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**MEDIA RELEASE**

**INTEREST RATE RISE**

The Reserve Bank of Australia (RBA) this morning announced another increase in interest rates.

It is the 8<sup>th</sup> consecutive increase since 2001.

It is the 4<sup>th</sup> consecutive rise in interest rates since the Prime Minister promised Australia's home borrowers and small businesses that his Government would keep interest rates low in October 2004.

The Howard Government has lost control of the Australian economy.

The Prime Minister and Treasurer have lost control of inflation, and placed incredible pressure on interest rates.

This 4<sup>th</sup> consecutive rise will push many families with high mortgages in Wollongong over the edge.

Wollongong's charity organisations like the St Vincent de Paul have been reporting for months that outwardly 'comfortable' families are seeking financial assistance to meet daily expenses.

Insolvency figures are increasing and have been for the last 12-months.

On top of this house values have been in decline.

Small business will also suffer a double whammy from today's interest rate rise: overdraft payments will increase but as customers tighten their household budgets on the eve of Christmas, retail sales will decline.

Medium and large businesses have already indicated in numerous business surveys that they will cut back on planned investments to expand business opportunities.

For the Illawarra's exporters today's interest rate rise will increase the value of the Australian dollar as investors price into their margins the affect of the increase. A high Australian dollar makes exports more expensive.

The Howard Government has been warned consistently by numerous official and private sector advisers that the Australian economy could not continue to expand without significant effects on inflation.

Infrastructure bottlenecks stop exports from getting on board a ship.

The skills shortage increases the price of work for construction and manufacturing meaning that work can't be completed quickly enough.

In the meantime, instead of worrying about addressing these significant constraints on the Australian economy, Mr Howard is only worried about the political interests of his Government.

Newspaper reports indicate that Mr Howard is planning a massive spending spree in the lead-up to next year's election.

Instead of using the Budget to address the constraints on the economy, Mr Howard plans to use this surplus on pork-barrelling, selected voter hand-outs, and more Government advertising.

None of this will help families with high mortgages and business with high overdrafts.

Neither does Mr Howard's extreme industrial relations laws, which slash overtime, wages and conditions. He does not understand that overtime and penalty rates help families pay the mortgage.

It is time for Mr Howard to stop looking after his own interests and start addressing the interest of families and business.