



Transcript

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Event: Andrew McKellar panel interview with Henry Belot, ABC Capital Hill.

Speakers: Andrew McKellar, chief executive Australian Chamber of Commerce and Industry; Michele O'Neil, president Australian Council of Trade Union; Henry Belot, host ABC Capital Hill

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E&OE

Henry Belot, host ABC Capital Hill: This week, the Albanese government will introduce its "Secure Jobs, Better Paid Bill", a change to the industrial relations system that could see a return to industry-wide bargaining. To discuss this and the budget, I spoke to the chief executive of the Australian Chamber of Commerce and Industry, and the president of the Australian Council of Trade Unions. Thank you both for joining us. Michele O'Neil, I'll start with you. We'll come to the workplace law reform soon, but let's just start with the budget given its Budget Day. There is real pressure from inflation at the moment. What is the best way to try and ease cost of living concerns that people have, without adding to inflation in the short term?

Michele O'Neil, president Australian Council of Trade Unions: Well, we are looking forward to seeing in the budget those commitments that will make a real difference to working people, in particular, the childcare changes. Making childcare more affordable is such an important pressure point for workers and their families at the moment, so this is a critical change that'll really make a difference. The other thing is those announcements around paid parental leave. They're coming in over time, but again, doing things that are going to make a difference, to make sure that women in particular can participate in work and get support while their both parents are caring for children, is really an important change. We're also looking forward to hearing the detail about the housing announcement there's been some coverage of today. Housing affordability is a critical issue. So many people are doing tough, can't afford renting prices, can't afford to pay their mortgage. So these are measures that we'll be looking for tonight, Henry.

Henry: Okay. So three measures you've identified there. Childcare, paid parental leave, and a housing announcement. We're expecting that — a commitment to build 1 million new homes. These are either long term projects, or projects that don't really come into effect until next year. Is a message that in the short term, things are going to get worse before they get better for people.

Michele: Well, we think that the critical issue at the moment is getting wages moving again. And so the budget has some role to play in that. And you of course see what's going to happen in terms of commitments around things like what the public sector is going to get paid, but also, importantly, what will happen later this week, because we know that to really get wages moving again, we have to fix our bargaining system. It's important also that we look at measures to do with aged care, early childhood education and care, and the health workforce. These are all things that will partly be dealt with in this budget, but also importantly be dealt with in the budget to come next year. But for us, it's about getting wages moving and that's about the industrial relations legislation as well.

Henry: And we'll return to that point in a minute, but Andrew McKellar, your thoughts on the budget position. When you open the books today, what are you going to be looking for?

Andrew McKellar, chief executive Australian Chamber of Commerce and Industry: Well, thanks, Henry. Look, I'd also say three things that business will be looking for. The first is that we do see that the first step has been taken in terms of addressing the budget situation overall. So, beginning the process of budget repair. I'm sure the treasurer will be cashing in on the windfall of higher commodity prices, delivering stronger revenues. So I think we'll see that. The other thing is though, that we do think is important in terms of the reform process going forward — addressing those critical pressure points in the economy. So the second point I'd say would be investment in skills, making sure that we're investing in a stronger vocational education and training system, supporting apprenticeships. I think these things are absolutely critical and they go hand in hand with what Michele has just said on the participation measures. So, all of that is addressing those labour shortages. The third thing that I would say is also very important is we've got to encourage stronger capacity in our economy, restoring resilience in our supply chains, boosting business investment, and also the efficiency and effectiveness of our infrastructure.

Henry: You represent some of Australia's biggest companies. We've heard a lot about what's happening overseas with real challenges to the global economy, energy crisis as well. Predictions that some countries may be entering recessions, or potentially already have. Are you confident that the Australian economy can get through what could be a tough couple of years?

Andrew: Undoubtedly. I think we've got many strengths behind us. I think we are quite well placed to weather very difficult international circumstances and the treasurer has been quite correct to identify those risks that are out there. He has foreshadowed that there will be a downgrading in the outlook for the broader economy, and we have to ensure that policy positions us to get through that next difficult phase.

Henry: Okay. Let's turn to one of the other big issues this week, which is industrial relations and wages. As you mentioned there, the government has a bill that's coming before the House on Thursday. We don't know the full details of that, Michelle O'Neil. We do understand that industry-wide bargaining is to be a part of that. Why in your view is that a necessary option for the country?

