media release

ACTU australian council of trade unions

Tuesday 7 February 2023

Reserve Bank pushes workers, economy close to cliff edge

Today's interest rate rise of 0.25% per cent announced by the Reserve Bank of Australia will make things even harder for workers, adding a further $92 a month to repayments for someone with a $600,000 mortgage.

The ACTU said the ninth rate rise in as many months would deepen the cost-of-living pain felt by Australian workers and risked pushing the economy off a cliff.

The decision comes as the economy is showing signs of weakness, with a sharp drop in retail sales figures last week, and amid a softening of the labour market.

The full effect of 9 months of rate rises is yet to be felt, with nearly a million mortgage holders moving from fixed to variable rates in 2023.

The greatest cost-of-living pressure now facing employees is actually interest rate payments on mortgages, according to the Living Cost Index released by the Australian Bureau of Statistics last week. Mortgage repayments made up 26% of all price rises felt by employees in the December quarter.

The RBA's approach of fixing inflation by raising rates leaves workers to shoulder the load of inflation, despite the fact big businesses are passing on the costs of inflation in products and services, putting workers under more pressure. They continue to ignore their obligations around full employment.

All of this leaves companies raking in record profits, which is the key inflationary pressure – a fact the RBA has rarely commented on.

Quotes attributable to ACTU President Michele O'Neil:

"The RBA has almost pushed Australian workers and the economy off a cliff.

"In a painful irony, the greatest cost-of-living pressure on too many Australian workers is now their mortgage repayments thanks to RBA rate rises.

"A worker with an average mortgage of $600,000 has been saddled with an extra $1,100 a month in mortgage repayments since the rate hikes began 9 months ago.

"We now have 1 in 4 workers in this country skipping meals to get by, and an economy showing signs of weakness.

"When the cure is worse than the poison, we need a different cure.

"The RBA should now pause any further rate rises and finally join the debate about tackling the real drivers of inflation: companies raising prices and recording record profits.

"Wage growth is less than half the rate of inflation and more needs to be done to get wages moving rather than having workers who are able to win modest pay increases having that stripped away again by further rate rises.

"We need an economy that delivers full employment with working people having secure employment and the hours of work they need."

Media contact: Rebecca Urban 0411790304