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STATEMENT FROM BUSINESS NSW CEO DAN HUNTER

RBA NEEDS TO HALT ANY FURTHER INTEREST RATE RISES

The Reserve Bank of Australia is crunching the business community and damaging livelihoods by continually hiking interest rates.

Business NSW and its nearly 50,000 members are calling on the RBA to pause further interest rate hikes to prevent an economic train wreck which could last a generation.

It takes a day to close a business but at least three years to build it back up. We are talking about people's lives here.

The long-term damage of continuous interest rate rises will be felt long after the transient effects of supply chain interruptions have passed.

Interest rate rises are a blunt instrument that have a dual negative impact on business. Not only do hikes increase debt repayments, but they also lower demand - squeezing revenue.

The RBA appears to be unaware that business profit margins have narrowed to unsustainable levels, especially as so many were unwilling to pass on the full pain of Covid to customers – taking on increased debt.

Vital economic powerhouse areas like Western Sydney are most vulnerable, according to Business NSW data.

Business is the engine room and the nursery of NSW's economic prosperity, yet the RBA appears to be out of touch with the real-world impact on jobs, livelihoods and businesses.

Every time there is a 25-basis point increase, many businesses come a step closer to laying off staff, cancelling expansion plans and in some cases shutting for good.

Interim findings from Business NSW's upcoming survey of more than 1200 businesses show the level of concern for businesses about their ability to make loan repayments has increased from 4.8 to 6 out of 10.

One in five businesses – and one in four small businesses – are extremely concerned about their ability to make higher loan repayments.

The level of concern about the impact on profit margin has increased from 6.6 to 7.6.

Business NSW believes addressing demand via interest rate rises is the wrong approach altogether when the causes are clearly not demand driven.

The RBA said Friday it will be "closely monitoring how quickly declines in global costs are passed through to prices by businesses in Australia".

Business NSW believes the RBA's time would be better spent encouraging a strong national response to global issues, rather than lecturing those businesses that have worked so hard to keep prices down.

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About Business NSW

Formerly the NSW Business Chamber, *Business NSW* is the peak policy and advocacy body which has been representing businesses in NSW since 1826.

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