

Out of step and out of touch: Australian Unions urge the RBA to cut rates

Working Australians want the Reserve Bank of Australia to cut official interest rates at the final opportunity for the year when the RBA's two-day Board meeting wraps up tomorrow.

ACTU Secretary Sally McManus and workers from a range of industries will meet outside the RBA's temporary headquarters in Sydney today to urge the Bank to end its punishing regime of high interest rates.

Australian Unions are concerned the current settings are harming working Australians and are based on the false idea that unemployment needs to go up when it is now clear that wages have had no impact on the trajectory of inflation, which was caused by supply chain issues and price gouging.

The Bank's refusal to ease the official cash rate poses a risk to the one million new jobs that have been created over the past two-and-a-half years as they remained determined to tip people out of jobs.

The RBA Act was amended last week to include a new overarching objective to 'promote the economic prosperity and welfare of the people of Australia.' If the RBA doesn't cut rates tomorrow, it will have failed in its new mission at the first real test.

The RBA Board must do more than acknowledge that its policy settings cause hardship and act to take pressure off working people whose cost-of-living pressures have been caused by the housing pressures interest rates create.

Quotes attributable to ACTU Secretary, Sally McManus:

"The RBA is out of touch and out of step. There are real people behind the statistics they see; real people who are being smashed by their refusal to join the rest of the world starting to cut rates. We are concerned that the RBA is making a serious mistake by keeping rates too high for too long. They were wrong on wages – there was no wages spiral. They were blind to price gouging when it was obvious to everyone. And their outdated idea that unemployment needs to go up is also wrong.

"Working people are under so much pressure that household spending actually went backwards last quarter. Normally when that happens, the alarm bells sound in the central bank and it urgently cuts interest rates. The alarm bells should be sounding loudly during the RBA board meeting starting today as nearly half the recent drop in household income is due to increased mortgage repayments – a situation entirely in the hands of the RBA to start fixing.

"If it wasn't for decent wage growth supported by this Government, people would be completely underwater.

"Central banks around the world are already cutting rates. The US Federal Reserve and the Reserve Bank of New Zealand began cutting rates when their inflation was still above target. The RBA needs to do the same thing here. There is no clear reason not to with Australia's headline inflation rate of 2.8 percent within the RBA's target band.

"The RBA is racing towards a cliff and thinks it can slam on the brakes at the last moment. It should have done so last month, the next best time is now."

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