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**TRANSCRIPT OF SENATOR THE HON. ARTHUR SINODINOS AO**  
**MINISTER FOR INDUSTRY, INNOVATION AND SCIENCE**  
**INTERVIEW WITH FRAN KELLY, RN BREAKFAST**

*Subjects: Automotive industry, Alcoa, National Innovation & Science agenda, TPP, Government's agenda for 2017.*

*E&OE.....*

**FRAN KELLY**

Arthur Sinodinos, welcome back to *Breakfast*.

**ARTHUR SINODINOS**

Hey Fran, how are you?

**FRAN KELLY**

I'm well thank you. Day two of the job – you are feeling the heat already. You have been branded by Labor the 'industrial grim reaper'. What is your attitude towards manufacturing in this country? Is it that industry must stand on its own two feet and not expect help from Government?

**ARTHUR SINODINOS**

In my first press release, I talked about what I saw as the future for high-value manufacturing in Australia, and I stand very much behind that. One of the things I'm going to be doing in this job is looking for new jobs, looking for new sources of growth. The point that was being made in that article – I didn't actually say car manufacturing was dead; as you know, the car manufacturing sector, the automotive sector in Australia is moving on, it's more of an import and sales model, and a lot more focus on engineering and design which is then being used as a platform for doing things within these multinational companies overseas. Their model is changing, so the old model of being able to have the assembly here in Australia, those multinational car companies walked away from that after so many years of government assistance. And my job is to create a new future, a better future for those regions and for those workers, and I am very keen to do that, I am very keen to engage directly with the workers on this as well. I don't see my portfolio as being a portfolio to advocate for one section against another, I want to engage all of the stakeholders including workers, including the unions about how we get better solutions to these problems.

## **FRAN KELLY**

Okay, they are great things to hear, great sentiments, but for all of those thousands of auto workers, for example, who are going to lose their jobs – some have already lost their jobs – they want to know why. You grew up in Newcastle, you described the closure of the local steelworks there in 1999 as a, quote, ‘watershed in Australia’s industrial, social and economic history, nothing is forever, once they went through that grieving process they put their heads down and got on with it.’ Is that your advice to the auto workers? Do some grieving and get on with it? With what?

## **ARTHUR SINODINOS**

No, my advice to them is the government is: in partnership with you, and with the automotive component people and others in various sectors that rely on, or have relied on manufacturing to create a new future. It’s a partnership. My point with the analogy with Newcastle is that, yes, Newcastle had to shed a certain past, it came to a natural conclusion I suppose you could say, BHP made certain decisions and we all had to move on. I knew about it not only because I grew up there and knew people in the industry, but I was also involved in some of the work with the Howard Government in helping to ease that adjustment. We had to get on with life; and what we have to do is help those workers, help those industries to morph into new high value industries. My whole point, Fran, is: across the whole economy – whether it’s manufacturing, whether it’s services, whether it’s agriculture – is to help embed an innovation mindset. We will do really well in the world economy when we create value that others cannot create because that is the best way to preserve and expand our own jobs.

## **FRAN KELLY**

It’s obviously a key. But, again, if you put yourself in the shoes of those auto workers, how does that happen? Holden will close in October, Toyota will announce its own closure date by the end of March, Ford’s already gone. Major concerns for the supply chain flowing on from that. There will be –

## **ARTHUR SINODINOS**

Fran, we have already put in place programmes to help ease the adjustment, find new jobs for people, assistance to automotive component manufacturers and others to move on to other potentially related activities so they can use their existing skills and attributes in new areas.

## **FRAN KELLY**

There are calls for more assistance on that, though. There’s going to be about 1.2 billion dollars left over in the Automotive Transformation Scheme. Nick Xenophon and others are calling on you to spend that money, to help the component suppliers diversify. Are you doing that? Are you prepared to do that?

## **ARTHUR SINODINOS**

Well, what I’m prepared to do is say: we’ve got existing assistance on the table to help ease the adjustment, the transition. I’m going out there – early days in the portfolio – to talk to

people about the requirements. And let's see what needs to be done and how to accelerate that process so that people feel greater ease of mind sooner rather than later.

#### **FRAN KELLY**

It's a broad area, industry policy, and often one part doesn't seem to speak to the other. But, for instance, last week, the Victorian Government announced a bailout of Alcoa's aging aluminium smelter in Portland. The Commonwealth contribution was relatively small, just 30 million dollars. But by keeping that smelter open and saving those 500 jobs, some critics say that the electricity market will get even tighter – that means higher electricity prices for households and business. Is that good manufacturing policy?

