

## **Tough times ahead for families - NZ Herald - March 23, 2008**

Plan ahead, work out a budget, and cut back on luxuries. That's the advice for families as prices rise, with interest rates set to follow.

The Herald on Sunday spoke to three families and got advice from Federation of Family Budgeting Services chief executive Raewyn Fox.

We found that all were making sacrifices, regardless of their household income.

Treats such as the occasional dinner out or a family holiday are being consigned to history as families struggle to buy the basics.

Fox said people had to account for everything in their budget, including car repairs and Christmas expenses, rather than just rent, food and bills.

### \$60,000 income

Locksmith Kelvin Green earns \$60,000 a year to support his wife Lucia Mahugo and baby Karen.

The couple are expecting their second child so Kelvin is cranking up the overtime to bring more money in.

"Everything's going up. Petrol goes up, deliveries go up, so food increases, but wages don't," he said.

The 36-year-old said the days of spending \$120 on a meal out and "not batting an eyelid" were in the past. His motorbike-riding hobby is on the backburner, with his bikes gathering dust in the garage.

"To have a family and to provide properly and do everything else is very, very tricky."

Lucia, 39, who worked as a computer technician before having a child, said she used to shop for food more freely than she does now.

"You check the money more when before you didn't really care."

Fox said the family should examine all their finances in preparation for their new arrival.

She said babies caused hidden increases in family expenses, such as higher power bills.

### \$80,000 income

Lorraine Williams and her husband Joel, who both work, are bracing themselves for a mortgage hike in June.

The couple already pay \$1128 a fortnight for their home in Auckland's New Lynn.

Lorraine, a 36-year-old apprentice co-ordinator, said the increase on their current rate of 7.69 per cent would cost another \$200 a week.

"We're going to have to tighten our belts even more."

The increase in the cost of staples such as milk and cheese has also affected the family, because they were part of school lunches and snacks for daughters Isabelle, 5, and Elizabeth, 12.

Lorraine said the few luxuries the family still enjoyed, such as the odd takeaway "will disappear altogether".

She said movies and the annual family holiday would be cancelled this year to cut costs.

Fox recommended the family plan a new budget before their mortgage changed.

"They should sit down and find out where they can find that extra \$200, don't wait till June when it goes up."

She said cutting back on luxuries was sound advice, but families had to be careful they were making decisions they could live with long- term.

### \$100,000

Sini Yang and husband Waikien Chan have a combined annual income of \$100,000 a year.

But Sini, a self-employed insurance broker, and Waikien, who works in IT, are planning household cutbacks to meet the expected rise in their mortgage payments.

Sini said they expected to lose another \$100 a week when their interest rate was restructured in May.

The couple, who live in Auckland's Greenlane, have also had to make allowances for their second child, due any day.

"We are having less dinners out and are not going to upgrade the car," said Sini.

A planned trip to visit family in Malaysia and China has been postponed.

Fox suggested the family kept an eye on their car use.

If Sini was staying at home with the new baby, Waikēen could catch the bus to work to save petrol, she said.