

### Reserve Bank has jumped the gun by raising interest rates now: unions

Today's decision by the Reserve Bank to raise interest rates will make life harder for working families before concrete evidence that employment has begun to recover, say unions.

The ACTU said the RBA had jumped the gun by raising interest rates when unemployment is still likely to worsen before it gets better.

ACTU Secretary Jeff Lawrence said the 0.25% rate rise would put pressure back onto family finances when about 1.5 million Australians are either out of work or seeking more hours to boost their family incomes.

He said the Reserve Bank board should have waited until unemployment fell and there was reliable evidence of an improving economy before considering tightening monetary policy.

"The Reserve Bank has acted prematurely by raising interest rates based on flimsy signs of 'green shoots' in the economy," Mr Lawrence said.

"This decision will add \$45 to the monthly repayments of the average family mortgage.

"The true benchmark of a recovery must be growth in employment and hours worked, and at this stage we are yet to see any evidence this has filtered into the real economy.

"The increase in interest rates will dampen economic growth at a delicate stage in the downturn.

"It is also inconsistent with fiscal policy to stimulate economic growth.

"While we welcome the speculation that official unemployment forecasts may not be met, the fact remains that the numbers of jobless are still likely to rise over coming months.

"And as the G20 Summit heard a little over a week ago, the outlook for the global economy for it to get worse before it gets better.

"We call on the banks to show caution in passing the official rate rise onto their customers, and urge businesses to maintain job-creating investment in the face of this decision."