

**TRANSCRIPT: Heather Ridout with Jon Faine on 774ABC Melbourne 13 December 2011**

- JON FAINE: Well, it was a big surprise the other day when Heather Ridout, one of the nation's most high profile lobbyists from the Australian Industry Group representing employers and business, was appointed to the Reserve Bank board. She, within 24 hours, also announced that she was stepping down as the boss of the AIG, the Australian Industry Group, where she's been CEO it seems for a very long time. And I think this is the first time that Heather Ridout's done an interview since those announcements. Heather Ridout, good morning to you.
- HEATHER RIDOUT: Good morning, Jon.
- JON FAINE: Congratulations.
- HEATHER RIDOUT: Well, I'm not sure, I mean I'm very excited about the Reserve Bank. On being congratulated on leaving Ai Group?: it's a painful experience after 33 years, and eight years as chief executive, and I must say, every time I've been asked about that job, I say it's a tough job, but it's been a wonderful job, and I've had such terrific support from the members over the years, through what's been, as you know, pretty testing times, so - yet I am excited about the Bank, it'll be great, and I planned to leave, and that came along, and you know, it softens the blow of leaving AI Group.
- JON FAINE: It's regarded as a plum reward for people the Government trusts, does it mean that if you were supposed to be representing business, you were too close to a Labor Government?
- HEATHER RIDOUT: Look, I don't think it's a reward, I think it's an important job, and the one thing that I've been touched by since it's been announced, I've been stopped by absolute strangers in the street, who've said, you'll do a great job on the bank for us. And I've always felt, as the leader of Ai Group, that business gets its legitimacy from its role in the broader community - that's one of my fundamental values - so I've always tried to be balanced and fair and sensible, and I hope to bring all those pretty fundamental values to this job. It's not a reward in any way.
- JON FAINE: Several things come to mind that you can - well perhaps you're not allowed to talk about any more [laughs], interest rates...
- HEATHER RIDOUT: I'm not sure what I'm allowed to talk about, but I'll learn pretty fast, I think.
- JON FAINE: Well good, before you know what you can't talk about, I'll ask you [laughs].
- HEATHER RIDOUT: [Laughs] Don't do that.
- JON FAINE: Obviously the battle between the banks, the big four commercial banks, and the Reserve Bank last week was fascinating to those of us watching, and if the ANZ for instance say that they're going to in future make announcements about interest rates completely disconnecting them from any Reserve Bank interest rate announcement, that in a way reduces the power of the Reserve Bank, and some of what it does.
- HEATHER RIDOUT: Look, I don't really want to comment on the banks, and certainly on the RBA and the ANZ's interface, but from a business perspective, it's very important we have competitive cost of capital in Australia. Australia at the moment for many businesses.... you know Jon, we've talked about it before,....20 per cent of this economy is growing by 15 per cent, and 80 per cent is growing by one per cent, so it's really important that businesses can get access to competitive capital, and of course the banks are the prime source of that.

JON FAINE: So you're concerned, you're touching there on what we usually dub the two-speed economy, where in particular, well now we know, the gap between South Australia, which is going backwards, and West Australia, which is booming, is more than a 10 per cent gap in growth.

HEATHER RIDOUT: Indeed, and I think this is the issue that should be on the political agenda, I mean we had a very important meeting with the manufacturing taskforce, with senior Government ministers, from the Treasurer, the Prime Minister, the Finance Minister, you know, every possible important minister, about a week or so ago, to focus on what we're going to do about the future of manufacturing in this country, and so it is a fundamental issue, and South Australia of course is very much caught up in that.

South Australia has a really good future, I mean we're going to have the big submarine project here, we've got the Olympic Dam project, and I think Mike Rann in his last big task as Premier, did a pretty good job getting the indenture right, in terms of local industry participation, so I think there's a lot of good things happening here, but I think really, we're now a high cost country, and we have to act accordingly, and that means we have to work harder to be more competitive.

JON FAINE: Well, you can't deny the raw statistics though, how do you possibly make decisions for a nation, when there's a gap of 10 per cent in the growth figures between the worst performing and the best performing, because what you do that's needed for one is the opposite of what's needed for the other?

