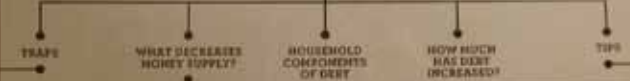


WHAT EVERYONE NEEDS TO KNOW ABOUT HOUSEHOLD DEBT

HOW MUCH DEBT DOES AN AUSTRALIAN HOUSEHOLD OWE?

2008

HOW MUCH HAS DEBT INCREASED?



EACH AUSTRALIAN HOUSEHOLD IS CURRENTLY IN DEBT TO THE TUNE OF AROUND **\$230,495.00**



DEBT REPAYMENTS



11%

AUSTRALIANS ONCE WERE A NATION OF SAVERS. Habitués, making us world-class debtors.

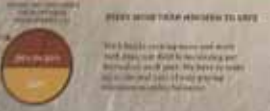
20%

WHAT DECREASES MONEY SUPPLY?

When money supply falls, the amount of money in circulation decreases. Money supply also decreases when consumers spend less money on goods and services. This is because, in this economy, money is spent on goods and services rather than on saving.

Consumers tend to save more money when interest rates are high. This is because higher interest rates and periods of economic recession lead to people saving more money rather than spending it.

THE FEDERAL RESERVE INCREASES THE MONEY SUPPLY BY BUYING GOVERNMENT BONDS.



TRAPS

\$1.1 TRILLION OF AUSTRALIAN HOUSEHOLD DEBT

TRAP 1: **CREDIT CARD DEBT** - Credit card debt is the most common form of household debt. It is easy to get into credit card debt because of the ease of obtaining credit cards and the high interest rates on the balances. Credit card debt can quickly spiral out of control if not managed properly.

TRAP 2: **MORTGAGE DEBT** - Mortgage debt is the largest form of household debt. It is easy to get into mortgage debt because of the ease of obtaining mortgages and the high interest rates on the balances. Mortgage debt can quickly spiral out of control if not managed properly.

169 MILLION HOUSEHOLDS

TRAP 3: **STUDENT DEBT** - Student debt is a growing problem for many young people. It is easy to get into student debt because of the ease of obtaining student loans and the high interest rates on the balances. Student debt can quickly spiral out of control if not managed properly.

TIPS

11%

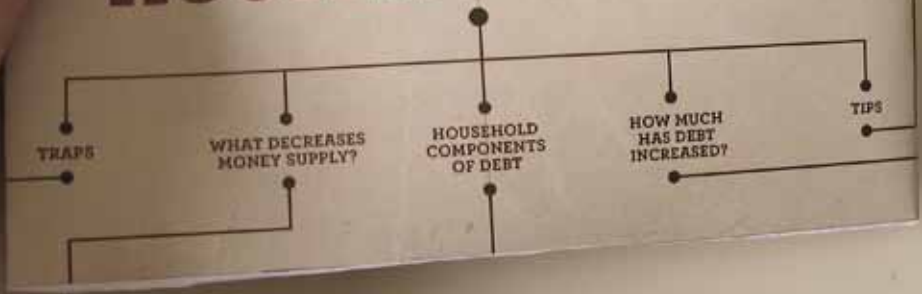
TIP 1: **CREATE A BUDGET** - A budget is a plan for how you will spend your money. It helps you to track your spending and make sure you are not spending more than you can afford. Creating a budget is the first step to getting out of debt.

TIP 2: **PAID OFF YOUR DEBT** - Paying off your debt is the most important step to getting out of debt. It is important to pay off your debt as quickly as possible to avoid the high interest rates on the balances.

169 MILLION HOUSEHOLDS

TIP 3: **AVOID CREDIT CARD DEBT** - Credit card debt is the most common form of household debt. It is easy to get into credit card debt because of the ease of obtaining credit cards and the high interest rates on the balances. Avoiding credit card debt is the best way to avoid getting into debt.

WHAT EVERYONE NEEDS TO KNOW ABOUT HOUSEHOLD DEBT



HOW MUCH DEBT DOES AN AUSTRALIAN HOUSEHOLD OWE?



COMPONENTS OF DEBT
PROPORTION WITH
TYPE OF DEBT (%)

EACH AUSTRALIAN
HOUSEHOLD IS CURRENTLY
IN DEBT TO THE TUNE OF AROUND

\$230,495.00



RECOVER FROM
EVERY BANK OF
AUSTRALIA



IF THERE'S A PROBLEM WITH YOUR MONEY
WE'LL HELP YOU GET IT BACK

2008

HOW MUCH HAS DEBT INCREASED?

