

media release



MASTERS OF OUR INDUSTRY

Master Builders Association of Victoria
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Cut to interest rates needed for Victorian building jobs

The Reserve Bank should cut official interest rates when its board meets tomorrow to protect jobs in Victoria's construction industry.

Master Builders Executive Director Brian Welch said today that economic indicators supported a rate cut, which would help generate investment for the building sector.

"Our industry is the second largest provider of full-time jobs in this state with 240,000 Victorians employed in the sector. Cutting official interest rates will help generate new work and new projects to stimulate this important part of our economy," said Mr Welch.

"We have seen the loss of nearly 28,000 Victorian construction jobs in recent months and both residential and commercial building activity is significantly down this year.

"If the Reserve Bank wants to protect jobs and stimulate investment then it must provide a sizeable reduction in rates.

"All indicators suggest a rate cut is not only warranted, but is necessary to help boost economic confidence and encourage new construction activity.

"Inflation is low, national unemployment is steady and the Australian dollar is high, providing an opportunity for the Reserve Bank to cut rates and provide much-needed relief for homeowners and home builders."

Both Prime Minister Julia Gillard and Victorian Premier Ted Baillieu have publicly urged the Reserve Bank to cut official interest rates in recent weeks.

"A significant cut to rates is required to counter moves by the big banks, which we expect will refuse to pass on cuts to the consumers and business owners who need it most," Mr Welch said.

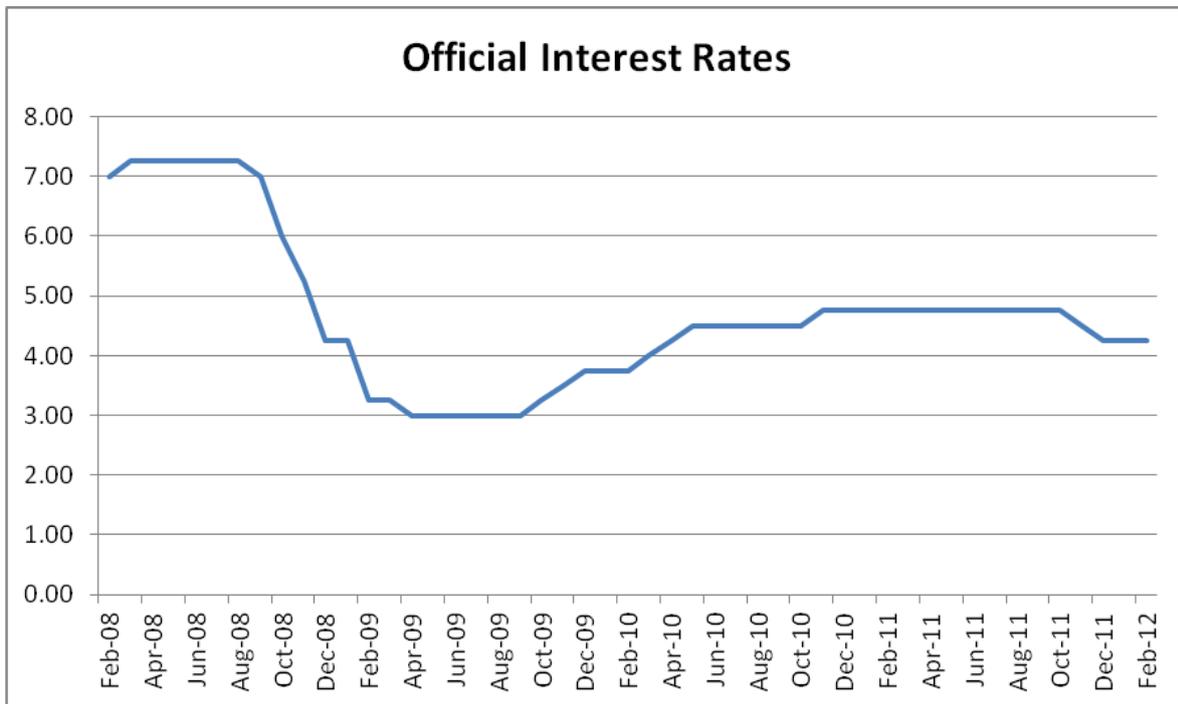
"Official interest rates should be cut by 50 basis points and the big banks should do the right thing by their customers and immediately pass on any cuts to Victorians."

Official interest rates have been steady at 4.25 per cent since December (see graph on following page).

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Source: Reserve Bank of Australia