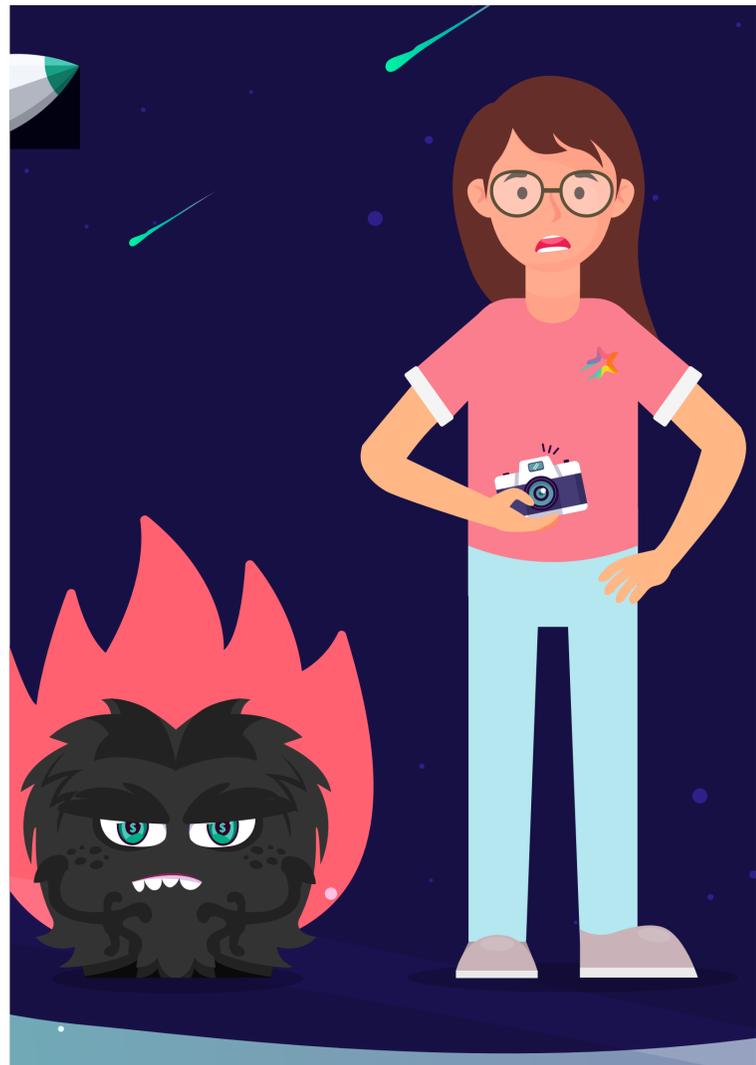


# UNDERSTANDING DEBT

Julie first became aware of debt when she was about eight. Every night after dinner, her parents would spend hours in the kitchen speaking in low, strained voices. Julie and her brothers were supposed to be watching TV, but it was hard to ignore the tension coming from the next room. Every so often a word would pierce through the noise of the television – ‘repayments’, Mum would hiss, ‘bills’, and, worst of all, ‘debt’. The words were whispered, as if to say them out loud would bring them to life. As an eight-year-old, Julie didn’t know what debt meant – but whatever it was it seemed to terrify her parents. So, to Julie, ‘debt’ was a large, furred, black creature – a creature baring pointed teeth and narrowed green eyes. She imagined it crouched, as if about to pounce, with its eyes fixed on Julie’s parents as they paced about the kitchen.

Later, Julie’s parents stopped having these conversations, and she learnt what ‘debt’ really meant. But over the years, she could never shake the image that would come to her whenever she heard the word – the yellowing teeth, hot breath, dirty claws like crescents, reaching for her parents’ throats.



Still – Julie hadn’t given much thought to the possibility of debt occurring in her own life. The summer she turned eighteen, she saved money by working at a local café. The work was exhausting, as Julie would be on her feet all day, but the regulars were friendly, and the other waiters often let Julie choose the music because they all agreed she had the best taste.

Having money over that summer had been, quite frankly, thrilling. Julie had bought a new pair of football boots – her first in two years – and, on her eighteenth birthday, decided to treat herself with a DSLR camera. It was the most expensive thing that Julie had ever owned, and it was almost unfathomable that she’d been able to buy it herself.

Aside from these purchases, Julie had done her best to save as much money as she could over the summer. As the first day of school approached, she knew that she’d soon have to cut back her hours at the café to make room for classes and studying. The soccer season would also start, which would mean two evenings of training and one morning of matches. Her goals for the year were to captain her soccer team to the finals, to make a short film in her media class that she could use in her portfolio when applying for uni, and to do her best in her other subjects. Things started to go awry when, in the first week of class, she dropped her new camera – the lens cracked, and it no longer turned on.

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# WHICH SMARTPHONE SHOULD I BUY?



