

**Possible Answers**

1. American Express
2. Diners
3. MasterCard
4. Visa
5. Other

**Q16. In the past 12 months, have you been offered a new credit card or an extension of credit that you didn't actually ask for?**

**e.g. have you been stopped in a mall or an airport and asked if you wanted a credit card, or offered a credit card or credit card limit extension by post or phone?**

**Single Selection (Radio Buttons)**

**Question Options**

1. Yes
  2. No
  3. I can't remember
- Q19 - Main Branch (Have you ever tried to do any of these in the past?)*
- Q19 - Main Branch (Have you ever tried to do any of these in the past?)*

**Q17. What sorts of offers were made to you and specifically by whom?**

***(If the offer was regarding a credit card, also tell us which bank offers the card.)***

**Text Box List**

**Question Options**

1. The most recent offer
2. The one before that
3. The one before that

**Q18. Did you take any of these offers up?**

**Single Selection (Radio Buttons)**

**Question Options**

1. Yes
2. No
3. Other/Don't know

**Q19. Have you ever tried to do any of these in the past?**

**Multiple Selection (Checkboxes)**

**Question Options**

1. Cancel a credit card
2. Reduce your credit card limit
3. Cancel a line of credit (e.g. a credit facility offered via a retailer or a finance company)
4. Reduce a credit limit (offered via a retailer or a finance company)
5. Pay off a loan early
6. Pay off a Hire Purchase early
7. I haven't tried to do any of these

Q21 - Main Branch (Last questions on credit cards... Do you think there should be any changes on the laws governing credit cards?)

**Q20. In any of these situations did you encounter any resistance?**

**If so, tell us about it...**

Large Text Area

**Q21. Last questions on credit cards...Do you think there should be any changes on the laws governing credit cards?**

Single Selection (Radio Buttons)

Question Options

1. Yes, I think there should be some changes
2. No, I think the laws are OK as they are

Q23 - Main Branch (Now we want to talk about those great Retail deals where we get to buy something we need now and pay later!)

3. Don't know/Other

Q23 - Main Branch (Now we want to talk about those great Retail deals where we get to buy something we need now and pay later!)

**Q22. What sort of changes should there be?**

Large Text Area

**Q23. Now we want to talk about those great Retail deals where we get to buy something we need now and pay later!**

Section Heading

**Q24. We want you to think specifically about Retail deals that enable you to take things home, but pay for them later (either with the whole payment delayed or with payment in installments)...**

**Do you currently have any items in your household that you have bought and are paying off now or have to pay for later?**

Single Selection (Radio Buttons)

Question Options

1. Yes

Q27 - Main Branch (What type of product(s) are you doing this with?)

2. No, not now but I have in the past

Q25 - Main Branch (Even though you don't have a product on hire purchase, lease or deferred payment now, do you still have a credit arrangement in place from when you last bought a product this way?)

3. No, I never have

Q37 - Main Branch (Have you ever sought advice on your personal finances?)

4. Don't know/Can't remember

Q34 - Main Branch (Have you received any communication from a company with which you have the (or have had a) hire purchase, lease or delayed payment arrangement offering you additional credit?)

**Q25. Even though you don't have a product on hire purchase, lease or deferred payment now, do you still have a credit arrangement in place from when you last bought a product this way?**

Single Selection (Radio Buttons)

Question Options

1. Yes
2. No

Q28 - Main Branch (Which of these statements is right for you? (Please read this carefully as we want to know who you owe the money to that you have effectively borrowed by delaying full payment))

3. Don't know/Other

Q28 - Main Branch (Which of these statements is right for you? (Please read this carefully as we want to know who you owe the money to that you have effectively borrowed by delaying full payment))

**Q26. Who is the credit arrangement with?**

***(Leave this blank if you don't know or can't remember)***

Text Entry Field

**Q27. What type of product(s) are you doing this with?**

Multiple Selection (Checkboxes)

