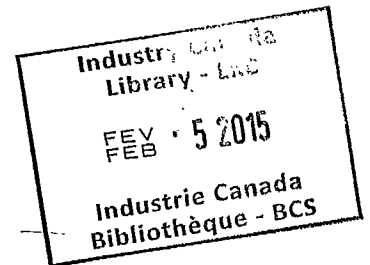


SURVEY OF CREDIT COUNSELLING

SERVICES IN CANADA

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February 1978
Revised October 13, 1978

ABSTRACT

Despite the increasing attention being devoted to credit counselling in Canada, even the basic "inventory" type information needed for research and policy planning in this area is spotty or missing. The present survey was conducted to help fill this gap by providing an inventory of the distribution and characteristics of credit counselling and associated money management education services available to consumers in Canada. The survey, conducted by telephone during the summer of 1977, covered five general areas: service setting, funding and staff, service delivery, client profile, and other comments and suggestions. The general conclusion was that while the services available to deal with this growing social problem have increased in recent years, there are nevertheless several issues regarding both the availability and adequacy of these services in most parts of the country which demand attention. Reasons for this conclusion are outlined and some tentative suggestions for further work are put forward. In this sense the present survey is meant to represent a needed first step in helping to identify the issues.

SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

The survey results indicate that in recent years much greater attention has been devoted to alleviating indebtedness problems associated with the consumer credit explosion in Canada. Thus, of 126 agencies included in the survey, some 50 date back only to 1974 or later and the median start-up year for all services was 1973. Despite this finding, however, and even allowing for the methodological and other limitations of the survey, the results led to the general conclusion that a number of issues regarding both the availability and adequacy of these services in most parts of the country demand attention. A summary statement of the bases for this conclusion and tentative recommendations regarding each are presented here.

I) Conclusion

Remedial counselling services are not readily available in some geographic areas.

Recommendations

i) Research is needed to document or disprove the seriousness and extent of lack of access to debt counselling in rural areas and certain small to mid-size population centres across the country.

ii) If it is shown that such areas seriously lack access and a need for service is indicated, the efficacy of various means of providing service (e.g., extension services, mobiles, part-time government offices) should be investigated.

II) Conclusion

The demand for remedial debt counselling services is not being met adequately.

Recommendations

i) Research should be done to determine the relationship between existing credit counselling services in a given area and the demand for service (actual and potential) in that area.

ii) The potential for increasing the operating efficiency (e.g., through computerization of certain functions) of credit counselling services should be explored.

III. Conclusion

The range of remedial services available is too limited in some areas.

Recommendations

i) Research is needed to determine whether eligibility for various orderly payment of debt schemes and other types of debt counselling is too restrictive in some areas.

ii) In view of the apparent uniqueness among credit grantors of the credit unions and caisses populaires in terms of their philosophy and policies being compatible with the provision of financial counselling services, a systematic review of the present and potential involvement of these institutions in the credit counselling field should be undertaken.

iii) An effort should be made to determine whether greater advocacy on behalf of credit counselling clientele (e.g., checking the legitimacy of debts, collection practices, etc.) is warranted.

iv) Interviews should be conducted with the clientele of various credit counselling agencies to determine their views and to learn ways in which services might be changed to better suit client needs.

v) A review of the qualifications of and training provided to credit counsellors should be done to determine if changes in emphasis are desirable.

IV) Conclusion

Too little attention is devoted to money management education--the preventive side of credit counselling.

Recommendations

i) Efforts should be made to develop one or more standardized money management education "kits" for wide distribution for use with specific audiences. A review of the effectiveness of existing materials and the manner in which the information is presented would be a good starting point.

ii) Emphasis should be placed on providing greater access to money management education courses for adults in various communities, apart from any efforts that may be geared to the school age population.

iii) The various provincial governments, with input from other interested parties, should work toward the inclusion of money management education as part of the school curriculum.

V) Conclusion

There appears to be a general lack of coordination and consultation among credit counselling agencies from one area to another with a subsequent loss of opportunities to share experiences and ideas and to increase efficiency.

Recommendations

i) In all provinces (or regions) a meeting of parties with an interest in problems and prospects in credit counselling, both remedial and preventive, should be convened.

ii) The effects in each province of the Bankruptcy Bill provision for "express delegation to the provinces of consumer arrangements and bankruptcies to maximize the use of local counselling services" should be carefully reviewed in light of the findings of the present study.

iii) Effectiveness measures regarding all facets of credit counselling services should be reviewed and/or developed.

iv) The federal government through Consumer and Corporate Affairs Canada should serve in a coordinating role as well as offering financial and other resources for experiments and research in the credit counselling field.

TABLE OF CONTENTS

	<u>PAGE</u>
1. INTRODUCTION.....	1
2. METHODOLOGY AND LIMITATIONS.....	3
3. SERVICE SETTING.....	7
4. FUNDING AND STAFF.....	14
5. SERVICE DELIVERY.....	21
6. CLIENT PROFILE.....	33
7. OTHER COMMENTS.....	39
8. CONCLUSIONS.....	42

LIST OF TABLES

	<u>PAGE</u>
TABLE 1: Distribution of Organizations Providing Credit Counselling by Province.....	8
TABLE 2: Distribution of Organizations Providing Credit Counselling by Type of Organization...	9
TABLE 3: Distribution of Organizations Providing Credit Counselling by Start-up Year.....	12
TABLE 4: Distribution of Organizations Providing Credit Counselling by Proportion of Funding from Various Sources.....	17
TABLE 5: Average Agency Estimates of Clientele's Family Income Distribution.....	34
TABLE 6: Average Agency Estimates of Clientele's Age Distribution.....	35
TABLE 7: Average Agency Estimates of Clientele's Family Composition.....	36
TABLE 8: Average Agency Estimates of Clientele's Labour Force Status.....	37
TABLE 9: Type and Distribution of Agencies' Comments and Suggestions.....	40

SURVEY OF CREDIT COUNSELLING SERVICES IN CANADA

W. Brighton

SECTION I

INTRODUCTION

The term "credit explosion" has often been used to describe the phenomenal growth in consumer credit in Canada since World War II. Despite the benefits attributed to this explosion, the problems or "social fallout" associated with it have in more recent years been commanding increased attention. Within the Consumer Research and Evaluation Branch of Consumer and Corporate Affairs Canada much attention has been given to identifying the significance of various problems in the consumer credit field and finding ways in which these problems might be overcome. An often encountered stumbling block, however, is that in many cases even the up-to-date "inventory" type information needed for research purposes is spotty or missing. It was in this context that the Branch undertook a survey of credit counselling services available in Canada. The purpose of this report is to present the findings of that survey.

BACKGROUND

In order to deal with the increasing number of casualties of the credit economy, many communities in Canada now offer some type of debt counselling program. However, despite the importance of debt counselling as a contemporary social service, Puckett (7) recently noted that "with a few exceptions such as a preliminary survey in 1967, very little systematic information seems to be available about debt counselling services in Canada" (pg. 2).

This situation was at least somewhat rectified by Puckett's own descriptive survey (7), released early in 1976, of debt counselling programs in 12 major urban centres. However, his survey covered only these 12 centres and in some of them, particularly in Quebec, the response rate was very low. This left a great many cities and non-metropolitan areas in Canada where little is known about existing debt counselling services. Nor is much known about financial counselling services at the preventive level.

STUDY PURPOSES

The general purpose in doing a study was to provide an inventory of the distribution and characteristics of credit counselling and associated money management education services available to consumers in Canada. The characteristics covered are outlined in more detail below but covered five general areas: service setting, funding and staff, service delivery, client profile, and other comments and suggestions. The main reason for conducting this preliminary survey was that little information seemed to be available regarding the credit/debt counselling field for the country as a whole. In this respect the survey was exploratory in nature, meant to provide some general information on "who was doing what" in the field. And since we were asking respondents such basic facts as the name and location of their organization and the types of credit/debt assistance services they provided, etc., it also seemed worthwhile to gather other points of information, including respondents' opinions and comments on matters relating to debt/credit assistance services.

In summarizing the information gathered it appeared that certain conclusions could be drawn from the answers. Based on these conclusions some recommendations for further research are put forward. This latter point is important in that the resulting report should not be interpreted as a policy paper nor even as a position paper for the department as a whole. Rather, it is meant to provide an indication of what was being done in the country as a whole at the time of the survey and to highlight some areas where further research appears needed to determine facts and investigate problems. To this end the purpose in disseminating the results of the survey is to provide information that will hopefully be of use to those with an interest in the field and to promote discussion of issues. In short, it is a preliminary report that may be used as a starting point for further work.

SECTION IIMETHODOLOGY AND LIMITATIONS

The methodology of the study consisted of a national telephone survey conducted from departmental headquarters during the summer of 1977. The survey was conducted by telephone partly because of the exploratory nature of the research. It was not known in advance exactly which organizations would be involved in any given area and using the telephone to find out was considered a reasonable approach. Telephone interviewing is currently used by a number of reputable opinion "polling" organizations and is generally considered an acceptable method of data collection for this type of preliminary descriptive research. Another reason for using the telephone was that the government telephone network could be used, thereby keeping interviewing cost at a minimum.

The survey was intended to cover all structured financial counselling programs, particularly at the remedial level, but to exclude informal counselling such as having a discussion with one's bank or credit union manager. The questionnaire drawn up for interview purposes was based to some extent on the points covered in Puckett's (6) study. Following a brief training period, the interviews were conducted by four university students plus a couple of regular departmental employees.* A copy of the questionnaire used is attached (Appendix A).

Lists were made up of potential respondents in each province. These included government departments, financial institutions, social service agencies, educational facilities and known credit counselling services. The survey was then conducted on a province by province basis, usually with one interviewer assigned to a particular province. Once on the telephone the interviewers would ask for the director, introduce themselves, and say that we were doing a survey of debt counselling and associated money management facilities across the country. Respondents were then asked if their organization was presently involved in providing such services. If the answer was no they were asked to give the name and address of any agency they were aware of in their area that was providing these services. If the answer was yes, they were asked to participate by answering the questionnaire over the telephone. The interviews lasted an average of about one half hour each.

* J. Chapman, J. Connidis, L. Ladouceur, J. Laliberté, P. McGimpsey and J. Woods.

For the purpose of summarizing the results, the points covered in the questionnaire were later grouped under five general headings: These headings and the points covered under each were as follows

The Service Setting

- distribution of agencies by size of population area
- types of organizations offering the services
- how policy is established
- year in which the credit counselling service started
- reasons for starting the service

Funding and Staff

- total operating budget
- resources devoted to credit counselling
- type and relative importance of various funding sources
- number of staff, their qualifications and training provided

Service Delivery

- accessibility in terms of location, availability, fees charged and sources of clientele
- services provided, including follow-ups
- demand for service

Client Profile

- family income
- age of client
- family composition
- labour force status

Comments

- opinions on advertising, adequacy of services and other comments and suggestions

LIMITATIONS

While the approach used was considered adequate for present purposes, it suffers from limitations which should be noted.

First, some of the terms are not well defined. For instance, as was pointed out in a Canadian Welfare Council study (4) the term "debt counselling":

"...can cover a wide range of services including counselling services on problems of budget and household management so that people can budget within their income or it may involve specific measures to enable individuals to extricate themselves from over-indebtedness and prevent a recurrence. Among the latter group of measures are repayment plans involving the pooling of debts in conjunction with a consolidation loan and sometimes a regular savings plan, the pro-rating of debt repayments among different creditors, and direct intervention on behalf of debtors (e.g., to prevent garnishment). These measures may occasionally be accompanied by counselling services designed to help resolve other problems which have contributed to the state of indebtedness". (pg. 109).

Given the ambiguity and vagueness surrounding this and related terms no doubt some inconsistency occurred in the frames of reference used by individual interviewers and respondents. Some inconsistency in the decision to include or exclude particular agencies likely resulted. Thus, while the survey was meant to include agencies offering "credit counselling and associated money management education services", in a few cases agencies were included even though the emphasis of their service was on money management education with referral of debt counselling cases elsewhere in the community.

Second, although initial training was given to the interviewers, there was little control for minor differences that may have characterized the way in which possible leads were followed up or ability to elicit clear information from respondents. One result of this and the first limitation is that some agencies may have been either overlooked or misclassified. However, lists of those organizations interviewed in each province are attached as Appendix B. It is hoped that any errors noted or significant changes that have taken place since the survey was done will be brought to our attention so that the information can be updated.

