

Alternatives to high cost credit

High cost credit refers to loans offered by fringe lenders, where as well as a high rate of interest, numerous fees are also charged.

Many disadvantaged consumers are drawn into high cost loans by the advertising which promotes the loans as being available to those with a bad credit history and also advertises that the credit can be accessed straight away. These high cost loans are promoted as a way of solving consumers' financial problems, but are more likely to keep consumers in a never ending debt trap.

Many people on low incomes or in financial difficulty enter high cost loans because they are not aware of other alternatives, listed below.

Centrelink

Centrelink provides financial support in addition to regular entitlements, such as a special benefit and crisis payment for people experiencing severe financial hardship (eligibility criteria apply), a pharmaceutical allowance to cover the cost of prescription medicines, rent assistance and telephone allowance.

To obtain more information contact Centrelink on 13 10 21 or visit www.centrelink.gov.au

No Interest Loan Scheme (NILS®)

The 'No Interest Loans Scheme' offers loans for essential household goods and medical equipment at no interest. A typical NILS® loan is for \$600–\$1,200 and available for essential household goods such as a washing machine, fridge or medical appliances such as a wheelchair. As loans are repaid over 12-15 months, the money is lent out again to other people in the community.

NILS® are run by local community groups such as Neighbourhood Centres or charities and lend money to people in their local area only.

For further information and to find your nearest NILS® provider, call 1800 509 994 or visit www.nilsnsw.org.au

Credit unions

Credit unions offer loans for as little as \$200 with terms starting at 3 months.

They assess consumers' repayment ability and lend to those on welfare benefits.

National Australia Bank (NAB)

NAB and the Good Shepherd Youth and Family Service offer consumers a safe credit alternative - the StepUP loan, which has a fixed low interest rate and no fees and charges. StepUP loans are specifically for:

- individuals or families holding a current Centrelink Health Care Card or Pension Card
- individuals or families who have lived at their current address for more than 6 months
- those living in Western Sydney call 9832 2300, Lithgow call 6352 2077 or Bathurst call 6332 4866.

Charities

The Salvation Army is one of the largest providers of material aid in Australia, through more than 260 community services centres nationwide. This may include assistance to families with:

- cash/cheque
- food vouchers/ food parcels
- clothing
- furniture and other household items
- accommodation vouchers
- housing cost
- electricity, gas, rates and other bills
- public transport fares
- medical and educational expenses
- other forms of help as appropriate to the individual.

To find your local Salvation Army Community Service Centre contact 1300 363 622.

Other charities which may also provide assistance are:

The Smith Family

Tel: 9895 1233

Red Cross	Tel: 9229 4111
St Vincent de Paul	Tel: 9560 8666
Barnardos	Tel: 1800 061 000

Financial counsellors

Over-reliance on credit can cause serious hardship. It creates financial and emotional turmoil for consumers. However, there are organisations that people can turn to for guidance and advice when they find themselves in over their heads with debt.

Community financial counselling services provide help for people experiencing problems with debt. They operate throughout New South Wales and provide free, confidential advice on financial matters.

Financial counselling groups provide a service to people from all walks of life who find themselves in serious financial difficulties.

After assessing their client's financial situation, trained counsellors will:

- prepare a full financial assessment and provide options for change and improvement
- detail the availability of any government assistance
- negotiate, advocate and mediate with credit providers and government agencies
- assist with information on debt recovery, bankruptcy and other para-legal matters
- ensure appropriate referral to other sources of assistance, for example Legal Aid, personal counselling and government services.

Financial counselling is a valuable community service that helps people regain control of their financial affairs.

For more information visit the Financial Counsellors' Association website at www.financialcounsellors.asn.au or call 1300 914 408.

Other sources of assistance

Credit and Debt Hotline

Tel: 1800 808 488

Website: www.cclcnsw.org.au

Free financial counselling information, advice and referral.

Community Legal Centres NSW

Tel: 02 9212 7333

Website: www.nswclc.org.au

Insolvency and Trustee Service Australia (ITSA)

Tel: 1300 364 785

Website: www.itsa.gov.au

Provides information on bankruptcy and its alternatives.

Legal Aid

Tel: 1300 888 529

Website: www.legalaid.nsw.gov.au

Provides a free 15 minute interview at which they will provide advice on credit/debt problems, and determine if you qualify for further assistance.