Question Options

1. Whiteware (fridges, ovens, dishwashers)
2. Large appliances (TVs, Stereos, DVD players, Microwaves etc)
3. Small appliances (Breadmakers, Cameras, Phones, Irons etc)
4. A vehicle
5. Kitchen or bathroom renovations or product purchases (e.g. bench tops, sinks, fittings)
6. Other (Please Specify)

**Q28. Which of these statements is right for you?**

***(Please read this carefully as we want to know who you owe the money to that you have effectively borrowed by delaying full payment)***

Single Selection (Radio Buttons)

Question Options

1. My hire purchase or delayed payment is financed directly with the company I bought the product(s) off  
Q29 - Main Branch (Which retailer(s) do you have this hire purchase, lease or delayed payment arrangement with?)
2. I bought my product(s) at a retailer but the hire purchase or delayed payment was then set up with a different company  
Q31 - Main Branch (Which company or companies do you have this hire purchase, lease, or delayed payment with?)
3. I have both these arrangements with different products  
Q29 - Main Branch (Which retailer(s) do you have this hire purchase, lease or delayed payment arrangement with?)
4. Don't know  
Q32 - Main Branch (And is your arrangement with this company a 'permanent' credit arrangement i.e. when you pay off the product you bought, the credit remains available to you, or does your arrangement automatically finish when the product is paid off?)
5. Other (Please Specify)  
Q32 - Main Branch (And is your arrangement with this company a 'permanent' credit arrangement i.e. when you pay off the product you bought, the credit remains available to you, or does your arrangement automatically finish when the product is paid off?)

**Q29. Which retailer(s) do you have this hire purchase, lease or delayed payment arrangement with?**

Text Entry Field

**Q31. Which company or companies do you have this hire purchase, lease, or delayed payment with?**

Text Entry Field

**Q32. And is your arrangement with this company a 'permanent' credit arrangement i.e. when you pay off the product you bought, the credit remains available to you, or does your arrangement automatically finish when the product is paid off?**  
**Single Selection (Radio Buttons)**

**Question Options**

1. It's 'permanent'
2. It finishes when I pay for the product
3. Don't know
4. Other (Please Specify)

**Q33. How clearly was this type of credit arrangement explained to you when you first bought the product?**  
**Single Selection (Radio Buttons)**

**Question Options**

1. It wasn't explained at all
2. It was explained somewhat
3. It was clearly explained

**Q34. Have you received any communication from a company with which you have the (or have had a) hire purchase, lease or delayed payment arrangement offering you additional credit?**  
**Single Selection (Radio Buttons)**

**Question Options**

1. Yes
2. No  
Q37 - Main Branch (Have you ever sought advice on your personal finances?)
3. Don't know (34980)  
Q37 - Main Branch (Have you ever sought advice on your personal finances?)

**Q35. Which company or companies made this offer?**  
**Text Entry Field**

**Q36. Did you take up the offer?**  
**Single Selection (Radio Buttons)**

**Question Options**

1. Yes
2. No
3. Don't know/Can't remember

**Q37. Have you ever sought advice on your personal finances?**  
**Single Selection (Radio Buttons)**

**Question Options**

1. Yes
2. No  
(6525) Q39 - Main Branch (A slight change in tack! What would you do? Click the button for each item. You haven't paid off your credit card or overdraft in full and you are a bit worried about this. Meanwhile you've had a tough week, it's Friday and you are walking down the street and see.....)

**Q38. Who did you seek advice from?**  
Multiple Selection (Checkboxes)

Question Options

1. My bank
2. An accountant
3. A financial planner
4. A family member or friend
5. Citizen's Advice Bureau
6. The Federation of New Zealand Family Budgeting Services
8. Other (Please Specify)

**Q39. A slight change in tack!**

What would you do? Click the button for each item.