Julie was pretty sure she had the most unreliable phone in the world – its battery could dive from 66% to 2% in a matter of minutes. One day in early March, she arrived late to soccer training and found the pitch completely deserted – the session had been cancelled because of bad weather. She took out her phone to find it was dead – then, not even five minutes later, the promised bad weather began. Julie had no way of calling her parents, so she waited two hours in the tropical downpour for them to pick her up. The rain ruined her boots and seeped into her school bag – her laptop never really charged properly after that.

After that, Julie decided her old phone just wouldn't cut it anymore. Besides, having a new phone was like being properly connected to the rest of the world – you needed one to do almost everything. How else would Julie keep up to date with the group chat, get directions, stop Mum from stressing when she was late home from work... the list was endless!

At the phone shop, Julie was overwhelmed with choice. She had to choose a phone, work out how much data she was likely to use in a month, and then choose a payment method. With the help of the salesperson, Julie found a phone she liked – one with a special camera for videos. She could pay for the phone all at once (impossible!), or pay for it bit by bit over the course of a year or two. In order to buy this phone, the salesperson explained, Julie would have to pay \$35 a month on top of the \$30 a month she would pay for her calls and data.

Of course it wasn't cheap, the salesperson admitted, but good phones are expensive. And the best part was that Julie could take the phone away with her, that same day, and start using it immediately – and she didn't have to pay anything to start with! All she had to do was sign on the piece of paper the salesperson had put in front of her, and the phone was hers.

Julie didn't know it at the time, but when she signed that contract she was reacquainting herself with debt – that thing her parents had been so afraid of in her childhood. But this kind of debt wasn't the fanged creature Julie had imagined – it was more like a furry pet: helpful but not quite tame, loyal for as long as Julie stuck to the routine they'd agreed on. As long as Julie paid a small amount of attention and care to her debt, there was no reason that she'd lose control of it.



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# HOW DO CREDIT CARDS WORK?

In late March, a few months after Julie dropped her camera, she finally went to get it fixed. She was shocked to hear how much the repair would cost, but it seemed worth it because she'd need the camera for her short film.

Three weeks later, Julie received a text from her mobile phone provider that read: 'Your bill is now overdue'. It was a surprise, as she'd set up a direct debit for her bill so that she'd never forget to pay it. She logged on to her internet banking app to discover that her account was almost empty. Looking through her statement, she had the horrible realisation that she'd already burnt through a lot of the money she'd saved over the summer... She hadn't used some of her savings to pay for the camera repair – she'd used most of her savings. The outstanding phone bill cast a shadow over her empty account – the docile debt she'd agreed to when she'd signed up for her phone now seemed more sinister. She felt the pressure of the creature's eyes watching her – it remained by her side, but no longer felt like a pet.



After the shock of the discovery wore off, Julie was left with a heavy anxious feeling, which continued as the week wore on. She counted up her current expenses:

- her phone bill, which was now three weeks overdue (this meant that a new phone bill was also looming)
- subscriptions to Netflix, Apple TV, Disney Plus and Spotify, all of which came out of her account monthly
- the small monthly amount she paid her parents for bills and rent
- \$50 she owed her friend after she'd forgotten her wallet and phone on a trip to the movies

It seemed like a lot when you laid it all out like that, and Julie's single shift at the café certainly couldn't cover it. But then again – the school holidays were only two weeks away, and Julie would pick up extra shifts. Then she only needed to get through another six months of scrimping before the school year would be over and she'd be able to work five days a week. Looking at it like this, it didn't seem necessary to cancel anything yet – it was just a tight few months, and then she'd be raking it in like she had last summer.

So instead, Julie decided that she just needed something to tide her over until the end of school holidays. She needed some way of paying her friend back and covering her phone bill. With that in mind, she searched 'credit card' online and clicked on the very first result.

The link sent her to a bank website that offered credit cards with a variety of credit limits. To apply, Julie had to provide information about her income and expenses – so she uploaded the payslips she received over the summer when she was working four days a week. She was given a credit card with a \$1000 credit limit.

Julie didn't know it at the time, but her decision to get a credit card was to trigger two processes that would prove difficult to wind back. Firstly, once Julie received her card in the mail, her debt creature started to grow – where it had once been a satisfying knee-height, like a very large ginger cat, it was now inching upwards towards her hip. Its fur seemed denser, darker, and more matted. Sometimes Julie swore that it gave off a certain unpleasant smell. The second development was less obvious – Julie's control on her debt was starting to slip, even as she thought she'd found a way of paying her phone bill.

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# BUY NOW PAY LATER – TOO GOOD TO BE TRUE?

