

MEDIA RELEASE

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Households and community services to feel the pinch at Christmas with third successive rate rise

WACOSS is concerned that households this Christmas will face even more financial pressure in an unprecedented third successive interest rate rise today.

Amid news that house prices are on the increase, the Reserve Bank has confirmed it will raise the cash rate by 0.25 percentage points, bringing it to 3.75%. Rates rose by the same amount in October and November.

“Christmas is a time when struggling families really feel the strain of not being able to provide for their loved ones. This rate rise will only add to that strain, especially in light of the increases we have seen in October and November”, commented Ms Sue Ash, WACOSS CEO.

WACOSS has calculated that for a \$285,500 mortgage on a standard variable rate of 6.06%, a 0.25% increase will add another \$44.00 to monthly repayments. This follows similar hikes in mortgage payments as a result of the last two rate rises in November and October.

“Even though the Australian economy may be showing early signs of recovery, a significant number of West Australians are still experiencing financial hardship and distress as a result of the economic downturn or as a result of being overleveraged.”

“The number of property repossessions and mortgage arrears in WA has been worrying in WA over the last year. Water, gas and electricity costs have all increased, as well as other essentials such as healthcare, education and food.”

“The Fair Pay Commission froze minimum wages earlier this year, and the number of unemployed people in WA has risen by 42, 600 in less than 12 months, with the State’s rate topping the National average at 5.8%”, continued Ms Ash.

“All of these factors combined put community services under immense pressure to assist large numbers of vulnerable families, at a time when they are already stretched to capacity.”

“WACOSS renews its call to Federal and State Governments to support the community in delivering vital services to those in financial hardship and in danger of losing their homes”, concluded Ms Ash.

For further comment:
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