



CANBERRA
BUSINESS COUNCIL

A positive economic outlook



By Chris Faulks
Chief Executive Officer

The Honourable Warwick L. Smith AM, LLB was guest speaker at the last Canberra Business Council Canberra Times Business Series Lunch.

Warwick is Chairman of the Australian New Zealand Banking Group (ANZ Ltd) for New South Wales and Australian Capital Territory, Chairman of E*TRADE Limited and the Chairman of the Advisory Board of Australian Capital Equity Pty Ltd (ACE). Formerly, Warwick was an Executive Director with Macquarie Bank. The following excerpt from his presentation provides a positive outlook for the turbulent times ahead.

"Australia has more scope than most other Western countries to deploy economic policy to counter these contractionary influences. In particular there is greater scope to cut Australian interest rates simply because they were higher to begin with than in most other countries;

The Australian Government has greater scope to ease fiscal policy than governments of most other Western countries, because it is starting from a position where the budget is in surplus and with no net public debt;

Economic forecasts should be interpreted with more than the usual degree of scepticism in the current environment. However, for what it's worth we do not expect that Australia will experience recession, in the popular sense of consecutive quarters of negative economic growth. Rather, we expect that real GDP growth will average 1.6% in 2009 and we expect the unemployment rate ...to reach 6.5% by the end of 2010. Inflation is likely to fall more quickly than previously expected... to 3% by the December quarter of 2009.

We do not expect significant, across-the-board, declines in residential property prices, despite the fact that Australian property prices are undoubtedly high. Unlike the US or the UK, Australia does not have an underlying over-supply of housing; nor is effective supply being boosted by large numbers of dwellings on the market for sale at any price. These forecasts assume that further policy support for economic activity will be forthcoming. We assume the official cash rate will decline to 3.5% and that the Commonwealth Government will implement further fiscal policy decisions to underpin economic growth, particularly as regards infrastructure investment, even if this results in a Budget deficit in 2009-10.

In Australia, our economy is fundamentally sound. So there is every reason to believe that the effects of the current global financial crisis will indeed be a lot smaller than what happened in the 1930s."

This positive outlook from Warwick Smith is being supported by leading economic indicators released

as 2008 comes to an end, with consumer sentiment increasing. Never the less we are facing harder times and the next year will be a challenge for everyone in business.

Many people worry about how harder times will impact their business, but the truth is that businesses can prosper in recessionary times by applying sound and effective business strategies. Importantly, it is essential to take greater control of all facets of your business and monitor your performance on a regular basis.

EVENTS

February 10

Recession Proofing Forum

Time: 6.30pm–8.30pm

Venue: TBC

Registration: www.canberrabusinesscouncil.com.au or 6247 4199

March 4

Speed Connect. – Networking

Fast track potential business opportunities with people they may not have otherwise been able to meet.

Time: 5.00pm – 7.00pm

Venue: Federation Ballroom Hyatt Hotel

Cost: \$35 Members

\$45 Non Members

Registration: www.canberrabusinesscouncil.com.au or 6247 4199

March 25

Women in Export Roadshow Series

Topic: Women in Export and International Business
Guest Speakers:

Tim Harcourt – Austrade's Chief Economist,
Julie-Ann Nicholls – Trade Commissioner, China,
Catherine Taylor – Trade Commissioner, Japan,
Kylie Hargreaves – Senior Trade Commissioner, UK,
and Michelle Wade – Trade Commissioner, Spain,
as well as notable case study speakers.

Time: 9:30am – 12pm

Venue: Canberra Business Event Centre at Regatta Point

Cost: TBC

Registration: www.canberrabusinesscouncil.com.au or 6247 4199

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