

Tuesday, 12 December 2012

Lowering interest rates would assist economic growth and ease pressure on families

A cut in interest rates would help Australia's economic growth and reduce the pressure on workers and their families, the ACTU said today.

ACTU president Ged Kearney said that recent economic data raised fears of a slowdown in the Australian economy and that a cut in interest rates from the Reserve Bank this afternoon would help the Australian economy to grow.

"Since the bank left rates on hold in November more evidence has emerged that inflation is under control and that economic activity is flat.

"The total amount of wages paid across the economy has dropped by 0.2 per cent in the September quarter, the first drop since 2009. The number of job advertisements has also dropped in the last two months.

"Lower interest rates would stimulate economic growth and encourage business to hire more workers.

"A cut in rates will offer some relief to sectors of the economy such as manufacturing and tourism that are being hit hard by the high Australian dollar.

Ms Kearney said that families dealing with the rising cost of living and paying off a mortgage would also benefit from an interest rate cut – provided the major commercial banks passed it on to customers.

"If the Reserve Bank does decide to cut interest rates today, the major commercial banks must pass on the full rate cut to their customers," Ms Kearney said.

"It is not acceptable for these banks to make billion-dollar profits while refusing to pass on rate cuts to families who are struggling."

Media Contact: Ben Ruse 0409 510 879