



67 Brunswick Street, Fitzroy Victoria 3065. Tel: (03) 9483 1183 Fax: (03) 9417 2691

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For immediate release

Outer suburbs hard hit by interest-rate rise

"Low income families in the outer suburbs of our cities and in rural areas will be hardest hit by the latest increase in interest rates, Tony Nicholson, Executive Director of the Brotherhood of St Laurence, said today.

"These are the families who are already most affected by the increase in petrol prices due to their heavy reliance on motor vehicles.

"And they only got minimal benefit from the recent tax cuts, which basically went to people on higher incomes. Many farming families are already carrying a heavy burden of debt as a result of the drought.

"It is important to remember that these families don't have a place for luxuries in their household budget that they can easily cut back on.

"One interest rate rise of itself won't cause these families to lose their homes. Rather, families will try to accommodate the increased cost of their mortgage through running up credit-card debt or cutting back on essential living costs.

"Of particular concern to the Brotherhood is the impact already seen on children. We have seen cases where children are taken out of kindergarten because families cannot afford the fees.

"We've seen cases where children's visits to the dentist have been postponed. Children are missing out on school excursions and are eating poorer-quality food.

"The pressures already on these families mean they are fast getting to the point where they can't absorb further increases. They can't cut out holidays to Port Douglas, or family restaurant meals, or bought lunches at work, or the occasional café latte, because they can't afford these now.

"What we also know is that financial headaches such as these put enormous pressure on family relationships. The wear and tear of such stress in the family home unfortunately becomes evident in months and years down the track. For these families it's not a matter of taking a little pain now to avoid harsher pain later. Their pain is severe now," Mr Nicholson said.

BSL media contact: Jeannie Zakharov on 0413 948 535