A third limitation is that respondents were not required to check their records in answering questions about budgets, client characteristics, etc. What was sought was a general picture and the assumption was made that the answers would be more or less accurate. In some cases statistics were forwarded, especially regarding client characteristics, and these were used when available. The general reliance on respondents' impressions is, however, a potential source of bias.

Finally, the only persons interviewed were those responsible for providing the services. No attempt was made to assess the information received against the impressions of users of the service or the evaluations of others who might be familiar with the work of the agencies. In short, the answers were taken at face value.

In all, about 260 organizations were telephoned and interviews were completed for the 126 of these who said they offered some form of credit counselling service (see Appendix B). In subsequent work with the data, the names of respondents and the organizations they represented were not used in order to maintain confidentiality.

Once the interviewing was completed the data were regrouped under the five headings mentioned above. And while it may be considered a limitation that the present report does not delineate in enough detail differences in service in the various provinces or regions, it was not intended that a preliminary survey of this type would lead to separate reports with conclusions and recommendations for each provinces or region. Rather, it was expected that those in different areas would assess the general findings and perhaps give some thought to those conclusions and recommendations which might merit further consideration, given their more detailed knowledge of conditions and problems in their own area.

Section 3

SERVICE SETTING

The specific points covered by the survey were outlined in the methodology. The results are presented in this and the next four sections under the general headings of: Service Setting, Funding and Staff, Service Delivery, Client Profile, and Other Comments. In addition to statements about dominant trends and other items of note (e.g., exceptions or exclusions) the presentation includes a brief summary at the end of each section of the points covered.

The purpose of the questions asked about the service setting was to get an idea of the number and distribution of agencies offering counselling services, the types of organizations involved, and when and why the services were established.

a) Number and distribution of agencies

Interviews were completed with some 126 of the approximately 260 organizations telephoned. However, because of problems regarding the inclusion or exclusion of certain agencies this number (126) should be considered only indicative rather than being relied on as the "right" number. A decision made during the interview stage concerning local credit unions will illustrate this point.

In part because of its small size, Prince Edward Island was one of the first provinces surveyed. Of the fifteen organizations telephoned using the initial contact list etc., interviews were completed with eleven. Of the eleven, eight were local credit unions. They were initially included because all considered credit counselling part of their philosophy and policy. As it turned out, however, these small locals really had no identifiable "program" and could afford to provide only minimal counselling as the local manager considered necessary. In light of this experience it was decided that in P.E.I. and other provinces local credit unions (and other institutions) would in general be included only if they seemed to offer an identifiable credit counselling program.

Another issue affecting the number of organizations identified was that in a few cases an agency offering credit counselling also had one or more smaller branch offices in the same city or district. In general, the existence of branch offices was noted but only the main office counted. However, it is possible that inconsistencies exist for reasons noted in the methodology.

Given these cautionary notes, the distribution of the 126 identified agencies by province is shown in Table I. No operating credit counselling services were located in the Yukon or Northwest Territories.

TABLE I

DISTRIBUTION OF ORGANIZATIONS PROVIDING
CREDIT COUNSELLING BY PROVINCE

<u>PROVINCE</u>	<u>NUMBER OF AGENCIES</u>
BRITISH COLUMBIA	231
ALBERTA	10
SASKATCHEWAN	11
MANITOBA	62
ONTARIO	323
QUEBEC	154
NEW BRUNSWICK	10
NOVA SCOTIA	13
PRINCE EDWARD ISLAND	3
NEWFOUNDLAND	3
TOTAL	<u>126</u>

1. Includes two agencies (one governmental, one financial institution) that have between them 5 branch offices not shown in the total.
2. Includes two agencies (one governmental, one legal) that have between them 16 local offices.
3. Includes only one credit union although the Ontario Credit Union League indicated that many credit unions within the province offer credit counselling to varying degrees. See notes above.
4. Coverage was probably incomplete for various reasons.

Not surprisingly, it appears from Table I that the most populated provinces have the largest number of counselling facilities.

Another way of looking at the distribution of agencies is by the size of the population area in which they are located. One summary calculation showed that of the 126 agencies across Canada, 18 were in cities of 500,000 or more residents, 55 were

in cities of 100,000 to 499,000, 11 were in cities of 50,000 to 99,000, 30 were in cities of 20,000 to 49,000, 9 were in towns of 5,000 to 19,000 and 3 were in towns of less than 5,000. On the basis of these figures and the provincial breakdowns it would appear that most rural areas and many smaller to mid-size cities lack services and that some provinces (British Columbia, Manitoba, Nova Scotia) have a better distribution than others in terms of serving such areas. However, while the above figures are of some interest they would really be meaningful only in conjunction with a number of other pieces of information such as: distribution of the Canadian population, incidence of overindebtedness by area size, variations in agency size, number of cities or towns of a given size without service, and extension services provided by agencies. This type of analysis was not undertaken here. However, respondents were asked their perceptions of the adequacy of services in their area; the results are presented in another section.

b) Types of organizations providing credit counselling

A classification of the types of organizations actually providing credit counselling and the number of each type are shown in Table 2.

TABLE 2

DISTRIBUTION OF ORGANIZATIONS PROVIDING CREDIT
COUNSELLING BY TYPE OF ORGANIZATION

<u>TYPE OF ORGANIZATION</u>	<u>NUMBER</u>
Volunteer	7
Federal government	9
Provincial government	25
Social service	59
Legal Aid	6
Credit union and caisse populaire	12
Other:	
Municipal government	1
Private	2
Educational institution	2
Miscellaneous	3
TOTAL	<u>126</u>

Local social service agencies predominate. Typically, credit counselling is provided by these agencies as only one of several services available to clients. It should be noted that the total of 59 shown includes 28 agencies in Ontario which are members of The Ontario Association of Credit Counselling Services. These services in Ontario are established through an agreement with a local counselling agency (usually an independent Credit Counselling Service or a Family Counselling Service) and the provincial government. All were counted as "social service" organizations here in accordance with information given by respondents.

The second most frequent category consists of departments or offices of various provincial governments. The great majority of these (22 of the 25 listed here) represent offices or department branches whose function, among other services provided, is to give effect to Part X ("Orderly Payment of Debts") of the Bankruptcy Act. As the name implies, this part is meant to provide a procedure for the orderly payment of the debts of an insolvent consumer-debtor. Under it, the debtor may apply to the clerk of the Court for a consolidation order whereby the debtor undertakes to pay fixed amounts to the court for distribution among creditors on a pro rata basis until all his debts are paid in full. Upon issue of the consolidation order by the Clerk of the Court who has jurisdiction, no proceeding, as a rule, may be instituted against the debtor in respect of any debt in which Part X applies. In sum, this Part legitimizes only an extension of time to repay. At the present time, Part X has been proclaimed in force by six provinces: British Columbia (through offices of the Debtor Assistance Division), Alberta (through offices called "Family Financial Counselling" of the provincial Department of Consumer and Corporate Affairs), Saskatchewan (through the Provincial Mediation Board), Manitoba (through the O.P.D. Court Clerk), Nova Scotia (through offices of the provincial Consumer Affairs Department) and Prince Edward Island (through an office of the provincial Department of Consumer Services). In addition, Quebec offers a similar "dépôts volontaires" service (Lacombe Law) through the office of the Provincial Court in many judicial districts throughout the province.

In addition to these offices designed to give effect to O.P.D. legislation, a few of these provincial governments also offer limited credit counselling through branch offices of other departments such as the Home Economics Directorate of the Department of Health and Social Development in Manitoba, the Department of Social Services in Saskatchewan and the Department of Agriculture and Forestry on Prince Edward Island.

Another type of organization picked up by the survey was credit unions and caisses populaires. The purported distinctiveness of these institutions has already been noted; and because of problems of inclusion/exclusion (see page 7 above) it is likely that the number reported here (12) is arbitrary at best. Nevertheless, it seems clear that they represent a significant part of the credit counselling scene in Canada.

Certain offices or agencies of the federal government also indicated they offered credit counselling. These included some regional offices of the Bankruptcy Branch of Consumer and Corporate Affairs Canada and some Canadian Force Bases (Department of National Defence) that provide counselling to overindebted armed services personnel.

Two other types of organizations that reported some degree of involvement in credit counselling include a scattering of local volunteer agencies across Canada (e.g., volunteer bureau, information and assistance centres) and certain legal aid offices in a few provinces.

Only two private (profit-making) counselling services were picked up by the survey and only one service operated by a municipal government. The remainder included a couple of educational institutions, an interested individual, and a short term financial counselling project operated by one of the chartered banks.

c) Length of time services have been offered

The data in Table 3 indicate that although some services date back to the 1920's and 1930's, the provision of credit counselling is in general a recent phenomenon. Thus, the majority of services have been operating only five years or less and the median start-up year for all services is 1973. About half the services originating in the late 1960's were in Ontario, usually established through an agreement with a local counselling agency and the provincial government. Legislated (O.P.D.) services in some provinces and certain credit unions across the country account for many of the earliest services.

TABLE 3DISTRIBUTION OF ORGANIZATIONS PROVIDING
CREDIT COUNSELLING BY START-UP YEAR

<u>START-UP YEAR</u>	<u>NUMBER</u>
1976 or 1977	20
1974 or 1975	30
1972 or 1973	22
1970 or 1971	12
1965 to 1969	17
1950 to 1964	7
pre 1950	12
unknown	6
TOTAL	<u>126</u>

d) Reasons service established

There was an underlying similarity in responses concerning the reasons why credit counselling services were established. The great majority of respondents, especially social service agencies, indicated they perceived a need for the service based on (increasing) "social problems associated with debt and overindebtedness". And while a fair number, especially government departments, cited "legislative mandate" as the reason for the service being provided, the legislation itself can be interpreted as stemming from perceived social problems associated with debt. For instance, early (1930's) provincial O.P.D. legislation was designed to give some protection to victims of the Depression who could not afford to pay their debts and had considerable legal costs accumulated against them. Another reason, cited by credit unions and caisses populaires, was that such service was an integral part of their philosophy and policy. In short, it appears that the establishment of credit counselling services has generally been motivated by a perception of indebted consumers as a significant social problem rather than by a concern for creditors suffering losses through bad debts.

SUMMARY

The survey results indicated 126 of some 260 organizations telephoned during June 1977 were offering credit counselling services. However, because of ambiguity about the term "credit counselling service" and other methodological

problems, this number (126) must be considered only indicative rather than the "correct" total.

It is difficult to draw conclusions about the adequacy of the distribution of services in the absence of information on need for such services and other points. Nevertheless, at first glance it appears many small to mid-size cities and rural areas lack service. Also, some provinces, especially Newfoundland, appear relatively worse off in terms of service availability.

Local social service organizations (mainly family service bureaux) predominate as the type of agency most involved in providing credit counselling, usually as one of several services available to clients. Next most frequent are departments of various provincial governments. The great majority of these are services provided by virtue of Orderly Payment of Debts (O.P.D.) legislation proclaimed by certain provinces. It appears a third significant force in the provision of credit counselling services, despite problems of inclusion/exclusion noted above, are the programs offered by a number of credit unions and caisses populaires. These lenders are in some senses unique, claiming that the provision of credit counselling is an integral part of their philosophy and policy.

On the other hand, it appears that the federal government and various voluntary agencies play only a minor role in the direct provision of credit counselling. And, with the exception of some credit unions and caisses populaires, the involvement of credit grantors themselves (banks, finance companies, major retailers etc.) is practically non-existent. Also noticeably absent are educational institutions, employers and unions. The survey uncovered only two private (profit-making) credit counselling agencies.

Though there is a fair range in start-up dates, the provision of credit counselling services is by and large a recent phenomenon: the median start-up year was 1973. Increasing awareness of the social problems associated with consumer debt/overindebtedness or a feeling that the problem is getting worse provided the main rationale for setting up credit counselling services.

SECTION 4FUNDING AND STAFF

The purpose of questions included here was to get some idea of the size of organizations involved in credit counselling, the resources devoted to this function in terms of budgets and manpower, and the relative importance of various sources of funding of such services.

a) Resources devoted to credit counselling

Points covered here include a question about agencies' total operating budget and the amount of resources devoted to credit counselling. Included also is some information about the qualifications and training of credit counselling staff.

The information gathered on total operating budget and resources devoted to credit counselling is spotty at best, with only a little more than half of the agencies providing answers in each case. Of those responding (N = 69) about 40% were later classified as small scale operations (total budget under \$50,000) while approximately 20% were clearly large organizations with total budgets of at least \$300,000. Most of this latter group was made up of social service agencies in urban centres. The rest were somewhere between these groups.

