

Transcript

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 Compere: **DAVID SPEERS** Summary ID: **S00033577136**

Item: **HEATHER RIDOUT OF THE AUSTRALIAN INDUSTRY GROUP
 DISCUSSES THE GOVERNMENT'S ANNOUNCEMENT OF A
 SECOND STIMULUS PACKAGE.**

**INTERVIEWEES: HEATHER RIDOUT, CEO, AUSTRALIAN
 INDUSTRY GROUP**

Demographics:	Male 16+	Female 16+	All people	ABs	GBs
	N/A	N/A	N/A	N/A	N/A

DAVID SPEERS: Well for some reaction to this big spending package from the Government today, first let's go to Heather Ridout from the Australian Industry Group. She joins us now.

Heather Ridout, do you think the Government's got it right today?

HEATHER RIDOUT: Look, I think it's a simple, it's a sustain... a substantial package. And it will be sustained in its impact over quite a period.

The Government had to do something big to shore up consumer spending, because it is really the key to keeping the economy going. Business capital expenditure David, was one - looming as one of the major victims of this whole downturn. It's really forecast to fall off by about 15 per cent over the next 12 months. So something had to be done there.



And in the infrastructure side, it's a really good place to spend money, because its benefits to Australia will be lasting. And I don't think there will be one Australian who will be other than thrilled with the investment we're going to get in schools, in primary schools, in senior schools. The maintenance program - I visited too many schools and seen them run down. And it's a testament to very poor practices at the state level in many cases. But that will be really welcome.

Public housing is another area that's really important, and I think that's going to be good.

But those areas will actually generate a lot of work for tradesmen - for painters, for all sorts of labour that may be displaced during this downturn.

So I think it is a pretty well targeted package. The economy's clearly in a very tough state. We haven't seen the worst of yet by a long shot. So I think all in all the - you know, they've got it pretty right.

DAVID SPEERS:

All right. A couple of specifics. The cash splash, the money that's going directly to working Australians - the taxpayers, to students, to farmers, to low and middle income families for their kids as well. Do you think this direct payment is preferable to perhaps a tax cut, as Malcolm Turnbull has proposed?



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HEATHER RIDOUT: Well look, we've supported bringing forward the tax cuts for the low paid. We saw it as a good boost to their incomes. It was drip feed. They would learn to expect it, so it would give them more confidence to spend. And they're still sitting there, those tax cuts. And, of course, there's a couple of years of them. So, in a sens, we're still very supportive of that strategy.

But this is immediate spending and really, household spending, we've seen it in the States, once the household stops spending, we're in big trouble. And I think in Australia it's absolutely vital that whether it's a tax cut, or a direct boost, we need to have it in the pockets of people pretty fast. And the Government's acted to do that.

DAVID SPEERS: And the infrastructure element, the big element here today - almost \$29 billion. A lot of this focused on school building works. Are you concerned that perhaps some of this infrastructure spending is going to be dragged out too long - that we may need more right now?

HEATHER RIDOUT: Look, I think this will be able to happen pretty quickly. I mean the states are going to have to really make this happen for the Federal Government. And this is absolutely vital that they do.

But this is a really good area to spend money - on schools, on housing, roads. And, of course, there's



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the whole Building Australia fund programs that will be able to be rolled out over the next while as well.

So these - the infrastructure of Australia is going to get an intergenerational boost David, through this downturn. And when we come out of it, hopefully we're going to have this wonderful pristine infrastructure which we can build a new economy on. Of course, there's the whole broadband roll out as well, that's in the pipeline.

DAVID SPEERS:

Well just on that, I mean the sort of school projects are all well and good. A new school hall, a library and a fresh coat of paint perhaps on the more minor infrastructure measures there. But is there missing here the sort of big picture things like - I mean you mentioned broadband there, but the big national infrastructure measures?

HEATHER RIDOUT:

Look, I think there's a fair few things that still need to be addressed. I mean the big infrastructure measures, undoubtedly they will be addressed at the appropriate time. I think on the education and training area, they've done something in the area of giving a training allowance to out of - to unemployed people. More will need to be done to support skills and education. And the Government has foreshadowed that and hopefully there will be measures put in place there.



So there are a couple of areas I think they were a bit shy on. But generally, I think it's a pretty good package.

DAVID SPEERS:

And what about the economy itself? Treasury is forecasting that we will stay in positive territory, in terms of growth. Are you convinced that we'll avoid a recession?

HEATHER RIDOUT:

Look, I think we're hanging on by our fingernails. And frankly, if unemployment's forecast to rise by 2.5 per cent, despite these measures, you can see how tough it is. Many suggest once it rises by 1.5 per cent, we're already there.

Look, there's a lick of paint - a lick of paint from one of those schools, kind of separating us from recession, even on the Government's forecasts today. So I think we should stop worrying about that and just get on with trying to deal with the problems we have, which are certainly set to get worse.

And I think it was pretty interesting that the Reserve Bank, on the same day, reduced interest rates by a full percentage point. So I think they're - that indicates that this package, the Government's thinking and the Reserve Bank's thinking is that the downturn is accelerating. It's not slowing down.

DAVID SPEERS:

Heather Ridout from the Australian Industry Group, thank you.



HEATHER RIDOUT: Thanks David.

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