



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

**President's Address
ACCI General Council Dinner**

**Thursday 2 April 2009
Wrest Point, Hobart**





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INTRODUCTION

Hon. Malcolm Turnbull, Leader of the Federal Opposition.

Honourable Senators and Members of the Australian and the Tasmanian Parliaments.

Andrew Scobie, Executive Chairman, Tasmanian Chamber of Commerce and Industry.

Members and Board Members of ACCI and our host, the Tasmanian Chamber of Commerce and Industry.

Tonight we meet here in Hobart, Tasmania in the shadow of the beautiful Derwent Harbour, and the imposing Mount Wellington.

We also gather in another shadow; the shadow of a meeting this same day at this same hour; a meeting some 17,000 kilometres away on the other side of the globe - the meeting in London of the leaders of 20 of the world's major industrialised economies, of which Australia is one.

Just as our General Council meeting tomorrow can help shape the well being of Australian business, so too can the meeting of the G20 in London – that is the reality of globalisation.

At ACCI we have never been more attuned to what is happening in markets, in economies and within governments beyond our shores.

It was poor conduct and failures of governance in New York and inadequacies in regulatory systems in Washington that gave the United States the sub prime crisis, which led to the global financial crisis and is now turn giving the world and our nation this recession.

In these times, we look to leadership both within the business community, and amongst our governments.

A global problem of this nature has no single solution, but its solutions are to be found in the restoration of confidence and normality to markets through a combination of collective action amongst nations, and wise domestic policy.

At a time like this, when things are hard, it is more crucial than ever that we do not put good policy into the too hard basket. History tells us that policies that support the private sector and entrepreneurship will ultimately pay dividends.

In this context, the G20 meeting in London is important. In speaking to our members in Sydney a month ago the Prime Minister drew attention to the need to rid financial institutions of toxic assets, that were undermining the flow of credit.

Addressing this challenge is one of the stated aims that leaders of the G20 have set themselves. Beyond the stabilisation of the financial system is the need to restore confidence and trust, and to put the global economy on track for sustainable growth.

With this in mind, ACCI has been working intensively with our international business colleagues in the International Chamber of Commerce, the Business and Industry Advisory Council to the OECD and the International Organisation of Employers to bring to the G20 some specific business proposals that will help address one of the most significant problems our members are facing – accessing credit on reasonable terms.

Last week ACCI informed the Prime Minister of a number of recommendations developed by the International Chamber of Commerce that should be taken up by the G20 which would free up the flow of credit. We have particularly advocated the responsible easing of some of the capital adequacy requirements set out in the international business standard on banking supervision, known as Basel II.

Unless credit flows on more reasonable terms to our local business community, the recession will be longer and deeper and with more pain than it need be.

We await the outcome of the work of the G20. If it can materially contribute to the freer flow of credit for Australian businesses and the return to stability of financial institutions, then our economy will come through this recession with less damage to our business sector, and to jobs and private investment and savings.

Equally important is that the G20 commit to maintaining open trade and investment, and to avoid a retreat to protectionism. In international forums such commitments are not hard to make. What is more important is that the governments which make these commitments hold to them when their leaders return and face protectionist calls at home. As a trading nation, we know that the protectionist call is a dead end street, and we must reject it with all vigor.

Tomorrow our General Council will devote a large part of our meeting to the global financial crisis, and what more we can and should be doing.

Importantly though, we will not just be discussing what is happening on the other side of the globe.

As our special guest the Leader of the Opposition has said in recent months, poor domestic policy can make a bad situation worse.

Unemployment may be going up on the back of the global economic crisis, but it remains the case that the level of unemployment is the product of choices we make here at home.

In this context the decision of our parliament two weeks ago to re-regulate our labour market with a very substantial new body of employment and industrial relations regulation was, at best highly risky, and at worst reckless.

