



## NEWS RELEASE

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### Interest rates

I welcome the decision by the Reserve Bank of Australia (RBA) to reduce the cash rate by 0.25 percent this afternoon.

This represents the first interest rate cut in seven years.

The reduction in the cash rate will save \$600 a year for households with an average mortgage.

I would expect that the cash rate reduction by the RBA today will be passed on in full to bank customers by all Australia's banks.

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2 September 2008

#### Impact of September 08 Rate cut:

Mortgage Amount	Monthly Repayment		Monthly Saving	Annualised Saving	Saving over life of loan
	Before	After			
\$100,000	\$882	\$865	\$17	\$209	\$5,213
\$150,000	\$1,323	\$1,297	\$26	\$313	\$7,819
\$200,000	\$1,764	\$1,729	\$35	\$417	\$10,425
<b>\$243,100</b>	\$2,144	\$2,102	<b>\$42</b>	<b>\$507</b>	<b>\$12,672</b>
<b>\$246,900</b>	\$2,178	\$2,135	<b>\$43</b>	<b>\$515</b>	<b>\$12,870</b>
\$250,000	\$2,205	\$2,162	\$43	\$521	\$13,032
<b>\$300,000</b>	\$2,646	\$2,594	<b>\$52</b>	<b>\$626</b>	<b>\$15,638</b>
\$350,000	\$3,087	\$3,026	\$61	\$730	\$18,244
\$400,000	\$3,528	\$3,459	\$70	\$834	\$20,851
\$450,000	\$3,969	\$3,891	\$78	\$938	\$23,457
\$500,000	\$4,410	\$4,323	\$87	\$1,043	\$26,064
\$550,000	\$4,851	\$4,756	\$96	\$1,147	\$28,670

*The average new first home buyers' mortgage is \$243,100*

*\*\*The average new mortgage is \$246,900.*