ACTU

Australian Council of Trade Unions

MEDIA RELEASE

Embargo to 6am, Tuesday, 1 December 2009

Reserve Bank must not raise interest rates today while unemployment still rising

The Reserve Bank must not raise interest rates today and put more Australian families under financial pressure, say unions.

ACTU President Sharan Burrow said there have already been two rate hikes in the past two months which have increased financial pressures on families and businesses.

“A third successive rate rise could halt emerging signs of an economic recovery and put jobs at risk by increasing borrowing costs for small businesses,” said Ms Burrow.

Unemployment is at its highest level since 2002, and a further 100,000 Australians are forecast to be jobless by the middle of next year.

“A third consecutive rate rise would be overkill for a fragile Australian economy and for jobs,” Ms Burrow said.

“The monthly mortgage repayments of the average family have risen by close to $100 since the start of October.

“Businesses are still struggling to hire and the central bank should be cautious about inflicting more financial pressure on families and businesses.

“Another rate rise would put more pressure onto family finances when about 1.6 million Australians are either out of work or seeking more hours to boost their family incomes.

“The Reserve Bank should wait for more real evidence of how the previous two increases have impacted on the economy and jobs before moving again.”

Ms Burrow said economic data was mixed, with no clear consensus that the downturn was over.

She said a rate rise would also be inconsistent with the Federal Government’s stimulus program which should be maintained to continue strengthening the economy.

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