

A budget for buying votes or backing workers?

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Ebony Bennett [00:00:03] G'day, everyone, I'm Ebony Bennett, I'm Deputy Director at the Australia Institute and welcome to our 2022 webinar series. I'd like to begin by acknowledging that I live and work on Ngunnawal and Ngambri country and pay my respects to elders past and present. I just admonished everyone for not turning off their phones and then my alarm went off there, sorry about that. Sovereignty was never ceded and it always was and always will be Aboriginal land. We do have our webinars on at least weekly, but dates and times do vary to head on over to Australia Institute dot org dot au to find all the latest details for those events and just a few things to help things run smoothly today before we begin. There's a Q&A box where you should be able to type in questions for our panel, and you should also be able to upvote questions from other people and make comments on their questions as well. A reminder to please keep things civil and on topic in the chat, or we will boot you out. We don't have to do it very often, but we will if we have to. And lastly, a reminder that this discussion is being recorded. It will go off on the Australia Institute website later this afternoon and onto our YouTube channel, which is that Australia Institute Dot TV. So many economists have been surprised at how quickly employment has rebounded after the effects of the pandemic, but they've also been scratching their heads for another reason. And that is why with unemployment so low, why aren't wages growing more quickly? There are many things that the federal government could do to boost wages and conditions for workers in the upcoming federal budget, which is two weeks from today. For those to be counting down, but with an election coming, will this be a budget to buy votes or to back workers? Today, I am delighted to introduce to you, Michele O'Neil, president of the Australian Council of Trade Unions. Before being elected as ACTU president, Michele represented workers in the textile, clothing and footwear industry as an organiser and then branch and national secretary of the TCFUA. She represented her union nationally and internationally and led campaigns to wear to win world leading rights for workers throughout clothing supply chains. Michele will first be giving us a speech and then she'll be in conversation with Greg Jericho, the labour market and fiscal policy Director at the Australia Institute

Centre for Future Work, and he's also a columnist for The Guardian. But first, please welcome Michele O'Neil. Thank you, Michele.

Michele O'Neil [00:02:39] Thanks very much, Ebony, and thanks for everyone joining us today. I also want to begin by acknowledging the traditional owners of all the lands we're meeting on today. I'm here in the land of the Wurundjeri people of the Kulin nation. I pay all my respects to elders past and present. It always was, and it always will be Aboriginal land and thank you to the Australia Institute for hosting this event and for all the work you do, in particular for your work in providing an economic analysis that informs and advocates for a fairer Australia. In two weeks time, the federal government will hand down the 2022 budget. It will be Josh Frydenberg's third budget and this government's ninth. The annual speech that accompanies the numbers. It's an incredibly important part of a government's narrative. Numbers don't speak for themselves. There's always a story that moulds the numbers to create the political matches for Liberal Party governments. The Treasurer's story is absolutely essential to constructing the notion that they are upholding their commitments to the Australian people because they are good economic managers and no matter what the numbers actually say, the government's script every budget night will repeat this claim. This is the government's true long term investment. The story that only they can be trusted with the economy. That story has had incredible political power with real political outcomes that have hurt millions of Australians. Let's revisit for a moment the first LNP budget of this government by then treasurer Joe Hockey. In his storytelling, he created two enemies: government spending and those people he called the leaners. To counter these enemies this government's first budget cut funding to our health system, cut funding to education, including 20 per cent cut to higher education, cut the social safety net for the unemployed, the sick students, pensioners and low income families. They sacked six and a half thousand federal public sector workers, and we must not forget who Joe Hockey was speaking about when he demonised the so-called leaners. The majority of everyday Australians, the public sector, essential and frontline workers, people on production lines, services and hospitality workers, all leaners. Low income families, the unemployed, the sick, those with disabilities, pensioners or leaners. The government self nominating good economic management has hurt all these people as if hurting people and workers is good for the economy. The pandemic revealed that this rhetoric is not only empty and harmful, but extremely poor economic management. As Jim Stanford from the Australian Institute's Centre for Future Work has so eloquently written, the pandemic showed the Australian public who really delivers value in the economy. And it's not the smart decisions of CEOs or politicians creating investor confidence, it's people, it's workers. As our nation was put into lockdown to cope with the public health emergency who kept us going and who stayed at work to keep us safe. Government workers essential frontline and retail store workers kept our economy going and workers deliver real value. The pandemic also showed us economic management that works for the people and the nation. Not even this LNP government could resist the actual solutions to the economic crisis wrought by the pandemic and demanded by nearly everyone. Solutions like direct support for jobs, wages and leave entitlements through hard times to keep money flowing in the economy and keep people safe. And for the recovery, if we want a recovery for all and not just for some, it's very clear that government led interventions and investments are essential. There's another inconvenient number at the heart of every budget this government has delivered. That put a hole in that claim to be trusted on economic management. From Joe Hockey to Josh Frydenberg, from Tony Abbott to Scott Morrison. Every single budget has predicted that wage growth is just around the corner, and every year under this

