



## **MEDIA STATEMENT 9 NOVEMBER 2007**

### **SANTA'S BAG WILL BE BIGGER THIS YEAR**

Given the recent interest rate increase will Santa and his sleigh bells bring joy to retailers this Christmas? Will retailers be hearing the jingle bells of their cash registers during the festive season? Richard Evans the Executive Director of the Australian Retailers Association (ARA) says an emphatic, yes!

The reduction of disposable cash through the increase of interest rates will only impact the home owners who are close to an over commitment on their spending. While home ownership is high in Australia, it does not mean that most home owners will suffer under a rate rise. It is true some will - but it is also conversely true that many will not.

"We expect a bumper Christmas period this year with a year-on-year anticipated growth in retail sales of 6.7% which equates to a staggering \$35.4 billion coursing through the economy via retail sales," Evans said.

"The good news for consumers is that the Aussie dollar is high meaning imports such as food and in particular seafood will be cheaper this year. Toys are already in stock and therefore we don't see an impact upon them this year.

"The household goods sector is a staggering 13% up on year-on-year trade which only indicates consumers have disposable income and they are spending it.

"Our fiscal concern is the headaches from funding expenditure on credit which the ARA cautions those consumers living life near the edge of insolvency to mindful of during this period. It is no use going to the wall financially by overspending," Evans said

"Uncertainty in consumer spending is usually the norm around elections but there also appears to be a soft response this year to the coming federal election. Consumers don't seem too worried and this may account for the 'me-too' approach by one of the parties. As there appears to be no 'real' choice between the two major parties there is little fear from consumers that a Labor government will be very different.

"While it is true the ARA's modeling indicates a reduction in spending of 0.7% (\$1.1 Billion) caused by the interest rate increase, we still expect a prosperous festive season for retailers which means Australian consumers will have a terrific Christmas. And Christmas is about families and the spirit of good will and whilst retailers encourage consumer growth we should never lose sight of the real importance of Christmas," Evans said.

The Australian Retailers Association (ARA) is the peak industry body in Australia's \$292 billion retail sector which employs over 1.2 million people. As an incorporated employer body under the Workplace Relations Act and with a range of member services including business consulting, policy development, advocacy and education, the ARA supports and represents over 5000 members throughout Australia. Visit [www.ara.com.au](http://www.ara.com.au) or call 03 9321 5000 for more information.

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