

Good afternoon everyone, and welcome.

It's great to welcome the Prime Minister back and we are looking forward to his comments about the economy and what's ahead.

As we confront the global recession, I think everyone is determined to learn the lessons of recessions past:

- **Business** is doing everything in its power to hold on to their employees....I haven't seen the extent and diversity of efforts made....and all with the cooperation of the workforce and unions. Apprenticeship.
- **Government** has also taken the right advice and acted early, decisively and comprehensively. Although far from completely reassuring, the recent national accounts figures have suggested that this action has been effective.
- The RBA have also been very much on the job with big cuts in interest rates giving support to the economy.

However, no matter how reassuring, **the global recession is not going to let us off on a technicality.**

Conditions are very tough, and probably the best that can be said is that, to quote Paul Krugman, **'things are getting worse more slowly'**.

- **We know that there is a drop in national income that is making its way through the pipeline;**
- **Consistent with reports from our members, the national accounts reported a sharp fall in capital expenditure;**
- **Domestic demand remains soft while export income is falling and set to fall further.**
- **Employment remains under pressure.**

So our members can certainly see the **Great recession** but they still can't see the **Great recovery**. To use your words, PM, we are still 'not out of the woods yet' and the worse may be ahead of us.

A further challenge is to emerge from the downturn, stronger than when we went in.

The Government's investment in infrastructure, in particular transport and broadband will be immensely important in this regard, as will the emphasis being put on education, skills formation and innovation. As well, key areas of micro-economic reform such as federal/state relations and of course the every burgeoning regulatory burden on business, demand real progress. Other areas, such as taxation reform, are being energetically worked on behind the scenes!

Two big issues on our agenda remain workplace relations and climate change. I understand Lucio will make some comments about climate change.

In relation to workplace relations, I must say I scratch my head when I hear demands from the ACTU for a further wave of workplace re-regulation. We haven't even dried off from the current wave and, to continue the metaphor, many of us are worried about being dumped!

Award modernisation, a herculean task on any measure, has presented its own set of challenges.

In this regard, Ai Group welcomes the timely intervention of the Deputy Prime Minister in the restaurant, cafes and catering industry. We hope a similar flexibility will apply more broadly.

As well, in the ICT space, we have pushed for more workable award arrangements which will avoid equally extreme cost increases for the sector. We were also successful in ensuring that manufacturers in the construction industry weren't caught by the separate arrangements that apply to the construction industry.

With the downturn taking a particular toll on the construction industry, and the Government doing a lot and trying very hard to boost it through its infrastructure spending, it's also absurd for the ACTU to be calling for a winding back of reforms in that sector.

The Honourable Murray Wilcox's report to the Government in the building and construction industry watchdog, the ABCC, established two very important principles.

The first of these is the construction industry in Australia still has special problems that warrant specific laws. The second is that those problems are so entrenched in some states and in some cities that a special regulator with strong powers is still needed. A good strong cop on the beat.

These principles were established after a most thorough forensic and robust examination of the issues involving extensive consultation with all parties in that industry.

The unwillingness of the union movement to accept the outcome of the independent umpire suggests that they are in denial about the problems and I believe their position will ultimately be counterproductive as these laws will be required much longer than they would have been required had they agreed to them.

In conclusion, I hope you will take the opportunity to put a question to the Prime Minister later on. But for now, I'd like to hand over to Lucio Di Bartolomeo, to introduce the Prime Minister. Lucio is Ai Group's Deputy National President, a past Managing Director of ADI, and is currently active on a number of boards including the Macquarie Generation, Downer EDI, Australian Super, and the Australian Rail Tract Corporation. Please join me in making him welcome.