BASED ON INFORMATION FROM THE RESERVE BANK OF AUSTRALIA

Over the last 10 years the total amount of debt owed by Australian households has increased by \$1.1 trillion, increasing to around \$1.1 trillion by December 2007. (in real terms, i.e. adjusted to remove the effect of inflation)



\$190

TIPS



TRAPS

\$1.1 TRILLION

WHAT DECREASES MONEY SUPPLY?

When someone pays back a loan, that person's money supply decreases. However, banks create new money when someone takes out a loan. They do this by creating a deposit and increasing the amount of money in the economy.

AUSTRALIANS ONCE WERE A NATION OF SAVERS. Households owe \$1.1 trillion in debts and other liabilities, making us world-class debtors.

RICHEST 20%

TIPS



HOW MUCH HAS DEBT INCREASED?

BASED ON INFORMATION FROM THE RESERVE BANK OF AUSTRALIA
Over the last 10 years the total amount of debt owed by Australian households has increased by \$190 billion, increasing to around \$1.1 trillion by September 2008. In total terms (ie, adjusted to allow for the effect of inflation).



\$190 BILLION
LEVEL OF AUSTRALIAN DEBT
(September 2008)



TRAPS

\$1.1 TRILLION
LEVEL OF AUSTRALIAN DEBT
(September 2008)

WHAT DECREASES MONEY SUPPLY?

When someone pays back their mortgage loan, the bank's money supply decreases. When a bank also increases when someone withdraws or pays out money or when a bank lends money, the Reserve Bank will increase money supply and then regulate the bank.

DEBT REPAYMENTS

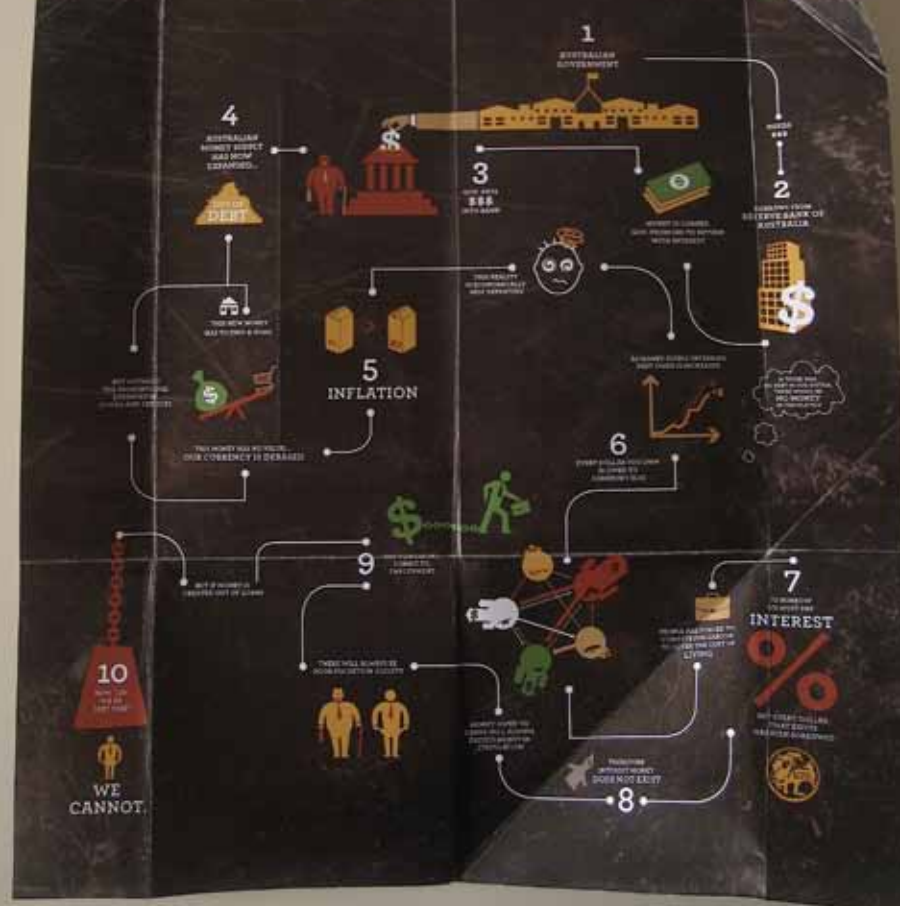
Among those lower income households in arrears, 80% reported that they were paying because of a fall in their gross household income or mortgage repayments and 20% were paying more than this.



