

**ADDRESS BY TONY HOWARTH AO, PRESIDENT AUSTRALIAN
CHAMBER OF COMMERCE AND INDUSTRY**

ACCI ANNUAL DINNER, 3 DECEMBER 2008

FEDERATION BALLROOM, HYATT HOTEL, CANBERRA

Prime Minister, the Hon. Kevin Rudd;
Hon. Wayne Swan, Treasurer
Hon. Kim Carr, Minister for Innovation, Industry, Science and Research
Hon. Dr. Craig Emerson, Minister for Small Business, Independent
Contractors and the Service Economy
Hon. Gary Gray, Parliamentary Secretary for Regional Development and
Northern Australia
Hon. Andrew Robb representing the Leader of the Opposition, and Shadow
Ministers;
Ambassadors;
Senators and Members of Parliament;
Current and former officers of ACCI;
Business leaders and members;
Colleagues from the trade union movement;
Ladies and gentlemen,

On behalf of ACCI, our State and Territory Chambers of Commerce and
Industry, and our national Industry Associations, I warmly welcome you to this
evening's dinner.

This evening we reflect on the year that has been, and re-commit ourselves to
the well-being and prosperity of our business community, and the national
interest.

That we do so in the presence of our Prime Minister Kevin Rudd and
members of his government is a particular honour.

This has been a year when the community has been forced to shake-off complacency, as we come to terms with the global financial crisis and the economic downturn it has heralded.

Our nation was made strong by engaging with globalisation and reforming our economic institutions over the past 20 years. But we now know that these good times do not just keep rolling on.

Global and businesses conditions are much tighter. The challenges for business and governments are more demanding. Our member small businesses are trying to keep their heads above water, and many corporations are trying to minimise the prospect of reducing staff numbers.

In these tougher times business-people devote even more attention to the essential principles of managing business risks. It must be the same with governments and policy-makers.

Prime Minister, we understand the challenge facing our Australian government, and governments of the world's industrialised nations. We recognise the difficult choices that governments now have to make, especially your government in its first term with Ministers keen to implement new economic and social agendas and programs.

These challenges are opportunities for our nation to work together, and for our business community to come through this period stronger and wiser. We must act responsibly and speak plainly of the challenges, but also demonstrate confidence in our capacity to manage and govern our way through global shocks, as we have done in the past.

We must not talk ourselves down.

We enter this period with strong economic fundamentals, with stable and regulated financial institutions, a diversified trading economy and a skilled workforce.

Our first opportunity is to show leadership and responsiveness. The government and our regulators have done so, both domestically and in conjunction with global leaders and institutions. Prime Minister, this is to your credit and to the credit of your government. It also sends a positive message to markets, investors and consumers.

As business leaders we must also speak directly to the business sector, so management is aware of the scrutiny that the public and governments rightly place on corporate behaviour.

Secondly, the times compel a heightened level of co-operation between the business community, its workforce and its governments. While we can and should have an informed and robust policy debate, I cannot emphasise too strongly the common objectives of:

- securing financial and economic stability;
- restoring confidence;
- maintaining employment and productivity; and
- averting recession.

These joint goals should be the objective of policy, and supersede differences that may emerge.

On behalf of ACCI and our extensive network of Chambers and Industry Associations, I commit to not just participate with an independent business voice in that policy work, but to engage even more deeply with government towards these common outcomes.

ACCI is well placed to do so, with our proud history and confidence in our future – which is the theme of our meetings this week.

On the goal of working together, might I add our solidarity with the government and other nations in standing against international terrorism, which last week hit the Indian financial capital of Mumbai, as locals, business people and others went about their daily work.

The events in the United States that spawned the financial crisis and threaten our economy have knocked the short-term confidence of businesses and consumers.

What would be more worrying though is if, in the medium term, these events knocked confidence in our free market, our corporate sector, our institutions or our regulatory systems.

It is here that ACCI and the business community must work with our governments and other stakeholders, including the labour movement.

We must speak directly to the community about the cause of these events, so that the public do not demand a return to protectionism, excessive domestic regulation or a retreat on economic reform.

We have an important responsibility to ensure that our nation invests in infrastructure, innovation, research, and education and training for productive purposes. We must make sure the tax system, trade policy, business regulation and labour markets are responsive to economic needs, short and long term. Indeed, we must reform even more boldly.

The government is laying markers in each of these areas, through COAG and in its own right. The business community must help shape those agendas, encourage creative thinking, and bring the community along in that journey of economic reform.

One creative idea we put on the table tonight is the introduction of an investment allowance, which could act as a measure to stimulate new investment. It is confidence to invest that will act as the platform for growth

and jobs. We have commenced a process of dialogue with government on that matter.

Taking pressure off business costs through loosening monetary policy is essential. The recent reductions in interest rates have been welcomed by ACCI and our members. For the gains to be realised, yesterday's reduction in rates by a further 1% needs to be passed on by all institutions in full to home owners and to businesses, and I call for that to occur across the industry.

Managing businesses and governing in these times involves difficult choices. We must give governments credit for good policy, and for modifications of policy that address business issues.

Tomorrow our General Council meets, and it will be considering far reaching issues on the national agenda. These include the carbon pollution reduction scheme, the review of taxation systems, measures to stimulate investment, the proposed industrial relations changes and the outcomes of last Saturday's COAG meeting.

Policy and legal frameworks do make a difference to economic conditions for businesses large and small. This is especially the case in respect to greenhouse and the industrial relations issues. Many objectives are common but policy detail and timing give rise to a healthy debate, both in the business world and the broader community. We recognise that in these areas the government has been consultative, and in some cases already modified policy or programs.

This has been the case with the proposed industrial relations changes. Some changes can and should be expected. But making changes at this time certainly carries risk, and many in business are apprehensive. It is to the credit of the government that its policy framework was modified last year and that over recent months extensive dialogue on matters of detail has occurred. Areas of concern on some important issues remain. They should not be glossed over, nor exaggerated. They should be attended to, and we look to the parliamentary process to do that.

On the greenhouse issue the impacts on business, including small business, have yet to be fully determined. We are mindful that this effect depends as much on global international agreements as it does domestic policy. Investment in research and technology remain key challenges and time must be given for this to occur if we are to protect our economic base.

On both the greenhouse and IR fronts we will keep pressing the business case, doing so constructively, factually and looking at practical impacts by proposing solutions, not just identifying problems.

Our goal is for jobs, productivity and investment to be maintained, especially as our economy undergoes a buffering and transition on account of global events.

In conclusion, we must approach the coming year with a sense of purpose. Our challenge is to harness the collective forces of national leadership, a resilient business community, a productive workforce, co-operation from the labour movement, and good, adaptable policy.

So with those few words, ladies and gentlemen, I warmly welcome our special guest, the Prime Minister of Australia, the Honourable Kevin Rudd. The Prime Minister needs no further introduction from me, and I now invite him to address this evening's dinner.