By the middle of the year, Julie had fallen into a rhythm – she worked at the café every Sunday, and used most of the money she earned from her job to pay her parents a small amount of rent. She used her credit card to pay for her mobile phone bill and for the streaming services she subscribed to. Any money she had left over from the café would be her spending money for the week – except when her credit card bill was due, in which case she would use the leftovers from her café job to make the minimum repayment. Julie had paid her late mobile phone bills, and was pleased that her phone and subscription accounts were all under control. There was something reassuring about knowing that she had to be on top of only one bill – her credit card bill.

Well – there was the annoying fact that paying the minimum repayments each month did not seem to decrease the total amount she owed the bank – in fact, it actually seemed to go up slightly each month – but Julie felt sure that as long as she kept paying the repayments as she'd been asked, she'd get on top of it eventually.

In any case – there was so much going on that Julie didn't have time to think too much about her credit card bill.

School was a lot of work and, when she wasn't studying or at soccer training, she was putting the final touches on the script for her short film.



The school formal was also coming up, and this seemed to occupy an enormous amount of her friends' time. They spoke of nothing else and insisted that Julie buy a ticket.

It took two weeks' worth of the money left over from her café work to cover the cost. She had no idea what she would wear, and was pretty sure the music would be rubbish, but she was secretly pleased she'd been forced into going as she knew she'd be disappointed if she missed it.

Window shopping in the city one day after school, Julie came across a suit in an eggshell blue colour. As soon as she saw it, she knew it was the perfect outfit for the formal.

Without another thought, she went into the shop and asked the sales assistant if she could try it on. It fit perfectly – as if there had ever been any doubt.

Cautiously, Julie reached to inspect the price tag – \$300. Her heart sank – she knew it would be completely irresponsible to use her credit card to buy the suit, particularly when her repayments were barely making a dent in the overall debt.

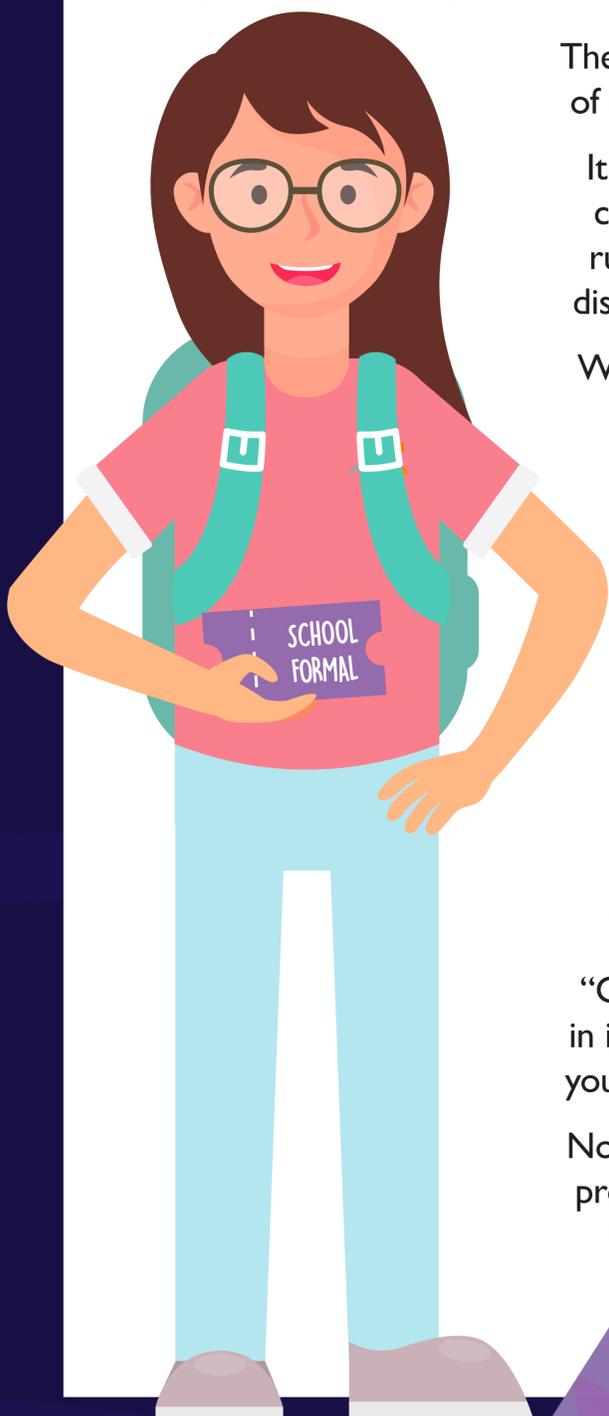
Julie came out of the change room and handed the suit back to the sales assistant.

“You didn't like it?” the sales assistant seemed surprised.

“No...” Julie hesitated. “I loved it. But it's too expensive for me right now.”

