

Tuesday 7 November 2006

## ST.GEORGE-ACCI BUSINESS EXPECTATIONS SURVEY

### Employment Continues to Fuel Wage Growth

The September Quarter 2006 St.George – ACCI Business Expectations Survey found that employment continued to grow strongly. The employment results taken together with the strong increases in wages growth make it clear that labour markets will continue to remain tight. Wage and non-wage labour costs continued to remain near record highs. Investment continued to grow strongly and is only slightly below the record levels of growth recorded in the June quarter.

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

“The survey data shows that wages are continuing to grow strongly, faster than the economy has grown used to over the past 15 years. Despite the higher wage growth and higher business selling prices recorded in the survey, measures of underlying inflation have remained contained, highlighting just how important the labour market reforms of the past 10 years have been. However, unsustainable wage increases, such as the 5.6 percent increase awarded recently by the Australian Fair Pay Commission, are putting this benign inflation outlook at risk”

**Steven Milch, St.George Head of Economic Research, commented:**

“The tone of this quarter’s survey is one of a continued sound environment for Australian business. Most of the indicators, including those for Business Conditions, Sales, Exports, Employment and Investment are at high levels. This is encouraging and accords with our expectation of a lift in the headline rate of GDP growth over the year ahead from the current low and slightly misleading level. For the business bottom line though, it is clear that cost pressures remain.”

The Survey is available from the ACCI website on [www.acci.asn.au](http://www.acci.asn.au).

#### For further information:

Peter Hendy	Chief Executive, ACCI	02 6273 2311 / 0419 422 650
Brett Hogan	Director of Communications, ACCI	03 9668 9950 / 0407 273 884
Steve Ryan	Chief Economist, St.George	02 9320 5535 / 0411 106 879
Steven Milch	Head of Economic Research, St.George	02 9320 5264 / 0417 213 398

#### Important notice:

The information contained in the Survey has been prepared by ACCI and is intended for general use only. The St.George Group and ACCI take no responsibility for any reliance on the information or views expressed in this media release by any third party.