

MEET THE PRESS

INTERVIEW WITH AUSTRALIAN INDUSTRY GROUP CHIEF EXECUTIVE HEATHER RIDOUT.

May 31, 2009

PAUL BONGIORNO: You're on Meet the Press. The Government responded to the Opposition's unwillingness to pass its emissions trading legislation this year by saying it threatened \$12 billion worth of compensation for industry.

PARLIAMENTARY SECRETARY FOR CLIMATE CHANGE GREG COMBET: It is the Liberal Party, the Nationals and the Greens that are throwing all of that up in the air. They are creating the uncertainty about the CPRS and when it will come in. If it is pushed back and delayed and voted down and we have to go back to the drawing board, obviously you start with a fresh sheet of paper.

PAUL BONGIORNO: And welcome back to the program, Australian Industry Group Chief Executive Heather Ridout.

AUSTRALIAN INDUSTRY GROUP CHIEF EXECUTIVE HEATHER RIDOUT: Good morning.

PAUL BONGIORNO: Do you take that threat seriously, that basically it's back to square one and with no guarantees of compensation?

HEATHER RIDOUT: I think there's a great deal of the old ACTU Combet talking there, having been around a lot of industrial argy-bargy. I know the tone. I think industry wants the Government and Opposition to sit down and work out the details on an ETS for Australia. We have the target sorted. We need to work harder on the trade-exposed industry assistance issues and, to the Opposition's credit, that is a core issue they're concerned about. We hope if that can be done, we have seven months, almost seven months before Copenhagen. We would like to see legislation go through this year to get the right balance between certainty and a scheme that works for Australian business and industry. There seems almost an element that while the Opposition says it supports the targets, there could be some uncertainty whether it would actually deliver and that's maybe a certainty that business needs – what both sides of Australian politics will end up doing. There is uncertainty, that is an issue, but we have to get a scheme that works. The Government have made material changes on 4 May to the scheme and we were very much part of those discussions, and they've improved, but we would like to see further strengthening around the trade-exposed industries. We can work with the Opposition and have had fruitful discussions with them.

FRAN KELLY: Ms Ridout, the business research argument doesn't fly and won't till next year. Do you have evidence that industry or big business is postponing or reconsidering investment decisions as we speak because of the political uncertainty over an ETS?

HEATHER RIDOUT: I know there's uncertainty that is causing concern for business investment in a number of industries, but the issue focusing people's minds is the fact that the GFC, the global financial crisis, has restricted the capacity of business to make investments – one of the major reasons we asked for the scheme to be deferred for two years. The Government listened to that and announced a one-year deferral in the start

date and a second year with a low fixed price. That is effectively a couple of years. That gives business time. But the issue of investment, it's critical, in the generation sector, in paper and packaging, in the steel industry. It's a very big issue for Australia and they have to be resolved, but you have to get the trade-off right between certainty and certain death for many industries by getting the thing wrong.

PHILLIP COOREY: You say you're working with the Opposition. Some in the Liberal Party in particular have labelled you a Government patsy. Does that criticism sting and are you getting that from some of your membership? Presumably some of your members wouldn't mind this legislation being put off for a while?

HEATHER RIDOUT: Look, our policies are made by our national councils. We have four meetings every month of state councils and four a year of national executive. They determine Australian industry views on these issues including the emissions trading scheme. We have had a good meeting last week where we reconfirmed our position. We've been around 138 years. We've always played straight down the middle in politics. We have to influence political outcomes. I never know members to be unhappy when I'm achieving outcomes for them.

FRAN KELLY: The ACTU National Congress is this week in Brisbane. There is a sentiment in the union movement a lot of it will be ratified this week – increased protectionism, further changes to industrial relations laws, a raft of demands rubber stamped this week and presumably put to the ALP National Conference. Does any of this concern you?

HEATHER RIDOUT: I think they're trying to get publicity for Congress by putting out these policies which are so retro. We are a small cork in the ocean of global economics. We need to be open. This issue of patent bargaining that unions throw up saying we want to deal with it that way, it's been had and done. That argument has been had and done and employers don't want to be distracted anymore. We have a lot of unemployment and pressure on businesses. I would have thought the Congress should concentrate on how to create and preserve jobs in Australia.

PHILLIP COOREY: The patent bargaining thing is put out strongly by some of the unions. There were some talks from Julia Gillard that weren't part of the legislation. Do you have any concern it is valid under the legislation?

HEATHER RIDOUT: Under the current legislation, you can't take industrial action if you're engaging in patent bargaining. If a union wants to send out 1,500 claims, that can be administrative, but the trigger is whether you can take protected industrial action in pursuit of a patent claim. That is outlawed under the current law, outlawed under WorkChoices and it was outlawed under previous legislation. So this debate has been had and lost in Australia for the trade union movement. They keep raising it again, and they need to move on to a more positive agenda.

FRAN KELLY: Trade liberalisations – the unions will be calling for a suspension of further free trade agreements in negotiations. We've seen in the US the introduction of export subsidies on dairy. It's not just unions, but Governments doing it. Is there a pressure that's greater than we can withstand?

HEATHER RIDOUT: I think when I was in London for the G20 a few months ago, the 20 business leaders were represented, but 17 of the 20 introduced a protectionist measures since November. There's been more since. Indeed, like the export subsidies last week. Most measures the WTO complied, they're not that evil, but they are evil. We have to be very firm about this, Australia's interest are being a trading nation, but it's hard for a person like me leading a business organisation to rail against these issues when other countries are doing it. I think there's a point of tension in this argument that will continue to grow.

PAUL BONGIORNO: Thank you for being with us, Heather Ridout. And thanks to our panel, Phillip Coorey and Fran Kelly. A transcript of this program will be on the website. If you have any questions, email us at meetthepress@networkten.com.au. Until next week, goodbye.