The data on proportion of resources devoted to credit counselling are also unreliable. Of the responses obtained (N = 78) about one third indicated that less than \$15,000 or less than 25% of their time was spent on credit counselling. Another quarter (21/78) said that from \$15,000 to \$50,000 was spent on this activity while the remaining 40% or so indicated more than \$50,000 or more than 50% of their time.

It is difficult to draw any conclusions from these figures, except perhaps that it was unwise to ask these questions in a telephone interview because of the inability of respondents to provide answers or their unwillingness to do so. It does appear, however, that there is a wide range in the size of organizations providing the service and that the majority of organizations devote only a small proportion of their total resources to this function. Because of the unreliability of the figures no further analysis was attempted.

A few questions were also asked about staff. These included: number of people involved in providing the financial services; minimum requirements for being a counsellor; and whether training was provided or considered necessary.

Practically all organizations provided information. Full-time staff was by far the most frequent category of workers (versus part-time or volunteer) with nearly all agencies reporting at least one full-time paid worker. The median number per agency among nearly all provinces ranged from two to four. In two instances, agencies reported 25 and 45 as the number. This highlights the possibly misleading nature of the results here due to some ambiguity. That is, in many cases the respondents appear to have meant that "x" number of full-time staff were engaged in credit counselling but that these staff might well be doing this function only part of the time. This is true, for instance, of legal aid and the responses of some social service agencies and some government workers. In general, there seems to be a split between some smaller, specialized agencies whose full-time staff of one to three persons devote most or all of their time to credit counselling versus larger agencies whose staff probably do credit counselling as only one of several duties.

Part-time paid staff are much less commonly engaged in credit counselling than are full-time staff. Many agencies did not mention use of part-time staff. Of the number of part-timers that were mentioned in a province, most would be accounted for by one organization.

Volunteers are hardly used at all. However, one agency in Ontario mentioned the use of about 100 volunteers on call for public-speaking assignments and a couple of individual agencies in other parts of the country indicated fairly extensive use of volunteers. Also, it appears that volunteers are most used by agencies in Quebec.

Regarding the qualifications needed to become a credit counsellor with the organizations, very few put emphasis on formal requirements as such (i.e., formalized requirements without which a candidate would not even be considered). In two provinces, however, (Nova Scotia and Ontario) many respondents were under the impression that qualifications regarding counsellor training and certification were in the process of being developed. Among requirements or characteristics that would be looked for by respondents in hiring, the greatest emphasis was on previous related experience. In fact many said that the previous related experience should be in the credit granting industry. Mentioned about half as often, sometimes as a secondary qualification, was specialized education; the emphasis was on finance or social work degrees. Only a few agencies specifically mentioned such personal characteristics as empathy, maturity or "common sense" although these characteristics may have been taken for granted by many others.

Of the 110 answers or comments regarding training of counsellors, almost three quarters (80/110) indicated that no formal training was given or that it consisted of on the job training. In a few cases, this included working with a more experienced counsellor for a short time. On this point it is interesting to note the view of several respondents that because of their requirement that any new counsellor have had previous experience (e.g., in the credit granting industry) they felt that no formal training was really necessary.

The other one quarter of respondents indicated that some course work training was given to counsellors, with about equal numbers saying the courses were part-time versus full time (usually for a couple of weeks). Training courses tend to be offered more by provincial government departments, such as the Debtor Assistance Division in British Columbia.

b) Sources of funding

Respondents were also asked to list the various sources of income for financing the credit counselling aspects of their operation and to give an idea of the amounts or at least their relative importance. While all but nine agencies provided information there were some problems in interpreting the results. In several cases, the respondents were unable to distinguish funds allocated to the credit counselling function from the agency's total operating budget and so provided a source of funds breakdown for the latter. Also, some said the exact amounts from each source were unknown although it was known that a certain source provided nearly all the funding and any other source was quite minor. In other cases, especially in Quebec, there was some hesitancy in answering.

Despite these weaknesses the data still appeared quite useful in terms of providing a general picture. Therefore the answers were categorized according to the proportion of an agency's funding (1-9%, 10-49%, 50-89%, 90-100%) that it received from various sources. The results are shown in Table 4.

TABLE 4

DISTRIBUTION OF ORGANIZATIONS PROVIDING CREDIT COUNSELLING
BY PROPORTION OF FUNDING FROM VARIOUS SOURCES

<u>SOURCES OF FUNDING</u>	<u>PROPORTION OF FUNDS</u>			
	<u>1-9%</u>	<u>10-49%</u>	<u>50-89%</u>	<u>90-100%</u>
Federal government	1	5	3	9
Provincial government	1	19	30	31
Municipal government	1	8	4	0
United Appeal	1	25	4	7
Credit grantors (excluding credit unions and caisses populaires)	1	10	0	1
Fees by service users	5	4	1	2
Credit unions and caisses populaires	1	4	4	8
Temporary government programs (e.g., LIP, Canada Works)	0	3	2	3
Other (e.g., memberships, donations from churches, publication sales)	6	15	1	0

Number of agencies = 117

Thus, reading the table across shows that three agencies indicated 50-89% of their funding comes from the federal government, 19 said that between 10-49% of their funding is from the provincial government, two said that 90-100% of their funding is from fees paid by users of the credit counselling service, etc.

Despite problems with the data, some broad statements about funding patterns appear warranted. First, it is clear that the various provincial governments provide the lion's share of funding for credit counselling services. Thus, 31 of the 117 responding agencies depend almost entirely on this source and over half (30 + 31 = 61 of 117) depend on provincial government

funds for at least 50% of their budget. Another 19 agencies said source provided between one-tenth and one half of their funds. In short, nearly three quarters of all responding agencies receive significant amounts of funding from provincial governments. This includes, of course, those agencies that are themselves provincial government offices or departments.

Another number that stands out is the 25 agencies that depend on United Way funds for between 10-49% of their funding. For the most part this is probably accounted for by social service agencies who receive the majority of their funding from the provincial government, supplemented by United Way funds. In some cases (4 + 7 = 11) particular agencies are quite heavily dependent on this source.

Though involved to a much lesser extent than the provinces, the federal government is a major source of funding for about a dozen agencies. These include certain offices of the federal government itself and a few projects receiving grant funds from Consumer and Corporate Affairs Canada. Municipal governments are not heavily involved in the funding of credit counselling but in perhaps a dozen cities provide at least a moderate contribution to such services.

The other significant source of funding are the credit unions and caisses populaires. For the most part this consists of underwriting their own credit counselling services. Also, in Quebec at the time of the survey the caisses populaires were providing varying amounts of funding for services offered by local Associations coopératives d'économie familiale (l'ACEF) through contributions to their central organization. In a few cases, the credit unions provide minor support to other projects.

The remaining sources of funding appear of relatively minor importance. Thus, according to the table credit grantors (exclusive of credit unions and caisses populaires) provide 50% or more of the funding for only one operation; this was a summer project on money management sponsored by the Royal Bank of Canada using university students in various cities. Much of the remaining support by credit grantors is represented by partial funding of certain Credit Counselling Service offices in Ontario.

It was noted earlier that two private, profit-making credit counselling services were picked up by the survey; it is these two that account for the two services in the table that rely completely on fees paid by service users. In some other cases, however, various types of organizations rely on fees to defray at least part of the cost of providing their service.

A very few services receive the majority of their funding from temporary government programs while a greater number are provided partial support through diverse sources such as donations (e.g., church) and membership dues.

SUMMARY

The purpose of questions included here was to get some idea of the size of organizations involved in credit counselling, the resources devoted to this function in terms of budgets and manpower, and the relative importance of various sources of funding of such services.

The data on total operating budgets and dollar amounts allocated to credit counselling were spotty at best. Nevertheless, it appears that at least a third of those agencies providing information could be classified as small scale (total operating budget under \$50,000) while about one in five were large scale (budget over \$300,000). The latter group includes some large social service agencies (family service bureaux). It seems that many of the agencies, especially the largest ones, devote only a small proportion of their total budget to credit counselling.

Credit counselling work is largely the responsibility of full-time employees as opposed to part-time workers or volunteers. In this respect, it seems that the one, two or three full-time staff of smaller, specialized agencies may devote a great deal of their time to financial counselling while the full-time staff of larger organizations often do credit counselling as only one of several duties in dealing with clients.

Very few respondents list "formal" requirements in relation to the hiring of credit counsellors. The qualification most often mentioned, however, was previous related experience with many specifying that this experience should be in the credit granting industry. Educational requirements (usually a degree in an economics related discipline or social work) were mentioned about half as often, sometimes as a secondary qualification or in lieu of experience. It seems, however, that more attention is being devoted to formal requirements in that at least two provinces (Nova Scotia and Ontario) were said to be in the process of developing minimum criteria for counsellors.

Once hired, most counsellors are not given formal training, but learn on the job. In this respect, many respondents said that because of their requirement of previous related experience they felt no formal training was really necessary. To the extent that formal training (course work) is provided, it tends to be by departments of certain provincial governments.

Finally, available data on funding sources indicated the lion's share comes from provincial governments. The United Way provides moderate levels of support (usually supplementary to provincial funds) in many areas as do some municipal governments. Though involved to a much lesser extent than the provincial governments, the federal government and certain credit unions and caisses populaires finance their own credit counselling operations and provide some funding for a few other projects. On the other hand, credit grantors other than credit unions and caisses populaires are only marginally involved. Other marginal sources of financial support include fees for service, temporary government programs and miscellaneous donations, dues, etc.

SECTION 5SERVICE DELIVERY

The purpose here was to determine what services are offered. Included are questionnaire data on (a) the "accessibility" of the credit counselling services offered by the organizations surveyed, (b) the credit counselling services actually offered, and (c) the demand for these services.

a) "Accessibility" of services

Access here refers to such points as the hours of availability and location of premises, whether fees were charged, and whether the services were available to the general public or not. Information on sources of clientele (how people learn of service) is also included.

Nearly all agencies provided information on hours of business with slightly more than half (67/123) indicating only normal business hours, Monday to Friday. The others offer extended hours, either by regularly being open on some evenings or on Saturdays or by often accepting appointments to meet clients at these times. A couple of provinces seemed to vary considerably from the overall distribution; thus in British Columbia about two thirds said they offer extended hours whereas in Nova Scotia only one of eleven did.

Regarding location of premises, about one-fifth (23/116) said they were in a government building, another two-fifths (49) were in general offices and most of the remainder indicated more informal premises such as converted houses, storefront operations, community centres or church halls. Also mentioned a couple of times were educational institutions and military bases.

The vast majority of agencies (85-90%; 109 of 125) indicated no restrictions on who could use their services. Those mentioning some restriction included some credit unions (6 mentioned) who serve only their members (the caisses populaires in Quebec also prefer the individual be a member), three that were restricted to armed forces personnel, three who dealt only with poor/low-income clientele and four who said their clients were those who had applied for bankruptcy or were under trusteeship.

Also, only a small minority (slightly under 10%; 12 of 124) indicated that fees were charged for credit counselling

services. In most cases it is a modest filing fee or calculated according to a sliding scale; often it is waived or paid by someone else. Only two (the private, profit-making agencies) indicated that all those counselled are charged a fee. It should also be noted here that some agencies offering a money management course or seminars charge a fee, typically \$25 or less.

Of the three ways listed (word of mouth, referrals, advertising) in which people learn of credit counselling services, referrals were mentioned the most number of times followed by word of mouth. The most common sources of referrals, it seems, are various social service agencies, credit grantors themselves and legal advisors. Advertising was cited somewhat less often as a source of clientele. Typically this advertising is unpaid, consisting of interviews and notices. An interesting sidelight here is that while advertising was less often mentioned as a major source of clientele, many respondents thought it effective and would like to do more. However, apart from the costs of advertising, many of them feared (some from experience) that advertising would "swamp the service"; they would not be able to cope with the resulting increase in caseload if more people were made aware of help available.

b) Services offered

Respondents were asked to list the financial counselling services their agency provided. A review of the recorded answers proved mildly disappointing in that in some agencies and particularly in the province of Quebec the information given was incomplete or at least less detailed than in other cases. Consequently, a tabular presentation with detailed categories appeared unjustified.

