

For immediate release

Queensland CEOs report increased confidence in the economy, with 60% likely to hire staff in 2010

Brisbane (December 7, 2009): Queensland seems to have weathered the worst of the global financial crisis, with 77% of CEOs having positive views on the economy and 60% saying they were likely to hire in the next six months, according to the inaugural *CEO Financial Index*.

The *CEO Financial Index* is a commissioned quarterly survey of The CEO Institute's Queensland members (the CEOs and leaders of the state's largest private and public companies and professional firms). The Index will track expectations for the future of business and the economy. *

Sue Forrester, CEO of The CEO Institute (Qld), said major Queensland businesses were emerging from the GFC with a more focused view of their activities. Their major concerns were for the government to continue to support the economy, for consumers and other businesses to remain confident and for banks to become more liberal in their lending policies.

"While there is a more positive sentiment out there, there is also caution – the survey shows that as a result of measures taken during the down-turn, it appears CEOs will ensure profitability recovers first before there is a significant increase in investment in capital or people," Ms Forrester said.

"The Index figure is driven by a very positive rating for the direction in which the economy is heading, with 77% of respondents seeing it as heading in the right direction, and only 10% viewing it negatively.

"Their reaction to this favourable view of the economy is to hire staff, with 60% saying they are likely to hire and 25% saying they are unlikely to hire.

"Intentions in terms of capital investment are evenly balanced, with 44% likely to invest and 43% likely to maintain current levels. The net result is that almost half the business leaders (49%) expected an increase in profit, compared to 34% who didn't," she said.

Ms Forrester said respondents indicated the biggest impact on their business in the next 6 months would be government spending (16%), performance of the resources industry (13%) and business confidence (11%). Other concerns were interest rates, exchange rates and the price of commodities.

CEOs said the biggest impact on their business in the *past* 6 months had been business confidence (15%), the banking and finance sector (13%), the government (10%) and government spending (8%).

“The main concerns for the past six months include a lack of consumer and confidence as a result of the global financial crisis, which was often seen as unwarranted,” Ms Forrester said.

She said CEOs indicated that the most important lessons they had learned from coping with the global financial crisis were: to get the basics right (15%), to be flexible (13%) and securing finance (11%).

Direct quotes from Queensland CEOs participating in the survey:

1. *“Property development in Queensland has almost come to a complete stop, as a result of capital not being available and the state government’s planning policies.”*
2. *“...banks are being very unrealistic about their funding approach.”*
3. *“I learned how to hunt again. The boom period for 10 years up to 2008 meant gaining business was relatively simple and you could be selective in what business you took on. This led to laziness and complacency. The GFC saw an immediate drop in business and a tightening of budgets. This forced me to rethink our strategy and focus on aggressively seeking out new business with an absolute focus on closing every opportunity. As we come out of the crisis this is providing us with growth opportunities.”*

* *The CEO Financial Index* is conducted online for The CEO Institute by polling company Internet Thinking. The Index is derived from surveying respondents’ predictions for the next half-year in four different business areas – economy, employment, investment and profitability. Movements over time will show how the leaders of significant businesses in Queensland view the economy. It will also be possible to track the Index against growth in the economy and other factors.

The initial *CEO Financial Index* rating is 30. More than 60 business leaders responded to the initial survey.

About The CEO Institute

Established in 1992 as a peer-to-peer membership organisation for chief executives and with offices in Brisbane, Melbourne, Perth, Sydney and Adelaide, The CEO Institute has become Australia’s premier network of business leaders. The CEO Institute provides a peer-learning forum for CEOs and senior executives to meet regularly and share insights and exchange views on the business issues that matter. <http://www.ceo.com.au/>

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