

# Transcript

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Compere: VIRGINIA TRIOLI AND JOE O'BRIEN

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Item: DISCUSSION ABOUT IMMIGRATION.

## INTERVIEWEES: HEATHER RIDOUT, AUSTRALIAN INDUSTRY GROUP

JOE O'BRIEN: So we've heard from both the Government and the Opposition on the population debate.

VIRGINIA TRIOLI: Now to get the view of Australian business. We're joined from Sydney by Heather Ridout. She's the Chief Executive of the Australian Industry Group. Heather Ridout, good to talk to you again. Good morning.

Heather Ridout, are you able to hear me.

HEATHER RIDOUT: Yes I am.

VIRGINIA TRIOLI: Good morning, I'm glad you could join us this morning.

HEATHER RIDOUT: Good to be here.

VIRGINIA TRIOLI: What do you think of Scott Morrison's view as expressed this morning that Australia's current levels of immigration, that they're unsustainable. Do you agree?

HEATHER RIDOUT: Look, I think it's good that we're having a debate about this issue, but it has to be remembered, it's not just about the size of the population, it's also about the structure of it. And we're getting an ageing population. At the moment we have five workers for every dependent Australian. By the year 2050 we'll have 2.7. So there's a really big issue happening here - and immigration is very important in dealing with skill shortages, and has surprisingly shown to be quite important in dealing with the ageing issue.

There are no easy choices. If we don't persevere with an immigration intake, we're going to have to pay more tax, we're going to have probably higher interest rates, because wages will go up for skilled workers, et cetera et cetera. So

it's not easy just to dismiss this. And I think it's really important we have an informed, sensible debate about it.

VIRGINIA TRIOLI: So is it sensible to say as Scott Morrison has said this morning, that our population growth, that our immigration intake is out of control.

HEATHER RIDOUT: Oh, that's ridiculous. It is ridiculous to suggest that. We have a skilled immigration intake that's been very very focused. We have to have it because we have massive skills shortages.

It's decreased by 20 per cent last year - reflecting changed economic circumstances (*skilled component of the permanent program*). You know, I think it's not out of control. But it's certainly something that is evaluated every year. Organisations like ours have a view about it. Many other community organisations have - I think, you know, if it's a controlled intake, then it's a matter of choice. But if - as I said, the choices are often between having a sustained robust immigration intake, and facing higher taxes, higher interest rates, et cetera. we have to find the middle road between those.

VIRGINIA TRIOLI: Well before we get to analysing some of the Government's points as made this morning by Tony Burke, another point that was made by Scott Morrison was that under a Coalition Government, the skilled migration component would stay as it was; but perhaps some adjustments would be made, to use his phrase, in other areas.

Could Australian business live with that?

HEATHER RIDOUT: Well I think the immigration intake has been quite interesting in recent years, because you've had the skilled program, you've had the refugee program and you have family reunion taking a secondary position to the skilled intake. We've also had this temporary migration process through the 457 Visa program, and that's been the shock absorber for a very strong economy when you've had specific skills shortages in specific regions. And so that has halved in the last year or so because we haven't needed as many workers because of the global downturn.

So, we have that a shock absorber built into our program. I think the focus on skills has been better because for example we're getting better literacy levels in migrants and also they are filling the specific areas of shortage.

And also I think that whole focus of the program is much better for the economy in terms of ageing, because they're driven to be younger migrants. So all around that's working reasonably well - and I think we support the continued focus on that.

VIRGINIA TRIOLI: So you seem to be saying this morning that where the Government has got the immigration levels set right now is pretty much about right.

HEATHER RIDOUT: Look, I think what the Government has done is shown a flexibility around the size of the program. They have increased it. I mean, the Howard Government in the last year increased it by a lot, and not many people noticed it. And in fact last year we had fewer Government sponsored migrants than we had under those last few years of the Howard Government because we needed to have them then.

But under the IGR, we have an increase based on the average of the last 40 years. And just on this general issue Virginia of population, over the last 40 years, we have increased Australia's population by about 75 per cent. Over the next 40 years, even with this 36 million figure, we will increase it by 60 per cent. We've actually been able to do quite a lot over the last 40 years, and absorb a lot. The world's population over the next 40 years is going to grow from 6.8 billion to 9.2 billion. And we're talking about 13 million in Australia. It seems very defeatist to think we can't cope with this issue.

VIRGINIA TRIOLI: Well it was interesting to hear Tony Burke say this morning on our program that that figure that you mentioned there, 36 million by 2050, to use his phrase as, that's not a government policy. That's not a Government ambition. Is that a good thing?

HEATHER RIDOUT: Look. I think it's a figure that has arisen out of the intergenerational report, has arisen out of projections being made. And I think it's not a figure cast in stone because it does depend a lot on the immigration intake, and on natural

increase. And these are just projections, and model projections.

However, I think it's good that we say, well, can Australia put in place policies which support a higher population. And you know, I think we do need to think about it. We do need to think about infrastructure planning. We do need to think about all those issues. South-east Queensland...I was at a summit last week that the Queensland Premier Anna Bligh held on population growth in south-east Queensland. And it was a terrific debate, for two days, involving a lot of community people about how they manage it.

And of course a lot of the growth there is also not just about people seeking employment, they're seeking lifestyle.

So you've got a lot of older people - and retirees moving into northern New South Wales and into south-east Queensland, and that comes with health requirements. Not just roads and rail - it's quite a complex issue.

So I think it's good that we're having this discussion, and may it be ongoing.

**VIRGINIA TRIOLI:** If the discussion is not had carefully though, given that we have so many stresses and strains in communities that feel they're simply surrounded by too many people right now - and their infrastructure isn't coping - this could turn into a very divisive and potentially socially rather dangerous discussion in an election year, couldn't it. Do you have some anxieties around that?

**HEATHER RIDOUT:** Well I just hope we just don't make it about population size and fortress Australia. We have to say well, if we're going to make that choice to restrict migrants, we're going to mean that over the years we're going to have to pay higher taxes to support an ageing population, higher health and pension, and aged care costs.

And we're going to face potentially lower growth rates, because we won't have the skilled people to do it. Now these are the choices. You can't have one side of it without facing up to the costs on the other side. And there's a sensible way forward - put in policies around skills development for the existing population, put in good

infrastructure planning - all those areas... work, flexible workplaces, the whole issue... debate about parental leave, Virginia which you know we've talked about many times. It's very important Virginia, for many more women to participate in the workforce over the next few years.

It's not one issue - it's not just about immigration. There's a whole lot of other policies that the Government simply have to give support to if we're going to manage this population, or this ageing population issue.

VIRGINIA TRIOLI: Heather Ridout, good to talk to you today. Thanks so much.

HEATHER RIDOUT: Good to speak with you too.