“Oh, but that's not a problem! Haven't you ever tried Afterpay? You can pay for the suit in instalments over six weeks. There's no interest so you'll only pay \$300 – the same as if you bought it in one go! And of course you can take it home with you today!”

No interest – that sounded like a dream! After all, it was the interest that was the only problem with Julie's credit card. Julie could already picture herself wearing the suit at the formal, and could imagine the compliments she would receive.



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# HELPING A FRIEND IN A FINANCIAL CRISIS

The eggshell blue suit was the perfect outfit to wear to the formal. Julie had never felt cooler or more confident – her friend Alex had done her makeup with a perfectly-matched blue eyeshadow, and she'd finished the outfit off with a pair of strappy cobalt blue heels she'd borrowed from her friend Georgia.

The whole night had gone by in a blur – Julie had arrived, stared in awe at all her glamorous classmates, posed for photo after photo after photo, then danced until she'd had to kick off Georgia's shoes and go barefoot – but it had definitely been one of the best blurs of her life.

It was just as well too – because after the formal things suddenly got a lot more challenging.

Julie didn't notice that things were different until a few weeks after the formal. It started when she received a notification on her phone from the Afterpay app, informing her that her next repayment was due – \$75. Tiny butterflies fluttered gently in her stomach – \$75 was a lot of money.

She was also suddenly very aware that she hadn't paid her credit card bill recently, which could only mean that this month's instalment would be due any day now. She logged on to her banking app almost begrudgingly, feeling physically ill as she waited for her homepage to load. '\$81' her account balance read – that was all the money she had in the world. Yes – enough to pay for the Afterpay bill – but she could forget about her credit card bill and her rent.

The options started whizzing through her mind – she knew that she could pay her Afterpay instalment, or her credit card bill and rent. But she couldn't afford all three.

Julie reasoned that the best way to manage this was to pay the bill that would charge her the most outrageous fees if she was late ... Then again, Julie's parents wouldn't charge her a late fee at all if she was a few weeks behind on her rent payment – but they'd be so disappointed. And they would also know it was because she'd bought an expensive suit – she didn't ever want to be the kind of person who didn't pay their parents because they were buying things for themselves!

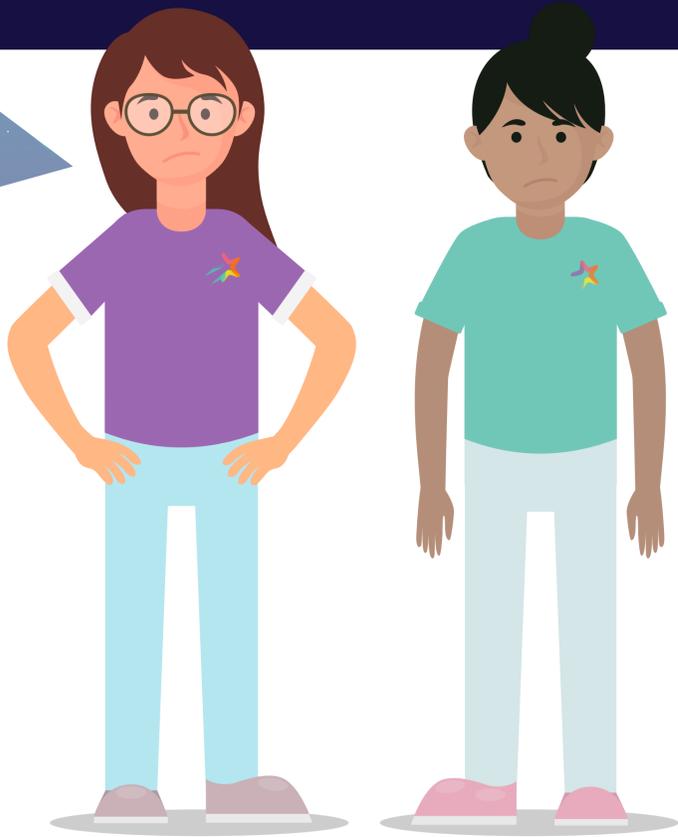
Just then, Julie's phone rang. It was her friend Georgia.

"Jules, hi, have you got a minute? I have a question for you." Julie sat down on the edge of her bed and Georgia went on. "I want to say first – I feel really embarrassed and awkward asking you this. And I wouldn't ask if I wasn't really, really stuck. But – my car's broken down. I've called a mechanic and explained the problem, and apparently it's going to be about \$750 to fix. Yeah, I know – it's a lot of money. So the thing is – I've just paid rent this month, and I don't have a lot of cash at the moment. I have \$600 saved, which I'll use – but that means I'm still short \$150. And I just ... I know you have a job – and I'll pay it back in a month, I swear – so I was wondering, could I borrow some money? I'd wait until I had the money to fix the car, but I need it to get to work, and I'll lose my job if I don't go, and then I won't have money for the car or for rent... I'm really sorry to ask."



