

Understanding loans and credit

palmscheme.gov.au

Sometimes you may not have the money to buy what you want. You may think that a loan, a credit card or a phone plan will help, but they can cause bigger problems later. Getting a loan to buy something normally means you will pay more money for it than it costs.

This guide explains what loans are, what to look out for, and how to get help if you're not sure.

Always ask yourself:

Can I save my money to buy what I need instead of taking out a loan?



TIPS FOR MANAGING YOUR MONEY

- Make a budget before borrowing
- Only take one loan at a time
- Ask someone you trust for help before signing
- Always check the interest, fees, and repayment amount



PROTECT YOURSELF FROM SCAMS

Be careful of scams. Scammers might pretend to work for banks or loan companies. These scammers will try to steal your money.

They may:

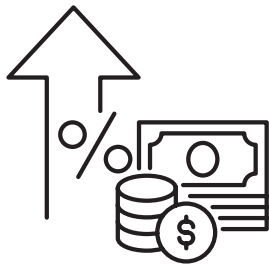
- offer you loans you didn't ask for
- ask for your personal details.

Never share your details with anyone you don't trust. Always check with someone you trust first. If you get a call, email or text message from the bank you aren't sure about, search for the bank's phone number online. Call them directly to confirm it is not a scam.

Some lenders try to take advantage of people on visas. Be careful if:

- they don't explain things clearly
- they push you to sign quickly
- they charge high interest
- they say your visa doesn't matter.

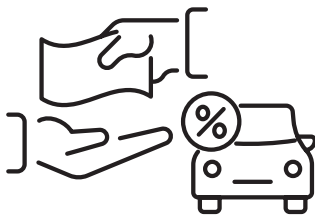




INTEREST

If you get a loan you will need to pay back extra money called interest. In Australia, there is a maximum legal interest rate. You can find this on the Australian Securities and Investments Commission (ASIC) page (asic.gov.au/for-consumers/loans-and-credit-cards/).

If someone charges more than that, you can report them to ASIC (asic.gov.au/about-asic/contact-us/report-issue-to-asic/).



LOANS

A car loan means you borrow money to buy a car. You must pay back:

- the amount you borrowed
- extra money called interest
- fees for the loan.

You must make repayments every week or month. Some lenders charge very high interest. This means you might need to pay a lot of extra money.

You always end up paying more than you borrowed.



Before you get a car loan

Ask yourself:

- can I save my money to buy a car instead?
- does my employer already provide transport?
- do I really need a car for work or daily life?
- can I afford petrol, repairs, insurance, registration and monthly repayments?

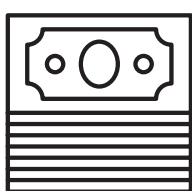
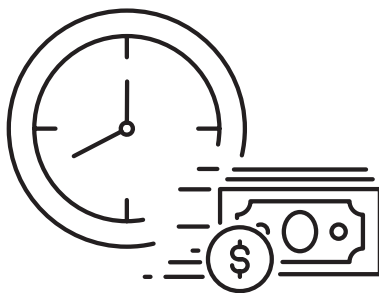
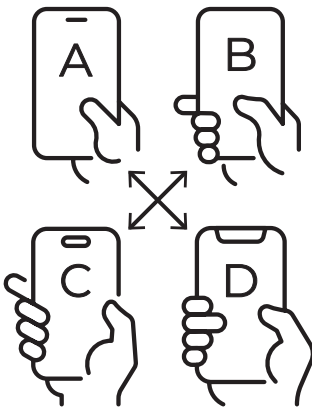
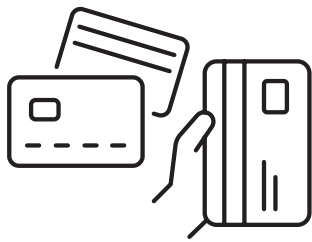


Missing a loan payment

If you miss payments, you could:

- get into financial trouble
- get calls from people asking why you have not paid them
- find it harder to return to Australia in future.

If you get a car loan **you could pay 11% to 16% more** for the car because you borrowed the money. Lenders often charge people with temporary visas higher interest rates.



CREDIT CARDS

A credit card lets you pay for things with borrowed money. You must pay the borrowed money back later. Paying with borrowed money is a form of debt.

Be careful:

- if you don't pay the full amount each month the bank will charge you more money – often over 20% interest
- late payments can mean extra fees
- you can easily build up large debts.

Only use a credit card if you know how it works. Always ask questions before signing up. Visit Moneysmart's website (money.smart.gov.au/credit-cards) for advice on choosing a credit card.

PHONE PLANS

Phone companies (Optus, Telstra, Vodafone and others) may offer a new phone with a plan. This means you pay for the phone and phone service over 12, 24 or 36 months.

Ask these questions:

- what is the total cost over the full contract?
- can I cancel the plan if I go home early?
- will I still have to pay the full price if I leave?
- do I get to keep the phone?

Tip: you can save money by buying a basic phone and using pre-paid credit. Most phones can use apps like Facebook Messenger or WhatsApp.

SAME DAY AND PAYDAY LOANS

Some lenders offer quick cash loans. They may say:

- 'no credit check'
- 'fast approval'
- 'money today'

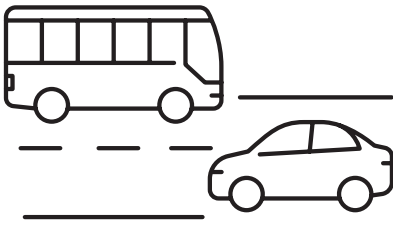
But they often:

- charge very high interest and fees
- ask for a lot more money back than you borrowed
- take legal action if you cannot repay.

If you borrow \$100 and have to pay back \$200, that is not fair. This is called a scam or unfair lending.

These loans can:

- cause stress and shame
- lead to serious debt
- affect your health and ability to work.



TRANSPORT AND YOUR EMPLOYER'S ROLE

Your PALM scheme employer must provide transport between your accommodation and the work site.

This means:

- you should not need to buy a car just to get to work
- transport must be safe and fit for all workers
- any transport deductions must be agreed to in writing.

Employers can check the PALM scheme Approved Employer Guidelines (sections 10.5.7 and 10.11.9) for details.



SUPPORT FOR PALM SCHEME WORKERS

- Talk to your PALM scheme employer or welfare and wellbeing officer.
- Call the PALM scheme support service line: 1800 51 51 31
- Email: (palm@dewr.gov.au)
- Visit: (www.palmscheme.gov.au)
- Contact the National Debt Helpline for a free and confidential discussion on 1800 007 007 or (www.ndh.org.au)



Need an interpreter?

Call the Translating and Interpreting Service (TIS National) on 131 450. They can call the PALM scheme support service line for you and speak in your language. They can also call other businesses or support services for you.