

Reserve Bank's third rate rise in a row risks damaging the economy and costing jobs

Today's decision by the board of the Reserve Bank to increase interest rates will hurt the economy and put more Australian families under financial pressure, say unions.

ACTU President Sharan Burrow said this third consecutive rate rise was unnecessary and counter-productive.

"With the Australian economy still fragile and both families and businesses struggling under greater financial pressures, this is the wrong time for a third rate increase in a row," Ms Burrow said.

"It could halt emerging signs of an economic recovery and put jobs at risk by increasing borrowing costs for small businesses.

"We expect the banks will want to pass the full rate increase onto their customers, but we urge them to pay attention to financial hardship and show some flexibility towards families that are struggling."

Unemployment grew by 11,100 in October to its highest level since 2002, and a further 100,000 Australians are forecast to be jobless by the middle of next year.

Ms Burrow said today's rise of 0.25% would add an extra \$45 to the monthly mortgage repayments of the average family.

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

"The Reserve Bank has shown little concern for the financial stresses being felt at kitchen tables around Australia," Ms Burrow said.

"This unprecedented third consecutive rate rise will 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.

"Meanwhile, businesses are still struggling to hire.

"The central bank should have waited for more evidence of the impact on the economy and jobs of the previous two rate increases before moving again."