



## **PREMIER CALLS ON BANKS TO CUT RATES**

2 December 2008

Premier Nathan Rees today welcomed the Reserve Bank's decision to cut a full percentage point off its key cash rate, reducing it to 4.25 per cent.

"This is great news for homeowners and for those looking to buy their first home," Mr Rees said.

"I am now calling on all banks to drop their interest rates in light of the Reserve Bank's decision.

"If today's cut was passed on in full by lenders, borrowers with a typical 25 year \$300,000 loan would save about \$193 a month in payments or \$58,000 over the life of the loan.

"Frankly there is simply no excuse for banks not to pass the full cut to their customers," Mr Rees said.

"We know they already do well – in the last financial year Australia's major banks made a combined after-tax profits of more than \$15 billion.

"While we should be proud of their growth and strength in the current economic climate, now, more than ever, their focus needs to be on encouraging confidence back in the market rather than profiting from the Reserve Bank's decision.

"In fact, banks should be looking at their rates for all products especially credit cards and be lowering them to suit the current economic climate.

"While people have had some respite with lower petrol prices, they are still paying too much in bank fees and charges."

Mr Rees said that housing affordability was a national challenge and required all levels of government, industry and banks to play their part.

"Economists and Industry experts are now saying that the property market is slowly starting to improve," Mr Rees said.

"I recently announced a \$3000 boost to the existing \$7,000 first home owners grant and that, coupled with the recent boost by the Federal Government, means people building a new home or buying a newly-constructed home now receive a total of \$24,000 to help establish their new lives.

"These initiatives combined with the fall in interest rates, if passed on in full by the banks, make buying a home more affordable and gives renewed hope for first home buyers who have been facing a pretty bleak future trying to break into the housing market in Sydney.

"Importantly it also gives a shot in the arm to the NSW construction industry which has been hit hard by the global economic downturn.

"The Government has responded and now the banks need to come to the party."