

MEDIA RELEASE

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Care welcomes calls for Christmas credit caution

The ACT's main financial counselling service Care Inc has welcomed calls from the Office of Fair Trading for credit caution this Christmas.

According to Care's Director, David Tennant, the 3 interest rate rises this year have had an impact for the many Canberra families that utilise Care's services.

"It is getting harder for low to moderate income households to make ends meet" said Tennant. "Credit might seem an attractive short term solution but can be far more painful in the long run. In particular, if you use a credit card and it does not have an interest free period, or you cannot pay it off in full each month, it is more expensive to operate now than this time last year."

Australia's love affair with personal credit has shown explosive growth in recent years. Reserve Bank figures to the end of September 2006 report Australians owe over \$37 billion on credit and charge cards. At the same time last year, the figure was under \$32 billion. Also significant, the amount of credit available on credit and charge cards passed the \$100 billion mark for the first time in the last RBA report.

Care's experience backs up the need for caution with cards. In the last financial year, Care responded to just under 2200 new requests for assistance. Nearly one quarter of those consumers reported problems with credit cards as a reason for making contact.

David Tennant suggests that the extra economic pressure provides an opportunity to value Christmas in different ways. "Interest rate pressure and higher fuel prices have made 2006 more difficult. Rather than adding to the pressure with spending you cannot afford why not look for different things to value this year – like time with family and friends?"

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