



## Transcript

Station: **774 ABC MELBOURNE** Date: **17/03/2015**  
Program: **MORNINGS** Time: **08:45 AM**  
Compere: **JON FAINE** Summary ID: **W00061005413**  
Item: **INTERVIEW WITH INNES WILLOX, CEO, AUSTRALIAN INDUSTRY GROUP,  
ABOUT THE GOVERNMENT'S BUDGET.**

Audience:	Male 16+	Female 16+	All people
	71000	66000	137000

**JON FAINE:** Innes Willox is the CEO of the Australian Industry Group. So where does this leave the Government's budget? It's now not just health costs that have been - fallen by the way, well just about everything that was a central pillar of last year's budget seems now to be stuck in the Senate. Innes Willox, good morning to you.

**INNES WILLOX:** Good morning Jon.

**JON FAINE:** Where does Joe Hockey now go?

**INNES WILLOX:** Well the Government obviously has to really start preparing for the next budget and that process is underway, we're sort of two months or so from the next budget so we need to look ahead. Some battles have been fought and lost and some things fought and won but...

**JON FAINE:** But if the funnel through which you have to pass is now so narrow, if you can't get these sorts of reforms through the Senate, what's the point of announcing more things that the Senate will refuse?



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INNES WILLOX:

What was that saying about passing a camel through the eye of a needle, that's pretty much what the government's got to do at the moment and perhaps with last week's developments around Palmer United it becomes a little bit even more tricky for the Government because they're now dealing with eight quite disparate groups rather than a collection of groups. Look, the Government is funding a budget, a new budget at a time when the economy is going slow - it's not in a disastrous situation, it's still growing but it's certainly very clear that unemployment at a 13-year high, business confidence low, consumer confidence low, that the community and business will be looking to the Government to provide some very clear direction and hopefully some modest stimulus to help get the economy going. There's not much room for interest rates to move. The Godsend at the moment in many ways is the lower dollar that is helping businesses to find export markets, but that takes a long time to flow through, for business to retool and to find those markets, so that's not going to be a quick solution, so the Government we hope can find ways to help stimulate the economy, accelerated depreciation, business asset right offs, [indistinct]...

JON FAINE:

All of those are costs to revenue. The problem at the moment is that the deficit is absolutely compounding. The measures that were supposed to be reducing it have failed to go through to be enacted in law in the Senate, so the sorts of things you're calling for seem even less likely not more likely.



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INNES WILLOX:

Well look it's about government getting priorities right and making decisions about what direction they need to take the economy and I think everyone would agree that our fundamentals remain sound but it's about where do we drive the growth of the future and at the moment there isn't much sign of growth out there. Every CEO I talk to says that things are either slow or slower than they should be at this stage and there's a lot of concern there about where the next spark will come through and that's where people will look to the budget. Now I've got to be honest Jon, given the experience of the last budget and given the experience of a whole range of legislation including that which you were just talking with Nick Xenophon about where the Government can't get much through the Senate, there is some concern that we're going to go through another hard year without the budget being able to drive the stimulus that's needed.

JON FAINE:

So where does that leave us and where does it leave the Government? I mean effectively all the things they want to do, all the things they say they're elected to do they can't do.

INNES WILLOX:

Well they have had some successes, it hasn't been all of a total failure, but there's been a lot of very hard measures that they put forward that they just haven't been able to get through and I suppose the lesson from this Jon for everyone - and always said by those in politics and those who work around politics that governments have to argue a case, they have to argue what the proposition is. Firstly why there's a problem and then identify a range of solutions. So I mean...



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JON FAINE:

Well they're not doing so. Patently it's not working.

INNES WILLOX:

What business is also concerned about is that there just doesn't seem to be any room for serious negotiation on a range of issues between the major parties at the moment and policies chop and change and we're getting - with the history of state governments they're changing virtually every term so that leads to problems around continuity of policy. So...

JON FAINE:

Do you still have confidence in Joe Hockey as Treasurer?

INNES WILLOX:

Of course. He's the Treasurer, he's braving his second budget, he has an enormous task. Let's not beat around the bush on this, it is an enormous task that the Government has and that intergenerational report we heard about the week before last outlines the long term problems. The issue here is that the Government has to frame a budget that will have measures in it that it can get through the Parliament that will both allocate spending appropriately and drive up revenue for the Government to fill some budget holes. It's about meeting both those challenges but doing it in a prudent, sensible way with a long term vision and that's what business wants at the moment from this budget and it wants from all sides of politics.

JON FAINE:

Well it's the middle of March, not much time after Easter through to the budget session for the 2015 budget. We'll see where it gets us to. Thank you again for your time this morning.



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INNES WILLOX:

Thanks Jon.

JON FAINE:

Innes Willox, chief executive of the AIG, the Australian Industry Group.

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