Michele: Henry, what we've had is a decade of wages being stagnant and now going backwards in real terms. We've got wage levels now that are the same as they were in 2012. So we've got inflation continuing to rise and workers receiving less than half of that. So going backwards by three and a half percent in the last 12 months, that is making it really tough. It means people can't afford to meet the cost of living, terrible choices that people are faced with about whether they buy fresh fruit and veggies for their kids, or whether they fill the car up to get to work. So wages are critical to this and we've seen nothing happen to get wages moving now for more than a decade. So what we know is only one in seven workers are covered by enterprise agreements at the moment. So having a multi-employer bargaining system is a way of making sure that we can fix that, that we can have a system that's modern that suits the needs of work today, because the world of work is not the same as it was when our industrial relations laws were designed. We need to make sure it's fair, that it's simple and accessible to people. And particularly we know that workers in sectors where the majority of workers are women have really been locked out of this. So if you think of workers in aged care and early childhood education and care, these are women that we know are paid much less, that their job is not valued properly, and we are looking forward to seeing a package of changes in the industrial relations legislation, that will both deal with making work fairer for women and really get wages moving.

Henry: The business community has some real concerns, which I'm sure we'll hear from Andrew in a moment, but do you believe that this industry-wide bargaining option should be restricted to certain industries such as the one you mentioned there, aged care or childcare, for example, or should this be broader across the economy?

Michele: So what I understand from what the government has said is that there's going to be a capacity for multi-enterprise bargaining, and that means that you'll be able to bring together groups of workers and companies and organizations that have common interest and try and bargain together on that. That's a really important change, and it's not radical change. It's actually a change that exists in many countries of the world. The sky has not fallen in those countries. In fact, they're successful economies. And what we know is that if we do nothing, wages will continue to fall in real terms. So we have to act, and this is something that is urgent. This is not a sort of theory that we can spend more time talking about. If we waited until the employers were happy, we'd be waiting for a Liberal government to be re-elected.

Henry: Okay. Well let's put some of that to you, Andrew McKellar, the business community is opposed to this, but given what Michele O'Neil outlined there — wages have been stubbornly low for a long time — isn't this something that's worth entertaining? What are the risks here in your view?

Andrew: Well, look, I think they're very fundamental. So I think where Michele and I would probably agree is on a description of the problem. I think where we would differ is on the solution that's prescribed here. So I think we would both agree that the enterprise bargaining system has not been working as it was intended. We are seeing the number of agreements declining sharply and if we are going to get wages moving, then what we need to do is we need to restore the ability to negotiate and to bargain at an enterprise level. That's where productivity is generated, and if you can get that going again, then you will get wages moving. Now, our concern, our fundamental concern, with what's being put forward is that going to a system of industry-wide or pattern bargaining agreements, this is not going to achieve the improvements at the enterprise level. It's going to be one size fits all. If we go back to what was talked about just a short time ago in September, when we were looking at the Jobs and Skills Summit, there was talk about this then, and it was put forward that the new system would be opt in. On the detail that we are seeing, it won't be opt in. In fact, there is a real risk that businesses will be co-opted, that they'll be dragged into this system against their choice. And the real risk is that this won't be about "secure jobs and better pay", it'll be about *more strikes* and *less jobs*. And that's what we've got to avoid.

Henry: Well, we're going to have a lot of chat about this throughout the week, but we are running out of time. I just want to put one thing to you as well, which is contained into this more transparency about what employees are paid and allowing discussions between them. Is that something you welcome?

Andrew: Look, I think we've got to be cautious about this, but I think one of the things here is that this is all tied up in trying to achieve better gender pay equity. That's a goal that of course, employers support. So I think we would try and work obviously with the new system, ensure that businesses can continue to operate in a way which ensures that they have the control over the conditions in their workplaces and

the way they run their businesses. But of course, we support the objective of having gender pay equity. That's very important.

Henry: Andrew McKellar, Michele O'Neil, thank you very much for joining Capital Hill on Budget Day.

Michele: Thanks Henry. Thanks Andrew.

Andrew: Thanks.

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