

Transcript

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 Compere: **FRAN KELLY** Summary ID: **C00034079387**

Item: **AUSTRALIAN INDUSTRY GROUP CHIEF EXECUTIVE HEATHER RIDOUT DISCUSSES THE MEETING BETWEEN BUSINESS LEADERS AHEAD OF THE G20 LEADERS' SUMMIT, AND COMMENTS ON THE FEDERAL GOVERNMENT'S FAIR WORK BILL.**

INTERVIEWEES: HEATHER RIDOUT, AUSTRALIAN INDUSTRY GROUP

Demographics:	Male 16+	Female 16+	All people	ABs	GBs
	3700	5400	9100	4800	6000

FRAN KELLY: In the run-up to the G20 Leaders' Summit next month, business reps from the Group of 20 nations have been meeting in London to discuss their priorities. Business is particularly concerned about the moves by some governments to erect trade barriers as their economies deteriorate.

Australia's representative at the business summit is Heather Ridout, the chief executive of the Australian Industry Group, and I spoke with Heather about the London meeting a little earlier this morning.

HEATHER RIDOUT: Well, it was actually quite fascinating, we had a couple of hours before the Ministers joined us, and there was a very strong unity of views. You have to remember none of us had really met each other before - but we sat together and there was a huge, very strong view that it was a major priority that the



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world financial system be stabilised and credit flows start to happen again, and that was really a matter of getting rid of the toxic assets that exist in banks' accounts. There's a very strong view that there was a need for a continued strong fiscal stimulus across economies.

There was a complete condemnation of any trend towards protectionism; and this is quite interesting, because since the November G20 meeting, 17 out of the G20 countries have actually put in place protectionist measures of some sort. And there was a real railing against that issue and a decision that we should push for monitoring and surveillance by the WTO of such measures, even if they weren't necessarily breaches of WTO guidelines, if they were lesser evils, but still damaging of themselves.

And then of course the whole issue of regulation, and there was an agreement that we shouldn't necessarily try to have a super international regulator, but we needed very effective regulation of cross-border financial flows and practices, and that was something that they all agreed about.

And there was literally no disagreement, from Australia to India to China to Europe, and it was quite fascinating.

FRAN KELLY:

Heather, all these meetings are going on, is there a risk the G20 summit is over-promising and may end

up under-delivering, which might then further rattle global financial markets, be bad for confidence?

HEATHER RIDOUT: Yes, that risk was discussed a lot. And I think everybody doesn't want it cluttered up with too many agendas.

It really does need to send a strong signal of confidence, that we know who to call on this issue; that there is someone answering the phone in the global economy and that we will get coordinated, consistent global action and we will see the real problems tackled. Empty words, I think, were not going to be welcome by anybody sitting around that table today.

FRAN KELLY: What about the issue of excessive executive pay and bonuses? Because that's a concern here, but it's a concern around the world as governments bail-out failing companies with taxpayer money. Was that on the agenda?

HEATHER RIDOUT: Look, I think it was discussed generally ... around the business groups. I mean, I think everybody agrees, business needs to exercise a lot of caution and a lot of restraint in this area, and that it's a - you know, it's really not appropriate for companies who are receiving amounts of money from the government and bail-out packages to be taking these sorts of excessive bonuses. I think there were really strong views around that issue.



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FRAN KELLY: Well, our Government has announced changes yesterday. Do you support the move to change the law so shareholders will be required to approve any golden handshake that's above one year's pay?

HEATHER RIDOUT: Oh look, I think it's responsible of the Government to look at these sorts of things and I understand they've referred it to the Productivity Commission, which is important.

But I think governments do need to be, you know, conscious that Australia has performed well in this area. I mean, today there was a lot of discussion about regulatory structures - and I put the view strongly that Australia had a well regulated system, that our banks are in good order, that our corporate area was in good order, and executive pay, and - we don't want to have to pay the price for other people's failures. And there are examples in Australia, but they're isolated and it's far from the mainstream problem.

FRAN KELLY: So you don't think the Government should be intervening and looking at regulation here?

HEATHER RIDOUT: Well, look, I think you can encourage active shareholders in this area, but you have to realise that most of the shareholders won't be mums and dads turning up to complain about this issue; it'll often be institutions who are guilty of excessive pay themselves. It's not necessarily a great solution, but of course boards themselves need to be really



conscious of it and there's a strong moral case to look hard at these issues, particularly in times of rising unemployment and even more so when you're receiving, you know, solid government bail-out support for your company.

FRAN KELLY:

And just finally, no-one's going home from federal parliament today until the Government's Fair Work IR Bill is voted on. Negotiations are stuck at the unfair dismissal clause, the Government won't budge from the description of a small business as 15 workers or less; the independents want that lifted to 20 full-time employees or the equivalent. Is this a break point for your members?

HEATHER RIDOUT:

Well, I think there's a lot of issues that we were seeking changes on - the right of entry issues, the transfer of business, these are very big issues.

On this one, I think business really wants good law; whether their small or whether they're big. And you know, between 15 and 20, it might make a difference, but the cut-off, you know, it's a pretty perfunctory difference.



FRAN KELLY: Okay. Heather Ridout, thanks very much for joining us.

HEATHER RIDOUT: My pleasure.

FRAN KELLY: Heather Ridout is chief executive of the Australian Industry Group and she's been in that meeting with other business leaders of the G20 meeting, ahead of the Leaders' Summit next month; joining us there from London.

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