



# TRANSCRIPT

## MEET THE PRESS TRANSCRIPT

ACCI Chief Executive Peter Hendy on Channel 10's Meet the Press Program - Skills Shortages and Workplace Relations

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GREG TURNBULL: You're on Meet The Press. Well, the skills shortage in the Australian economy seems to have become a bit like the weather - everybody talks about it but nobody seems to be able to do much about it. Here's the flavour of the political debate so far.

PRIME MINISTER JOHN HOWARD (Monday): The high demand for skilled workers in Australia is the flipside of an economy now in its 16th year of growth.

OPPOSITION LEADER KIM BEAZLEY (Monday): But the truth of the matter is John Howard has created this skills crisis - the cuts he's done to TAFE, the spurning of traditional trades, which has occurred since John Howard has been in office, has created precisely the problem that we have today.

GREG TURNBULL: For his view on the skills debate and other matters we're joined by the Australian Chamber of Commerce and Industry's Peter Hendy. Good morning.

PETER HENDY, AUSTRALIAN CHAMBER OF COMMERCE AND INDUSTRY: G'day, Greg.

GREG TURNBULL: Well, who is right there? Whose fault is the skills shortage and what do you say should be done about it?

PETER HENDY: Well, I'm not going to attach blame. The fact is that there's two issues really. There's a structural problem with respect to the skills shortage issue in Australia, and there's a cyclical problem. The cyclical problems relates to the resources boom and it cascading throughout the Australian economy, and in fact infecting all business sectors in the economy. And then there's the structural problems, and that relates back to the TAFE sector, TAFE colleges, it relates back to the vocational education and training sector overall and the need for reform there, and it also relates to industrial relations reform and how, over many, many years, the award system has been a dead hand on the training system, and we need reform there. Well, in fact, reform is occurring and we need it fully implemented.

SOPHIE MORRIS: Mr Hendy, the Government's response to skills shortages has been to put employers in the driving seat in its national training system. But what evidence is there that employers are going to be able to see beyond their immediate short-term needs to improve the bottom line and raise the level of skills in the population - the economy - which is in the long-term interests of the economy?

PETER HENDY: Well, I think business is doing its job. I mean, one of the easiest ways to demonstrate that is that over the last 10 years there's been a 160% increase in the number of apprentices being trained in Australia. You actually to have a job - you have to be in the workplace - to get an apprenticeship. That shows you that - the vast increase over the last 10 years shows you that employers are putting their money where their mouth is in terms of training up Australians. But we have a shortfall in terms of skills - skilled vacancies in this country. We've got, as you know, the lowest unemployment rate for 30 years. In some respects the PM's exactly right - we're a victim of our own success. And we need to have more reform in the TAFE sector, we need more industrial relations reform and we need to look at skilled migration as one of the answers to the shortages we have today.

SOPHIE MORRIS: Mr Hendy, that vast increase in apprenticeships has been largely in low-level traineeships. Do you agree with the Australian Industry Group that employer incentives should be redirected to higher level skills?

PETER HENDY: Well, I mean - I don't know that it's all about - that's all been focused on lower-level skills. I think there's been improvement across the board. The industry - Australian Industry Group this week came out and said, "Well, you know, the solution is to put a billion dollars into the training system." I would rate just putting more money in as a fourth order priority to be honest. We need to inject more regulatory reform in the TAFE sector, to have more competition policy in the TAFE sector. We need to look at issues like vouchers and fee reform. We need to look at implementing fully industrial relations reform and we need to look at skilled migration. And I think the fact that the union movement is running a xenophobic campaign against skilled migration is actually to the detriment of Australian business and the Australian community.

BRAD NORINGTON: Can I just pick up on something you said a minute ago? You said we need more industrial relations reform. We saw John Howard move this week to tweak the WorkChoices laws a bit. Most of the laws introduced since March really go the employer's way you'd have to say. You say you want more. You can't have everything, can you?

PETER HENDY: No, you can't have everything, and I know that. The changes on Friday that were announced by the Government to the regulations for WorkChoices were, in our view, reasonable. In fact, it cut both ways. There were some benefits for employers and some benefits for employees. There's a number of red-tape burdens that were placed on business because of the way WorkChoices was written. Overall we think it's an overwhelmingly good policy but there are red-tape issues and they're the sorts of things - when I get back to - what I mean is fully implement WorkChoices, and make sure that in taking the dead hand of the award system or reducing the dead hand of the regulatory burden in the award system off the training system will actually help in terms of the skills shortage issues. For example - sorry.

BRAD NORINGTON: I was just going to say - if I can change the subject just a little bit. The Labor Party has offered business, offered you, a seat at the cabinet table if elected at the next election. Judging on how it's been going, is the relationship irreconcilable at this point?

PETER HENDY: With the Labor Party?

BRAD NORINGTON: Yes.

PETER HENDY: No, not at all. We have a lot of contact with the Labor Party, Labor shadow ministers. In fact, virtually every week myself or my staff will have direct contact with the shadow ministry. There's very good lines of communication. We do have some fundamental disputes, especially on industrial relations issues. But we're big enough to look after ourselves to argue those points in the public arena.

GREG TURNBULL: Peter Hendy, you've had a colourful exchange of letters in the 'Finance Review' lately from Paul Keating, who's had a bit of a shot at you firstly - principally, I guess, accusing you and your organisation of becoming a branch office of the Liberal Party. I'd ask for your response to that, but also in particular on the issue of superannuation contributions do you ever see a means by which we could lift Australia's workers' - guaranteed super from 9% to 15% or is business just saying, "No, that's nothing to do with us and we won't be paying it."

PETER HENDY: Well, there's - you know, we're not Government propagandists and I completely reject the personal abuse coming from Paul Keating towards me on this issue. But put that aside, on the direct policy issue, we look back at what happened when the 9% compulsory superannuation guarantee was introduced. We - the business community was told that that was in place of, in lieu of, wage increases at the time under the old prices and incomes accord. That's not what happened. The 9% came on top of the wages increases. It was a cost burden to business. If - and so we're very, very reluctant to see a compulsory increase beyond the 9%, full stop. That's the end of the argument.

GREG TURNBULL: We've got very little time remaining but if I can put you on the spot for a 10 second answer. Another interest rate rise before the end of the year, yes or not?

PETER HENDY: Well, it's possible, it's possible, but we'd like to wait to see the CPI, the inflation numbers in October, before we could make a definitive view about whether we'd support it or not.

GREG TURNBULL: Thanks very much for joining us this morning, Peter Hendy.

PETER HENDY: Goodo.

GREG TURNBULL: Our thanks to Peter Hendy and Lindsay Tanner, and to our panel this morning Sophie Morris and Brad Norington. Until next week, goodbye from Meet the Press.