

# Media Release

## Builders say full cut must be passed on immediately

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Builders under stress due to the West Australian housing slump are urging the major banks to pass on the latest interest rate cut fully and immediately.

Master Builders Executive Director John Gelavis welcomed the announcement of an interest rate cut to 1 per cent by the Reserve Bank today, saying it came at the perfect time to take effect alongside the WA Government's housing stimulus via changes to Keystart income levels. A follow-up plan to speed up infrastructure work could have even bigger benefits.

"The opportunity to get the West Australian housing market moving again has never been greater," he said.

"Keystart provides low-deposit home loans to West Australians who can't meet the requirements of mainstream lenders and their policy is to use the average of the standard variable home loan rates of the four major banks so today's reduction will go a long way to assist, as long as banks pass on the cut.

"Today's reduction in the Reserve Bank cash rate brings it to a new all-time low of 1 per cent. Never before have we gone for almost a decade without an increase in interest rates. The Reserve Bank has cut interest rates 13 times since late 2011.

"The West Australian building and construction sector employs around 119,000 people and includes more than 40,000 small businesses so we urge lenders to pass today's rate cut on to them fully and without delay. This will assist those who are doing it tough, support economic growth and help end the West Australian housing slump.

"However, an interest rate cut is just one factor in boosting economic growth. The benefits could be much greater by adding a commitment to accelerate infrastructure work.

"Fast tracking the construction of civil and engineering infrastructure projects would create jobs, raise confidence and get the WA economy moving in the right direction."

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