*You haven't paid off your credit card or overdraft in full and you are a bit worried about this. Meanwhile you've had a tough week, it's Friday and you are walking down the street and see.....*

Matrix (Radio Buttons)

Question Options

1. I'd definitely buy this
2. I'd possibly buy it
3. I wouldn't buy it

Possible Answers

1. A beautiful item of clothing that would be great for the weekend
2. A small electronic item that you've been dying to have (e.g. an iPod, small camera, new phone)
3. Delicious takeaways that would save you from cooking tonight
4. A computer game, DVD or CD you've been wanting for ages

**Q40. How did you pay for each of these things last time you (or your household bought them)?**

Matrix (Radio Buttons)

Question Options

1. Cash/Eftpos
2. Store credit /HP/ Deferred payment
3. Credit Card
4. With my Overdraft or revolving credit facility
5. Other
6. N/A

Possible Answers

1. The last small electronic item you purchased (e.g. phone, camera, iPod)
2. Whitewear (e.g. fridge, oven, dishwasher, washing machine)
3. TV, stereo or home entertainment system
4. Your last holiday
5. The last item of clothing costing over \$100
6. Most of the Xmas presents you bought last year

**Q42. There are just a few more questions now about house prices and mortgage interest rates. We want to understand how much more pressure (if any) you'll be under if house prices drop and/or interest rates go further up.**

**We hope you have time to take part and remember that all these results will**

be loaded on our website so you can compare your situation with other New Zealanders...

If you have run out of time or energy, you can skip these questions and go straight to the final demographic questions, and still get your prize entries for the monthly and the new car draws.

[Single Selection \(Radio Buttons\)](#)

**Question Options**

1. I'm happy to continue
2. I'd like to skip this next section

Q58 - Main Branch (Do you have some comments for us about this topic or the survey? (Feel free to leave this blank if we have exhausted you with questions!))

**Q43. Which of these options best describes your household situation?**

[Single Selection \(Radio Buttons\)](#)

**Question Options**

1. We do not own a house or property  
Q44 - Main Branch (Which of these statements best reflects your situation?)
2. We own a house(s) or property freehold  
Q47 - Main Branch (Over the past 5 years, have you ever considered getting, or extending your mortgage and using the equity in your house to invest in rental property?)
3. We own one house or property only and have a mortgage  
Q45 - Main Branch (How much money do you have borrowed against your house? i.e. If you express your mortgage as a percentage of your house value what percentage is this? )
4. We own more than one house or property and have one or more mortgages  
Q50 - Main Branch (How recently did you buy your first rental or investment property i.e. a house or property that you don't live in? )
5. Other (Please Specify)  
Q47 - Main Branch (Over the past 5 years, have you ever considered getting, or extending your mortgage and using the equity in your house to invest in rental property?)

**Q44. Which of these statements best reflects your situation?**

[Single Selection \(Radio Buttons\)](#)

**Question Options**

1. I don't want to buy a house
2. I do want to buy a house but cannot afford it and am unlikely to be able to afford it in the next 5 years
3. I do want to buy a house and am likely to be able to do so in the next 5 years

**Q45. How much money do you have borrowed against your house? i.e. If you express your mortgage as a percentage of your house value what percentage is this?**

[Single Selection \(Radio Buttons\)](#)

**Question Options**

1. Less than 50% i.e. my mortgage is less than half the value of my house
2. 50% up to 75% i.e. my mortgage is between half and three quarters the value of my house
3. Over 75% i.e. my mortgage is more than three quarters the value of my house

**Q46. Approximately what percentage is your mortgage repayment of your income?**

*(Remember if you are living in a household situation, add together the income of all the people who contribute to the household expenses including the mortgage)*

Single Selection (Radio Buttons)

**Question Options**

1. Less than 25% ie your mortgage repayments are less than one quarter of your household income
2. 25% to under 50% ie your mortgage payments are between a quarter and a half of your household income
3. 50% to under 75%
4. 75% and over ie your mortgage repayments are three quarters or more of your income