The intent of the question was served, however, in that it was possible to distinguish certain broad functions and obtain rough indications about each. The four broad categories derived were: i) counselling, ii) mediation with creditors, iii) orderly payment of debt plans and iv) money management education. An explanation of these terms and a discussion of the review findings with regard to each follows.

i) Counselling. This refers to whether the agency offers advice to clients regarding their finances, either of a general nature or helping them work out a budget in some depth. In itself, it does not include the involvement of creditors although those who initially come in only for counselling may require other services.

The great majority of responding agencies (approximately 80%) indicated that budget counselling was available to clients. This might range from just showing the person how to list his income and expenses or assets and debts to helping him work out budget guidelines and plans for debt repayment. It might also include buying tips (in a few cases actual accompaniment to stores) or counselling the debtor himself to get in touch with his creditors. As noted above, at least some agencies do this type of counselling on a regular basis and are able to back it up with other types of service if required. This is true, for instance, of most provincial government agencies offering financial counselling and of Ontario's Credit Counselling Services.

At least half the agencies that offer this counselling also provide other types of guidance. Typically, such guidance would consist of helping the individual fill in the necessary forms for a bankruptcy or Orderly Payment of Debts application if this course of action appears justified. In some cases, the agency may accompany the person to the appropriate office. Another type of guidance is to at least refer the person to another agency (e.g., a social service agency, legal aid, consumer bureau, etc.) if the problem is out of the agency's realm.

Another service included here is that of "family counselling" wherein budget problems are examined within the context of the functioning and problems of the family as a whole. This was mentioned by about a quarter of those offering counselling, most often by social service agencies that offer credit counselling as only one of a range of family services.

ii) Mediation. This refers to whether the agency intervenes with the client's creditors in order to re-establish communications and help the debtor negotiate problems, repayment schedules, etc. with his creditors which the debtor then follows through himself.

About half of all agencies indicated they performed this service. The proportion may in fact be somewhat higher since a few of the agencies that do orderly payment of debt plans (see below) may have taken this function for granted. Again, it is typically the specialized credit counselling services (provincial government offices, C.C.S. in Ontario) that mention this service.

It is of interest to note that about one sixth of all agencies mentioned doing advocacy -- explicitly taking the

debtor's side in questioning the legitimacy of debts, or the manner in which a debtor may have been treated. This advocacy role was mentioned more often by agencies such as legal aid and certain voluntary or community service organizations than by government agencies or C.C.S. members.

iii) Orderly Payment of Debt Plans. The review indicated that several debt repayment schemes that take somewhat different forms and use differing terminology might for present purposes be grouped together. Services offered under the general heading of "Orderly Payment of Debts" in British Columbia by the provincial government's Debtor Assistance Division (D.A.D.) and in Ontario by Credit Counselling Service members will perhaps serve to illustrate this point. Thus, in British Columbia the D.A.D. is the official administrator of O.P.D. payments resulting from consolidation orders issued by the Court under Part X of the Bankruptcy Act. In addition, it administers what are called D.A.D. payments, involving a consolidation of debts negotiated by the D.A.D. itself wherein the debtor pays D.A.D. for prorated disbursement to creditors. There are also "Settlements"--arrangements made by the D.A.D. for straight prorated payout to creditors by the debtor himself.

In Ontario the Orderly Payment of Debts (O.P.D.) provision (Part X) of the Bankruptcy Act has not been proclaimed. Nevertheless, the term "orderly payment of debt program" is used by C.C.S. members to describe those situations where a member agency "handles some of the client's money, makes acceptable arrangements with creditors and makes payments to them on his behalf". Furthermore, C.C.S. has recently begun distinguishing between "agency administered OPD" and "client administered OPD", a new category.

Other variations in detail and terminology exist in other areas of the country. However, it appeared from the above example and from respondents' answers that the general function provided is that of a prorating service. Thus, for present purposes the term "orderly payment of debt" is used to refer broadly to "prorating", and "pooling" schemes (legislated or not) wherein the client's debts are consolidated and the debtor brings or sends money to the agency for (prorated) disbursement among the creditors on his behalf.

The answers indicate that about half of the surveyed agencies provide this type of service. It is done for the most part by those agencies which specialize in credit counselling. These include government offices in those provinces which have proclaimed Part X, often supplemented by a similar type of O.P.D. program for other debtors. It is also offered by members of

C.C.S. in Ontario and in Quebec by Court Clerks under the provisions of Dépôts Volontaires (Lacombe Law), although the latter were not surveyed. This type of service is also performed by some other agencies.

A distinction can be drawn between orderly payment of debt programs administered by the agency versus those administered by the client since some agencies expressed their desire to have the client himself handle the orderly payment of debt scheme once set up. However, indications are that in fact the great majority of such arrangements are handled through the agency.

There is a variation on this type of service which should be noted. For want of a better term it might be called "surrogate financial management". This refers to those cases where the agency acts as a trustee for the individual's total finances. The client's cheque may be forwarded directly to the agency or he may bring it in himself, whereupon the agency allocates money not only for creditors but also for all or nearly all the person's other expenses including rent, food, clothes, etc. Approximately 15 agencies mentioned doing this to some extent. It tends to be done by certain social service and community service organizations for some welfare and other low-income clients who are apparently unable to control their own spending.

A general question concerning follow-ups on their clients by the agencies was also asked. While perhaps three quarters do some kind of follow-up, the typical motivation for maintaining contact has to do with ensuring that conditions of a repayment plan are being met. A few said the onus was on the client to return for additional help if necessary or that follow-ups were unnecessary since each case was followed through to its resolution. Only 20-25 agencies (about one in four of those doing follow-ups) said that these follow-ups were "client-centered" (i.e., not involving collection of a loan or O.P.D. payment) and presumably many of these would be social service and local community organizations. Other comments on this point were that follow-ups were often found to be difficult (e.g., locating the client) and time-consuming, or that the agency just could not afford to devote the resources required for this activity.

iv) Money management education. This refers to whether the agency was involved in preventive efforts aimed at promoting better spending patterns, apart from its efforts to help those already in trouble. The questionnaire attempted to distinguish between guest speakers to schools and other community groups versus more formal money management courses.

A majority (about 75) said they provide speakers to schools and other groups in their community. The frequency of these speaking engagements varied considerably, from one or a few times a year to once a week; the average was perhaps five or six times a year. The size of the group is typically from 10 or 15 to 30. Many emphasized that such lectures are informally structured in that the speaker will cover a few main points or begin with a description of the services provided by his/her agency and then take cues from the audience, discussing points of interest to them. Topics include income and expenditure, saving and borrowing, using bank services, consumer rights, etc. Teaching aids such as handouts and films (e.g., "The Moneytree") may also be used though several wished that more teaching aids were readily available.¹

Only about a dozen agencies indicated they were involved in providing a money management "course" lasting two or more sessions. The course is typically offered once, twice or three times a year, and usually goes for five or six lessons, each lesson lasting two or three hours (e.g., five Wednesdays, from 7:30 p.m. to 9:30 p.m.). The course is often offered as a money management course but may be part of premarriage counselling. Some courses are offered through a co-operative effort between two agencies, such as a government department and a credit union. Variations included one case where it is offered as a five lesson correspondence course. In another case one of the chartered banks was sponsoring an experimental money management project. Under the project, university students in several cities received training and then worked for the summer in conjunction with other agencies to teach "money habits workshops" in the community.²

Topics covered in the various money management courses included: income and occupation/lifestyle, expenses and budgeting, saving, use of credit, using bank services such as a chequing account and buying tips (e.g., houses, cars). Most also cover insurance, pensions, taxes and investments. Many use teaching aids such as handouts, flip charts, worksheets, textbooks, filmstrips, guest lecturers and group discussions. Audio-visual aids (films) and group discussions were mentioned as being most helpful. A fee from \$15-\$30 on a sliding scale was a typical charge though presumably few would ever be turned away for lack of funds; some of the courses charge no fee at all. Most said the course was successful based on students' written evaluations, resulting behaviour changes and, as one agency in Saskatchewan observed, the fact that all 80 places in its twice yearly course are booked well in advance.

A few agencies also mentioned having some input regarding the teaching of money management as part of the curriculum in local schools.

c) Demand for services

Two of the questionnaire items were meant to give an idea of the extent of demand for credit counselling services. The first was a general question asking for an estimate of how many people used the agency's financial services during the latest fiscal period. The second asked whether the respondents felt credit counselling/money management services in their area were adequate to meet existing needs (yes or no) and the basis of their assessment.

Answers given over the telephone to the first question were generally unsatisfactory for deriving aggregate figures for two main reasons. First, comparative figures are difficult since respondents used different frames of reference. One might give a ballpark figure including telephone inquiries and those who received only incidental credit counselling while another agency might not; or distinctions between new versus active cases, etc. might be made differently among agencies, etc. Second, different agencies used different time periods, including some that were part-year. However, a number of the agencies had compiled statistics for their own purposes and were kind enough to forward copies. Excerpts from two of the more comprehensive and detailed reports, that for Ontario's Credit Counselling Service agencies and the Debtor Assistance Division of British Columbia's Department of Consumer Services, are presented here to give at least a rough idea of the number and distribution of people using credit counselling services in certain areas.

In Ontario the figures were provided by the Municipal Welfare Consulting Branch of the Ministry of Community and Social Services (6). These show that for Fiscal year April 1, 1976 to March 31, 1977 the total number of new cases served by the 29 Credit/ Debt Counselling agencies approved and cost shared by the Government of Ontario was 7,011. Other figures from the same report (pgs. 1, 3, 4) show that of 5,320 cases active at March 31, 1977 the breakdown was:

506 received counselling
 435 received counselling involving mediation with
 creditors
 14 were client administered O.P.D.'s (a new category)
4,385 were agency administered O.P.D.'s
 5,320

As well, the report notes that 2,063 people received telephone/drop-in counselling during the year and another 1,516 were "no-shows", representing some 17% of potential new clients who failed to keep their appointment. On the preventive side, speeches were given to 8,310 persons in the schools and to 5,540 of the general public and the films "Money Tree" and "To Your Credit" were shown

55 times in schools (1,496 viewers) and 15 times elsewhere (624 viewers).

In British Columbia the Debtor Assistance Division Report (1) for the period July 1, 1974 to March 31, 1976, covering the Division's first 18 months of operation notes:

"By the end of March, 1976, the division's five offices were administering: 826 consolidation orders under Part X of the Bankruptcy Act, 360 active DAD files (counselling, mediation, settlements in process) and 109 DAD pool trust accounts, for a total active clientele of 1,295... These figures do not include those people making use of the services for the purpose of information and budget counselling or the setting up of repayment schemes handled by themselves. A slight indication of the total demands on this new service to British Columbia consumers is perhaps understood better by figures which indicate more than 36,000 people telephoned the Vancouver office alone between April 1, 1975 and March 31, 1976 and approximately 6,500 counselling sessions were held by the division in the same period" (pp. 6-7).

Also of interest from the report are figures showing the disposition of 1,773 clients over a seven month period in 1975/76 (Table 5, page 20). Initial request or situation of the client is compared to the recommended course suggested by the DAD counsellor after one or more interviews over the course of one month:

	<u>% at Initiation</u>	<u>% at Disposition</u>
General Counselling ¹	47.0	19.4
O.P.D. Payments ²	11.0	11.7
D.A.D. Payments ³	5.4	16.2
Settlement ⁴	2.0	2.3
Mediation ⁵	9.6	17.8
Budgeting/Information ⁶	14.5	14.8
Bankruptcy ⁷	6.7	11.2
Court Referral	3.8	3.6
Pending ⁸	-	3.0
N = 1,773.	<u>100%</u>	<u>100%</u>

NOTES

1. Need for financial organization of a general nature
2. Consolidation of heavy debts necessitating Court Order, 5% interest and 3 to 5 years average length of time for repayment of debts.

3. Consolidation of debts where debtor pays DAD for prorated disbursement to creditors by debtor
4. Arrangements for straight prorated payout to creditors by debtor
5. Assistance of DAD to negotiate problems, payment schedules, etc. with creditors
6. Counselling needed to work out budget management in some depth
7. Either requested by client or seen by counsellor after interview as only potential solution. Referral to federal Trustee, but may or may not be followed up by client
8. Inconclusive after one month.

As well, as only one of a number of activities on the preventive side Division personnel participated in excess of 300 speaking engagements over the 18 month period.

In response to the question about the adequacy of services to meet existing needs in their area, a large majority in each province, and about 75% of all agencies (83 of 114 responding) said that services were not adequate. Reasons cited for saying that services were adequate were: no complaints or else positive feedback received from clients and users; there had already in recent years been an increase in services and they were coping with the caseload; and the small number of repeaters seen. It should be noted however that among those answering "yes", many qualified this by saying that although they could handle the present caseload or immediate area, they felt there was a large number of other people who could use their help if they were made aware of the service and would come or could be reached (e.g., in rural areas).

