



Lower Wages, Bigger Mortgages, Skyrocketing Petrol Prices and Now Higher Interest Rates

Interest Rate Facts

1. This is the 3rd increase since the 2004 election when John Howard pledged to 'keep interest rates at record lows'
2. This is the 7th back-to-back increase in interest rates under John Howard and Peter Costello
3. The standard variable rate has increased from 7.55% to 7.80%
4. The average new mortgage in Australia is \$222,000 and much higher in major capital cities and in particular in Sydney
5. The new increase will cost someone with an average new mortgage an extra \$36 a month
6. Since the 2004 election, repayments on an average new mortgage have increased \$108 a month
7. Underlying or 'core' inflation is now at the very top of the RBA's target band (3.0%), and headline inflation is now one full percentage point above it (4.0%)
8. Australian households are now paying out a bigger share of their income on interest payments than at any time in Australian history i.e. 10.9%.
9. Australian homebuyers are now paying among the highest interest rates in the world (see below table)
10. The latest interest rate increase will cost Australian businesses an extra \$2.9 billion.

Seven Interest rate hikes in a row!

Increase No.		Std variable rate
Base	Apr-02	6.05%
1	May-02	6.30%
2	Jun-02	6.55%
3	Nov-03	6.80%
4	Dec-03	7.05%
5	Mar-05	7.30%
6	May-06	7.55%
7	Aug-06	7.80%
Change		1.75%

Source: RBA (August 06 variable rate is an estimate)

International comparison of housing interest rates

Indicative rates, Unharmonised national statistics

	Rate	Date
New Zealand (i)	9.55	Jun-06
Australia (h)	7.80	Aug-06
UK (c)	6.48	Jun-06
USA (d)	6.72	Jul-06
Canada (f)	6.60	Jul-06
Germany (a)	4.74	Apr-06
Ireland (a)	3.73	May-06
Italy (l)	4.09	May-06
France (m)	3.63	May-06
Sweden (b)	3.52	Jun-06
Japan (g)	3.68	Jul-06

Source: Erostat. Bank of Ireland, Banca D'Italia, Banque De France, Deutsche Bundesbank, Us Federal Reserve. Bank of Canada, Bank of Japan. Reserve Bank of New Zealand. Reserve Bank of Australia. Central Bank of Sweden. Bank of England.

**GET READY FOR OUR GST (GET SQUARE TIME)
ENROL TO VOTE NOW WWW.AEC.GOV.AU
AND KICK OUT THE LIBERALS AT THE 2007 ELECTION**

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