

INTEREST RATE RISE ADDS PRESSURE, BUT INFLATION REMAINS THE CRUSHING WEIGHT ON AUSTRALIA'S MOST VULNERABLE

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Catholic Social Services Australia (CSSA) acknowledges today's decision to raise the cash rate, recognising the financial strain this places on many Australians, particularly mortgage holders. However, Dr Jerry Nockles, CEO of CSSA, stresses that inflation remains the cruel and relentless crushing weight bearing down on disadvantaged households every single day.

"While rising interest rates make mortgage repayments harder, it is inflation that is the daily, grinding burden for so many families," said Dr Nockles. "Inflation is not just a number on a page – it is the relentless erosion of purchasing power that hits the most vulnerable hardest, forcing choices between essentials like food, electricity, and rent. This crushing weight is felt unevenly across our community, deepening existing inequities."

Recent data¹ confirms that the rising cost of living impacts Australians unevenly, with low-income households and those reliant on fixed incomes bearing the brunt. Dr Nockles emphasises that this reality is deeply concerning from the perspective of Catholic Social Teaching, which calls us to uphold the dignity of every person and to prioritise the needs of the poor and marginalised.

"Economic decisions must be measured by their impact on human dignity and the common good," Dr Nockles said. "We see firsthand how inflation strips away the basic security that every person deserves. It is a relentless burden that no one should have to bear alone."

Catholic social service providers across the country report a growing number of mortgage holders seeking assistance, yet Dr Nockles reminds us that the struggle extends far beyond home ownership.

"Mortgage stress is visible and urgent, but inflation's impact is far broader – it is the daily struggle to put food on the table, to keep the lights on, and to provide shelter and safety for families. This is the reality for many who do not own homes but are nonetheless burdened by soaring prices."

Dr Nockles also acknowledges the Reserve Bank Governor Michelle Bullock's remarks highlighting that inflationary pressures are being driven not only by domestic capacity constraints but also by external factors such as energy prices and geopolitical tensions.

As Australia approaches state elections in Victoria and New South Wales, CSSA calls on both state and federal governments to carefully consider the cruel and relentless crushing weight of inflation when shaping expenditure and fiscal policy.

"With respect to domestic capacity constraints, state and federal governments must be mindful that increased spending, while certainly necessary to support vulnerable Australians, can add to aggregate demand and potentially exacerbate inflation if not carefully targeted," Dr Nockles said.

"It is essential that fiscal policy complements monetary policy, not conflict with it. Targeted support for those most in need will help alleviate cost of living pressures without fuelling further inflation."

"Today's rate rise is just one piece of a complex puzzle, with productivity being a key consideration," Dr Nockles concluded. "True relief for struggling Australians requires addressing the crushing weight of inflation with targeted support and policies that reflect our shared commitment to human dignity and the common good."

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About CSSA

CSSA is the national peak body for Catholic social service providers. CSSA's network of forty-two member agencies runs across all Australian States and Territories with a combined total of over seven hundred sites, delivering essential services to vulnerable and disadvantaged Australians.

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ⁱ Living costs rise for all but some hit harder, new ABS data finds, <https://www.abc.net.au/news/2026-02-04/living-costs-hit-some-harder-new-abs-data/106303060>