With banks asking more and more such that, with debt to income per Australian 100:80, we have to make up the real cost of our paying minimum monthly payments.

THE AUSTRALIAN FINANCIAL SYSTEM

OUR SYSTEM OF SLAVERY



WHAT EVERYONE NEEDS TO KNOW ABOUT HOUSEHOLD DEBT

HOW MUCH DEBT DOES AN AUSTRALIAN HOUSEHOLD OWE?

EACH AUSTRALIAN HOUSEHOLD IS CURRENTLY IN DEBT TO THE TUNE OF AROUND \$230,495.00

AUSTRALIANS ONCE WERE A NATION OF SAVERS. Households owe \$1.1 trillion in debt and other liabilities, making us world-class debtors.



TRAPS

How do you get into debt traps? It's all about the interest rate. Credit cards have the highest interest rates, followed by mortgages and then car loans. If you're not careful, you can end up paying a lot more than you borrowed.

\$1.1 TRILLION AUSTRALIAN HOUSEHOLD DEBT

WHAT DECREASES MONEY SUPPLY?

When the Reserve Bank of Australia (RBA) increases the interest rate, it makes borrowing more expensive. This means that people are less likely to borrow money, which in turn reduces the amount of money in circulation. This is how the RBA can control inflation.

TIPS

How to avoid debt traps: 1. Compare interest rates before borrowing. 2. Avoid credit cards with high interest rates. 3. Consider a home loan with a fixed rate. 4. Pay off credit cards as soon as possible.

2008

HOW MUCH HAS DEBT INCREASED?

DEBT TO GDP RATIO: 2008: 23.1% (2007: 22.1%)

DEBT TO HOUSEHOLD INCOME: 2008: 11.1% (2007: 10.1%)

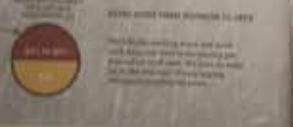
DEBT TO HOUSEHOLD WEALTH: 2008: 1.1% (2007: 0.1%)

