



Transcript

#BackAustralianBusiness

Event: Andrew McKellar interview with Greg Jennett, ABC News Afternoon Briefing.

Speakers: Andrew McKellar, chief executive Australian Chamber of Commerce and Industry; Greg Jennett, host ABC News Afternoon Briefing.

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E&OE

Greg Jennett, host ABC News Afternoon Briefing: Andrew McKellar, it must be that time of year again. You are back along with many organisations starting to lay down a few markers for the budget that's being prepared in May. From a business perspective or for every perspective, there's not much room for the government to move on spending, so tight is the budget. What are you telling government to do?

Andrew McKellar, chief executive Australian Chamber of Commerce and Industry: Thanks, Greg. Look, I think for us, it is going to be a challenging budget. I think our top-level message to the government is that now is the time to really begin to address that process of budget repair. We've got to get things into a more sustainable position over the medium term, reducing that cash deficit, starting to address the build-up of net debt against GDP. So really, I think a lot of focus on the expenditure side of the budget is going to be essential.

Greg: Which might pay dividends with the inflation problem as well. Now, a few bills are going to start emerging out of the pipeline as we move through this year, and probably none more important to the government's climate objectives than the safeguard mechanism. And yet, already there are noises coming from the Greens and the Coalition that cast into doubt political support for that bill. What's your attitude to what the parliament should be doing on that?

Andrew: What we're encouraging here I think is as much as possible, we'd like to see a bipartisan approach. The government has set out objectives, targets to 2050 and interim targets in terms of how we transition towards a net-zero emissions economy. So that's something that business supports. If we're going to get there, if we're going to get there sustainably, structuring that energy transition is an important part of that. The model that the government's put forward on the safeguards mechanism – they've consulted closely. We think there's a lot of good material in there. So, I think as much as possible, we'd like to see a bipartisan approach that supports investment, continuity, and certainty for business.

Greg: All right. But as ever, the details seem to trip people up here because it's a matter of record, of course, that the Coalition itself invented the safeguard mechanism. Where the dispute might lie is over whether the price per tonne of carbon is too high or too low. The Greens say one thing, Coalition says another. What are your observations about \$75 a tonne, which notionally is where it could land?

Andrew: Well, I think that's been an important feature that the government's brought forward. It is something that a number of those heavy emitters were looking for, I think it will help underpin certainty. So, the fact that they've put that cap in there, I think provides some reassurance to those sectors and those largest facilities that are going to be affected by this scheme.

Greg: Do you think it's affordable for them either to lower their emissions or to buy the credits to offset them?

Andrew: Well, that certainly is the indication we're getting back. There are still some challenges out there. If we look at emissions intensive, trade exposed sectors and the government's still consulting on those aspects. But for this first stage, we would think that this is the best option that's on the table. I do encourage a bipartisan outcome. If the government's forced back into a corner negotiating with the Greens, then the risk is that this becomes much more difficult, and we end up losing some of that certainty and potentially interrupting very critical investment.

Greg: So, your message is bypassing the Greens and your message is really to Peter Dutton?

Andrew: Well, I think let's try and get the best result that we can. I think we want to avoid an outcome that creates or increases the level of uncertainty.

Greg: All right. Changing topics, it's not every summer that the treasurer of Australia sits down and pens a 6,000-word essay, a thesis if you like, on remodelling some would say the entire Australian economy, the market operations within it. Some people seem to be almost suggesting that what Jim Chalmers has done here has written a doctrine about socialism with Australian characteristics. Has he?

Andrew: I think he's been careful to clarify some of that in what he's written again today. Look, honestly, I think it's a very positive thing. I think it's great to see the treasurer of Australia, a very senior minister in the government, coming out, articulating something of the underpinning behind his views, what's influencing him. That doesn't make it government policy. But look, I think the note of caution here from a business perspective is the economic fundamentals don't radically change. We still have to put an emphasis on how we increase capacity in the economy, deal with the challenges that we've got in front of us. If the government is going to be able to afford to pay for some of the things that the treasurer is writing about, that we must have stronger living standards, stronger incomes, that can only be achieved if we've got that agenda for productivity reform, increasing the capacity in the economy. That's the challenge at the moment.

Greg: But is his prescription radical change, particularly as it pertains to freedom of markets in this country?

Andrew: I think there are flaws in the way in which markets operate, and I don't see what he's saying has necessarily been a radical departure. I think it's an evolution. I think the broad direction of past reforms in the eighties and nineties in particular was correct. How we learn from that experience, how we craft the new generation of reforms, which will be different, I think that's the fundamental challenge. Now, I think it's very important that the government is thinking about those challenges. It needs to have a dialogue with business and other stakeholders, and then I think we'll get a better outcome.

Greg: Yeah, it's quite unclear, isn't it? Just where the rubber hits the road in practical government policy making from the sort of lofty height that Jim Chalmers has started from. But anyway, we'll probably talk about that and more issues this year. Andrew McKellar, thanks again for joining us.

Andrew: Thank you, Greg.

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