Among the 75% or so who said services were not adequate the main reason usually given was the belief that there was a large number of people who required the service but were not being reached. Some expressed this as "we're only seeing the tip of the iceberg" but would also point out their reluctance to advertise more in an effort to make others aware for fear their service would be swamped as a result. Other reasons for answering "no" were: present heavy caseloads meant they could not spend enough time with each client so that the service provided was limited and fragmentary; the high number of personal bankruptcies; they were trying to cover too much territory; and the fact that there were too few resources to devote to money management education, etc., -- the preventive side.

SUMMARY

The purpose here was to get an idea of the accessibility of credit counselling services, what services are offered to clients and the demand that exists for these services.

Agency services are generally quite accessible. Half the organizations offer extended hours and about 9 out of 10 said their services were available to all. Also, in those cases where there was a charge (e.g., a filing fee for O.P.D. or bankruptcy) most said the fee could be waived. Only two private, profit-making counselling services charge all clients a fee. The availability of credit counselling is known, at least among other service organizations, since the most common way in which clients learn of it is through referrals, especially from social service agencies. Many thought that advertising was also effective but feared that such advertising would result in too great a demand.

Categorizing the types of services offered presented a problem due to differences in terminology and meaning among agencies. However, four broad functions were distinguished for present purposes: credit counselling and guidance, mediation with creditors, orderly payment of debt schemes, and money management education.

Credit counselling, ranging from a general review of the client's situation to the working out of an in-depth budget and other guidance but not involving negotiation with creditors, was offered by about 80% of the agencies. About half of these also provide guidance by filling out O.P.D. and bankruptcy application forms and providing referrals where appropriate (in some cases actually accompanying the client). Also, about one quarter, mostly social service agencies, mentioned "family counselling" wherein the client's financial difficulties are dealt with in terms of a broader context of family functioning and problems.

About one half (probably more in fact) of the agencies said they offered mediation; that is, intervention with creditors to help re-establish communication and negotiate problems or repayment terms which the client then pursues himself. Also, about one sixth of agencies (not necessarily the same ones doing general mediation) mentioned taking on an "advocacy" role--taking the debtor's side in questioning the legality of debts, credit terms or collection tactics, etc. Agencies taking on this role tend to be legal aid and community service organizations rather than governmental or other large-scale agencies.

The working out and administration of various types of orderly payment of debt schemes (legally imposed or voluntary) was mentioned as a service by half the agencies. This function

of collecting money from the debtor for (prorated) disbursement to creditors is dominated by government departments responsible for Part X of the Bankruptcy Act and by other specialized credit counselling agencies. An extreme form of this function is what might be called "surrogate financial management" wherein the agency not only makes payments to creditors on his behalf but also more or less takes over the total finances of the client (including paying for rent, food, etc.) for a period of time. This type of service was mentioned by about 15 agencies, mostly by certain social service organizations for a small number of their welfare and other low-income clients who seem unable to handle their own finances at the time.

A good majority, perhaps three quarters of all agencies, do some sort of follow-up with clients. The usual motivation, however, is to ensure that financial obligations are being met (e.g., O.P.D. or consolidation loan payments). Only about a quarter of follow-ups might be called "client centred" (i.e., not involving payments), an approach dominated by social service agencies whose interests are more likely to be with broader family problems. Many agencies noted that they would like to do more in terms of follow-ups but that it was time-consuming work and they could not spare the resources.

Regarding the preventive function, a majority (perhaps 75) said they provide speakers to schools and other groups in the community although the frequency of doing so varied considerably. Often these speaking engagements are only loosely structured, with the speaker perhaps outlining the work of his agency then taking his cues from audience interests and questions. Only about a dozen agencies provide more formal money management "courses" lasting two or more sessions (typically 5 or 6). In a few cases this is a co-operative effort, such as between a credit union and some other agency. Response to courses is generally quite good.

For a couple of reasons it was not feasible to derive demand figures - the number of people using various types of service across the country.³ However, from a review of statistics regarding Ontario's Credit Counselling Service and British Columbia's Debtor Assistance Division, it appears that many (perhaps even tens of) thousands of people now receive intensive help. That is, the great majority of those coming to specialized services end up on some sort of agency administered orderly payment of debt scheme. It is presumably a time consuming task to set up each one. As a further indication of demand, the great majority of responding agencies felt that existing services are inadequate. Reasons for this assessment varied but the most common complaint was that only a portion of those requiring help are now receiving it (many used the tip of the iceberg analogy).

On the other hand, while they would like to help these people through greater advertising to make them aware of the service, many feared they would be swamped as a result. Other complaints were that caseloads were too heavy so that not enough time could be devoted to each client and that too few or no resources were available for preventive work regarding money management education.

SECTION 6CLIENT PROFILE

In order to get an idea of the types of people using credit counselling services, respondents were asked to provide rough estimates of the distribution of their clientele along certain demographic characteristics: family income, age of client, family composition and labour force status. In some cases, these estimates were later updated using statistics forwarded by the agency.

Most often the agency would give percentage proportion estimates (e.g., 40% of clientele had incomes in the \$8,000 to \$15,000 category). The tables here show the average of all responses in a given category. While this technique was considered suitable for present purposes it ignores the fact that one agency's estimates may be based on a clientele of 100 and another's on a clientele of 500 or 1,000. In short, the figures represent averages per agency and not of all clientele. Also, while most agencies gave percentage distributions, some answered in terms like "a majority", "most", or "a few". Provision was made for this type of response in the tables.

Finally, since only the averages are given there is no indication of the amount of variation among agencies. In some cases this was considerable, usually reflecting the location or specialized nature of the agency itself (e.g., a few who cater mostly to welfare or other low-income persons). Also, as might be expected there was some variation in the averages (particularly income) between certain provinces, such as Alberta versus some less well-off provinces.

a) Family income

Table 5 shows the average distribution of respondents' replies when asked the percentage of clientele with family incomes in each of four categories.

TABLE 5

AVERAGE AGENCY ESTIMATES OF CLIENTELE'S
FAMILY INCOME DISTRIBUTION

<u>NO. OF AGENCIES</u>	<u>UNDER \$8,000</u>	<u>\$8,000 to \$15,000</u>	<u>\$15,001 to \$25,000</u>	<u>more than \$25,000</u>
N = 91	52%	40%	6%	2%
	7 said "a majority"	5 said "a majority"		
	2 said "most"	1 said "average is \$8,640"		
N = 17	2 said "average is \$6,000"			
	1 said "6,000 or less"			

TOTAL = 108

On average the 91 respondents providing percentage breakdowns felt that fully 90% of their clientele have family incomes at or below \$15,000 (versus 55% of all family units in Canada in 1976 according to Statistics Canada cat. #13-206, p.11), an impression reinforced by the 17 who gave descriptive answers. In 1976 the low-income cut-offs determined by Statistics Canada for a family of four ranged from \$6,584 to \$9,054, depending on size of area of residence (cat. #13-203, p.6). A good proportion, but less than half, of credit counselling clientele were thought to have incomes at or below this level. The largest group, however, could probably best be characterized as those having "lower middle" incomes. A small proportion have incomes above that level. For an interpretation of these findings in terms of the levels of living that can be associated with various income categories, see Rainwater, L. (8, especially chapter 5).

b) Age of clientele

Table 6 shows the average distribution of respondent estimates of their clienteles age according to three groupings provided: under 25, 25 to 40, and over 40.

TABLE 6AVERAGE AGENCY ESTIMATES OF CLIENTELE'S AGE DISTRIBUTION

NO. OF AGENCIES	AGE		
	UNDER 25	25 to 40	over 40
N = 68	29%	51%	20%
N = 31	71 said "a majority"	22 said "a majority" 6 said "average age is 28-35" (28, 30, 32, 33, 34, 35) 1 said "majority are under 40"	
		1 said "a majority are 18-30"	

TOTAL = 99

The data here indicate that on average the respondents feel at least half (and possibly a higher proportion when the 31 giving descriptive replies are taken into account) their clientele are in the 25 to 40 age group. A significant minority are under age 25 while only relatively few (less than 20%, perhaps only 10%) are over 40 years of age. These findings can probably best be interpreted in light of the data below on family composition.

c) Family composition

Respondents also estimated the distribution of their clientele in terms of four categories of family composition (single, couples only, couples with children, and single parents). The results are shown in Table 7.

TABLE 7
AVERAGE AGENCY ESTIMATES OF CLIENTELE'S FAMILY COMPOSITION

<u>FAMILY COMPOSITION</u>				
<u>NO. OF AGENCIES</u>	<u>SINGLE</u>	<u>COUPLES WITHOUT CHILDREN</u>	<u>COUPLES WITH CHILDREN</u>	<u>SINGLE PARENTS</u>
N = 65	13%	10%	55%	22%
N = 28	1 said "some"	1 said "a few"	2 said "a vast majority" 21 said "a majority" 3 said "three children on average" 1 said "some"	1 said "a majority" 2 said "some"
<hr/>				
TOTAL = 93				

The table clearly indicates that responding agencies estimate more than half (possibly three quarters including descriptive replies) their clientele consist of families with one or more children. Another significant group is single parent families while those without children, whether singles or couples, show up relatively infrequently. These findings are broadly consistent with those of Table 6 in that there is probably a great deal of overlap between those family units where children are present and the age of the head being relatively young--say 35 years of age or less. Thus, while unattached persons and couples without children make up part of the clientele, the great majority of agency caseloads, on average, are couples in early to middle stages of the family life cycle with one or more dependent children.

d) Labour force status

The question concerning employment asked respondents to estimate the percentage of clients who were employed, unemployed, or not in the labour force. A review of the answers indicated that most respondents distinguished between the "employed" versus the "not employed". In addition, some provided a further

breakdown, however rough, of the "not employed" category in terms of seasonal workers and those between jobs (i.e., the temporarily unemployed) versus those not in the labour force. Others, however, were unable to do this.

For present purposes, the answers were divided into two general categories, employed and not employed, as shown in Table 8. The percentage figures in the table, however, are somewhat misleading. That is, about half of the 40% in the not employed category are likely only temporarily unemployed (seasonal workers, those on unemployment) versus people who are not in the labour force. Also, of those giving descriptive replies (N = 25), most indicated that the majority of their clientele are in the work force. In short, the estimated percentage of credit counselling service clientele who are working or only temporarily not working is higher than the 60% indicated in the table and may well be as high as 80% or more.

TABLE 8

AVERAGE AGENCY ESTIMATES OF CLIENTELE'S LABOUR FORCE STATUS

NO. OF AGENCIES	EMPLOYMENT STATUS	
	EMPLOYED	NOT EMPLOYED
N = 74	60%	40%
N = 25	12 said "a majority" 1 said "a few"	6 said "most or a majority seasonally employed" 1 said "many seasonally employed" 4 said "some seasonally employed" 4 said "a majority unemployed" 3 said "most not in labour force" (social assistance)
<u>TOTAL = 99</u>		

As with a couple of other questions, a fair amount of variation in the replies was due to the type or location of the agency. In particular, those agencies in areas where fishing and logging are important sources of employment (especially certain parts of British Columbia and the Atlantic Provinces) more often made note of seasonal employment and the few agencies who deal mostly with social assistance cases noted this fact. Also, several agency representatives in Ontario noted that their services were generally only available to the employed.

SUMMARY

From estimates provided by the agencies, a fairly clear and consistent picture emerges of their clientele. Thus, perhaps as many as 80% of them are working or only temporarily unemployed due to the seasonal nature of their work or other reasons (e.g., lay-offs). Their incomes, however, are generally lower than average. Thus, while about 55% of all family units in Canada have incomes below \$15,000, agency estimates were that some 90% of their clientele have incomes at or below this level. A good proportion of these, but less than half, were thought to have incomes at or below the Statistics Canada low-income cut-off lines. The largest group, however, could probably best be characterized as those having "lower middle" incomes. A small proportion have incomes above that level.

The estimates also indicate that more than half the clientele were in the 25-40 (actually 35 or so) age group, with a significant minority under 25 but only a few (perhaps 10%) over 40 years of age. Furthermore, the agencies thought more than half, probably three-quarters, of their clientele were families with one or more children. This included a significant number of single parent families.