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Julie felt sick. Georgia was one of the most generous people she knew. Unlike Julie's other friends, she was already working full time and living out of home. She was also Julie's only friend with a licence and a car, and she happily drove everyone around without ever expecting petrol money. Since Georgia had got her licence back in May, she'd started picking Julie up from soccer practice when Julie's parents were busy with Joe – which was often. And Julie knew that Georgia really would pay Julie back as soon as she could... But Julie didn't even have enough money to pay her own bills, let alone someone else's! She was gripped with a sudden wave of shame – if she hadn't bought that stupid blue suit, she would have been able to pay her parents and help Georgia.

“Georgia, I –” Julie couldn't find the words. “That sounds so stressful, I'm sorry that happened. Let me... Let me have a look and see how much money I have to help you out. I'll call you back.”

Julie knew she didn't have any money to give Georgia, but how could she possibly say no?

Feeling desperate, Julie opened her laptop and typed “unexpected expenses help melbourne” into Google. Initially, she felt overwhelmed. It seemed like there were lots of options out there, but she didn't really know which ones would work best for Georgia. Then she came across a website called Moneysmart. It had a short, clear list of helpful options for someone in Georgia's position. Julie made a page of notes and then, when she was done, rang Georgia back.

“Georgia – I'm sorry, I can't loan you the money. But I've found some information that I think will help you. Let me email it through to you and then we can talk about it.”

By the end of the conversation, Georgia had identified her local NILs provider and had made an appointment with them. She'd thanked Julie for the information, and for sitting with her as she'd looked through her options and worked out the one that was best for her. Julie felt relieved that she'd been able to help Georgia even though she didn't have money to loan her. For a moment, she'd even been able to forget about her own money worries.

When Julie remembered that she didn't have enough money to pay her bills for the month, her stomach lurched. But then she wondered – if there was help out there for Georgia, perhaps there was help out there for her too..? If only she knew where to look...



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# HELP AND SUPPORT WHEN YOU'RE IN FINANCIAL TROUBLE

For two weeks, Julie did nothing. She felt completely frozen by the options before her – she couldn't bring herself to pay her Afterpay bill and therefore commit to not paying rent, but neither did she pay her rent. And she didn't tell her parents anything about what had happened – she kept quiet and spent a lot of time in her room, hoping her parents wouldn't see a change in her until she'd worked out what she was going to do.

At the same time, Year 12 was becoming increasingly busy as they hurtled towards exams. She had never had more homework, more pressure, greater expectations – but just as her brain needed to kick into gear, she didn't seem able to focus like she used to. Every time she tried to put the money stress out of her mind, she found her thoughts creeping back to it. The deadline for her Media project was approaching, but she found she could only work on it for five minutes at a time before her mind would return to her debt.



The day before her Afterpay payment was due, Julie still hadn't worked out what she was going to do. So that night, she sat down at her desk and told herself that she couldn't get up until she'd worked out a plan.

Could she use her credit card to pay for her Afterpay? That way she wouldn't technically be late to pay anything – and then she'd be back to dealing with only one bill. Sure, her bill would be bigger, but she wouldn't find herself in another situation where she had to choose which bill to pay.

She felt eyes looking at her from behind – whipping around, she saw her once-friendly debt creature, now unrecognisable. It was standing on its two hind legs, towering over her, broad-chested like a kangaroo. Its eyes were narrowed as they followed her movements, and it ran its tongue gently along its pointed teeth.

“What do you think I should do?” Julie asked aloud.

The monster looked at her keenly. The only indication that it had even heard her was a brief flattening of its ears.

“What? Nothing to say?” Julie shot back. “You've been following me around for months – you've been waiting for this to happen. Now you won't even tell me what I'm supposed to do about it!”

A brief flash of something like sadness seemed to come over the monster's gaze, and it flicked its tail twice.

“I'll do whatever you want – just tell me what that is!”

Just then, Julie's phone rang – it was Georgia. “Hey Jules, just thought I'd ring to say hey. How's the exam prep coming along?”



