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Evans begins tenure at Australian Retailers Association - Reserve Bank interest rate rise

Richard Evans (former CEO of the Franchise Council of Australia) began his new role as the new Executive Director of the Australian Retailers Association (ARA), the same day the Reserve Bank chose to lift interest rates for the sixth time since the 2004 Federal election.

“Despite the 0.25 percent rise in interest rates – the ARA doesn’t expect this to have a huge impact on overall consumer retail spending these holidays. Our original expectations of sales for the 2007 Christmas period was \$36.5 billion (based on a 7.4% year on year growth) but with the rate hike we now see Australian consumers spending \$35.4 billion – about a 1.1 percent drop in expectation to 6.3% growth.

“The recreation category is where spending is likely to decrease and this will affect the sale of things like books and sporting equipment. However, the good news for consumers is the price of toys won’t be affected as they are already in stock and consumers should also expect cheaper seafood prices this Christmas due to the strength of the Australian dollar,” Evans said.

“Interest rate rises are necessary to try and draw in further inflationary pressures but we need to acknowledge that there are other factors affecting a rise in consumer spending including the drought and petrol price increases. Our concern is whether consumers will fund their spending with available disposable income or use credit this Christmas. If consumers rely too heavily on credit, it could be a very difficult time from February when the bills arrive and we hope the Reserve Bank factors in this development should they be considering another rise at that time,” 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 part of the Industrial Relations Commission 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 or call 03 9321 5000 for more information.

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