

Addendum to the Interest Rate Rise

Following the Reserve Bank interest rise announcement, many self-funded retirees would be looking forward to modest improvement in their retirement income stream. Alas, that modest income may be too quickly 'eaten' away by the price rise of the healthy food basket.

As reported in Sydney's *Sun-Herald* of 25/11/07(page 26):

'Grocery prices have increased 12 per cent - twice the rate of the Consumer Price Index - in the two years since September 2005.

Fruit and vegetables have recorded the highest rise, at 43 and 33 per cent respectively, while bread and eggs increased by 17 per cent.'

The primary focus of the report was to identify that to eat a healthy diet, a family of five, needed to spend 35% of an average weekly income. For low income groups, there was a question whether they could follow a healthy diet; it was cheaper to eat unhealthy food. The study was undertaken in Adelaide in 2005, and published in that December's issue of *Nutrition and Dietetics*.

In the first week of December, 2007 the price of unleaded petrol was over \$1.40 per litre, closer to \$1.45, in Sydney; slightly lower in outer areas, such as Newcastle and Wollongong. Earlier this year, when petrol prices crept over the \$1.40 per litre mark, there was an outcry from motorists. This time, no complaints, motorists are resigning themselves to a higher price.

***Reported by Theresa Kot
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