



United Retail Federation

Serving Members Australia Wide™

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RBA Decision Proves Government Cash Splash Failure

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The **United Retail Federation**, a peak national industry body representing the retail sector, has welcomed the Reserve Bank of Australia's (RBA) decision to keep interest rates on hold by saying that it was further proof that retailers and small businesses were on a "rocky road" and the Federal Government had been complicit in "soaking up credit" and adding pressure on both inflation and interest rates.

Scott Driscoll, National President of the *United Retail Federation*, said that "Ms Gillard's monumental government spending and wastage" was the primary reason for inflationary pressures and higher interest rates, adding that retailers and small businesses had been locked out of finance and had suffered as a consequence.

"Ms Gillard has presided over a monumental spending program which has wasted millions of taxpayer dollars on micro-level services, such as building tuckshops and school halls costing millions of dollars in schools that are closing down. This reckless spending has put immense pressure on working family retail businesses in the private sector," Mr Driscoll said.

"We have witnessed terribly flat retail sales trends at best and in the majority of the retail sector it's the discretionary spending that is absolutely terminal and retailers are really feeling it.

"It is Ms Gillard's 'stimulus spending' that has been pushing up inflation, soaking up credit and crowding out the private sector, all of which has resulted in the RBA using its blunt instruments to push up the cash and mortgage rates for working Australians.

"The RBA has repeatedly outlined a dire financial situation for small business which has two stings in the tail. This first is an inability to access business finance combined with the excruciating secondary effects that any interest rate rise has on small business due to their increased reliance on loans secured by residential property.

"Ms Gillard continues to ignore the effects that poorly conceived, implemented and wasted government programs have on the broader economy.

"The Rudd-Gillard Government stands condemned for turning its back on the small business sector. So the Small Business sector is now turning its back on them," Mr Driscoll said

For further comment contact Scott Driscoll on 0413 831 045.