



Transcript

#BackAustralianBusiness

**Event:** Andrew McKellar interview with Michael Rowland and Lisa Millar, ABC News Breakfast.

**Speakers:** Andrew McKellar, chief executive Australian Chamber of Commerce and Industry; Michael Rowland and Lisa Millar, co-hosts ABC News Breakfast.

**Date:** 11 May 2022.

**Topics:** Rising costs for business, inflation, interest rates, cost of living increases, ACCI Fair Work Commission submission, wages, productivity, labour shortages, supply chain disruptions.

**E&OE**

**Lisa Millar, co-host ABC News Breakfast:** Well, that 5.1 per cent suggestion for a wage rise immediately alarmed a lot in the business community. We're joined now by the Australian Chamber of Commerce and Industry's chief executive Andrew McKellar. Welcome to News Breakfast.

**Andrew McKellar, chief executive Australian Chamber of Commerce and Industry:** Good morning, Lisa.

**Lisa:** What's wrong with wages keeping up with inflation?

**Andrew:** Well, look, I think the challenge here is that it's not just the cost of living that's going up, it's the cost of doing business. In the last three months, we've seen ABS data showing that three out of five businesses have faced higher-than-normal cost increases. For many small businesses in particular, they've gone through a very tough period over the past two years. They're just getting back on their feet. If we start adding into costs at this point in time, the risk is that that will simply go to fuelling higher prices, more inflation and that puts pressure on the reserve bank to keep pushing interest rates up. We don't want to see wages chasing prices, prices chasing wages, inflation going up and interest rates getting higher.

**Michael Rowland, co-host ABC News Breakfast:** You use, it's a very economic term, cost for businesses, but we're also talking, and when it comes to the minimum wage, the ability of a lot of families, not too far

from the poverty line, to keep food on the table, to keep filling up their car with petrol each week. Why can't they expect a decent wage rise at inflation to make up with the rising cost of living?

**Andrew:** Absolutely. And we are saying that a responsible increase in this climate would be a wage increase of 3 per cent. That's still...

**Michael:** That's a pay cut though.

**Andrew:** No. Not at all.

**Michael:** In relation to 5 per cent you're offering, pushing for three per cent. There's a 2 per cent, 2.1 per cent gap there.

**Andrew:** No, well, you've got to look at the full picture. There are other measures that are coming into place that will help take some of that pressure off the cost of living. There are tax reductions, tax offsets in the pipeline from the 30th of June as well. There'll be an increase in the superannuation guarantee. So, that's an extra half a percent increase in superannuation contributions, which employers have got to make, again, adding into costs. I think you've got to look at the full picture, and that's what we'll be urging the Commission to do.

**Lisa:** One of the other things that people are constantly told is that if productivity increases, their wages will increase. How long does that argument actually sit with people because they feel like we are seeing productivity increases and our wages aren't?

**Andrew:** Well, absolutely. And that is the only way that we are going to get sustainable increases in real wages. If we don't have that productivity increase, it does just end up fuelling back into inflation. We've got to avoid that. But the other thing we are seeing at the moment, let's remember, we're talking about the safety net here. We're talking about the minimum wage. And I think that going up by 3 per cent, that's responsible. But we are seeing other things happening in the marketplace. We are seeing many higher increases out there in the marketplace. So, we'll see if that shows up in the data in the coming months, but the Reserve Bank referred to that last week.

**Lisa:** Now, Scott Morrison yesterday said that this was evidence of Anthony Albanese running his mouth off and showing his inexperience in the economy. If Anthony Albanese became prime minister of Australia on May the 21st, do you believe he could handle the economy, run the economy?

**Andrew:** I think that's for the Australian people to judge. We've got the major parties out there putting out their economic platforms at the moment. So, I think let's see where that ends up on the 21st of May.

**Lisa:** Well, where do you sit? There are plenty of people listening to you this morning, looking for some guidance.

**Andrew:** Well, look, I think the important thing is that whoever is going to form the next government, they've got to address the real pressure points in the economy. They've got to understand that at the moment, that's on the supply side. It's about dealing with the shortages that we have in the labour market and addressing the pressures that we've got in supply chains. All of that is feeding back into inflation. Those are the things that governments have got to put forward, policies to address over the next three years.

**Michael:** And on that front, you've called for greater migration. We've chatted about that previously. But in general terms, are you happy as the head of a peak employers group with the level, the standard, the quality, of the economic debate over the course of this election campaign?

**Andrew:** I think there are some things that we would like to see a lot more detail on. Undoubtedly around skills and training, around encouraging labour force participation, migration as an issue, business investment, promoting productivity, as we've just discussed. We would like to see more of that detail. So, there are very real challenges the Australian economy is facing. We have to make sure that the next government can address those challenges.

**Lisa:** Andrew McKellar, thanks for coming in.

**Andrew:** Thanks, Lisa. Thanks, Michael.

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