



## Transcript: ABC Radio PM – Federal Budget response

Ai Group Chief Executive Innes Willox joined ACTU President Michele O'Neil in discussing the Budget with Samantha Donovan on ABC Radio's PM program, immediately after the Treasurer's announcement.

**Samantha Donovan, ABC Radio:**

Well, what's in this budget for workers and businesses? With me now the President of the Australian Council of Trade Unions, Michele O'Neill and Innes Willox, the chief executive of the National Employers Association, the Australian Industry Group. Welcome to you both, Michele may I start with you?

What's in this budget for workers?

**Michele O'Neill, ACTU:**

So the most important thing in this budget for workers is showing that real wages are going to continue to grow into the future. That's been such a critical element of the Albanese government after those years of wages being stagnant or going backwards. We've seen more real wage growth in the last 12 months than we saw under nine years of the coalition, so seeing those wage growth figures are the most important thing. The other important bit, of course, is those tax cuts. So if you combine the tax cuts with the previous tax cuts, that's going to deliver \$50 a week for the average worker. And then of course, you've got that with the real wage growth – that'll make a difference for workers and their families.

**Samantha Donovan, ABC Radio:**

They're pretty modest tax cuts, though. Is it going to make a difference?

**Michele O'Neill, ACTU:**

They are when you combine with them with the stage 3 tax cuts, and the other thing to say about those tax cuts is the best benefits are for low income workers, young workers and women workers. And so I think that's a good targeted thing that we see the benefit at the lower end for most workers.

**Samantha Donovan, ABC Radio:**

Yeah, and a bit of a boost announced for aged care workers too.

**Michele O'Neill, ACTU:**

Yeah, it's a really essential part of the wage growth story and the other part of that, of course is the non-compete clauses. This will make a big difference. This is basically these clauses that have kept workers stuck in jobs where they wanted to move on because they had a contract that says they weren't allowed to go and get another job in another similar business. So if you're hairdresser or a disability support worker or retail worker, construction worker. And of course, this has done two things. It's kept wages lower for those workers because they haven't been able to say, oh, that's a job where my skills are going to be paid more in the same. Industry and of course, so it's been a productivity killer. So it's been bad for workers, wages, bad for productivity and bad for competition. So that's important – it'll see workers wages that are affected go up by 4 percent, 4%.

**Samantha Donovan, ABC Radio:**

So Innes Willox, perhaps I'll deal with these non compete clauses with you first.

**Innes Willox, Ai Group:**

I can't wait to answer.

**Samantha Donovan, ABC Radio:**

Raring to go? How how are employers going to react to those non-compete clauses being cut back.

**Innes Willox, Ai Group:**

As an overview, Samantha, this is a pretty disappointing budget for business and for employers. This whole downgrading of forecasts around growth, around inflation, around investment, so there's not great news for for business in this budget, but there are two horror stories for business and employers out of this budget. One is around non-compete clauses which I'll come back to in a second. The other is that the government has not committed to continuing the instant asset write-off program that has been so successful for business, particularly small business. Not a word in the budget about continuing that. In fact, they haven't even got around to legislating last budget's instant asset write-off program. So that's creating enormous uncertainty for business, particularly small business going forward at a time of real economic stress. On non-compete clauses, the second horror show, this is going to be a nightmare. It's gonna be a nightmare both for employers and employees. It will lead to undoubtedly more litigation, renegotiation and rewriting of employment contracts across the board. Non compete clauses are not widely used in Australia. They're not used in hairdressing and yoga teachers as the government has said. That's just a complete furphy and a nonsense. But what it will mean in reality for business owners is that they will be much more reluctant to employ people, to train people and to nurture people and bring them through. It's going to do two things. It's going to erode harmony within the workplace and

promote distrust, and two is going to make employers very wary around what happens to their intellectual property, records of their customer base and the like. You know, under this scenario, an employee can just pick those things up today, walk around the corner and start a new business tomorrow, completely undermining the employer who's taking enormous risks for your hairdresser – we represent the hairdressing sector – or whatever, to employ people.

**Samantha Donovan, ABC Radio:**

I know though the Australian Industry group is very concerned about productivity and the non-compete clauses are something the Productivity Commission has identified as stymieing productivity growth in Australia. So how do you how do you marry those together? You're saying it's not going to allow people to go off, maybe set up their own small business, create other jobs and and lift their own productivity?

**Innes Willox, Ai Group:**

What happens at the moment is that most non-compete clauses are time constrained, say for three months, and there's a geography constraint. You don't set up a business say within 5 kilometres of where you are at the moment. What this has done is throw all of that out. So what we're saying is, the way that this has been set up is that it's just going to lead to more litigation, more legal action, more distrust within workplaces, which is not something employers want, and it's not something that's good for productivity.

