



MEDIA RELEASE



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SAI GLOBAL/ACCI SURVEY OF INVESTOR CONFIDENCE BUSINESS CONDITIONS OK BUT INFLATION, WAGES AND INTEREST RATES BEGIN TO BITE

The *SAI Global-ACCI Survey of Investor Confidence* indicates that trading conditions for Australian business are sound. While the overall data shows that current conditions are favourable for business, labour market issues and price uncertainty coupled with a modest rise in the impact of interest rates appear to be reducing the capacity of business to generate profit and investment growth. Interest rate charges have appeared in the top ten constraints on investment for the first time since October 2000 when official interest rates were 6.25 per cent compared with 6.0 percent today.

The Survey covers the months of July, August and September 2006 and had 779 respondents, covering the following industries: mining, manufacturing, construction, retail/wholesale trade, accommodation, cafes and restaurants, and services.

Mr Peter Hendy, Chief Executive, Australian Chamber of Commerce and Industry, commented:

“The survey shows that business conditions are down from recent peaks but that conditions are still overly favourable. Labour markets continue to be tight and business continues to hire, demonstrating how well the economy is performing despite adverse impacts such as high input prices, drought and interest rate increases. Growth appears to be continuing in a sustainable fashion and the outlook for the next twelve months is positive despite some indications that interest rates are beginning to have a modest effect on activity.”

Mr Tony Scotton, Acting Chief Executive Officer, SAI Global, commented:

“The survey also found the availability of suitably qualified employees ranked as the second binding constraint on business investment. Australia faces a very real skills crisis, which has already seen employers across the country seeking to input workers from international markets. More needs to be done to support the industries suffering in this area.”

A link to the survey is available on: www.acci.asn.au.

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