media release

ACTU
australian council of trade unions

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Jobless rise should give Reserve Bank reason to pause

Australian Unions say that today's rise in the unemployment rate shows the Reserve Bank is already slowing the economy, and there's no need to lift rates again next week.

A fourth interest rate increase would only push up the unemployment rate and force more Australian families into financial hardship.

Unemployment increased to 4.6% in August, up from 4.5% in July, according to ABS labour force figures released today.

Today's data follows recent remarks by the Reserve Bank Governor, Michele Bullock, who claimed unemployment needed to rise to between 4.5 and 5 per cent to reduce inflation.

Australian Unions calculate that a 5 per cent unemployment rate could mean as many as 55,000 more people out of work.

The ongoing impact of Donald Trump's conflict in the Middle East is hurting working people at the bowser and is hurting working people through higher prices across the economy. The RBA wants to throw people out of work because of a foreign war that interest rates will do nothing to stop.

For an average home loan of $731,000, a 0.25 per cent hike in interest rates would add an extra $110 a month to mortgage costs.

Australian Unions warn that hiking interest rates would undermine the Reserve Bank's dual mandate, to maintain full employment and manage inflation.

Quotes attributable to ACTU Secretary, Melissa Donnelly:

"Today's job figures already show more Australians are out of work. This should give the Reserve Bank opportunity to change course and protect Australians already doing it tough when it meets to consider the cash rate next week.

"The Reserve Bank must not neglect its dual mandate to preserve full employment and manage inflation. Workers are not the cause of current inflation pressures, so adding further stress to their budgets is just wrong.

"Increasing interest rates will not end Donald Trump's war. It will only make life harder for working people and their loved ones.

"Reserve Bank Governor, Michele Bullock, claimed that unemployment may need to rise to 5 per cent to reduce inflation, even when current inflation is driven by overseas factors. This would mean as many as 55,000 more Australians out of work and unemployed.

"We know that unemployment leads to financial hardship, it can lead to family breakdowns, and it can affect workers' confidence, their mental health. Unemployment can mean a workers' skills atrophy, making it harder for them to get another job.

"So many people are just one unexpected expense away from seeing their livelihoods fall apart. The next time the Reserve Bank Governor says we need more people out of work, we hope she thinks about what that would look like for workers who are hanging on by a thread."

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Media Contact: Cameron Warasta (0447) 159 467