**Samantha Donovan, ABC Radio:**

Michelle, the treasurer, I think, said Australian workers shouldn't have to have a lawyer to change jobs. What's your reaction to some of Innes's comments?

**Michele O'Neill, ACTU:**

Well, I think that's what's led to litigation and in fact I was just talking to a worker who works in the disability sector and these non-compete clauses have been used for someone who provides care to people living with a disability, to stop them being able to move from one business that supports disabled people to another. That not only is bad for that worker and there has been litigation against workers in exactly that situation, but of course it's also bad for the people living with a disability who then aren't able to go with the person that's providing the care from one business to another who's just trying to get a better income and a better job. The other thing is that the Productivity Commission said that this was one of the top five ideas to improve productivity in Australia. It said it would add \$5.4 billion to our GDP as a result of getting rid of these clauses. The US has done it and none of the sky-falling-in elements that Innes has just spoken about has happened, so I think this is going to be good for workers, good for productivity and really importantly, good for wages.

**Innes Willox, Ai Group:**

But not good for employers or employment.

**Michele O'Neill, ACTU:**

Well employers don't own workers in Australia. You're not bonded to an employer. You should be able to go off and get another job if you want it.

**Samantha Donovan, ABC Radio:**

We'll see how that plays out.

**Innes Willox, Ai Group:**

And you are able to, without taking away intellectual property or all the other things that a business has built up.

**Samantha Donovan, ABC Radio:**

Alright. Well, we'll see how this plays out once this comes in. Innes I'll get back to you in a moment. But Michelle O'Neill, is the ACTU disappointed with anything in this budget?

**Michele O'Neill, ACTU:**

Look, I think that the budget as well as delivering on wage growth and the tax cuts has some other important measures in it. Those important measures go to jobs because we do see what's happening in the world economy as a concern, as does everybody in terms of the effect of tariffs and what might happen in terms of dumping of goods into Australia, for example. So we'd like to see some more measures on stronger anti-dumping rules in Australia because we're not just concerned about what happens with our exports to the US, but it's likely that countries like China are more likely to want to dump cheap aluminium and steel into Australia too, so we'd be keen to see some more action on anti-dumping.

**Samantha Donovan, ABC Radio:**

Innes, you mentioned two horror stories. Anything else on your list that the Australian Industry Group isn't happy with in this federal budget?

**Innes Willox, Ai Group:**

Well, I think this is the thinnest document on record when it comes to budget measures, budget paper #2. It's almost so thin, if you held it up to the light, you could see through it. There's not a lot of measures. There's not a lot of proposals in the budget. It's very thin on action and on activity.

**Samantha Donovan, ABC Radio:**

Do you think that's because the government was hoping we'd be in election campaign mode now and they wouldn't have to deliver that budget, so that that's why the document is a bit light on?

**Innes Willox, Ai Group:**

It may be – only the Treasurer can answer that question, but there's just not a lot in it, quite frankly. And I think, you know, and I think anyone who looked at the budget would come to that conclusion. What concerns us is that it does nothing to set us up for long-term success and priorities. What there are short-term measures. We have a \$42 billion deficit next year, a decade of deficits ahead of us, the fastest growing component of the budget is interest payments on debt, and that is rising by 9.5% this year. That's the biggest growth in the budget: interest payments on debt. That should be an alarm bell for everyone that we need to get the budget back in order. We hoped before the budget that we'd have some fiscal sustainability there, there'd be controls on business cost blowouts that are occurring, we'd grow private sector employment, we'd drive productivity growth and we'd at least be able to start working on genuine structural tax reform. It hasn't met the hurdle on any of those at the moment and that's of great concern to us. So it's unfortunately a budget with a lot of focus on the short term. Yes, we're six or seven weeks away from an election, but there's nothing there for the longer term to set us up for prosperity or success. We hope the election brings some debates and discussions where we can start to talk about those really important things.

**Michele O'Neill, ACTU:**

I think one of those areas where where we do think there's some positives there is in the Future Made in Australia. I think that support for critical minerals, for green metals, for making sure that we make things here in the right places, supporting that sort of investment is critical for the energy transition. But it's also really important for jobs and for workers that are transitioning into those jobs in those communities. So I think that is a long-term investment that we'll really see the benefits of in the future.

**Innes Willox, Ai Group:**

They're modest, though, to quote the treasurer.

**Samantha Donovan, ABC Radio:**

We'll, we'll see if the election campaign brings the standard of debate we've had between you two this evening. Thank you very much for joining us, Innes Willox from the Australian Industry Group and Michele O'Neill from the Australian Council of Trade Unions. Thanks to you both.

