

MEDIA RELEASE

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Election results a hit to business confidence and economy

86 per cent of company directors say business confidence has been damaged by the election result, a survey by the Australian Institute of Company Directors (AICD) has found. The survey was conducted on Thursday 7 July, and canvassed the views of AICD members.

“A very large proportion of company directors are saying that uncertainty about the Government and how it will function is bad for business confidence in Australia,” said John Brogden, Managing Director & Chief Executive Officer of AICD.

“Confidence is already fragile because of the existing budget imbalance, a faltering transition in the economy away from mining, and international concerns including Brexit. The election uncertainty hasn’t helped.”

One in five directors say they have put hiring and investment plans on hold due to election uncertainty and 81 per cent of respondents expressed concern about the impact of Australia losing its AAA credit rating.

“Directors’ concerns highlight the importance of the Parliament coming together and agreeing on a way forward on budget repair as quickly as possible,” Mr Brogden said.

Directors are split on whether a new election would resolve the uncertainty caused by a potential hung parliament and minor party dominance in the Senate.

“Interestingly, almost 40 per cent of respondents would support a new election,” Mr Brogden said.

The AICD’s Director Sentiment Index last year found that directors rated “balance of power issues in the Senate” as the third biggest economic challenge facing Australia, demonstrating the importance of a stable and well-functioning Parliament to business and community leaders.

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The Australian Institute of Company Directors is committed to excellence in governance. We make a positive impact on society and the economy through governance education, director development and advocacy. Our membership of more than 38,500 includes directors and senior leaders from business, government and the not-for-profit sector.