

Tuesday, 2 March 2010

Reserve Bank's latest rate hike adds to the need to give low-paid workers a decent wage rise

Today's rate rise by the Reserve Bank will add to the living costs of working families and underlines the need for a decent increase to minimum wages this year, say unions.

ACTU President Sharan Burrow said the fourth rate rise since late last year had added about \$180 a month to the costs of servicing a typical home loan.

Other living essentials have also been rising in cost, she said.

"While we understand that the Reserve wants to return rates to an economically neutral position, there is no doubt that today's rate rise will hurt working families," Ms Burrow said.

"We call on the bank from this point on to slow the pace of its monetary tightening.

"The upbeat outlook for the national economy masks the fact that many families are still just getting by on reduced incomes after hours were cut or a family member lost their job during the downturn.

"Food, clothing and footwear and transportation costs are all on the rise on top of interest rates.

"More than a million families have seen their real spending power cut by the Howard Government's so-called Fair Pay Commission.

"Under WorkChoices, the typical award-reliant wage earner suffered a cut to their real income of about \$30 a week, with some losing almost \$100 a week.

"It is essential that Fair Work Australia pays close attention to these pressures on family budgets when it considers this year's minimum wages case in coming months.

"The decision must compensate the low-paid for the cuts to their income as a result of last year's freeze, and maintain real wages going forward."

Ms Burrow said it was also worrying to see reports that lenders, including the big banks, are becoming more aggressive in recovering payments from debt-laden families.

"The improving economy should not be a green light for the banks to boost their profits on the backs of families who are struggling with rising mortgage stress.

"The major banks should show some flexibility and compassion towards working Australians and their families as the nation emerges from difficult economic times."

Media contact:

Mark Phillips ph (03) 8676 7266 or 0422 009 011 mphillips@actu.org.au