government, Australians have instead suffered record low wage growth. After nine years of coalition rule, Australian wages are way too low and the problem is getting worse. The government and their decisions have baked low wage growth into Australia's economy. To use language made famous by Mathias Cormann, the finance minister at that time, to describe their design low wages is a design feature of the labour market. Whether times are good or times of bad, whether unemployment is low or unemployment is high. Wages have been growing too slowly. Wages are too low for Australian households to achieve a decent, stable standard of living. They are too low to support the consumer spending. We need to continue recovering from the recession and now they are way too low to keep up with accelerating inflation. They have suppressed wages in the public sector. Every year they've failed to support improvements in the minimum wage. They've demonised workers and their unions trying to bargain for better wages. They've changed the laws, so the casualties in the workforce is easier for employers, and they've stripped away rights for workers. This is the context we must judge Josh Frydenberg's third budget on. In 2021, workers suffered the biggest pay cut in real terms that we've seen in over 20 years as inflation has outstripped wages growth. A worker on the average income of sixty eight thousand dollars has effectively had an 832 dollar pay cut. \$832 pay cut. That's the average, but shockingly, it's actually worse for the workers have been on the front line, keeping the country going through the pandemic, the pandemic. Full time workers in health care and social support have had their pay effectively cut by nine hundred sixty seven dollars last year. For those in transport, postal and warehousing, risking their health and safety to keep the nation running, they lost an eye watering one thousand four hundred ninety seven dollars. Education and training workers lost one thousand three hundred sixty two, and admin and support services went backwards by one thousand one hundred ninety five. Peer beneath the inflation figures, and there's a similar story of extreme price rises hurting those who can least afford them. Petrol is grabbing the headlines, but family budgets are being hit from all sides. Childcare costs went up six and a half per cent last year, rising nearly three times faster than wages. And it's risen by even more than that in seven out of the past 10 years. Rents are even worse. Surging nine per cent last year, with experts predicting they'll go even higher this year. The cost of groceries is also outpacing sluggish wage growth. We've had nearly a decade of record low wage growth and nearly a decade of this coalition government. That's no coincidence. This is an Australian problem, not a global problem. Until 2013, wages in Australia were growing faster than the average in other industrial countries. Since then, they've almost ground to a halt, growing less than one third as fast in real time as sorry in real terms as the OECD average. The government has cheered on cuts to penalty rates. They walked away from their own laws to tackle wage theft. They don't support increases to the minimum wage, and they are not supporting aged care workers in their current fight for better wages. They've heavily kept the pay of their own workforce. The Commonwealth Public Service. And they've made it easier for employers to casually stop. Insecure work is at the heart of this problem. To understand why, let's take a deeper dive into what's going on in Australian workplaces. The official unemployment rate of 4.2 per cent is good news on the face of it. However, unemployment has mostly declined because of the impact of stimulus spending during the pandemic, combined with lower labour supply resulting from our closed borders. Morrison originally opposed JobKeeper, but unions fought for and won if that programme, combined with the coronavirus supplement and other income support, was vital in preventing a much worse recession. However, the government did not attach adequate conditions to those programmes to stop rorts and eliminated them far too soon. And even this encouraging unemployment rate is a poor measure for telling us what's really going on in the world of work. Firstly, in January, we still have close to one million people who wanted more hours but couldn't get them. This is supposedly at the height of employers being desperate for more workers in some sectors. Secondly, there are nearly another million people