Combining this information, the picture of the "typical" credit counselling service client would be that of: couples (and single parents) who are in the early to middle stage of the family life cycle with one or more young children; with a family head who works either full-time or part-year due to seasonal employment, or is "between jobs"; but where the family income is inadequate or only just adequate in relation to their needs.

SECTION 7OTHER COMMENTS

Some parts of the questionnaire called upon the respondents to offer their own views on certain facets of credit counselling. One of these concerned their comments on advertising; the second asked about the adequacy of services in their area; and the third, the final interview question, asked whether they had any other comments on additional aspects of credit counselling and money management, such as its impact on the community, changes needed, etc.

Answers to the first and second questions have already been presented under "Service Delivery". Thus, although advertising ranked behind referrals and word of mouth as a way in which clients learn of the service, many felt that advertising was or could be quite effective. In this respect it was noted that they would like to do more advertising but many feared (some from experience) that to do so would result in such a great demand that their service would be swamped. The agency would not be able to cope with the resulting increase in caseload if more people were made aware through advertising of help available.

Regarding the adequacy of credit counselling services in their area, about 75% of all responding agencies said that services were not adequate. The main reason given for saying this was the belief that there was a large number of people who required the service who were not being reached, sometimes expressed as "we're only seeing the tip of the iceberg". Other reasons were that present heavy caseloads meant they could not spend enough time with each client and therefore were providing a limited, fragmentary service or the fact that there were too few resources to devote to money management education, etc.--the preventive side. Even among those who answered "yes" to the adequacy question, several qualified this by saying that although they could handle the present caseload or immediate area, they felt there was a large number of others who could use such help.

The final questionnaire item asked for additional comments and suggestions. It was an open-ended question and produced a variety of replies. Some made no comments or only one while others made two or more. A categorization of the types of comments recorded and the frequency of each are shown in Table 9.

TABLE 9

TYPE AND DISTRIBUTION OF AGENCY COMMENTS AND SUGGESTIONS

<u>TYPE OF COMMENT OR SUGGESTION</u>	<u>NUMBER OF MENTIONS</u>
Need for more money management education	53
Need for more staff and/or money for credit counselling	43
Need for more advertising to promote awareness/use of credit counselling	18
Need for tighter controls on credit granting	22
Need for greater coordination among various agencies in the community	13
Other: general comments and suggestions regarding credit counselling (e.g., funding patterns, service)	27

A majority of those calling for more work on the preventive side (money management education) were fairly specific in saying it should be done in the schools at the primary and/or secondary level. A much smaller number made specific reference to adults or to groups in the community other than school classes.

Relatively large numbers mentioned the need for more staff and/or money in order to provide credit counselling for those already in difficulty (43 mentions including 4 who specified a need to serve outlying areas) and the need for more advertising to promote awareness/use of existing services (18 mentions). This is not surprising in view of the findings presented earlier about agency views on the adequacy of services and the usefulness of advertising. In fact, a common theme emerging from these first three types of comments is that much needs to be done. Some emphasize the remedial (serving more people in difficulty or devoting more time to each), others the preventive. In both cases, but especially on the remedial side, the respondents feel more resources in terms of staff, money, teaching aids, etc. are required to do the job more adequately.

Another type of comment noted fairly often (22 mentions) was that tighter credit granting procedures are needed. Several singled out finance companies as being "too generous" in their lending practices although other lenders were also mentioned by some. Comments calling for greater coordination among various

agencies in the community also come up (13 mentions). This included some who specifically mentioned the importance of having the co-operation of credit grantors if a successful service was to be provided.

The final category includes a number of diverse comments and suggestions. About half (14 mentions) of these focussed on orderly payment of debt arrangements and bankruptcy. Some comments (5 mentions) expressed satisfaction with the way O.P.D. operates; two other respondents (located in the two provinces where no O.P.D.-type scheme exists) wished that such a service would be established. Two or three others, however, were concerned that in some areas people who are in financial trouble but do not qualify for O.P.D.-type help have nowhere else to turn. Concerning bankruptcy, some (4 mentioned) said the strictly administrative approach now characteristic of Bankruptcy Branch offices was inadequate in that many of their clients require rehabilitation counselling as well but are not receiving it. These respondents felt Bankruptcy Branch should provide such counselling.

Five comments concerned funding. Two were by respondents in Ontario who, although glad of government support, felt the requirement that the agency raise its 40% share of costs before receiving the government's 60% share imposed hardship on them. The other three comments concerned the role of various agencies (one said social service agencies should do credit counselling, another said they should not, the third felt credit grantors should not be involved in funding such services). Other comments noted such things as: the importance of a co-operative relationship with credit grantors if the service is to be successful, the need for better follow-up, the need to have high calibre counsellors for a successful service, comments about greater efficiency through computerization and the need for different philosophical approaches to the whole consumer credit and credit counselling field.

SECTION 8CONCLUSIONS

The survey results indicate that in recent years much greater attention has been devoted to alleviating indebtedness problems associated with the consumer credit explosion in Canada. Thus, of 126 agencies covered by the survey, some 50 date back only to 1974 or later and the median start-up year for all services was 1973. Despite this finding, however, and even allowing for the methodological and other limitations of the survey, the overall results lead to the general conclusion that several issues regarding both the availability and adequacy of credit/debt counselling services demand attention. The reasons for this conclusion and some tentative suggestions for further work to determine facts and investigate problems are outlined below. It is recognized that not all conclusions and recommendations apply equally to all areas of the country. Rather, the hope is that thought will be given to those points which might merit further consideration in different cases.

1. The first reason is that remedial counselling services are not readily accessible in some geographic areas. The most obvious case is the whole province of Newfoundland, which has not proclaimed Part X (O.P.D.) of the Bankruptcy Act nor made other arrangements for the provision and/or funding of debt counselling services. Thus, apart from some part-time counselling performed by two Consumer and Corporate Affairs Canada employees (one of these positions became vacant shortly after the survey) the only recognized credit counselling service was that provided by a private, profit-making agency charging a fee to users. It is true that New Brunswick and Ontario have not proclaimed Part X (or a legal equivalent in the case of Quebec) either. However, in New Brunswick provision for at least some level of service to the most urbanized centres has been made through general provincial government funding to certain social service agencies ("Family Enrichment Centres"). And in Ontario, service is provided indirectly by the government through partial funding (60%) of 29 Credit Counselling Services throughout the province which are empowered to work out orderly payment of debt plans.

Lack of access to service in the geographic sense is also a problem within certain provinces. This is most true of rural areas but also for many small to mid-size population centres in some provinces. Thus, in the eastern half of the country, Newfoundland has only one agency in St. John's and a part-time informal service in Corner Brook. In Prince Edward Island the identified agencies were all located in Charlottetown, and in New

Brunswick the lack of service to rural areas and smaller centres was a frequent comment. Other geographic areas thought to be lacking adequate service included the northern portions of British Columbia and many of the widely scattered communities in Alberta. The data were quite spotty in Quebec but it is known that at least the "dépôts volontaires" service is available in most centres through the local office of the Court Clerk. In Ontario, the Credit Counselling Service claims to be serving some 89% of the population through its member agencies, and in Manitoba and Nova Scotia service was said to be available through local or part-time offices of one or another department of the provincial government.

RECOMMENDATIONS

- i) Further research should be done to document or disprove the extent and seriousness of the lack of access to debt counselling in rural areas and certain small to mid-size population centres. The research design to test this notion might involve a survey of household finances in such areas where services are not available compared to those where they are. As an alternative or in addition to this approach, the research could be based on a survey of the addresses of credit counselling agencies' clients.
 - ii) If research supports the notion that residents of such areas seriously lack access to debt counselling and need such service, the efficacy of various means of providing service (e.g., extension services, part-time government offices, mobiles) should be investigated.
2. The second reason for saying credit counselling services are generally inadequate is that the demand for remedial service is not being met. This assessment is based essentially on two findings. The first is that some respondents said their caseloads were too heavy and that they could therefore provide only limited or fragmented service to each client rather than allowing the amount of time they should. The second is the argument presented by many (perhaps a majority of) respondents that although they were presently coping they felt they were serving only a portion of those actually in need of debt

counselling, or "only seeing the top of the iceberg" as some put it.⁴ Often, this argument was backed up by saying that although they would like to advertise in order to reach more people in need, they feared (some from experience) that the resulting increase in demand would swamp their service. This view can be opposed to a few other respondents who argued that because their service covered a given area and because they were able to cope with the caseload the demand for service was being met.

RECOMMENDATIONS

- i) Research should be done to determine the relationship between credit counselling service resources and demand for service in various areas. One approach would be through a comparison of Statistics Canada's survey of consumer finance data for a given area and the files of agencies serving the same geographic area. Another approach could take the form of experiments based on respondents' assertions that advertising would swamp the service (versus those who felt the demand was being met well). Selected agencies could be encouraged to mount major advertising campaigns. The resulting change in demand, if any, could then be measured. Back-up resources (e.g., extra counsellors) would be available if the demand increases. The necessary funds and/or other resources should be underwritten by government, the most suitable arrangement perhaps being through cost sharing between the federal government (Consumer and Corporate Affairs) and various provincial governments.
- ii) The potential for increasing the operating efficiency of credit counselling agencies should be explored. For instance, a study of the advantages and drawbacks of computerization might be undertaken, comparing agencies that at present do/do not now use computers.

3. The third respect in which credit counselling services are inadequate is that the range of remedial services available is too limited. This assessment is based partly on the large proportion of agency clientele that require some type of orderly payment of debts program. This indicates that many clients are seeking or receiving help only when their financial problems are quite serious. Furthermore, there is evidence that at least in

some areas there are specific criteria which must be met (e.g., levels and types of debt, income) in order to be eligible for help through O.P.D. type schemes. Where the criteria are not met little or no assistance may be available even though the debtor's problems are fairly serious.

Another respect in which the range (or perhaps the orientation) of remedial services is too limited is that few of the services are what might be called "client centred". For instance, only a minority of the agencies claim to be doing client advocacy in the sense of questioning the legitimacy of various debts or checking into the integrity of credit grantor lending and collection practices. Also, only some agencies (perhaps too few) view clients' debt problems in the context of broader family problems and functioning and only a few do follow-ups beyond making sure only that repayment terms are being met.

RECOMMENDATIONS

- i) Research should be done to determine whether eligibility for orderly payment of debt and other counselling is too restricted in any area. The research would include a comparative review of the eligibility criteria themselves. It would also include a review of the number of potential clients turned down because they do not meet the criteria and what happens to these "turndowns".
- ii) There were indications from the survey that credit unions (and caisses populaires) are unique among lenders in terms of their philosophy and policies being compatible with the provision of credit counselling services. A more systematic review of their present and potential involvement in this field should be undertaken.
- iii) To find out if more advocacy on behalf of clients is necessary, a sample of files from various agencies should be reviewed by legal experts. The purpose would be to see whether and to what extent consumer protection laws or "proper" lending ethics are being bent or broken in the granting of credit or attempts to collect.
- iv) Follow-up interviews should be conducted with a sample of persons who dealt with credit counselling agencies to assess how well the families are functioning--financially and otherwise--and to get their opinions on their dealings with the agency. This information could be used to determine the need for follow-ups in general and as a source of ideas for ways in which service delivery should

be altered. Surveys conducted by Wispinski and Fenniak,(9) and Cousineau (5) produced some interesting findings in this respect.

- v) In light of other changes in service delivery that may be desirable, a review of the qualifications of credit counsellors should be done to determine if changes are warranted. For instance, it may be that more emphasis should be put on training in the helping professions and less on experience in the credit granting industry. As well, thought should be given to developing training programs for counsellors in all areas. The qualifications for counsellors being developed in Ontario and Nova Scotia and the training program offered in British Columbia would provide starting points for the review.

4. A fourth respect in which present credit counselling services appear to be inadequate is that too little attention is devoted to money management education--the preventive side of credit counselling. Although many agencies were involved in giving speeches of an hour or so duration to schools (and to a lesser extent other groups in the community), little information is available on the effectiveness of these speeches. Furthermore, it appears that very little is being done in the provision of money management courses, either in the schools or as part of adult education.

RECOMMENDATIONS

- i) Efforts should be made to develop one or more money management education "kits" for wide distribution. An institution specializing in adult education would be appropriate. Especially since some of the characteristics of those who are most often the clients of counselling services are known (e.g., young families with children whose income is below average) it should be possible to develop "kits" and techniques geared to these and other groups. A review of the effectiveness of existing materials and the manner in which the information is presented would be a good starting point.

