

Tuesday, 12 August 2025

Unions welcome rate cut, urge banks to immediately pass on savings

Australian Unions have welcomed today's decision by the Reserve Bank of Australia to cut interest rates for the third time this year, providing more critical cost-of-living relief for working people.

The RBA's quarter-of-a-percentage-point cut to the official cash rate will result in interest rate relief of around \$100 a month for people with an average mortgage, or around \$1,200 a year. Combined with the two prior rate cuts, mortgage holders should save around \$3,600 per year.

Today's further easing of rates is a sign that the Reserve Bank is finally reversing its painful program of post-pandemic rate hikes, which hit working people hard financially amid high prices.

With inflation now back within the RBA's target range – at the lower end – employment stable, real wages increasing and interest rates finally beginning to fall, conditions for working households are starting to turn around.

All the banks and lenders must now act immediately to pass on the full effect of the three rate cuts to mortgage holders.

Quotes attributable to ACTU President, Michele O'Neil:

"Following the February and May rate cuts, today's decision by the RBA to cut the cash rate by a further quarter of a percentage point is welcome relief, coming not a moment too soon for those struggling under severe financial strain.

"Working families were expecting to see a cut last month and have struggled with higher rates for a month longer than they needed to. Today's cut is therefore particularly needed, and should signal a return to a further round of rate cuts as economic conditions improve.

"We call on all banks and mortgage lenders to pass on the full effect of this rate cut immediately."

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