



Transcript

#BackAustralianBusiness

Event: Andrew McKellar interview with Tom Connell, Sky News NewsDay.

Speakers: Andrew McKellar, chief executive Australian Chamber of Commerce and Industry; Tom Connell, host Sky News NewsDay.

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E&OE

Tom Connell, host Sky News NewsDay: Let's return to industrial relations and in fact as well the low unemployment and also inflation in terms of wages data that was out yesterday. Joining me here in the studio, Australian Chamber of Commerce and Industry CEO, Andrew McKellar. Thanks very much for your time. A jump in wages did come, but it's still below inflation. Given such a tight employment market, is there still a bit of something that's broken in the system in terms of bargaining power and workers getting a fair share?

Andrew McKellar, chief executive Australian Chamber of Commerce and Industry: Well, Tom, we are seeing obviously some evidence that wages are starting to move. I would go back to a point that I've made before, which is that this measure, the wage price index, is a very narrow measure. If you take what we are seeing through the surveys and the businesses we are talking to out in the marketplace, wages growth is significantly higher than what these figures are showing.

Tom: Is it higher than inflation?

Andrew: Look, it's coming up to that level.

Tom: That's still below.

Andrew: So obviously that's still an issue. In some sectors, we are seeing stronger wages growth.

Tom: So, this is the issue though, 3.4 per cent unemployment and I think 6 per cent under employment, which is really low compared to where it was at. If someone had told you that that's the level of unemployment, but wages are below inflation no matter what measure you mention, you'd say, well, what's happening here? What's going on?

Andrew: Well, clearly the labour market is very tight and that's why behind the scenes we are seeing much higher wages growth than what's coming through in those very narrow official figures. Obviously, if it remains tight, then pressure on wages. If you're going to attract labour, you will have to pay more. So, I think that is happening out in the marketplace. I don't think we can ignore that.

Tom: One of your pushes on IR changes has basically been to carve out small business from a lot of the new measures. Is that going to mean that we fail to really get wages moving though? There's a lot of people that work for small businesses.

Andrew: Well, small business is extremely significant and the issue for many small businesses is we don't want to crowd them in with red tape. We don't want to put a lot of additional complexity and restrictions on them. We don't want tie them into the terms and conditions that much bigger businesses have. They can't afford it and they don't want it. And unfortunately, the Bill that the government's bringing forward does do that for many small and medium-sized businesses. And that's why we have real concerns about it.

Tom: Okay. So how do I just get moving then? Is it just by goodwill?

Andrew: Fundamentally, we have to go back and fix up the enterprise bargaining system. So that's what we-

Tom: Well, changes to the BOOT will mean small business has some flexibility and they'll start paying their employees more.

Andrew: That is a step in the right direction. Unfortunately, what the government is bringing forward takes us back in the wrong direction. It takes us back to a one size fits all. It takes us back to industry-based agreements. It's not about fixing the fundamental problem that we have in our bargaining system.

Tom: Is there excess profit being made out there?

Andrew: There are some sectors in particular, mining and resources where they're making beyond-

Tom: Beyond mining and resources. That's the obvious one.

Andrew: So, no. I don't believe across most of the economy. If you look at manufacturing, if you look at retail, if you look at many areas where small business is operating, construction and the like, these sectors, they're facing rapidly increasing costs, input costs, energy costs. That's keeping pressure on profitability in those sectors. So no, we're not in a situation where that's the argument.

Tom: All right, well that probably gets to the core premise, I suppose, where there's disagreement not only just over how to fix it, but what's broken. But perhaps for another day, we've got to leave it there. Andrew McKellar, thank you.

Andrew: Thanks, Tom.

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