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Press release: Housing Interest Rates

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PRESS RELEASE FROM THE PREMIER, MR DUNSTAN.

HOUSING INTEREST RATES

1.10.73

The Premier (Mr Dunstan) announced today that adjustments in housing loan interest rates by the State banking institutions (the State Bank and the Savings Bank of S.A.) will be considerably less than those made by other banks and financial institutions.

The State Bank arrangements will be:

- No increase in interest on existing loans of some \$145 m. made under the Advances for Homes Act and the Commonwealth State Housing Agreement.
- No increase in the concessional 5½% p.a. rate applying to about \$17 m. of new lending of Housing Agreement moneys in 1973-74 to families satisfying the \$95 a week income test and who have not previously had State housing assistance.
- Increase of only ¼% p.a. on the present 6½% p.a. rate applying to about \$12 m. of new lending in 1973-74 of combined Housing Agreement and State Bank funds to persons not qualifying for the concessional rate.

All State Bank new lending will continue to be a maximum of \$12500 per borrower and be available only to owner occupiers and upon houses valued below \$20,000.

At least 90% of State Bank loans are reserved for new houses. There will be as hitherto no priority or preference list for State Bank loans but all qualified applicants will be dealt with strictly in order of application.

Present waiting times are about 8 months for loans on new homes and about 21 months on established homes and these times are increasing, Mr Dunstan said.

The Savings Bank of S.A. arrangements will be:

- Rates on existing loans of some \$160 m. will with minor exceptions be increased by ½% p.a. to 7¼% p.a. The minor exceptions which will increase by 1% will be those which are higher than normal and those upon expensive houses.
- Existing borrowers will be permitted to extend the term of their loans thus avoiding any increase in periodical payments.
- Rates on new loans to owner occupiers borrowing up to \$12,500 will also increase by ½% to 7¼% p.a.
- Rates on new layer loans and in respect of expensive houses will rise up to 1% p.a.
- New lending for 1973-74 will be about \$32 m. of which about half will be for new houses.

Priority will continue to be given to persons and families who have been regular and good depositors of the Savings Bank. The Premier said the ability of the Savings Bank of S.A. to keep up the heavy volume of new loans will depend upon the continuance of support of the public in saving through that institution.

Future home borrowers in particular would be well advised to support the Bank with their savings and thereby establish their priority for loan and at the same time benefit from an interest rate greater than offered by any other Banks in the State.
