



*National Retail Association*

# MEDIA STATEMENT

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## **Fears rate rise will drive businesses to the wall**

The Reserve Bank's decision to increase interest rates by 0.25 percent today could drive struggling retailers to the wall, the National Retail Association has warned.

Executive Director Gary Black said the RBA Board is simply out of touch with conditions in the mainstream economy if it think today's rate rise was justified.

"Many retailers are trading 10-20 percent down on last year in the face of very restrained consumer spending.

"This rate rise will put a further brake on spending at a time when more pressure on the accelerator is needed.

"Many retailers are nearing the point of no return and their survival depended on a robust Christmas trading season.

"If the Reserve Bank has killed off this prospect, the sector and its employees will experience a lot of pain early in the new year," Mr Black said.

Mr Black said given the moderated rate of inflation, it appeared the RBA had capitulated in the face of strong pressure from the major banks.

"If the RBA is now allowing pressure from the major banks to determine Australia's official cash rate, the Shadow Treasurer's proposals to reign them in must be acted on.

"The RBA is only considering one side of Australia's two-speed economy if it thinks this decision was justified.

"A strong resources sector is simply not translating into increased activity in other sectors of the Australian economy, such as retail and tourism.

"Struggling small businesses now face a very bleak Christmas.

"If they go bust after poor Christmas sales, many will justifiably look back to the RBA's decision on Melbourne Cup Day 2010 and know exactly who to blame," he said.

**Gary Black is available for interviews. Contact Brad Burke on 0458 291 234**