

## **MEET THE PRESS**

### **14 MARCH 2010**

HUGH RIMINTON: Welcome back. This is Meet the Press. One year after the stock markets bottomed out around the world, things are looking pretty good in Australia. But there are abundant new worries for business, including Opposition threats of a new tax and new pressures on wages. We're joined now by the CEO of the Australian Industry Group, Heather Ridout. Good morning and welcome.

AUSTRALIAN INDUSTRY GROUP CEO HEATHER RIDOUT: Good morning, Hugh. Good to be here.

STEFANIE BALOGH: Mrs Ridout, the Australian Services Union has an equal pay claim. Does the Australian Industry Group support pay parity?

HEATHER RIDOUT: We support pay equity and we always have and we've supported discrimination laws being introduced etc. The issue of pay equity is much more complicated than you think. If you're coming in as an entry-level apprentice in hairdressing or as an apprentice electrician, you are paid the same. When you graduate as a tradesperson, you're paid the same. It's not an issue always around award wages, which is what this case is all about. It's a much more complex issue and it goes to broader issues of gender equity which will not be the subject of this case.

STEFANIE BALOGH: So given that, the minimum wage claim is a separate claim from the annual minimum wage. Last year it was frozen because of the economy. Now we're seeing the economy rebound. Where will the Australian Industry Group stand on that? Will you support it? I mean, the unions will ask for a bigger increase to make up for last year's freeze.

HEATHER RIDOUT: Our group has always been the singular organisation in supporting some increase in the minimum wage. We even did last year when others were opposing any. It's a complicated issue, because from the 1st July, a lot of the award changes and your modern award increases will also cut in. So we haven't formally resolved our position, but we will be supporting a modest increase, but probably also looking at a different treatment of some of the industries that will be subject to a wage increase under the modern awards system and we think that's a prudent way to go.

STEFANIE BALOGH: And we've given the paid parental leave scheme of Tony Abbott – you've claimed it will put extra pressure on business. Does it push up wages, a claim like that?

HEATHER RIDOUT: It will push up costs generally and these companies will seek to pass it on to consumers. They will not be able to pay the same amount in wages. It is bad parental leave policy, it is bad tax policy and as a member of the Henry review, I cringe at the fact that this sort of policy is being made in such a hotchpotch ad hoc manner.

HUGH RIMINTON: That comment that you've just made has also been supported by some backbenchers, about it pushing up costs. On the evidence of what you've have seen so far, do you believe an Abbott-led government would be economically sound?

HEATHER RIDOUT: Look, I think the conservatives have been economically responsible in government. They ran a very tight economy during the whole Costello/Howard/Abbott period in office and he was Industrial Relations Minister and we dealt extensively with him in that role. So I think when you are in opposition you are one thing, when you're in government, you are another thing. That goes to Bob Brown's comments too about the Government and their green credentials. Government's a much different issue than opposition or being in some sort of third party arrangement.

STEFANIE BALOGH: As you just mentioned, you were part of the Henry review. Is it about time we saw the Henry tax review?

HEATHER RIDOUT: No comment. We handed our baby over to the Government and politicians are now raking over the report and whether it should be released or not. This is now a political debate. I hope it is released, though, because we do need to sing the big songs in Australia. We're not going to sing nursery rhymes forever. We've got to sing the big reform tune and this document is all about that and I hope it's received maturely in Australia, not a series of one-liners on the front pages of newspapers or elsewhere.

JOHN STANLEY: Good luck with that.

HEATHER RIDOUT: I'll be singing the tune.

JOHN STANLEY: In terms of singing the big songs, you've talked about certainty needed now on questions of dealing with climate change. You've set out a series of principles. Should we be confronting the issue of nuclear power? Even now the most ardent supporters of the notion of climate change action say we should be looking at nuclear power. Why haven't we looked at it in this country?

HEATHER RIDOUT: We are very keen to consider nuclear power. Australia has 40% of the world's uranium. We're a terrific place to store waste. Technology around processing waste has moved on and we might be able to burn it for fuel. So a lot of the issues are resolved. We are setting up an expert group of our members who are interested in it and we will be involving other people in it to try to build a case to move towards the adoption of nuclear power. In terms of green issues, it is central to the solution. Not only here but all around the world. And I think, frankly, the nuclear war issue has been muddled up with the nuclear power issue and if you look at the number of accidents and the extent of the problem, it is minor.

JOHN STANLEY: Has it become more of an economic issue where our reliance on coal makes us reluctant to move towards...

HEATHER RIDOUT: You know the one thing, John, in Australia, we are different to the rest of the world. You go to the northern hemisphere about climate change issues, it is about energy security. Australia doesn't have that problem. We have 40% of the world's uranium, we have 300 years of coal, we've got massive amounts of gas. You know, it's a different debate in this country. But nuclear is part of the future. It's part of our future. When the carbon price is put in place and it matches the viability of exporting nuclear power, we need to be ready for it. The Australian Industry Group is supportive of this and our group will be working up the case to try and ease the community into a more rational debate on it.

HUGH RIMINTON: It is one year since stock markets really bottomed out. Where do you see Australia going in the context of a global recovery at this stage?

HEATHER RIDOUT: Look, I think the global recovery is a bit of a 'love' recovery. In the UK, you go down and the 'L' is like that. In Europe, it is also miserable. In Asia, it's V-shaped. So you've got the 'love' recovery and I think in Australia, it's not tough love like it is elsewhere in the world. We're very lucky. We're getting the benefit of the V-shape of Asia.

JOHN STANLEY: So we're feeling the love?

HEATHER RIDOUT: We are. It is not tough love for us, whereas the UK and Europe with their horrible situation, and the US with a very flat one as well. But I would say we should not get ahead of ourselves. Our members who supply the retail industry are saying it is very flat, it's very patchy across manufacturing and services. Construction - housing is doing a little better, but it's still pretty flat. We've been very strongly of the view that the stimulus package should not be reduced too early. We should just let it ease its way out according to its own program which is already happening. We are seeing interest rates rise, we're seeing the dollar high. All of those issues are starting to put pressure on industry. And if we are not careful, we will choke off this recovery.

HUGH RIMINTON: So there is monetary stimulus. You'd like the Reserve Bank to be very cautious?

HEATHER RIDOUT: Well, I think the Bank has got 1% in the bank and they've actually put them up by one full percent and the markets have put them up a bit more. They're saying we're getting back towards average, but are we in an average economy? I'm not sure we're in an average economy. We're not in an average economy. They're getting close to where they should be for the time being.

HUGH RIMINTON: And what about wages in broad terms? Where should wages be as we emerge from this crisis?

HEATHER RIDOUT: I think that wages should be moderate. We should be disciplined and we should be trying to match productivity. Productivity is very flat in Australia and it has been for some time. We have to work harder on that. If you put up wages out of step with productivity, you'll put pressure on employment and on investment and those sorts of things concern us. Wages are being quite disciplined for the most part. In Australia we are going through big wage negotiations at the moment. But in parts of Australia, they are rising quite strongly. The challenge is not to let that big cycle in the west and in mining and construction feedback into other sectors and that's a challenge an organisation like ours has to watch very closely.

HUGH RIMINTON: Heather Ridout, thanks very much for being with us.