

Transcript

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Compere: **FRAN KELLY** Summary ID: **W00038140319**

Item: **KELLY REPORTS THAT LEADING BUSINESS GROUPS HAVE COMPREHENSIVELY REJECTED TONY ABBOTT'S PLAN FOR A LEVY ON LARGE COMPANIES TO FUND A SIX MONTH PAID PARENTAL LEAVE SCHEME.**

INTERVIEWEES: HEATHER RIDOUT, CEO, AUSTRALIAN INDUSTRY GROUP

Demographics:	Male 16+	Female 16+	All people	ABs	GBs
	5400	4400	9800	4600	5900

FRAN KELLY: As we have been mentioning this morning, leading business groups have comprehensively rejected Tony Abbott's plan for a levy on large companies to fund a six month paid parental leave scheme in this country.

The Australian Chamber of Commerce and Industry says Government and not the corporate sector should be underwriting social policy. The Australian Industry Group says the costs on business would just be too great and described Tony Abbott's scheme as flawed and unrealistic.

The AI Group's chief executive, Heather Ridout, has been a long and loud advocate for paid parental leave, but she says it should be funded by the taxpayer.

Heather Ridout, welcome back to *Breakfast*.

HEATHER RIDOUT: Good morning, Fran.

FRAN KELLY: Tony Abbott's proposal is a very generous one. You've been such a champion for paid maternity leave in this country, why don't you like his scheme?

HEATHER RIDOUT: Look, I am very pleased that both parties now have a policy and that's a huge improvement on where the debate was last five or six years ago even. So this is a step up. But on any measure this is bad parental leave policy and it's bad tax policy.

FRAN KELLY: Why, tell us about that?

HEATHER RIDOUT: Well from a parental leave perspective it puts a huge cost on big companies. It will be anti the employment of women. It will be - it'll cause a bias towards the employment of men.

In terms of tax policy, it will deter investment in the sense that we already have in Australia a high reliance on capital taxes such as company tax compared to other countries.

And small medium sized economies like ours are reducing their company tax rate and not putting it up. That will - putting it up will deter investment into Australia and particularly into sectors that aren't going to be the big darlings of the mining boom.

We just can't afford this kind of operation, so on any measure it's a poor policy.

FRAN KELLY:

Tony Abbott's pitch is that this will come in as the coalition in Government starts to reduce other taxes on business. So they have a plan for reducing the tax burden on business and this will just fill part of that gap. Does that make sense to you?

HEATHER RIDOUT:

Well look I think in terms of tax policy, we need a comprehensive approach to it and that of course is contained in the Henry Review, which the Government is currently considering.

But to have this sort of 1.7 per cent hike, which is a considerable amount of money, I mean it is a big lift in the company tax rate, imposed on companies arbitrarily. The structure of doing that is very hard imposing different tax rates on different sized companies. It causes all sorts of distortions, when what we had, Fran, was a simple policy.

We have an 18 week, universal scheme, funded through taxpayers including business of course. They are already funding this at the minimum rate of pay, consistent with the International Labour Organization standards, argued through comprehensively by employers and unions, through the Productivity Commission's auspices.

I don't know why we have to re-open this debate. I can only think that really the Opposition is not

serious at all about having a paid parental leave scheme. Because I think this is going to be very difficult to get through the Parliament.

FRAN KELLY: What are you saying? Do you think this is a bit of a stalking horse?

HEATHER RIDOUT: Look, I think it could be kite flying. I am afraid the kite won't even fly. But I think really they ought to go back to the drawing board and they ought to consult with business about the type of scheme that will work.

And, you know, I mean we are trying to get a scheme here for the vast - for a lot of low paid women, something like, you know, there are 70 per cent of full time working women with access at the moment to paid parental leave.

What we are trying to get is the safety net on which employers can build and you know, most - the majority of women will end up with quite a generous paid parental leave provision when all this is introduced.

FRAN KELLY: Well not so generous if you think that some women will be leaving very highly paid jobs and then trying to cope on the paid maternity leave over 18 weeks at the minimum wage?

HEATHER RIDOUT: Well Fran but they won't be. A lot of those highly paid women will have access to the existing paid



parental leave arrangements that their own employers provide. And the vast bulk of those employers will continue to provide that.

What the minimum rate of the Government scheme is about is a great lot of low paid women who still work in industries that have very low profit margins and have access to nothing. And this is what the minimum wage scheme is all about.

I would also say in relation to the Opposition's policy, if you are paying - if you are being paid \$140,000 currently a year by your employer, under this scheme you will get all that. If you are being paid \$30,000 by your employer, you'll only get that. How's that equitable?

It is a most inequitable scheme and I don't know who thought it up, but they're not a rocket scientist.

FRAN KELLY:

Would the best outcome of this, do you think, be the Government, the Labor scheme being forced to come to the party by funding a longer scheme? Eighteen weeks is - is perhaps too short according to some for - it's too short a time for a woman to have to leave her infant and go back to work.

And certainly other countries, Britain for instance, people are entitled to 39 weeks' paid leave. Should we use this to lobby to extend the Government's scheme to 26 weeks?

HEATHER RIDOUT: Well look, we had those debates. They have been done and dusted, and frankly, you know, Australia has got a lot of issues to spend its money on over the years ahead, and the *Inter-Generational Report* certainly set them out, health, ageing, pensions et cetera.

We need to focus more on getting women in the workforce. From the 1 January this year, women have a right to request part time work while their children are under school age. We have an extended unpaid parental leave entitlement up to two years on request.

So there is a lot happening around this space and yes, we have a need for much better quality and a bit more available child care. So, what you've got to do with this issue is put a system of things together and make them all work at the same time.

And to put all your eggs in one basket, such as funding a very highly generous paid parental leave scheme, might mean that you can't do all the other things which are also important. In Britain, they have always had very generous schemes around this sort of area. But I wouldn't want to have their levels of debt and their economy going forward.

FRAN KELLY: Well just very briefly, we're almost out of time, but the Government hasn't even bothered to introduce its legislation for its scheme yet, which is meant to come into operation from January next year, I think.

Are you worried that this debate now might sink any scheme at all?

HEATHER RIDOUT: Well I am worried that we have such a vastly different approach to it put forward by the Opposition. I would have thought and one would have hoped, frankly, given all the, you know, the consultation and submissions and work on this area that they would have just adopted the Government's scheme and said, after - we will do that.

But it just shows you that they really don't like the whole idea of it. They see, by putting a big impost on big business, which is, you know, a constituency they should understand very well, I think it's very surprising.

FRAN KELLY: All right, Heather Ridout, thank you very much for joining us.

HEATHER RIDOUT: Thank you, Fran.

FRAN KELLY: Heather Ridout is the chief executive of the Australian Industry Group. And that is just one group of the many business groups in this country who have come out very strongly, and very negatively, against Tony Abbott's scheme, which would end up putting a tax on business, big business to pay for a scheme as against the Labor Government's proposed scheme which is a taxpayer funded scheme.



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ABs = Managers, administrators, professions. GBs = Grocery buyers.
