

# Transcript

Station: **ABC RADIO MELBOURNE**

Date: **16/10/2017**

Program: **MORNINGS**

Compere: **JON FAINE**

Item: **INTERVIEW WITH INNES WILLOX, CHIEF EXECUTIVE OFFICER, AUSTRALIAN INDUSTRY GROUP, ABOUT ENERGY POLICY**

**JON FAINE:** Well you've already heard this morning from the ACCC, who say there's about \$100 extra onto your household power bill each year because of clean energy policy. Is that something you're prepared to pay \$2 a week for or is it something you regard as inappropriate? Undoubtedly, whether it's electricity generated by coal, or whether it's generated by gas or even renewables, the cost of energy in this country has soared and as we are exporting a lot of energy it's extraordinary that we're facing potential shortages at the same time.

This morning, as the Federal Government prepares to grapple with some of the policy settings, the Australian Industry Group buys in as well.

The Chief Executive, Innes Willox, one of the most influential people outside of the Parliament joins me this morning. Mr Willox, good morning to you.

**INNES WILLOX:** Morning, Jon, how are you?

**JON FAINE:** Well, representing the business sector, do you share other organisation's concerned over soaring energy costs and what should be done about it?

**INNES WILLOX:** Ah Jon, we've been talking about this for over five years, warning that we were going through a complete confluence of circumstances getting to the situation that we now are in where we would see electricity and gas prices double, triple, and even quadruple. So that's the situation we're at now. It's because we're exporting a lot of gas; it's because the state moratoria on gas exploration; it's because of the amount of funds that have been put into poles and wires; - that's a component part of it. There's the whole issue around renewables and how we transition to a more renewable economy. So, all of these circumstances are now upon us and we're probably in the worst of it now.

What we said was that the review by the Chief Scientist, Alan Finkel, came up with 50 recommendations, 49 accepted by the Government. The 50th was around the Clean Energy Target. We said although that was not perfect, it at least led us down a path where we could get some consensus hopefully and that we thought and others thought a week or two ago we were possibly getting to that point, but now it seems unlikely. And what we've got to hope now is what the Government comes up with in the next day or two, that it can get some consensus across the divide in politics; as hard as that is to ask for at the moment in what is a pretty broken political environment ....

**JON FAINE:** Well that's costing us dearly. Is not the bottom line that this policy paralysis can actually be costed out now in the hundreds of millions of dollars, if not even billions of dollars' worth of increased energy costs?

**INNES WILLOX:** Well Jon, we had a forum with a whole range of MPs in August and at that forum one of the MPs - one of the senior MPs from one of the sides of politics - said that energy policy in Australia was the biggest public policy failure in the past 25 years and that was a moment of candour. And it has been.

**JON FAINE:** But there's plenty of energy for the people who are talking about energy, but none of that energy has translated into something that we can use.

**INNES WILLOX:** Well that's right. And what we say- if you're referring to hot air, it can help, but isn't all that great. But what we are saying is that we need to have reliable energy, we need to have affordable energy - we can have a discussion about what affordable means in the current environment - and we have to meet our international emissions targets that Australia's signed up to: whether people like it or not, that's a decision that's been taken and we have to meet those targets. And so they have to be our objectives. But to get there, Jon, we need both sides of politics to make agreements and part of the problem ...

**JON FAINE:** Well that's not happening

**INNES WILLOX:** It isn't. And it's going to be a disaster if this keeps going, because we've had 10 years of it and that's got us to where we are now, where we are an energy rich country- we are rich in coal, we are rich in gas, we are rich in renewables, but we just can't seem to get our act together either at a federal and/or a state level.

**JON FAINE:** Can you see any circuit breaker? - I'm sorry to use continuous energy puns here - I can't see one anywhere on the horizon and everyone continues to extract whatever tiny bit of - day to day, almost - political advantage they can from the impasse.

**INNES WILLOX:** Well, let's put it this way; we've sort of projected things out and we have seen some small tail off in electricity prices in the past six months probably; so that March, April, May period was the worst, but we're now talking about 16 to 18 cents a kilowatt hour, where previously we were talking more three, four and five cents. So we're still at very elevated levels. We can't really see any fundamental game changer though for the next five years or so. And in five years' time the biggest power generating facility in New South Wales - Liddell - is scheduled to close and when that does that's just going to put even more pressure on the system. So look, we would hope, Jon, that through a combination of things - Victoria and New South Wales having another look at gas moratoria, have a look maybe at assisting farmers [indistinct] ...

**JON FAINE:** [Talks over] Wow, hang on, let's pause there, sorry. It was the state opposition in Victoria that proposed looking at gas exploration onshore.

**INNES WILLOX:** And what we would say would be if the state government and opposition could come to some agreement around that system, it doesn't- and basically ...

**JON FAINE:** [Interrupts] Good luck there.

**INNES WILLOX:** I know. Just to remove the blanket ban that's in place. South Australia's done it around royalties for farmers -just have a look at that, that's one way of looking at trying to free things up. We've made it very clear that we support getting more gas into the domestic market and those who are exporting can find their gas to export from somewhere else, they can buy it from somewhere else, do a gas swap. All of these- Look, we need more energy into the system, whether it be- And quite frankly, Jon, industry, the users of energy, are pretty agnostic about where it comes from as long as it's affordable and as long as it keeps the lights on.

**JON FAINE:** *The Australian* newspaper today in a Newspann, as well discovering that - surprise, surprise - the gap between the lead that the Labor Party has over the Government in two-party preferred terms has not changed and the Labor Party still has an election winning lead over Malcolm Turnbull, but they've also asked people questions about energy; 63 per cent of people think that current subsidies for renewable energy should continue but 58 per cent of people say they don't think they should be made to pay more to promote renewable energy. So where does that then leave us, if that's indeed the firmly held view of about two-thirds of the population?

**INNES WILLOX:** Yeah and that, in a way, that encapsulates the difficulty that policy-makers have, but in part that's because people are already paying extravagantly high costs for energy; much more than they're used to paying. So what's happening very quickly is there's a rapid loss of faith in the system. So at an industry level, what you're seeing is a big take up of - two things - you're even seeing a take up of diesel generation, which is just not good for the environment and it's just not a long term solution, but it's an emergency measure and you talk to CEOs and they just shrug their shoulders and say: what else am I meant to do? The other thing is, interestingly, that more and more companies are talking and are actually implementing - they're spending a lot of money - putting things like solar panels on roofs ...

**JON FAINE:** [Interrupts] Which is a good thing!

**INNES WILLOX:** Which is a good thing. So ...

**JON FAINE:** Long overdue.

**INNES WILLOX:** So this is all over the place, this discussion and that's why we need some agreement between the two major parties. I don't think we're going to be- and we said the clean energy target was a good starting place to get that agreement. But I don't think anyone's going to die in a ditch over any particular measure at the moment as long as there's certainty to allow businesses to make long term investments and for there to be long term investments in energy generation as well in Australia.

**JON FAINE:** Let's see what happens. It could be the crunch day today or tomorrow and we'll know a lot more by the end of the week.

Thank you, indeed, again this morning. CEO of the Australian Industry Group, one of the main business lobbyists for the entire nation, Innes Willox.