



# TRANSCRIPT

## FAIR PAY COMMISSION SET FOR FIRST REVIEW OF MINIMUM WAGES

ACCI Chief Executive Peter Hendy on ABC Radio's PM Program - Minimum Wages - 28 July 2006.

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### REPORTER: STEPHEN LONG

MARK COLVIN: Submissions to the new Fair Pay Commission's first review of minimum wages close today. The ACTU's call for a \$30-a-week pay rise has hit the headlines, but that's obscured a big shift in the view of Australia's biggest employer group on the minimum wage.

For years the Australian Chamber of Commerce and Industry has fought for the minimum wage to be cut in real terms. Now it's arguing in favour of a pay rise at, or a little above, the rate of inflation.

But if you think the employers have gone soft, think again. In a separate submission, the Australian Chamber of Commerce and Industry says employers should be allowed to sack their employees and rehire them as independent contractors. Economics Correspondent Stephen Long.

STEPHEN LONG: Scrooge-like may be a little harsh, but it's fair to say the Chamber of Commerce and Industry's approach to minimum wages hasn't been full of the joy of giving.

In recent years its advocated wage rises for the lowest paid of between \$10 a week and zero. But with a new body overseeing the wage setting, it's taking a different tack. The ACCI's chief executive, Peter Hendy.

PETER HENDY: We are not putting a particular figure. What we are doing is putting an argument that in the last 10 years, for each of the last 10 years, the minimum wage increases have been excessive in terms of the inflation rate. And if we can at the very least as a first step get down to a figure closer, an increase closer to the inflation rate, that would be better and that would be good for employment.

STEPHEN LONG: In effect though you are arguing for a much bigger increase for workers on minimum wages than you have in the past. Your past submissions have been \$10 in recent years and in some years you've argued for zero increase.

PETER HENDY: Well, being very pragmatic about it, we know we've had a system for the better part of a hundred years, where we've been getting increases that have resulted certainly in the last 10 years in excessive increases. And if we can get a system that now starts to look at it closer to the inflation rate, that'll be good.

STEPHEN LONG: But what exactly does Peter Hendy mean when he talks about the inflation rate?

So if the Fair Pay Commission granted a wage increase for workers on the minimum wage of four per cent, the current rate of inflation on the figures released this week, that would be acceptable to you?

PETER HENDY: Well, we are not clear that it is actually four per cent. I mean the fact is that the underlying figure, if you take out the one-off increases in bananas, etc, it's actually more around 2.5 per cent.

STEPHEN LONG: So, that is what you are arguing for, the underlying figure, not the headline rate?

PETER HENDY: We are raising a number of indices, people know that there is the CPI from the Bureau of Statistics. There's different figures that come out of the treasury, there is different figures that come out of the Reserve Bank. We'll be putting all those different parameters before the commission.

But what I can say is that a \$30 increase, as proposed by the ACTU, which would be a 6.2 per cent increase, is excessive. The last thing we need to do is build in or lock in to the system higher inflationary expectations from the community.

STEPHEN LONG: The Treasurer Peter Costello's made similar noises and the ACTU's Greg Combet isn't impressed.

GREG COMBET: Now Mr Costello is a hypocrite. He's just been happy to receive a seven per cent wage increase as a federal politician. CEO's around the country and many other executives are receiving big increases in pay and it's always all right for that to take place, that's never a threat to inflation.

The people they always say need to be held down, who must be denied any reward for their work, are those who are the lowest paid in the community and I will not accept that sort of hypocrisy.

STEPHEN LONG: In fact, philosophically the cases put by the employer lobby and the unions might be closer than they first appear, because in effect the ACTU is also arguing for a pay rise in line with or a little above inflation, but with a little backdating.

GREG COMBET: By the time that the Government's so-called Fair Pay Commission gets around to awarding increase if anything at all later this year, it's going to be about 18 months. And our \$30 wage increase, when you annualise it, is about \$20 a year in these circumstances, or four per cent a year. Bang on what the inflation rate currently is and we are therefore seeking no more than the maintenance of people's real wages against rising prices and interest rates.

STEPHEN LONG: The Chamber of Commerce and Industry has made a separate submission to a Senate review of the Federal Government's Independent Contractors' Bill, and it won't please Mr Combet.

ACCI says employers should have the right to sack all their employees, if they choose, and bring them back as contract labour. And it wants to scrap a law that makes it an offence for an employer to sack someone with the sole or dominant purpose of rehiring them as a contractor.

Its submission says:

VOICEOVER (SUBMISSION EXTRACT): An offence of this type implies that employment carries some form of ongoing right, like a property right. No government or parliament should prevent a business from establishing its commercial operations and labour supply on an alternative basis.

STEPHEN LONG: But that might not wash with the Government. It's already conceded that public fears about WorkChoices are damaging its political prospects, and so far it hasn't been willing to make further concessions to employers.

MARK COLVIN: Stephen Long.