

# Most businesses don't understand climate change laws

Emma Griffiths reported this story on [Monday, July 20, 2009 12:32:21](#)

**PETER CAVE:** A new report by the Australian Industry Group suggests the business sector is largely in the dark about the Government's plans to address climate change. Their survey discovered that only a small number of businesses have thorough knowledge of the proposed carbon pollution reduction scheme.

The AIG chief Heather Ridout says the Government must act to educate business. She spoke to Emma Griffiths.

**HEATHER RIDOUT:** Our members are on the job in relation to climate change. Some 70 per cent of them have already been measuring their carbon footprint or plan to do so and a similar percentage expect to really make operational changes over the next few years to do it.

The other couple of issues though, only 15 per cent have any really detailed knowledge of the carbon pollution reduction scheme and its impact on them so that's a worry and there is huge misconceptions I think out there about how they will be impacted.

And the final real issue that worries me is the huge growth in regulatory burden on business and the fact that we really do need to draw our line in the sand on this and get some real leadership around reducing it coincident with the implementation of a CPRS.

**EMMA GRIFFITHS:** Well, on the awareness issue, the finding that you did come up with was that 30 per cent of business have no knowledge whatsoever of this scheme. Why do you think they don't know anything about it?

**HEATHER RIDOUT:** Well, I think whilst companies have been looking to reduce their energy use etc and quite a few have, they really have not yet engaged in the scheme and the Government has a thing called the Climate Change Action Fund which is part of the CPRS arrangement and that is aimed in part at increasing information out there to business and we really think that that should be rolled out ASAP.

So I think if we are going to lay the foundations for a successful transition, we need to start the education process sooner rather than later.

**EMMA GRIFFITHS:** And does the AIGroup believe that every business is going to be affected by some sort of scheme?

**HEATHER RIDOUT:** Look, I think you can run but you can't hide from this. OK there will be 1000 companies roughly tied up with the emissions trading part

of the scheme but the big companies that want small companies to supply with them, the report shows that they will be making changes to their procurement arrangements.

Electricity costs are going to double over the next 10 years because of this scheme so all companies, all business in all sectors are going to be to some extent caught up in changing Australia's carbon footprint and so, yes you can run but you can't hide from this scheme.

EMMA GRIFFITHS: Well, the politics of this is overarching isn't it and the Opposition is signalling and has signalled over the past couple of weeks that it will pass the Government's legislation but with amendments. Have you been pushing for any particular amendments?

HEATHER RIDOUT: Look, we see a few things that need to happen. I mean the Government has moved quite a long way and the delay in the start dates are good and I think we are quite happy with that aspect of it.

But in terms of emissions intensive industries, there is still work that needs to be done there. We still see the need for more work with trade-exposed companies, the coal industry, the generators are still sitting out there. The regulatory issues need to be addressed so there is still a range of improvements that need to be made to the legislation.

If they can be made, we are happy to see legislation go through before the end of the year and frankly Copenhagen making great progress probably isn't the benchmark. What we need to see is some progress made around the bill itself and then if we can at all agree that that is moved in the right direction, I think it will suit everybody's interest, business and government, for us to have some clarity about the direction.

EMMA GRIFFITHS: Just on another issue if I can. The ACTU is holding a job summit in Sydney today and it has declared that employment is the economic indicator that will measure any economic recovery. Do you agree that jobs are the most important factor there?

HEATHER RIDOUT: Well, I mean jobs really define - or unemployment really defines whether you are in a recession or not and when unemployment starts to rise steeply, that pretty well indicates the economy is going backwards.

But unfortunately unemployment is very sticky downwards. Luckily it has been stickier upwards on this occasion but I think it will not necessarily signal that we are out of recession.

We really want to see a lot of support for the private sector which has to drive Australia out of recession though. The Government can and the Reserve Bank can put some supports under the economy through tough times but in the end, business has got to drive it out and I think the ACTU needs to understand that. That needs to be reflected in their views on wages policy for example, in employment costs on business and we will be looking for some

leadership around those issues also from the ACTU.

EMMA GRIFFITHS: Sharan Burrow has said this morning that there should be preparation for a third round of cash stimulus payments in case they are needed. Should the Government be planning for another round of cash handouts?

HEATHER RIDOUT: Look I think the Government needs to see where the current round lands. At the moment they have been quite successful. The investment allowance for example for business has been much taken up and we can see that in the car-sale figures but more broadly in some capital machinery purchases that have been quite active in recent times.

The cash stimulus put a lot of floor under retail and we can see that in the figures and housing has been really supported by the first home builder's area.

We have got most of that stimulus now to be washed out over the next year or so through the aggressive infrastructure build in schools and hospitals and economic infrastructure so I think we should wait and see and I think the interest rate reductions which made a huge contribution to the economy, much more than people realise, they are also washing through.

So I think we need to wait and see what more needs to be done.

PETER CAVE: Heather Ridout from the Australian Industry Group speaking to Emma Griffiths in Canberra.