**Q47. Over the past 5 years, have you ever considered getting, or extending your mortgage and using the equity in your house to invest in rental property?**

Single Selection (Radio Buttons)

**Question Options**

1. No, I haven't considered it  
Q48 - Main Branch (Why have you decided not to do this?)
2. Yes, I have considered it, but I'm unlikely to do it in the foreseeable future  
Q48 - Main Branch (Why have you decided not to do this?)
3. Yes I have considered it and am likely to do it in the foreseeable future  
Q55 - Main Branch (How concerned are you about being personally affected by the following things? Please use the scale where 1 = 'Not at all concerned' and 7 = 'Extremely concerned'.)
4. Other (Please Specify)  
Q55 - Main Branch (How concerned are you about being personally affected by the following things? Please use the scale where 1 = 'Not at all concerned' and 7 = 'Extremely concerned'.)

**Q48. Why have you decided not to do this?**

Large Text Area

**Q49. What is your main reason for investing in rental properties, using the equity in your house?**

*(We're interested too in whether you are concerned about rising interest rates or if you think house prices might decline)*

Large Text Area

**Q50. How recently did you buy your first rental or investment property i.e. a house or property that you don't live in?**

Single Selection (Radio Buttons)

**Question Options**

1. Over 10 years ago
2. Between 5 and 10 years ago
3. Between 2 to 4 years ago
4. In the past 2 years

**Q51. How many houses and investment properties do you have?**

*(Include the house you live in if you own this)*

Single Selection (Radio Buttons)

**Question Options**

- 2. 2
- 3. 3
- 4. 4
- 5. 5-7
- 6. More than 7

**Q52. How much money do you have borrowed against the total value of your houses/properties? i.e. If you express your mortgage(s) as a percentage of your combined property values what percentage is this?**

**Single Selection (Radio Buttons)**

**Question Options**

- 1. Less than 50% i.e. my mortgage(s) is less than half the value of my properties
- 2. 50% up to 75% i.e. my mortgage(s) is between half and three quarters the value of my properties
- 3. Over 75% i.e. my mortgage(s) is more than three quarters the value of my properties

**Q53. Approximately what percentage are your mortgage repayments of your total income (i.e. including any rental income)?**

*(Remember if you are living in a household situation, add together the income of all the people who contribute to the household expenses including the mortgages)*

**Single Selection (Radio Buttons)**

**Question Options**

- 1. Less than 25% i.e. my mortgage repayments are less than one quarter of my total income
- 2. 25% to under 50% i.e. my mortgage repayments are between a quarter and a half of my total income
- 3. 50% to under 75% i.e. my mortgage repayments are between half and three quarters of my total income
- 4. 75% and over i.e. my mortgage repayments are three quarters or more of my total income

**Q54. How much of your total income is from rental payments on the property or properties you own and how much is from other sources?**

**Single Selection (Radio Buttons)**

**Question Options**

- 1. Less than 25% of my total income is from rental income
- 2. Between 25 and 50% of my total income is from rental income
- 3. Between 50 and 75% of my total income is from rental income
- 4. Over 75% of my income is from rental income

**Q55. How concerned are you about being personally affected by the following things?**

**Please use the scale where 1 = 'Not at all concerned' and 7 = 'Extremely concerned'.**

**n Point Scale Matrix**

**Question Options**

**Possible Answers**

1. 1
2. 2
3. 3
4. 4
5. 5
6. 6
7. 7

1. Some form of Capital Gains tax being introduced that impacts property returns
2. Changes to the law that currently allows people to offset losses on rental properties against other income
3. House prices significantly dropping
4. Interest rates increasing

**Q56. Thinking about the last 2 years, are things getting better or worse for you financially?**

[Single Selection \(Radio Buttons\)](#)

**Question Options**

1. Overall, things are improving for me financially
2. Overall things are remaining much the same
3. Overall things are getting worse for me financially