marginally attached to the labour force. That means they're able to work but were discouraged from looking the day they answered the survey. Thirdly, during Omicron, record numbers of people were officially employed, but were unable to work either through illness, looking after others or being forced to isolate. We estimate that 350000 workers couldn't work at all and a further 150000 had to cut back on hours in January. 160 million hours of work were lost. A huge hit to workers pay packets, all because of a let it rip attitude to the virus led by the federal government. Add all this together, and nearly three million Australians either couldn't work or weren't getting enough hours. Another 2.4 million workers are casual with no right to get a shift tomorrow. Millions more on Labor hire Fixed-Term or sham contracting arrangements, minimum hours, part time contracts, a gig workers or something under other corporate strategies to cut their wages. Qantas is currently threatening their flight attendants with a staggering \$27000 pay cut by seeking to terminate their enterprise agreement. We also learnt last week that a record number of Australians. Eight hundred sixty seven thousand and now forced to work more than one job just to make ends meet. If you are one of these people, bargaining for a pay increase is difficult when your boss and cuts can so easily cut your hours or conditions. It's even harder, if you're a woman, you're more likely to be in insecure work, you'll be paid four hundred eighty three point thirty a week on average less than a man, and you will receive little support to deal with your unequal share of caring responsibilities. We have some of the highest childcare costs in the developed world and the second worst paid parental leave scheme in the OECD. We won't solve our wage crisis in this country without solving our insecurity crisis. And the only thing Scott Morrison has done is to make it worse. Last year, his government passed laws, making it far easy for easier for an employer to call someone a casual, regardless of their actual working relationship. So apart from his own and the prime minister's whose job will be front of mind for Josh Frydenberg as he does the numbers for his third budget. There'll be two key things we'll be watching for on budget night. Firstly, who will this budget deliver for? Frances is a 54 year old part time work in an aged care centre in Brisbane. She loves the job, but she only makes twenty one dollars money an hour and lives week to week. She's often scared about how she will pay her bills earning only about five hundred and fifty dollars a week. She can't even afford to buy a new work uniform that she needs. Her pay is only gone up 80 cents an hour since she first started working at the centre almost five years ago. While the cost of living has significantly increased. She's only been able to save about \$80000 in Super. So is terrified about retirement. Her aged care centre is understaffed in every area area, often leaving her to do work with aged care residents like dressing them, helping them to be mobile around the centre. But she's not qualified and certainly not paid for. Many of her colleagues. Nearly all women have left the centre because of burnout and insecure hours and wages. Francis wishes she could be full time, but her employer continues to cut costs and use labour hire or just not roster on enough staff. She's never taken the two breaks she's entitled to on a shift because there just aren't enough staff. But what will Frydenberg's budget deliver, Francis? Or is she just one of the Liberal Party leaners? Secondly, we must be all on alert for the budget fudges. If the Morrison government lives up to expectations, this budget won't be about backing workers like Francis, but will be aimed at buying votes and cauterising their wins before an election. He's our top five budget fudges that we'll be looking at for first, they'll announce that Band-Aid on a gunshot wound, a small amount of funding for an area that already made big cuts to. For example, the Morrison government has presided over an aged care sector urgently needing an extra \$10 billion a year, according to the royal commission. Yet last year, Frydenberg announced a fraction of that. Even then, an aged care worker like Francis Scott, none of it. Given the crisis in the sector is deep and they never expect another piecemeal announcement. Second, there will be the Rig 15 trying to get more headlines of the same announcement. How many times do the same road projects get announced again and again? Tony Abbott announced federal funding for Adelaide's