- ii) Perhaps even more than among the school age population, emphasis should be placed on providing greater access to money management courses among adult groups in the community at large. A variety of institutions could be involved in this work. The encouraging response to courses offered or sponsored by certain credit unions and the efforts of one of the chartered banks in developing materials and experimental programs provide good examples of the potential. Controlled experiments (in terms of measuring course effectiveness) could be undertaken.

- iii) The various provincial governments, with input from other interested parties, should work toward the inclusion of money management education as a regular part of the school curriculum in certain grades. Again, effectiveness measures should be built into such programs.

5. Apart from particular issues noted above, there appears to be a general lack of coordination among credit counselling agencies from one area to another. This means that opportunities to share experiences and ideas are being lost. The chances of gaps in service or duplication of effort are therefore increased. The implications of proposed changes in the Bankruptcy Act (Part III) may be a case in point. Possibly much could be gained by drawing together those with an interest in the field so that planning and service delivery will be more effective.

RECOMMENDATIONS

- i) In all provinces (or regions) a meeting of parties with an interest in credit counselling services, both remedial and preventive, should be convened. The purposes of these meetings would be to discuss problems and establish research and program priorities. The study of debt counselling and debt repayment recently established by the four Atlantic Ministers of Consumer Affairs is a case in point.
- ii) The new Bankruptcy Bill provides for "express delegation to the provinces of the administration of consumer arrangements and bankruptcies to maximize the use of local counselling services". The effects of this proposal in each province should be carefully reviewed in light of the findings of the present survey.
- iii) The federal government through the Department of Consumer and Corporate Affairs should serve in a coordinating role as well as offering financial and other resources for experiments and programs on a selective basis.

FOOTNOTES

1. In this respect it is worth noting a project undertaken by the Co-operative Credit Society of Manitoba, a central organization serving 169 credit unions and 94 co-operatives in Manitoba. Though not included in the survey itself and though the Society was not cognizant of financial counselling activities of its member unions, it noted that in conjunction with its Ontario and Saskatchewan counterparts it had funded the production of a film and instructor's manual entitled "Credit and the Consumer" (1976). Sixty of these packages were then sold to member unions in Manitoba.
2. The program, which employed approximately 38 university students to provide "Money Habits Workshops" in different cities during the summer of 1977, was sponsored by the Royal Bank of Canada under its Summer Employment Program for University Students (SEPUS-Part II). A final report was issued in October, 1977 by the Social Policy Action Group (Mr. A. Levin), the Royal Bank of Canada, Head Office, Montreal, Quebec.
3. In a 1972 Report on Personal Bankruptcy by the Canadian Consumer Council, certain assumptions were made in order to derive figures on the costs of insolvency (Appendix B) versus the costs of debt counselling (Appendix C). The latter were calculated; first, for only individuals estimated as potential Part X or bankruptcy cases; and, second for a more universal scheme of counselling across the country. A general conclusion was that in both cases extra expenditures for counselling would likely be well justified in cost/benefit terms because of reductions in insolvencies.
4. Statistics Canada data provide at least indirect support for this argument. A generally recognized rule of thumb is that those families whose consumer debt (excluding mortgage loans) represents 20% or more of their gross income are a "high risk" group in terms of their likelihood of experiencing debt problems. Statistics Canada data for 1970 (currently the most recent year for which relevant figures are available) show that 18.3% (or some 1.2 million) family units, had consumer debt ratios of this magnitude. (Statistics Canada catalogue 13-547, Tables 60, 66). This estimate is for various reasons probably quite conservative.

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APPENDIX "A"

Introductory Paragraph for Telephone Interviews

Ask for Director:

Hello. My name is _____ and I'm from the Department of Consumer and Corporate Affairs in Ottawa.

We are doing a survey of money management and debt counselling facilities across the country. This survey is being conducted because there is very little information available on whether such programs are offered in most communities and the results of the survey will be very useful for future projects.

We would like to know if your organization is involved in any way in such programs?

- if yes; Then would you mind answering some questions concerning your organization?
- if no; Do you know of any other money management or credit counselling agencies serving in your area (Fill in question #7 of questionnaire).

Thank you very much for your time and cooperation.

b) What is the composition of this board or committee?

_____	representatives of social service groups	# _____
_____	representatives of church groups	# _____
_____	government officials: identify levels:	# _____

10. a) Year credit counselling/money management service was established? _____

b) Why was it set up?
Reasons: _____

11. Where is this organization located?

_____	office building
_____	government office
_____	community centre
_____	storefront
_____	educational institute
_____	place of worship
_____	other

12. What hours are you open?

_____	business hours	_____	Certain days	_____
_____	other			

13. a) What is the total operating budget for the organization for the fiscal year from _____ to _____ ? \$ _____

b) What % or (\$ amount) is spent on financial services or programs?

# _____	programs: _____	\$ _____
	_____	\$ _____
	_____	\$ _____

14. What are your major sources of current income for financing the debt counselling and money management services?

15. Please give income from each of the above sources listed:

From Public Funds

AMOUNT

1. Federal	\$ _____
2. Provincial	\$ _____
3. Municipal	\$ _____
4. Regional	\$ _____
Sub-total:-	\$ _____

From Private Funds and Other

1. _____	\$ _____
2. _____	\$ _____
3. _____	\$ _____
4. _____	\$ _____
Sub-total:-	\$ _____
Total funds for all sources	\$ _____

16. I'd like to ask you now about the number of people involved in providing the financial services:-

a) What is the number of paid staff?

_____ full-time _____
_____ part-time _____

b) What is the number of volunteer staff?

_____ full-time _____
_____ part-time _____

c) What are your minimum requirements for being a counsellor? (give details about education, training, experience, personality, etc.)

17. Do you have any training before assignment for your:

a) counsellors:- _____ yes
_____ no

b) volunteers:- _____ yes
_____ no

18. Turning now to the financial counselling aspects of your service - Can you describe the financial services you provide? And why?

ex. (debt/credit counselling, surrogate financial management, rehabilitation of the bankrupt, advocacy, family counselling, legal aid, speakers to schools and community, briefs for government, money management education).

- How many times a year is the course given? _____
- What is the average class size? _____
- What is the average course length? _____

- What does the course cover?

_____ income and occupation (lifestyle - standard
_____ of living)
_____ expenditure and budgeting
_____ credit/borrowing
_____ saving
_____ use of bank
_____ other: _____ Insurance _____ Pensions
_____ Taxes _____ Investments

- What type of teaching aids are used? (Circle them)

_____ slides, films, film strips, overhead
_____ projector
_____ cassettes/records, posters, games
_____ handouts, worksheets, textbooks
_____ case studies, guest lecturers
_____ field trips

- Which are the most helpful? Any comments on aids?

- What is your opinion on the success of this course?

_____ very successful _____ somewhat successful
_____ successful _____ not very successful

- How could you assess this course?

19. a) Do you charge any fee for these financial services?

_____ yes
_____ no

b) If yes, indicate for what services at what rates:-

c) Who pays the fee?

_____ debtor
_____ creditor
_____ social agency
_____ government agency
_____ other

20. Are these services available to the general public?

_____ Yes
_____ No, then specify: _____

21. How do people find out about these services?

_____ referrals
_____ word of mouth
_____ promotion

_____ advertising: _____ paid
_____ free
_____ press releases
_____ co-op promotion:

Any comments on advertising?

22. In dealing with these financial matters with your clients, do you use the outside services of ?:-

	<u>voluntary/paid</u>		<u>consultation/referral</u>	
social workers	_____	_____	_____	_____
lawyers	_____	_____	_____	_____
bankruptcy trustee	_____	_____	_____	_____
financial experts	_____	_____	_____	_____
educaters	_____	_____	_____	_____
consumer agency	_____	_____	_____	_____
other	_____	_____	_____	_____

23. How many people used your financial services during the latest fiscal period from _____ to _____ 197 ?

24. Have you done any profiles of your clientele?
 _____ Yes _____ please send results or the study to Ottawa -

Consumer and Corporate Affairs Canada
 Place du Portage, Phase 1
 68 Victoria Street
 Hull, Quebec
 K1A 0C9

Attention: Wayne Brighton
 Consumer Research Branch

(we will cover costs - send bill)

_____ No

25. Please answer if possible, these general questions concerning your clientele: - (give a rough estimate)

a) What is the percentage of your clients with family income between:-

- 1. \$ 0 - 8,000 : _____ % (or #)
- 2. \$ 8,000 - 15,000 : _____ % (or #)
- 3. \$ 15,000 and above : _____ % (or #)

b) What percentage of your clients are in the following age groups?

- 1. under 25 : _____ % (or #)
- 2. from 25 - 40 : _____ % (or #)
- 3. from 40 and older : _____ % (or #)

c) What percentage of clients fall within the following marital status categories?

- 1. unattached individuals (singles) : _____ % (or #)
- 2. couples only : _____ % (or #)
- 3. couples with children : _____ % (or #)
- 4. single parents : _____ % (or #)

d) What is the percentage of clients with the following occupational status?

- 1. employed : _____ % (or #)
- 2. unemployed : _____ % (or #)
- 3. not in labour force : _____ % (or #)

26. a) Is there any follow-up done on clients? _____ Yes _____ No
Any comments?

b) Do you have repeaters? _____ Yes _____ No

27. a) Do you feel that money management and/or debt counselling services in your area are adequate to meet existing needs?

_____ Yes _____ No

b) On what do you base this assessment?

c) Any ideas for fulfilling these needs?

28. Are there any additional aspects of debt counselling and/or of money management services that you would like to comment on? (its success; impact on community; changes needed)

APPENDIX "B"

NAMES AND ADDRESSES OF ORGANIZATIONS INCLUDED IN SURVEY

The organizations interviewed and included in the survey in each province are shown below. They are listed according to the alphabetic order of cities and towns within each province.

BRITISH COLUMBIA

Abbotsford

Natsqui Sumas Abbotsford Community Service
2420 Montrose Street
Abbotsford
Telephone: 859-7681

Campbell River

Crisis Line and Family Counselling
207437 10th Street
Campbell River
Telephone: 287-7743

Kamloops

Debtor Assistance Division
Department of Consumer Services (prov.)
Kamloops
Telephone: 374-5676

Kelowna

Kelowna Legal Aid
Kelowna
Telephone: 763-8804

Mission City

Mission Community Services
33070 Fifth Avenue
Mission City
Telephone: 826-3634

BRITISH COLUMBIA (cont'd)Nelson

Consumer Action League
West Kootenay Branch
385 Baker Street
Nelson
Telephone: 354-4064

Penticton

South Okanagan Civil Liberties Society
Legal Information Office
320 Martin Street
Penticton
Telephone: 493-0210

Prince George

Debtor Assistance Division
Department of Consumer Services (prov.)
Prince George
Telephone: 562-9331

Human Resources Department (prov.)
Prince George
Telephone: 563-1751

Smithers

Smithers Community Law Centre
Box 2904, Main Street
Smithers
Telephone: 847-4448

Surrey

Surrey Intersection Society
10423 King George Highway
Surrey
Telephone: 588-0188

BRITISH COLUMBIA (cont'd)Terrace

Terrace Community Services Centre
46030 Park Avenue

Terrace
Telephone: 635-5135

Vancouver

B.C. Central Credit Union (2)

885 Dunsmere

Box 2033

Vancouver

Telephone: 1. CUPAC 684-8551
2. Education 684-8551

B.C. Teachers Credit Union

Suite 200

5740 Cambie Street

Vancouver

Telephone: 324-6655

Consumer and Corporate Affairs Canada

Bankruptcy Branch

P.O. Box 10066, Pacific Centre

7000 West Georgia Street

Vancouver

Telephone: 666-6971

Debtor Assistance Division

Department of Consumer Services (prov.)

