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Event: Andrew McKellar interview with Peter Stefanovic, Sky News First Edition.

Speakers: Andrew McKellar, chief executive Australian Chamber of Commerce and Industry; Peter Stefanovic, host Sky News First Edition.

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E&OE

Peter Stefanovic, host Sky News First Edition: Joining us now is the CEO of the Australian Chamber of Commerce and Industry, Andrew McKellar. Andrew, good morning to you. So, was it, as the treasurer said, a solid and sensible budget suited to the conditions?

Andrew McKellar, chief executive Australian Chamber of Commerce and Industry: Good morning, Pete. Great to be with you. Look, I think that's pretty close to the mark. We think it was a measured budget. We think it was a practical budget. We think it was a responsible budget. And certainly, if you look at the trajectory now in terms of the overall fiscal balance, that has improved significantly. I think the government have been responsible in the areas where they've made savings and they've put forward some important policies that will support some of the big challenges that business is facing at the moment, including measures that will encourage participation and also investment in skills. So I think these are good things. The one area, Pete, that I think we've got some reservations about, some real concerns, is what's proposed in the area of workplace relations. I think this is an area where there's a lot more uncertainty for business and I think some real risks.

Peter: Okay. There are a few other things I want to talk to you about, but while you're on that, what is your biggest concern about that?

Andrew: Well, we'll see legislation introduced tomorrow bringing in a new workplace relations bill. It'll make some changes to the Act there. From what we can see, it'll bring in some arrangements that pretty fundamentally shift the way that bargaining operates in Australia. Our concern is that that'll mean that many businesses will face the risk that they'll get dragged into so-called agreements that they actually don't want, and in a lot of cases that their employees don't want. It really raises the prospect that we could have much higher industrial disputation, and I think that would lead to job losses and that's not what we need in the economy at all.

Peter: So why would that lead to job losses? More strikes leading to job losses because they can't afford to keep staff on?

Andrew: Well, I think if we get into a situation where we don't have negotiation occurring at the enterprise level, we're forced into these industry and patent agreements that are one size fits all. Particularly for small businesses this is going to mean added costs. It's going to make it tougher to compete. It is going to make it tougher to keep staff and if you have protracted disputes emerging as well, then of course, that's very disruptive to business and to their customers.

Peter: So do you just think... How do you answer that? Because the government would argue changes need to be made in that space. Does there need to be a longer consultation period?

Andrew: Yes, absolutely. We do think they've got to think this through. They've really got to look at what are the intended consequences, what are the unintended consequences. So, I think it's something we've got to get right because ultimately we've got to link the changes that happen at the workplace level, get the productivity gains, and that's how you get wages moving.

Peter: Okay. What about energy bills? They're going to skyrocket in the next couple of years, Andrew. What is your answer to this in the short term?

Andrew: Well absolutely. I mean there is concern there. We've seen that the projection is for energy prices to go up by about 50 per cent in the next two years. That's a very significant increase. We've seen that there's already been a lot of disruption in the electricity market, in the gas markets over recent months. So there are some real challenges there. It's a big factor for households and for business. I think we've got to have a much more comprehensive strategy here. We've got to understand that gas supply, for example, this is a critical part of the transition to a net-zero economy. We can't just switch it off. We have to continue to invest, and we have to continue to supply that sort of energy source for the foreseeable future.

Peter: Would you support subsidies being given to customers or even a windfall tax, a bigger tax against gas companies?

Andrew: No. Look, I think what we've got to do, we've got to ensure that the supply is there. I don't think we can artificially constrain the market. A lot-

Peter: The supply is there though, right? It's just that most of it goes overseas.

Andrew: That's a problem. So I think we've got to address that. We've got to ensure that there are sustainable supplies for the domestic market. We do have to look after the domestic market. We can't just ship it all overseas. So I think that's a factor.

Peter: Okay. Andrew McKellar, we're out of time, but appreciate your time this morning. We will talk to you again soon.

Media contact:

Jack Quail | Media adviser

P | 02 6270 8020

E | media@australianchamber.com.au