

## **Rising rates will affect all – TVNZ - Feb 4, 2008**

A budgeting service says rising interest rates will affect most New Zealanders, not just home owners.

An Australian study says the prospect of a full 1% interest rate rise this year could force as many as 300,000 Australian homeowners to sell up.

The figure comes in a report which also suggests up to three quarters of a million households will struggle to pay their bills and buy food.

The likely default rate has more than doubled since similar research was done last year and the report says New South Wales and Victoria will take the biggest hits.

Experts in New Zealand also predict a greater number of people in NZ will default on their mortgage repayments this year.

Olly Newland says conditions in the two markets are similar and the odds do not look good. He says because New Zealand's interest rates are much higher, we could be looking at quite an ugly scene.

Family Budgeting Service Chief Executive Raewyn Fox says those who don't own their own home will also be hit as their rents will be hiked to cover investors' ballooning mortgage rates.

She says it is particularly tough for renters, with few able to cover their weekly payments and save for a place of their own.

Senior lecturer in banking at Massey University, Claire Mathews says it is important people go to see their bank manager when the financial stresses start.

She says banks can be amazingly accommodating and helpful when their customers are having problems if they get involved at an early enough stage.

But Mathews says, if it is left too late, there may be nothing they can do.