**Q57. Do you have any comments you'd like to make on the outlook for you personally or for the NZ economy with the current outlook for house prices, housing affordability and interest rates?**

[Large Text Area](#)

**Q58. Do you have some comments for us about this topic or the survey? (Feel free to leave this blank if we have exhausted you with questions!)**

[Large Text Area](#)

**Q59. Here are a few demographic questions to help us with our analysis...**

[Section Heading](#)

**Q60. Your gender?**

[Single Selection \(Radio Buttons\)](#)

**Question Options**

1. Male
2. Female

**Q61. Your age group?**

[Single Selection \(Radio Buttons\)](#)

**Question Options**

1. Under 18
2. 18 to 25
3. 26 to 35
4. 36 to 45
5. 46 to 55
6. 56 to 65
7. 66 to 75
8. Over 75

**Q62. Your current work status?**

[Single Selection \(Radio Buttons\)](#)

**Question Options**

1. Full-time paid work
2. Part-time paid work
3. Retired
4. Unpaid work
5. Unemployed
6. Student
7. Other

**Q63. Which of these statements best reflects your living situation?**  
 Single Selection (Radio Buttons)

**Question Options**

1. Living alone  
 Q66 - Main Branch (Which of these income brackets does your annual PERSONAL income fall into? )
2. Living in a flatting situation (36705)  
 66 - Main Branch (Which of these income brackets does your annual PERSONAL income fall into? )
3. A couple with no children in the house  
 (6583) Q66 - Main Branch (Which of these income brackets does your annual PERSONAL income fall into? )
4. A solo parent/caregiver with children in the house  
 Q64 - Main Branch (How many children live in your household?)
5. A couple with children in the house (36708)  
 Q64 - Main Branch (How many children live in your household?)
6. Other (Please Specify)  
 Q66 - Main Branch (Which of these income brackets does your annual PERSONAL income fall into? )

**Q64. How many children live in your household?**  
 Single Selection (Radio Buttons)

**Question Options**

1. 1
2. 2
3. 3
4. 4
5. 5
6. More than 5

**Q65. And are these children predominantly....**  
 Single Selection (Radio Buttons)

**Question Options**

1. Pre-school child(ren)
2. Primary school child(ren)
3. Secondary school student(s)
4. Tertiary student(s)
5. None of the above

**Q66. Which of these income brackets does your annual PERSONAL income fall into?**  
 Single Selection (Drop Down Menu)

**Question Options**

1. \$20,000 or less
2. \$20,001 to \$30,000
3. \$30,001 to \$40,000
4. \$40,001 to \$50,000

5. \$50,001 to \$60,000
6. \$60,001 to \$70,000
7. \$70,001 to \$80,000
8. \$80,001 to \$90,000
9. \$90,001 to \$100,000
10. \$100,001 to \$125,000
11. \$125,001 to \$150,000
12. Over \$150,000

**Q68. Which of these income brackets does your annual HOUSEHOLD income fall into?**

Single Selection (Drop Down Menu)

Question Options

1. \$20,000 or less
2. \$20,001 to \$30,000
3. \$30,001 to \$40,000
4. \$40,001 to \$50,000
5. \$50,001 to \$60,000
6. \$60,001 to \$70,000
7. \$70,001 to \$80,000
8. \$80,001 to \$90,000
9. \$90,001 to \$100,000
10. \$100,001 to \$125,000
11. \$125,001 to \$150,000
12. Over \$150,000

**Q69. Ethnicity**

Single Selection (Radio Buttons)

Question Options

1. Australian
2. Chinese
3. Cook Islander
4. Eastern European
5. Indian
6. Niuean
7. NZ European and Maori descent
8. NZ Maori
9. NZ of European descent
10. NZ Other
11. Other
12. Other Asian
13. Other Pacific Islander
14. Other Western Europe
15. Samoan
16. South African
17. Tongan
18. United Kingdom