



NEWS FROM MGI

20 APRIL 2008

SMALL TO MEDIUM BUSINESS RIDING OUT THE CREDIT SQUEEZE

A survey of small to medium enterprises (SMEs) in Australia has found that few are being adversely affected by the recent spate of interest rate rises.

The survey, by the national accounting group, MGI, found that credit presents only isolated problems and few expect to encounter difficulties with servicing their loans in the future.

“With the economy still performing strongly and high employment levels, most of the SMEs surveyed rated lack of skilled workers as a much more serious issue for them than arranging or maintaining financing for their businesses,” said Mr Des Caulfield, member of MGI Managing Committee.

“MGI has around 2,000 SMEs as clients in Australia and we continually survey their needs and outlook,” said Mr Caulfield.

“The recent interest rate rises have attracted massive publicity and most of this has focused on home owners and their mortgages. Clearly this is an important issue but the health and future viability of SMEs is vital to employment opportunities today and into the future.

“Our research indicates that this sector, which is the nation’s major employer, is in good shape. The sector does expect a softening of the economy this year, but is not foreshadowing any serious distress as a result of borrowings,” he said.

“Of far greater concern was the lack of skilled workers in most areas. SMEs reported that their growth was being hampered by their inability to attract people with appropriate skills and experience in a large range of roles.

“Another finding of the survey was SMEs feeling the impact of payroll tax – particularly given importance of the SME segment to the overall economic growth. During 2006/07 all states and territories collected \$ 14.846 billion in payroll taxes. This represents over 30% of all state taxes collected.



“This is an extraordinarily high amount to levy against employers whose only reason for having to pay is because they employ people,” continued Mr Caulfield.

Other concerns included business valuation during a bear market, succession planning and adequacy and safety of superannuation.

The survey of 350 SMEs – all MGI clients - across Australia was conducted by telephone and through face-to-face contact over four weeks in March and April.

MGI is an international association of over 200 accounting, auditing and consulting firms in 75 countries. In Australasia, MGI consists of an association of 10 firms located in key commercial centres in Australia and New Zealand providing accounting, tax and business solutions to SME clients.

MGI IN AUSTRALASIA

The MGI Australasian association was established in 1984 and comprises the following firms:

Perth – Mr Mal Di Giulio (+ 61 8 9463 2463)

Adelaide and Port Pirie – Mr Des Caulfield (+ 61 8 8272 6800)

Melbourne – Ms Sue Prestney (+ 61 3 9521 3000)

Sydney – Mr Gil Levy (+ 61 2 9230 9200)

Brisbane – Mr Grant Field (+ 61 7 3002 4800)

North Queensland – inclusive of Cairns, Port Douglas and Mossman – Mr Nick Watson (+ 61 7 4047 4000)

Auckland – Mr Nick Francis (+ 64 9 377 1362)

From the 21st April all firms in the MGI Australasian association will now be known simply as “MGI”. However each firm will still remain independently owned and managed. As of this date all firms will also adopt the new MGI branding and corporate identity.

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