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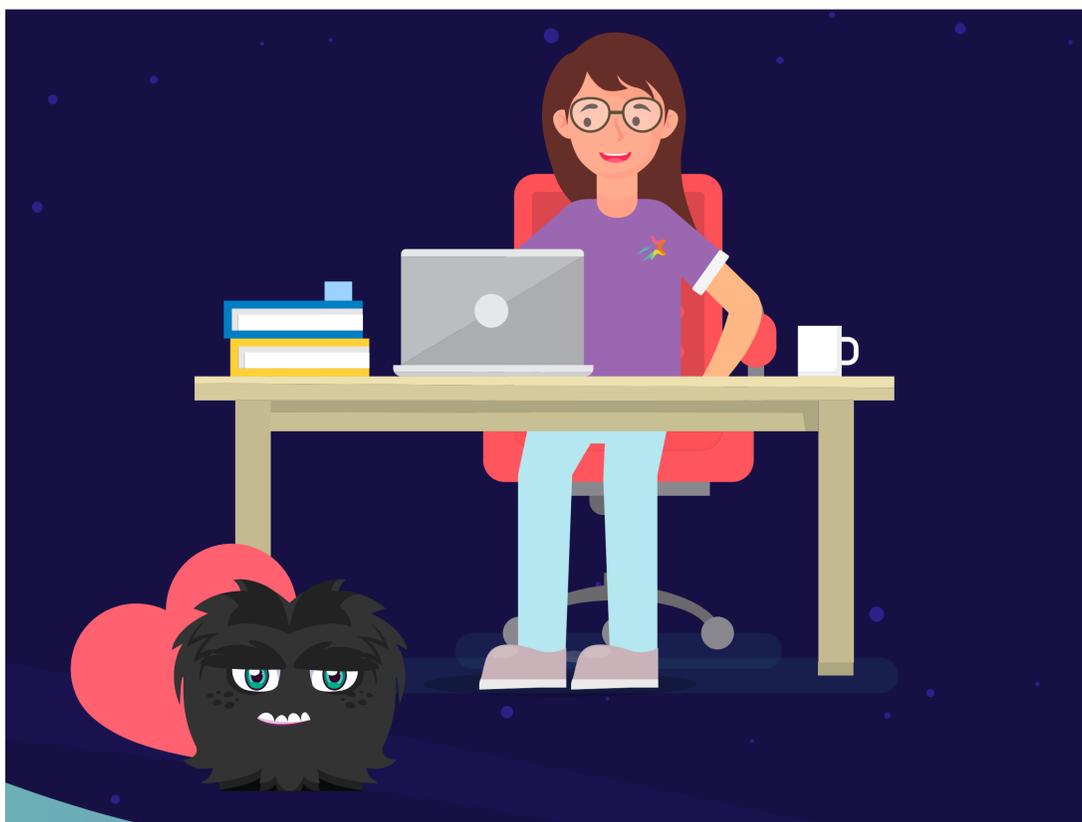
As if on cue, Julie burst into tears. Then, before she knew it, she was telling Georgia everything that had happened that year – every small decision Julie had made that had led to this moment – the debt, the lack of focus, the guilt and fear. Georgia listened – then said gently: “That website you found for me, Moneysmart, you should have a look at some of the other pages. I think it could really help you find the support you need.”

Julie sat quietly – she hadn’t even thought about that. In fact, she’d never considered the possibility that someone would be able to help her. After all, unlike Georgia’s broken down car, she’d gotten herself into this situation by making bad choices – so why would there be help out there for her?

“This happens to lots of people, Jules, and there are lots of things out there that can help. You have a right to get help if you’re struggling, and there are even professionals who can help you through this process. I learnt a lot about this last month when I had my car thing. Let me send through some information.”

With Georgia’s help, Julie trawled the Moneysmart website and found a range of useful tips, links and phone numbers to call. She was surprised by the amount of help available to her. She connected with someone called a financial counsellor, who was understanding and non-judgmental, and who assured her that she had really done nothing wrong. With some help, Julie was able to work out which debts to pay first, and was able to call her bank and negotiate an affordable payment plan. By selling the blue suit on Facebook Marketplace for almost as much as she paid for it, Julie was also able to continue paying rent to her parents.

Once she was back on track, Julie set about making a budget. Over the course of a month, Julie noted all of her income and expenses, then plugged these into the Moneysmart budgeting tool. With horror, she realised that she spent more money each month than she earned. She had no idea! Looking at each of her expenses, she was also shocked to discover that she spent \$50 per month on subscription services. Each on its own seemed so cheap – but together they added up! As soon as she was able to, she cancelled her credit card, then cancelled all her subscriptions except for the two she used most regularly.



It took months for Julie to work her way through her debt, but it took only a few weeks for her anxiety to decrease. As soon as she’d worked out a plan with the financial counsellor, she could see that she was going to be able to get back on top of her money after all. Before she knew it, she was able to focus on her exam revision and start preparing for the end of the year.

As for her debt monster? He didn’t go away, but he changed – into a placid, soft-furred creature, the size of a small cat. His eyes would continue to follow her around the room, but they only seemed watchful, never sinister. Julie never really forgot that he was there, but she wasn’t frightened of him – instead, he seemed to be a friendly guard, and a gentle reminder of what could happen.

