

**Working Lunch with Prime Minister Kevin Rudd
Sofitel Wentworth, Thursday 11 June 2009**

Introduction by Lucio Di Bartolomeo

Thank you, Heather, and it's my pleasure to introduce the Prime Minister, who is here today to give his view of the current situation and the Government's strategy going forward.

Also, we thank him for the opportunity that he is taking to hear from us.

In the room today, we have representatives from across Australian industry, ranging from constructors and ICT providers through to manufacturers, food processors, and many in between. I should add that the breadth of Ai Group's membership will be further reinforced with the completion of our merger with the Engineering Employers' Association of South Australia in a few weeks.

I know that many of us have seen a boost from lower interest rates, infrastructure spending, and the stimulus payments. But equally, I think most of us would say that the outlook remains mixed, with a deep uncertainty about the short to medium term.

Some sectors are far up the supply chain from the points at which stimulus is being applied, and the benefits are flowing more slowly to companies in these sectors.

And of course many businesses are doing it particularly tough.

Most Ai Group members expect sales to contract further this year. Cash flow problems and a lack of consumer confidence loom large and are impacting on investment decisions. The boost to consumer confidence reported in yesterday's Westpac- Melbourne Institute index is welcome, but we'll have to wait and see if it sticks.

Governments can help, and not just through stimulus measures and the like. They can also strive to be better clients, paying on time and making transparent decisions. As Heather indicated they can get on with the task of reducing regulatory burdens.

Another very important thing that government can do and needs to do is get climate change right and provide business with certainty.

While we at Ai Group have called for legislation this year, it is even more important that the legislation be right.

Recent comments from the Greens and Senator Fielding for instance highlight how fundamentally important it is that the Government and the Opposition work together to agree the best emissions trading scheme as soon as practicable.

Particularly if stronger protections for trade-exposed industries can be settled and if we can be confident over the security of electricity supply over the transition years, I am sure we can all get on with the hugely challenging task of cutting emissions while continuing to grow the economy.

Business is not yet well prepared. Yet-to-be-released research by Ai Group shows that only 15% of businesses feel they understand the key elements of the CPRS. There remains poor understanding of who will have direct liabilities and who might be eligible for compensation.

Business is willing to act, but there is a clear need for much more practical and accessible information before we're able to play our part in cutting emissions at least cost to Australia.

But that's enough from me. It's important that the Government is willing to take business into its confidence, and I know we'll listen with great interest to the PM as he outlines his economic strategy.

Ladies and gentlemen, please welcome the Prime Minister, Mr Kevin Rudd.