



Australian
Chamber of Commerce
and Industry

TRANSCRIPT

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

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

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Greg Jennett, host ABC Afternoon Briefing: We spoke to the Australian Chamber of Commerce and Industry CEO, Andrew McKellar. Well, Andrew McKellar, a really big week for the nation and a big day for the Treasurer. What about from businesses' point of view — what is the single most important thing that you'll be looking for tonight?

Andrew McKellar, chief executive Australian Chamber of Commerce and Industry: Well, Greg, look, I think the biggest single thing from a business standpoint in the budget is going to be, what does it do to address the fundamental pressures that we have on the supply side: shortages of labour, critical shortages of labour, the worst in nearly 50 years, and equally in terms of supply chain the pressures there; boosting business investment; encouraging greater capacity; and productivity in the economy. I think those are the things that we've got to really see from a business point of view.

Greg: Sure. And what happens if it misses its mark? I mean, how dire are the supply chain issues and labour issues? What are we as consumers going to know or feel if this doesn't address those problems right now?

Andrew: Well, I think the risk there is that we will start to see more acute pressure in the labour market. What we really need to do is invest in things like skills and training, also encouraging people to come back into the labour force, encouraging participation, and equally restarting migration, making sure that that's getting back up. All of those three things together are very

important. If we don't have those, then I think the risk is that the pressures on prices, inflation, the supply side constraints — that's the risk — that we could see that getting worse.

Greg: Cash handouts appear to be on the cards for a whole bunch of reasons — many would say legitimate reasons — to ease cost of living. Are they risky?

Andrew: I think here business is not going to begrudge some small steps in terms of cost of living. We know that there are a lot of pressure points there at the moment. We're seeing that inflation is picking up and costs for business are much the same. So, look, I think if there are targeted and temporary measures that are proportionate then I don't think business is going to begrudge that.

Greg: All right. And into that category also I imagine would fall fuel excise cuts. Good policy or just something that you're going to have to roll with on a temporary basis?

Andrew: I think, to be realistic, it's something we're going to have to roll with. It's not a long-term reform, it's a temporary measure, and it will have to be reversed at some point. So we can imagine six months on the track we're going to have the reverse argument that suddenly, again, that extra cost is going to be coming back into prices. So, look, it's temporary. I think we understand there are pressures there and there'll be a desire to do something in the short term, but I think, more importantly, we're going to be looking for those measures that really promote the long-term reforms in this budget.

Greg: And if everything works and business feels like it's pumping along back on its feet, that still leaves for the public purse questions around debt and deficit. Should we be bothered that no one's really addressing those right now?

Andrew: It's going to be a long-term track to get the budget really back into a broad balance.

Greg: Maybe 10 years.

Andrew: Maybe 10 years. But I think we've got to see the first steps taken in this budget. We've got to see that there is a pathway to start to stabilize debt in the first instance and then reduce it as a share of GDP. So I think the time where we've had all of this stimulus, particularly on the demand side, we've come to an end to that. We have to build capacity on the supply side. That's how we're going to promote growth and productivity and real wage increases and I think that's where the strategy's got to start to move.

Greg: Sure. And just finally, can we say looking back at the pandemic and ahead to tonight that the worst is behind the nation or more particularly the worst of the pandemic is now behind business?

Andrew: I certainly hope so. I think we've learnt a lot in the last couple of years and government has really taken some unprecedented steps in terms of fiscal strategy to buttress the economy during that period. But we now have to start to rebuild and build that capacity and resilience to prepare for the next emergency. We don't know where that will be, but we know that sometime in the next decade or so, there's likely to be another situation where government will need to respond, and we've got to get back to a situation where we have the capacity to respond if we need to.

Greg: Yep. All eyes will be on tonight, at least in the short term anyway. Andrew McKellar, thanks for joining us on Afternoon Briefing.

Andrew: Great. Thanks, Greg.

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