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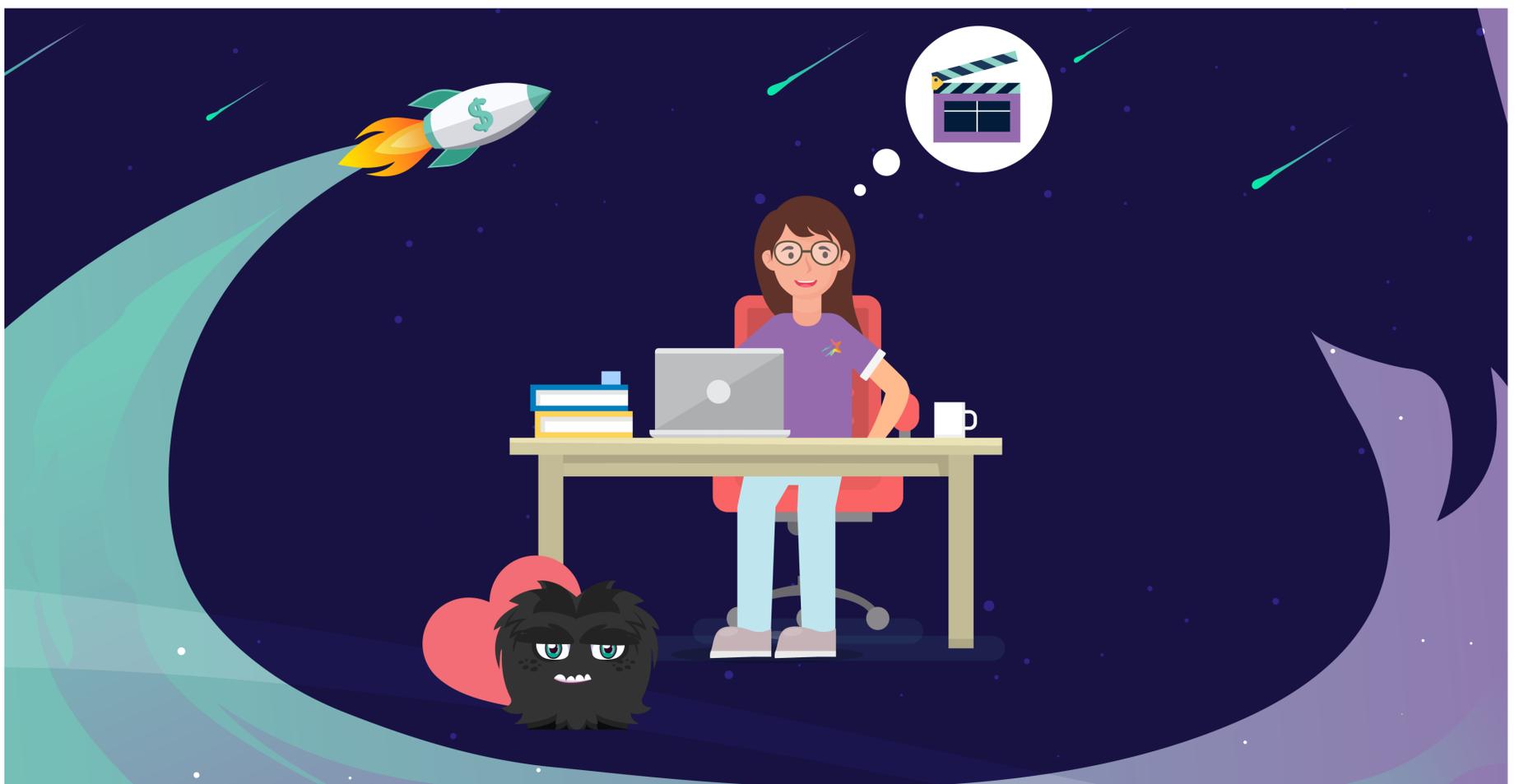
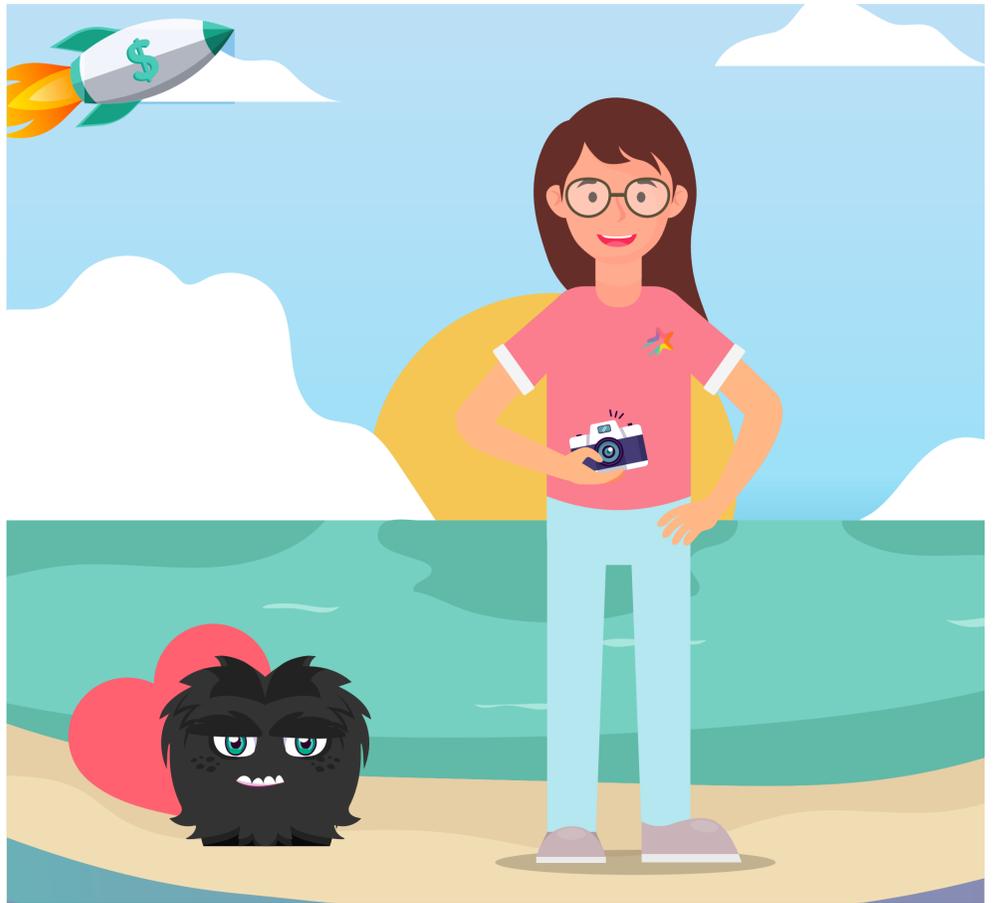
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# WHAT'S A HECS DEBT, AND HOW DOES IT WORK?