535 Thurlow Street

Vancouver

Telephone: 668-2345

Downtown Community Resources Area

535 Horner Street

Vancouver

Telephone: 687-4811

Family Service Centres of Greater Vancouver

1616 West 7th Avenue

Vancouver

Telephone: 731-4951

St. James Social Service

331 Powell Street

Vancouver

Telephone: 683-3243

BRITISH COLUMBIA (cont'd)Vernon

Vernon and District Volunteer Bureau
Consumer Services Desk
Box 733
Vernon
Telephone: 545-8381

Victoria

Debtor Assistance Division
Department of Consumer Services (prov.)
838 Fort Street
Victoria
Telephone: 387-6831

Williams Lake

Legal Information Centre
147 North 1st Avenue
Williams Lake
Telephone: 392-2941

ALBERTACalgary

Calgary Family Service Bureau
120 13th Avenue S.E.
Calgary
Telephone: 263-0720

Family Financial Counselling
Department of Consumer and Corporate Affairs (prov.)
Calgary
Telephone: 261-6107

Edmonton

Family Financial Counselling
Department of Consumer and Corporate Affairs (prov.)
10065 Jasper Avenue
Edmonton
Telephone: 427-5782

ALBERTA (cont'd)

Family Financial Counselling (Head Office)
Department of Consumer and Corporate Affairs (prov.)
9915 108th Avenue
Edmonton
Telephone: 427-5210

Family Service Association of Edmonton
9919 106th Street
Edmonton
Telephone: 424-4161

Shield Credit
425 Tegler Street
Edmonton
Telephone: 432-7767

Fort MacMurray

Family Financial Counselling
Department of Consumer and Corporate Affairs (prov.)
202 9912A Franklin Avenue
Telephone: 743-7231

Lethbridge

Family Financial Counselling
Department of Consumer and Corporate Affairs (prov.)
740-4th Avenue
Lethbridge
Telephone: 329-5360

Peace River

Family Financial Counselling
Department of Consumer and Corporate Affairs (prov.)
Bag 900
Peace River
Telephone: 624-6214

Red Deer

Family Financial Counselling
Department of Consumer and Corporate Affairs (prov.)
Red Deer
Telephone: 343-5241

SASKATCHEWANPrince Albert

Prince Albert Community Service Bureau
1521 6th Avenue West
Prince Albert
Telephone: 764-5291

Regina

Catholic Family Services Society
1120 11th Avenue
Regina
Telephone: 525-0521

Department of Social Sciences
2240 Albert Street
Operations Branch
Regina
Telephone: 565-3641

Family Services Bureau of Regina
1744 Cornwall Street
Regina
Telephone: 527-6675

Provincial Mediation Board
Court House
Regina
Telephone: 565-5404

Welfare Rights Centre
1855 Broad Street
Regina
Telephone: 527-9080

Saskatoon

Catholic Family Services
417 Birks Building
Saskatoon
Telephone: 244-7773

Co-op College of Canada
141 105th Street West
Saskatoon
Telephone: 373-0474

SASKATCHEWAN (cont'd)

Family Service Bureau
309 22nd Street West
Saskatoon
Telephone: 244-8127

Saskatoon Credit Union
309 22nd Street West
Saskatoon
Telephone: 652-3910

Self Help Council
631 20th Street
Saskatoon
Telephone: 242-8869

MANITOBAWinnipeg

Bankruptcy Branch
Consumer and Corporate Affairs Canada
300-303 Main Street
Winnipeg
Telephone: 985-3229

Community Consumer Credit Counselling Service
536½ Main Street
Winnipeg
Telephone: 944-9704

Home Economics Directorate
Department of Health and Social Development (prov.)
2nd Floor, 880 Portage Avenue
Winnipeg
Telephone: 775-8682

Legal Aid Manitoba
325 Portage Avenue
Winnipeg
Telephone: 947-6501

Mount Carmel Clinic
120 Selkirk Avenue
Winnipeg
Telephone: 582-2311

MANITOBA (cont'd)

Orderly Payment of Debts
County Court
102 Law Courts Building
Winnipeg
Telephone: 944-3133

ONTARIOBarrie

Credit Counselling Service of Simcoe-Georgian Bay Region
39 Collier Street
Barrie
Telephone: 726-2705

Belleville

Quinte Information and Assistance Centre
27 Campbell Street
Belleville
Telephone: 962-9281

Quinte Region Credit Counselling Service
P.O. Box 283
Belleville
Telephone: 968-4902

Brantford

The Family Service Bureau
35 Wellington Street
Brantford
Telephone: 753-4173

Cambridge

The Family Service Bureau
58 George Street North
Cambridge
Telephone: 621-5090

ONTARIO (cont'd)Chatham

Chatham Kent Community and Family Services
259 Wellington Street West
Chatham
Telephone: 354-6221

Guelph

Children's Aid Society
51 Delhi Street
P.O. Box 1088
Guelph
Telephone: 824-2410

Hamilton

Catholic Social Services of Hamilton
82 Stinson Street
Hamilton
Telephone: 527-3823

Consumer Help Office
414 Barton Street
Hamilton
Telephone: 522-1867

Family Services of Hamilton-Wentworth
350 King Street East
Hamilton
Telephone: 523-5640

Kenora

Consumer Debt Counselling Service
P.O. Box 2430
Kenora
Telephone: 468-5761

Kingston

Credit Counselling Service of Kingston
124 Wellington Street
Kingston
Telephone: 542-4911

ONTARIO (cont'd)Kitchener

Catholic Social Services
74 Weber Street West
Kitchener
Telephone: 743-6333

London

Consumer Debt Counselling Service of London
200 Queen's Avenue
London
Telephone: 433-0159

Mississauga

Peel Family Service
93 Dundas Street West
Mississauga
Telephone: 270-2250

New Sudbury

New Sudbury Community Service Centre
1749 Lasalle Boulevard
New Sudbury
Telephone: 674-3151

North Bay

Family Life Centre
539 Cassells Street, Suite 2
North Bay
Telephone: 472-6515

Oakville

Halton Consumer Credit Counselling Service
168 Lakeshore Road East
Oakville
Telephone: 845-3811

ONTARIO (cont'd)Oshawa

Oshawa Credit Counselling Service
172 King Street East
Box 1074
Oshawa
Telephone: 579-1951

Ottawa

Canadian Forces Base
Department of National Defence
Ottawa
Telephone: 995-7924

Credit Counselling Service of Ottawa
122 Percy Street
Ottawa
Telephone: 235-0304

Defence Headquarters
Credit Union
152 Rideau Street
Ottawa
Telephone: 237-9494

St. Vincent De Paul Society
1963 Haig Drive
Ottawa
Telephone: 731-3349

Peterborough

Credit Counselling Service of Peterborough
64 Hunter Street West
Peterborough
Telephone: 742-4258

Richmond Hill

York Region Credit Counselling Service
P.O. Box 224
Richmond Hill
Telephone: 884-9140

ONTARIO (cont'd)St. Catherines

Credit Counselling of Regional Niagara
11 Bond Street
St. Catherines
Telephone: 685-7577

Sarnia

Social Service Bureau of Sarnia-Lambton
681 Oxford Street
Sarnia
Telephone: 336-0120

Sault Ste Marie

Credit Counselling Service of Sault Ste Marie
8 Albert Street East
Sault Ste Marie
Telephone: 254-1424

Stratford

Stratford Family Counselling Service
15 Downie Street
Stratford
Telephone: 273-1020

Thunder Bay

Consumer Debt Counselling Service
106 Simpson Street
Thunder Bay
Telephone: 623-9596

Toronto

Credit Counselling Service of Metro Toronto
74 Victoria Street
Toronto
Telephone: 366-5251

ONTARIO (cont'd)Windsor

Credit Counselling Service of Metropolitan Windsor
2260 University Avenue
Windsor
Telephone: 258-2030

QUEBECGatineau

A.F.E.A.S.
Eglise St. Jean Marie Vianney
Boul. Maloney
Gatineau
Telephone: 663-2997

Hull

A.C.E.F. de l'Outaouais
22, rue Carillon
Hull
Telephone: 770-4911

Caisse Populaire St. Joseph
250, boul. St. Joseph
Hull
Telephone: 776-3111

Centre communautaire juridique de l'Outaouais
114, rue Principale
Hull
Telephone: 771-7352

Joliette

A.C.E.F. de Joliette
190, Montcalm
Joliette
Telephone: 756-1333

QUEBEC (cont'd)Maniwaki

Centre communautaires juridique de Maniwaki
196, rue Notre-Dame
Maniwaki
Telephone: 449-4800

Montreal

Fédération des A.C.E.F.
1212, rue Panet
Montreal
Telephone: 526-0823

La Fédération nationale des services de préparation de mariage
893, boul. Ste Croix
Ville St-Laurent
Montreal
Telephone: 748-8014

The Royal Bank
Head Office
Place Ville Marie
Montreal
Telephone: 874-2110

Québec

A.C.E.F. Québec
570, rue du Roi
Québec
Telephone: 522-1568

Shawinigan

A.C.E.F. Shawinigan
213, 3^{ème} rue
C.P. 906
Shawinigan
Telephone: 338-4755

Service d'aide aux consommateurs
1932, rue Champlain
Shawinigan
Telephone: 537-1414

QUEBEC (cont'd)Trois-Rivières

Caisse d'économie du centre du Québec
325, rue St. George
Trois-Rivières
Telephone: 374-2222

Caisse populaire/Organisme de service aux caisses
2000, boul. Recollets
Trois-Rivières
Telephone: 374-3594

Victoriaville

A.C.E.F. de Victoriaville
10, voul. Cargnan
Victoriaville
Telephone: 752-5855

NEW BRUNSWICKBathurst

Centre d'information et de communication mobile
231, rue Main
Bathurst
Telephone: 548-2455

Chatham

Family Enrichment Centre (prov.)
337 Water Street
Chatham
Telephone: 622-1050

Fredericton

Chimo Help Centre Inc.
P.O. Box 1033
Fredericton
Telephone: 455-9464

NEW BRUNSWICK (cont'd)

Family Enrichment Centre (prov.)
634 Queen Street
Fredericton
Telephone: 454-4699

Moncton

Brunswick Credit Union Federation
P.O. Box 1025
Moncton
Telephone: 855-4044

Family Enrichment Centre (prov.)
P.O. Box 2353
Postal Station "A"
Moncton
Telephone: 854-3840

Université de Moncton/Département des sciences domestiques
Moncton
Telephone: 858-4286

Oromocto

Canadian Forces Base Gagetown
Oromocto
Telephone: 357-8401

Saint John

Consumer Help Office
50 Princess Street
Saint John
Telephone: 642-7821

Family Services St. John Inc.
5 Wall Street
Saint John
Telephone: 693-1295

NOVA SCOTIAHalifax

Canadian Forces Base Halifax
Department of National Defence
Halifax
Telephone: 426-4344

City of Halifax
Social Planning Department
P.O. Box 1749
Halifax
Telephone: 426-6744

Consumer Affairs Department
Orderly Payment of Debts
Box 998
Halifax
Telephone: 424-5575

Consumer and Corporate Affairs Canada
Bankruptcy Branch
6th Floor, Montreal Tower
5151 George Street
Halifax
Telephone: 426-6099

Dalhousie Legal Aid
2157 Gallingen Street
Halifax
Telephone: 424-7039

Mrs. Doris Maley
1136 Cartaret Street
Halifax
Telephone: 423-3219

Metro Credit Union
607 Lady Hammond Road
Halifax
Telephone: 453-4741

Lawrencetown

Consumer Affairs Department
P.O. Box 117
Lawrencetown
Telephone: 584-3055

NOVA SCOTIANew Glasgow

Consumer Affairs Department
P.O. Box 236
New Glasgow
Telephone: 752-0975

Port Hawkesbury

Consumer Affairs Department
Port Hawkesbury
Telephone: 625-2524

Sidney

Consumer Affairs Department
Provincial Building
Prince Street
Sidney
Telephone: 564-8424

Sidney Credit Union
95 Townsend Street, Box 1386
Sidney
Telephone: 562-5593

Springhill

Consumer Affairs Department
P.O. Box 130
Springhill
Telephone: 597-2262

PRINCE EDWARD ISLANDCharlottetown

Department of Agriculture and Forestry
Farm and Home Division
P.O. Box 2000
Charlottetown
Telephone: 892-4101

PRINCE EDWARD ISLAND (cont'd)

Department of Consumer Services
Orderly Payment of Debt Branch
P.O. Box 2000
Charlottetown
Telephone: 892-5321

Protestant Family Services Bureau
Box 592
Charlottetown
Telephone: 892-2441

NEWFOUNDLANDCornerbrook

Consumer and Corporate Affairs Canada
Consumer Consultant/Insolvency Administrator
Herald Tower
Herald Avenue, Box 493
Cornerbrook
Telephone: 639-8958

St. John's

Consumer and Corporate Affairs Canada
Consumer Consultant/Insolvency Administrator
5th Floor, Sir Humphrey Gilbert Bldg.
115 Duckworth Street
St. John's
Telephone: 147-5411

Provincial Credit Counselling
P.O. Box 8744
Postal Station "A"
St. John's
Telephone: 579-7591