

## Media Release

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### Rate increase puts pressure on cost of doing business

#### Statement by Richard Dowling – TCCI Chief Economist

Tasmania's peak employer body, the Tasmanian Chamber of Commerce and Industry (TCCI), has warned that the today's 25 basis point interest rate rise, taking the official rate to 4.00% will add further pressure to the cost of doing business and slow economic recovery.

TCCI Chief Economist Richard Dowling said that trading conditions were still tough as evidenced by the retail trade data out today. Tasmania was the only state that recorded negative retail growth for January.

"The impact of rate rises combined with steady increases to input costs is putting a real squeeze on business growth," Mr Dowling said.

"Despite recent improvements, business confidence is still soft, particularly in the export sector where one in five Tasmanians are employed."

Mr Dowling said the Reserve Bank had indicated Australia would continue to see rate rises over the coming year.

"With rates still at historic lows, we can expect steady rises until they return to what the Reserve regards as normal levels.

"But the Reserve Bank has to be careful not to stall the recovery by moving too fast with the result being that the increasing cost of finance would deter business investment," Mr Dowling said.

#### For more information contact:

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The TCCI is an independent and member funded not-for-profit organisation that represents 2,800 Tasmanian businesses and supporters who collectively employ 75,000 Tasmanians.

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