In the same way that ACCI pointed out in February that no other nation's parliament had rejected a stimulus package in the wake of the global financial crisis, we have also pointed out that no other nation's parliament has added to labour market regulation in the midst of this global recession.

Whilst it was widely acknowledged, including by ACCI, that there was a case for some change to the previous WorkChoices industrial relations laws, the government has proceeded in key areas beyond its mandate, even to the extent of bringing forward the commencement of some of these new laws.

I acknowledge the consultation and the amendments that were made in the Senate; some of which were accepted by the government, and helpful to business. Unfortunately not enough changes were made, and a number of other quite reasonable proposals advanced by the federal Opposition and cross bench senators were not supported. Time will tell whether these were some of the choices we could have, but did not make, to take pressure off our unemployment rate.

ACCI will now work co-operatively with the government, the tribunals and trade unions to see its new system implemented in a smooth way, with as few bumps as possible to the doing of business. We will also keep very close watch on how these new laws impact on our members, and will not be backward in seeking sensible changes if the new laws add unreasonably to costs, red tape or impede our economic recovery. It is worth reflecting on the fact that after the last recession the Keating government started to deregulate the labour market in order to lift productivity and drive down unemployment, whereas now our business community will face a re-regulation as it seeks to recover from the recession.

On a more positive note, ACCI has given support to the December and February stimulus packages. They were extraordinary interventions, but justified by the extraordinary times. They included some excellent measures, such as the 30% investment allowance, which we advocated and saw delivered to the business community. In taking this position we differed from the government on the mix of measures that were funded. Our calls were for structured tax cuts rather than lump sum payments, and for a stronger focus on productivity enhancing infrastructure spending. We also have called for a clear plan to bring the budget back to surplus over the cycle without the imposition of new or higher taxes.

On the subject of taxes, I am pleased to report that in February our Chief Executive Peter Anderson fired the first shots in a national campaign for the reduction and, over time, elimination of payroll tax. As Peter said when addressing the National Press Club, we need to seize the opportunity of the global financial crisis to put in place the building blocks for the removal of this ridiculous tax on employment. I can assure all Tasmanian employers that our General Council will be making some further headway on this issue when we meet tomorrow. This is not an easy issue, and will require unprecedented co-operation between governments. Nonetheless, it is microeconomic reform in the national interest.

I said earlier that domestic policy can make a bad situation better or worse. With this in mind we will also be considering tomorrow the legislation proposed by the government giving effect to the carbon pollution reduction scheme. I know this is a major concern to many businesses, given the prospect of higher energy costs and the difficulty in making major investments in new technology or methods of production in the midst of this recession and its credit squeeze.

Here in Tasmania, with a quarter of a million Australians employed, with an economy built around niche export markets, and with your value adding to raw materials, these issues loom large.

Yet it is vital that we do not talk ourselves down into a self fulfilling spiral of negativity that saps business and consumer confidence. In this State you have a dynamic small and medium business sector. 95% of the 37,000 businesses operating in Tasmania are in that category. Fostering that spirit of entrepreneurship remains a key ingredient to our economic recovery.

This is why the work of TCCI is so crucial, and so well regarded by ACCI. Dynamic State Chambers and Industry Associations underpin an effective national Chamber. I encourage all Tasmanian businesses to give strength to TCCI and our Industry Association members, by participating and joining in membership.

I also take this opportunity to recognise the work of our past national council member Damon Thomas, the former CEO of the Tasmanian Chamber. Over many years Damon has given great service to the local business community and to ACCI. Thank you, Damon.

I also want to add my full support to the work of Andrew Scobie your Executive Chairman, and the work of his Board and members across all of the regions of the State.

Finally, I thank TCCI for its hospitality this evening. I renew our commitment to do all we can at a national and international level to work with our members here in Tasmania as your national voice, and to support your efforts through this very difficult and uncertain trading period.

I thank you all, and look forward to hearing from our guest speaker Malcolm Turnbull a little later in the evening.

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