

Thursday 20 April 2023

## Reserve Bank review heads in the right direction

The ACTU welcomes the review of the Reserve Bank of Australia, which calls for it to have a stronger focus on its full employment goal, and the need to have labour market expertise on its board.

The ACTU has been critical of the RBA and its board for its a lack of understanding about wage growth and its narrow range of views about monetary policy.

The ACTU also welcomes new appointments to the board today. The ACTU has long called for a greater diversity of viewpoints, and labour market expertise in particular, on the RBA board, so it can work in the interests of all Australians. The board needs members such as former Fair Work Commission president Iain Ross who understand real-world wage-setting systems and the relationship between wages, unemployment and inflation.

The review also recommends closer collaboration between Treasury and the RBA on fiscal and monetary policy, and the ACTU supports this. Fiscal policy can target the underlying causes of inflation far more efficiently and fairly than the blunt instrument of interest rate rises.

The review also comes with a requirement for the RBA to explain its decisions to the public, reflecting greater transparency and accountability around decisions that have a big impact on workers.

### Quotes attributable to ACTU Secretary Sally McManus:

“It’s time for the RBA to rebalance its efforts towards achieving its objective of full employment, and away from imposing higher and higher interest rates on mortgage holders.

“With this review of the RBA and the inclusion of fresh expertise on its board, we look forward to economic levers being used to support working people and make Australia’s economy and workforce stronger and more equitable.

“It is imperative the RBA better understand and tackle the underlying causes of inflation – which is not wage growth but corporate profiteering.”

**ENDS**

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