HEATHER RIDOUT: Well I think one of the issues that really was weighing on Government at the start of the year, was that we would have a much more even distribution of the benefits of that growth. That it would happen automatically. And frankly it hasn't. The high dollar, the weakness in the housing industry, the consumer caution, the structural changes happening not just in manufacturing and tourism, but also in say retailing, in online purchasing and changing consumer taste, all these issues have distorted the outcome. I don't think the economy has necessarily gone to plan this year, which has now got the focus back on what we do about it, and you can do an awful lot about it, and I guess that's a discussion we've been having with the Government over recent weeks.

JON FAINE: But Julia Gillard's just demoted Kim Carr, who's in charge of the car industry and manufacturing. Kevin Rudd this morning on AM, had this to say about the demotion of Kim Carr.

[Replay]

KEVIN RUDD: Minister Carr has been, in my experience, a very good Minister for Industry. He was largely responsible during the Global Financial Crisis for ensuring that none of the Australian car companies fell over, he engaged in many detailed negotiations with the principle Australian car manufacturers to make sure they kept producing. I have much respect for his work on that count.

On the question of reshuffles and Cabinet appointments, that's entirely a matter for the Prime Minister.

[Replay ends]

JON FAINE: In other words, read the code, Heather Ridout, this was designed to nobble someone who was supporting Kevin Rudd, it's about factual politics rather than what's best for the nation.

HEATHER RIDOUT: Well I think Greg Combet is a very competent person, and knows industry. I've worked with him very closely in many roles, particularly of course during the recent negotiations over the climate bill, and he has a deep knowledge of Australian industry, the manufacturing industry, and he will...

JON FAINE: But so did Kim Carr.

HEATHER RIDOUT: Yes, he did, but he will take that to the Cabinet table. Kim Carr, I mean I do think though, and we made a statement yesterday, I am concerned that we had important meetings - like I was talking about, in Canberra a week or so ago - and next minute, manufacturing plus Defence Materiel, which is a very important part of the demand landscape for Defence companies, you know, is outside the Cabinet together, and I find it quite odd that manufacturing, which is very much one of the industries of the future, is outside the Cabinet now, whereas it used to be in a spot, a very important spot, in the Cabinet.

JON FAINE: And Bill Shorten is in Cabinet, and he says there's no huge problem with IR, so why the promotion, and why in Cabinet?

HEATHER RIDOUT: Well, look, I think Bill...

JON FAINE: Again, it's factional politics, rather than the national interest.

HEATHER RIDOUT: Well I've worked with Bill many times, and Bill knows the importance of good workplace relations, and I heard you ask him about walking both sides of the street, you know in industrial relations you can't do that, but it's got to be a fair argument. And at the moment we've counted something like 100 new union rights, in the Fair Work Act, and what's happened subsequently, and despite all the efforts of a sensible organisation like our's - including taking 15 appeals, very costly appeals - we have not been able to get one consideration of an amendment to that very big Act. I don't know of any big new piece of legislation that hasn't required some amendment to make sure that what's happening is in the spirit of that Act.

So I'm very hopeful, I know Bill well, and I'm hopeful that with his sense of pragmatism he tends to bring to things, his deep knowledge of the manufacturing industry, we'll be able to have some good discussions.

JON FAINE: And I presume you'll be popping up on other big corporate boards now too?

HEATHER RIDOUT: Well, I'm going to sit back, Jon, and see what happens...

JON FAINE: See what offers come in the door. Well, they will be...

HEATHER RIDOUT: I know, and I want to do the things that really interest me, and you know, I'm going to stay with AustralianSuper, which is a terrific organisation, I'm on the Sims Metal Management board, which is one of the biggest recycling companies, so there are some interesting things around, and I'll just see what happens after April.

JON FAINE: Well surely you will now be much sought after for some of the major corporate boards, if you're on the Reserve Bank board, you've got your years of experience as a lobbyist, you've got the ear of people in Canberra, that's your career from here.

HEATHER RIDOUT: Well I hope it doesn't mean I don't come on your show anymore, Jon, [laughs].

JON FAINE: Well, you're always welcome, if you've got something that we want to hear you express opinions about, Heather Ridout.

HEATHER RIDOUT: Indeed, thank you very much.

JON FAINE: Thank you. Heather Ridout, chief executive of the Australian Industry Group.