

12. Which of the following statements about Australia's foreign debt are correct?

- I. High foreign debt levels can cause a downgrade in Australia's credit rating.
- II. Government debt is the largest component of Australia's foreign debt.
- III. A depreciation of the Australian dollar causes an increase in debt service costs.
- IV. High foreign debt can lead to higher per capita income in Australia.

- (a) I, II and III.
- (b) I and IV only.
- (c) II, III and IV.
- (d) I, III and IV.