Two months after the end of her exams, Julie felt like a totally different person. After many weeks of careful budgeting, she was finally debt free. In fact, she had been working full time at the cafe over the summer, and was starting to save up a little bit of money, which she was calling her 'emergency fund'. Unlike last year, she wasn't going to spend the money that she'd saved – if there was one thing she'd learnt, it was that it's always a good idea to have a buffer in case something unexpected happens.

But that didn't mean she wasn't having fun – she had never felt so happy, so independent, so free. Once a week, she spent money going out with her friends – and the rest of the time she found inexpensive ways of having fun – going to the beach or the pool, watching movies at home. In mid-January, her family took a week-long holiday to the coast – it was something they'd rarely done before, and she felt she would always remember Joe's ecstatic face the first time he ventured into the water.

But perhaps most exciting of all, Julie found out that she'd got in to her dream course – film and television at the best creative arts uni in the state. She could barely contain her excitement – after the stressful time she'd had last year, she'd still managed to put together a short film for her media project that the course co-ordinators had called 'inventive' and 'thoroughly original'.



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There was only one thing that was bothering Julie, and that was how she would pay for her degree. Three years of studying did not come cheap. She'd been offered something called a 'Commonwealth supported place', which meant she didn't have to pay the whole cost of her degree, and didn't have to pay anything upfront – instead, the government would pay some of her tuition fees, and would loan her the money for the other part. She would owe some money, but she wouldn't have to pay it back until she started working. It sounded like a good deal, but the whole thing reminded her a lot of the trouble she'd had last year, and she felt nervous about committing to such a large amount of debt. Her debt monster, who continued to accompany her to work, to the beach, on holidays, didn't seem to know what to do either – whenever she asked him, he just looked at her quizzically. All of her friends were enrolling in uni without a thought to the debt they were signing up for – but Julie wasn't sure. Although he was pleasant now, she'd seen how frightening her debt monster could get, and she wasn't sure that even her dream course was worth getting herself into a situation even more serious than last year.



So, still unsure what to do, Julie emailed her school's careers co-ordinator to see if she could get some information about how HECS debts worked. Ms Singh got back to her the next day and was incredibly helpful, explaining that HECS-HELP was designed to help students like Julie complete their preferred course. Julie had been dreaming of studying film and television since she was 12, so once she knew that she wasn't signing herself up for years of trouble the choice was actually easy.

She felt elated – in a few short months, she had paid off her debts, finished Year 12, started saving an emergency fund and enrolled in her dream course. There was no way she would have believed all that was possible when she was in the midst of her money crisis, her debt monster towering over her.

It was funny how quickly her perspective had changed, and how immediately her anxiety had abated. Heading into work the day after enrolling in her degree, her furry debt creature ambling next to her, Julie felt strong, competent and independent – certain that she could navigate this next chapter of her life. But she also felt sure that, if she ever had another money problem or needed some advice, there was help available for her – she just had to reach out and ask.



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