#### **ARTHUR SINODINOS**

What's happened in Victoria is that for 30 or 40 years it's been mandated there'd be a smelter in the west of the state which is some way from the power sources. So there's always been this issue about what sort of power supply agreement would be entered into to keep that smelter going. And that's been a matter that's largely been left at the state level. We supported the smelter with \$30 million because of the breakdown before Christmas in a couple of the transmission lines and all the rest of it, which had a major impact on the production at the smelter. That was not a reflection on the overall potential overall viability of the smelter. That was something that was going to be worked through with the commercial supply agreement on electricity. I'm not privy to that agreement. Daniel Andrews, the Premier, is saying that agreement will not put upward pressure on energy prices across Victoria. What I can tell you, Fran, is that I am worried about upward pressure on energy prices across the country from a variety of things that have been happening. I am very keen, for example, to see gas used as a transition fuel. We can't have moratoria on gas exploration development as we have in places like Victoria. I don't want the Australian manufacturers being pushed out of business because of uneconomic energy prices. Energy used to be a comparative advantage; we've got to find a way to have energy security, energy affordability, while also reducing our greenhouse gas emissions.

#### **FRAN KELLY**

Okay, plenty to talk about on gas, but plenty of other issues too. You're listening to RN Breakfast, it's twelve past eight. Our guest is the new Industry, Innovation and Science Minister, Arthur Sinodinos. You are the third Innovation Minister in six months, the fourth Science Minister in three years. You're going to be in charge of delivering the Government's National Innovation and Science Agenda, which offers tax breaks for businesses that take risks and makes it easier for start-ups. That policy is central to the Turnbull Government. There is some commentary suggesting that during the election campaign, though, it didn't necessarily help Malcolm Turnbull – in fact, it hindered him; that some people saw – whenever they heard the word 'innovation', blue collar workers could see their jobs disappearing. With Brexit and Trump, is it going to be even harder to talk about innovation? How do you do that so that it's not perceived as a threat to some of the blue collar jobs?

#### **ARTHUR SINODINOS**

Well, look, innovation's been going on for centuries. And that's why some jobs disappear; they're replaced by new jobs. My job in this portfolio is to help explain why, when we create

new sources of growth, new jobs, buy new products, new processes, new ways of doing things – why it's good for everybody. We've got to have the right mechanisms to redistribute the benefits across the economy for those who may not be working, and so on and so forth. But the point is: I have got to keep arguing why innovation is a good thing, and I've got to keep bringing innovation down to the local level, so people see what's happening in their local communities, which is leading to a better future, and more jobs. That also means, Fran, there are linkages between my portfolio and the education and skills portfolios, there are linkages to competition policy, macro policy et cetera, so I've got to be conscious that we have to take a whole-of-government approach to this.

## **FRAN KELLY**

Linkages to trade, if I could just ask you a couple of quick questions: we have to be able to sell the stuff we make beyond our shores, do you think China is the key to keeping the Trans-Pacific Partnership alive, as the PM has suggested? Could it, should it, take America's place in this regional pact?

## **ARTHUR SINODINOS**

Well in the light of what's happened in the United States, clearly we have to think about what are the next steps, and I'm not going to pre-empt those. The reason the Prime Minister mentioned China is because China has been at the forefront of doing things with Australia, recently we signed a very good free trade agreement with them, and they are showing interest in the region through the regional comprehensive partnership in doing more in the trade space. Frankly, trade is a two way street, you undertake trade because there are mutual benefits, you can't go and trade with people who don't want to trade with you. So, obviously, you can't rule out doing further deals with people who want to trade with you. That's what trade is all about, and we have a lot to gain from continuing to open up market access across the world for our products.

## **FRANK KELLY**

Can I just ask you finally, briefly: the Turnbull Government is being criticised for lacking an agenda. We're just over a week away from beginning this new year of Parliament; what are the Government's priorities for this year?

## **ARTHUR SINODINOS**

Well look, I'm not going to pre-empt the Prime Minister, he's at the Press Club on the first of February, he will lay out his program and agenda for the year, but the vision that underpins all of this is that we want every Australian, where possible, who can get a job, to be able to get a job. We want every Australian, if possible, to participate in the economic mainstream; and everything we're going to be doing, whether it impacts on our cities policy, our regional policy, innovation policy, policy across the board is about how we maximise those jobs; and all the impediments to jobs, whether it's excessive regulation, taxes that are too high on jobs, they've all got to be reviewed in the light of that. Our vision is a very open, confident country where everybody feels they've got the opportunity to realise their full potential.

**FRAN KELLY**

Arthur Sinodinos, thank you very much for being with us and good luck with the new portfolio.