Media Release

MASTER BUILDERS AUSTRALIA

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FURTHER RATE CUT WELCOME CIRCUIT BREAKER BUT MORE NEEDED

Statement by Wilhelm Harnisch, Chief Executive

Australia's peak building and construction industry association, Master Builders Australia, in welcoming the decision by the Reserve Bank to lower official interest rates by 25 basis points, says it should help consumer confidence but the banks must play their part.

Mr Wilhelm Harnisch, Chief Executive Officer, said "Today's decision has the potential to act as an important psychological circuit breaker in restoring confidence and rekindling home buyer interest but the RBA should not hesitate to cut rates further if there is no rebound in confidence."

Mr Harnisch said, "The industry, in particular, is looking for today's rate cut to put a floor under falling consumer confidence."

He said "Anecdotal reports from house builders indicate that there are a number of factors contributing to weak homebuyer confidence, including the Euro crisis, minority government and uncertainty arising from the carbon tax."

"Lower interest rates are a vital precursor to a private sector economic recovery, particularly in the housing and commercial building sectors currently facing very difficult trading conditions."

"Banks must mirror the cut in official rates to help new home buyers as well as providing relief for existing homeowners and small businesses struggling with repayments."

Mr Harnisch said, "This time there is no justification for the banks to delay or withhold any part of the reduction in the official cash rate announced by the RBA today."

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