\$190 BILLION

DEBT TO GDP RATIO

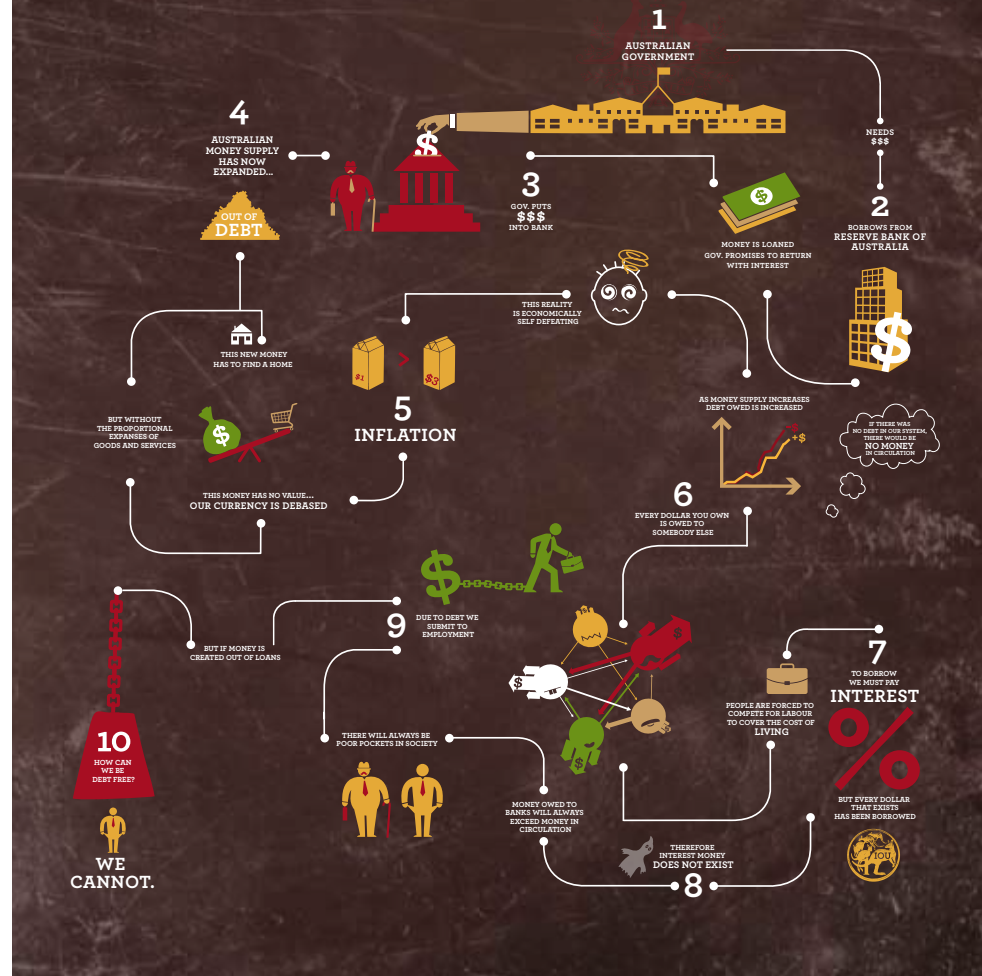
DEBT REPAYMENTS

Households repay \$1.1 trillion in debt each year. This is a significant amount of money, but it's also a sign that households are managing their debt responsibly.



THE AUSTRALIAN FINANCIAL SYSTEM

OUR SYSTEM OF SLAVERY



WHAT EVERYONE NEEDS TO KNOW ABOUT HOUSEHOLD DEBT

HOW MUCH DEBT DOES AN AUSTRALIAN HOUSEHOLD OWE?

TIPS
BIG TIP TO REDUCE YOUR DEBT
 Pay more than your minimum on your credit cards whenever possible.



TIPS TO AVOID DEBT
 Create an emergency savings account by making regular contributions each week, and make an emergency fund to cover unexpected bills.

TIPS TO AVOID SPENDING
 Cut down on binge buying. If you buy unnecessary things you are eating into your weekly budget making more purchases go onto your credit card.



HOW MUCH HAS DEBT INCREASED?

BASED ON INFORMATION FROM THE RESERVE BANK OF AUSTRALIA
 Over the last 18 years the total amount of debt owed by Australian households rose almost six-fold. At September 1990 the level of household debt was almost \$190 billion, increasing to around \$1.1 trillion by September 2008 in real terms (i.e. adjusted to remove the effect of inflation).

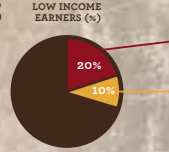
TRAPS WHAT DECREASES MONEY SUPPLY? HOUSEHOLD COMPONENTS OF DEBT HOW MUCH HAS DEBT INCREASED? TIPS



EACH AUSTRALIAN IN DEBT TO THE TUNE OF AROUND \$230,495.00

DEBT REPAYMENTS

Among these lower income households in 2005-06, 20% reported that they were paying between 30% and 50% of their gross household income on mortgage repayments and one-tenth were paying more than 50%.



AUSTRALIANS ONCE WERE A NATION OF SAVERS. HOUSEHOLDS OWE \$1.1 TRILLION IN DEBTS AND OTHER LIABILITIES, MAKING US WORLD-CLASS DEBTORS.

WE SPEND 11% OF OUR INCOME JUST TO PAY INTEREST ON OUR DEBTS

THE LARGEST SHARE OF DEBT IS OWED BY THE RICHEST 20% OF HOUSEHOLDS.

WHAT DECREASES MONEY SUPPLY?

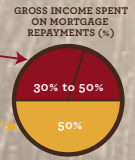
When someone pays back their mortgage (or other debts), money supply decreases. Money supply also decreases when someone defaults on their mortgage or closes a margin loan account, or the Government reduces expenditure and runs surplus budgets.

Central banks try to decrease the rate of money supply growth by increasing interest rates and providing disincentives for people to take out mortgages, margin loans etc.

ULTIMATELY TODAY'S MONETARY SYSTEM NEEDS MONEY SUPPLY (AND CONSEQUENTLY DEBT) TO KEEP INCREASING FOR THE ECONOMY TO FUNCTION.

REPAY MORE THAN MINIMUM TO SAVE

With banks earning more and more each year, our debt is increasing per Australian each year. We have to wake up to the real cost of only paying minimum monthly balances.



TRAPS

TRAP A
 Tricks people into buying a dollar more than you need on credit. The more you buy the more you pay more in the long run on interest.

TRAP B
 Tricks you into spending money where you don't need it eg. buying expensive clothing when you are in no danger of going naked



\$1.1 TRILLION LEVEL OF HOUSEHOLD DEBT (September 2008)

