

Building Societies Interest Rates

The House of Representatives is hereby informed of an increase in the rate of interest to building societies, to a maximum rate of 14% per annum.

The rate is intended to preserve the competitiveness of building societies in the face of rising commercial bank deposit rates. Unlike the commercial banks and other financial institutions, the building societies cannot increase their lending rates on mortgages beyond the current statutory ceiling of 12% per annum.

The ceiling on mortgage rates has been increased three times since 1967, from 9.0% in 1970 to 12.0% in August 1974. Loans made since November 1970 have been adjusted upward with most mortgages currently carrying a rate of 11.0% although the ceiling is 12%.

ERIC O. BELL  
Minister of Finance & Planning  
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