



Australian
Chamber of Commerce
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TRANSCRIPT

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

Speakers: Andrew McKellar, chief executive Australian Chamber of Commerce and Industry; Michele O'Neill, president Australian Council of Trade Unions; Greg Jennett, host ABC News Afternoon Briefing.

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E&OE

Greg Jennett, host ABC News Afternoon Briefing: Andrew McKellar, Michele O'Neill, welcome back both of you to Afternoon Briefing. Michele, very positive news on the jobs front. Didn't quite creep below four per cent unemployment in the latest data, but it is in several jurisdictions and it is for women. So with each passing month, Michele, do you feel we are getting closer and closer to that tipping point where real wage increases will start to kick in?

Michele O'Neill, president Australian Council of Trade Unions: Well, unfortunately, Greg, the old economic theory, which was really one that came out of the 80s, is no longer true in terms of what's happening between the connection of unemployment figures being low and wages going up. And we know this now because it's been proven time and time again, that we had the government say, "We're going to get to wage increases when unemployment gets to five per cent," then we said, "We're going to get to wage increases when unemployment gets to four per cent." And of course, what we've seen is the opposite to be true. We've seen nine years of stagnant wages and then as unemployment started to fall last year, so wages even more so. So we've now got real wages going backwards.

Greg: So why don't we take it over to you then Andrew McKellar? Where is the tipping point? I know industry is going to talk about skills, skills, skills, give us more workers, give us more skills. Why not wages, wages, wages?

Andrew McKellar, chief executive Australian Chamber of Commerce and Industry: I think it's a bit of both, to be honest. So you're absolutely right. At the moment, we are facing one of the most chronic labour and skills shortages that the Australian economy has faced in nearly 50 years right across many, many sectors. Industry is screaming out for more workers, wanting more skilled workers, and we're seeing that reflected in the employment numbers today. An unemployment rate, four per cent we are at, or near full employment. This is the equal lowest level it's been since 1974. And we do expect that that rate will drop under four per cent in the months ahead.

Greg: Right. So when does it convert over in the workers' favour into wages?

Andrew: One of the things we got to understand at the moment is there is enormous choice. So it's almost a situation where employees are interviewing employers as to whether they want to work at that particular location. Supply and demand is still alive and well, and I do expect that we will see wages pushing up in the months ahead. I think that's inevitable. What we've had over a long period now is a low inflation environment. We are seeing that changing and we will see wages push up with that. If we're going to get sustained increases in real wages, there's only one thing that can deliver that outcome, and that's productivity growth. Now, productivity growth has been very weak over a long period of time. We have to have a real action plan, a reform plan to restart productivity growth. If we're going to do that, then we will start to see real wages.

Greg: Okay. And I know, Andrew, you've been pushing IR reform and other carts throughout the week. But Michele, during the depths of the pandemic, quite obviously the ACTU and employer groups were prepared and did sit down around the table and look at what was necessary at that time. If we are meeting a really severe crunch here on worker shortages, what are the common grounds on which we could see round two of those discussions between the likes of you and Andrew McKellar?

Michele: The first thing I'd say is that I think some of what Andrew's describing is a bit of a fantasy. It's not the case that we've seen productivity shared. So in fact, productivity has gone up six times more than wages in the last six years. So the automatic flow-on, if you like that, we're going to see productivity improvements and therefore wages are going to go up, it's just yet again been proven not to be true. You have to have changes in the system to ensure that productivity is fairly shared. And we don't have that at the moment. So the idea that this is just somehow something that's going to happen organically is completely not born out by what's happened over the last decade in terms of when the economy has been going well, there's been no wage increase-

Greg: But if you were to force the issue-

Michele: When the economy's been going badly, there's been no wage increases. So there's something broken in this story.

Greg: No, fair enough. And if you were to try to fix that or to force the issue through some single hit or set of reforms, what can you put your finger on, Michele?

Michele: I think there's immediate things that the Morrison government could be doing that they've failed to do. So for example, there is the minimum wage case, and the minimum wage case is on at the moment. We put in a claim for a five per cent lift in the minimum wage, and that's going to affect one in four workers, that minimum wage decision. If the government was serious about supporting wage increases, and in fact, if ACCI was serious about this being good for the economy as well, they'd be in that case, arguing for the need to lift significantly the minimum wages of workers in this country. But they're failing to do so. And so the Morrison government goes in there and says, "Don't worry. We are projecting wage growth." Well, they projected wage growth 52 out of 55 times since they've been in power, and they've been wrong. 52 out of 55 times, they've been wrong. So workers aren't going to believe the myth. We've got to see the answer to this. And one of the answers is supporting minimum wage. The other of course is aged care is an example. This is not just what unions think. Even the employers in the aged care sector, and of course the Royal Commission told us that one of the key things in that sector was lifting wages. Quality jobs will result in quality care. But again, Morrison government failed to intervene and support that. And the third thing I'd say, Greg, is that they're one of the largest employers in the country. And as one of the largest employers, why don't they lead by example, in terms of support for pay increases for public sector workers?

Greg: All right. Well, you can't respond to all of that, Andrew McKellar, because some of it is well outside your remit. But maybe just on one of them, intervening in the minimum wage case. Why not?

Andrew: Well, I think here, that'll be before the Commission. There's a number of different submissions that have been made by interested parties. As Michele says, there are a range of different views on what the outcome of that should be. We are going to be putting in the detail of what we would propose on a wage increase in the coming weeks. One of the things we're obviously looking at is what's happening on cost of living? What are the other changes in terms of the social wage? So for example, the superannuation guarantee going up by another half a percent.

Greg: You're against that?

Andrew: No, that's legislated, so that's something that's happening. But it has to be taken into account. That's a long-lasting by-product that comes through from the accord many years ago and it can't be ignored. Employers have to pay it. I think you've got to take into account all of those factors. If I can just say, Greg, I do think one of the issues here is that the wage price index that we're all looking at doesn't pick up the full story. There is a churn going on in the labour market. And when we

look at what's happening there, people are changing jobs and they're changing jobs for better remuneration as they go along. So I think that's something we have to be aware of.

Greg: All right. Andrew McKellar, Michele O'Neill, thanks again, both of you, for coming back on Afternoon Briefing. We'll talk again before too long, I'm sure.

Andrew: Great. Thank you.

Michele: Thanks, Greg. Thanks, Andrew.

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