



MEDIA RELEASE



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ST.GEORGE - ACCI *SMALL BUSINESS SURVEY*

Small Business Employment Growth Highest Since 1996

The *St.George – ACCI Small Business Survey* shows that small business conditions strengthened over the June 2007 quarter. Employment growth rose over the June quarter, to be at the highest level since the survey began in 1996. Along with employment, wage growth and non-wage labour costs have risen to their respective historical highs. Despite the increases in costs, improving business conditions and increased investment is having a net positive impact on revenue and profits.

Overall, small businesses performed strongly over the June quarter, with every indicator experiencing growth above their respective five year averages. This survey covers the June quarter and was conducted prior to the recent volatility in equity and credit markets.

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

“Over the June quarter, small business experienced high wage growth and rising non-wage labour costs, pointing to a tight labour market. IR reforms since 1993 have been instrumental in preventing a wages breakout. Hence, we should lock in the latest IR reforms, in order to maintain a strong economy.

Small business conditions strengthened and expectations for the next quarter continue to be optimistic. However, we should not become complacent and delay further reforms in the areas of education and training. It needs to be emphasised *Availability of Suitably Qualified Employees* remains as the single biggest constraint on small business investment for the second consecutive quarter.”

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

“The second consecutive lift in conditions for small business is a welcome development and provides a sound base from which the sector can weather the current turbulence in global financial markets. Looking ahead, despite the recent interest rate rise and market volatility, we remain optimistic that the economic consequences will not be serious. The Australian economy has proved resilient over time and we expect it to remain so.”

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