North-South corridor way back in 2013, and last month Morrison announced funding for Adelaide's North South Corridor. Third, they'll announce the smoke and mirrors things that just won't happen. Remember, the emergency relief fund \$4.7 billion announced two years ago, and almost none of it spent. Are the flood waters not high enough yet? Fourth, the barrels of pork that Morrison government has made an art form of. Get ready for more funds that let them splash, splash cash on marginal seats. Remember sports rorts or the car parks that haven't ever been built? Fifth, the too little, too late token announcements to cauterise issues that risked costing them cents. Take our energy transition. They've spent most of the last nine years blocking progress, denying the effect of climate change, fighting amongst themselves or taking credit for the heavy lifting done by states and industry. Their low emissions technology roadmap last year was so small, misdirected in overview that it's a roadmap towards staying in last place in the global race to become a clean energy superpower. Enough of their tricks though. What do workers want to see on the 29th of March? Fundamentally, it's measures that support working people to realise their potential. That is what sustainable economic growth depends on and should be all about. Let me take you through five of them briefly. First up, we need an end to the crisis of insecure work and cost of living changes to the laws to stop the many ways that employers can secure jobs into insecure ones. A federal government prepared to argue that our national minimum wage should be a living wage and lifting paycut caps in the public sector. Secondly, investing in the care economy provide free universal early childhood education and care, and deliver fair and equal pay for those workers. Nearly all women, nearly all underpaid and overworked, who educate our youngest and care for our elderly. Universal good quality childcare takes tremendous pressure off women shouldering most of the campaign. This measure alone is a tremendous boost to national productivity. An estimated \$11 billion per year because it allows those women to do more paid work if they choose. It also gives our youngest the very best possible start in life. Thirdly, invest now in good jobs to future proof our country. Last year, we worked with the Business Council of Australia, ACF and WWF on a plan to make Australia a clean energy export superpower with enough ambition and collaboration. We could create nearly 400000 good jobs and \$89 billion in value by 2040. We can also lower energy prices and make a safer climate. Nearly everyone is ready to play their part in delivering these if we have a federal government that will listen and act. Fourthly, rebuilding our TAFE and skills system, reverse the Morrison government legacy of severe funding cuts and neglect of ties and our vocational education and training system. And finally, and I can't believe we still have to say this, but we need all 55 and the respect at work recommendations implemented and 10 days paid family and domestic violence for all. But we will keep saying and keep fighting for these until all women get the safety, respect and equity they deserve. I hope all of this is due for budget night in two weeks time. Will it be another budget of buying votes or backing workers? I'm guessing we'll see a tired, out-of-touch government again try to reinvent itself with some big promises. But the changes that are desperately needed for a better, fairer economy and society. Don't hold your breath. The good news is that the Australian public will get to have a say on what they believe and what they think is important. Less than six weeks after that. Thanks very much.

Greg Jericho [00:22:55] Thank you, Michelle. Thank you for that very thoughtful and excellent speech that gives this much food for thought. I'm actually coming up just once again. My name is Greg Jericho. I work for the Centre for Future Work here at the Australia Institute. I'm actually coming today from the Land of the Turrbal and Yuggera people, and I'm also in the white room in the history of all webinars, and I try to wear what shirt, which was very foolish before we get to dig

into a few things I do want to just put because it's me, I want to post a bit of a graph that I think will go to what Michele has been pointing out in the budget. Here is the wages predictions in the in the last, how many budgets we've had since 2013 14. And you can see just a continual overpromising of of wages growth to come. If, yeah, if the 18 19 budget, for example, was correct, the wages would be at three and a half percent at the moment instead of struggling to get over two per cent. So it's something that I kind of want to dig into first with you, Michelle. Real wages last year took an absolute pummelling, the lowest really since ever if we discount the GST introductions. But it's not just a one off. And this is the I think the problem is if it was just the pandemic or some sort of quirks with the the Doherty, you'd think it's okay, but it's been an ongoing thing. How do we? Not only look for something, we'll push for things in that can be done by government, but how do we change this narrative around wages always been seen to be wages growth always seemed to be a bad thing. It was a bad thing. When wages were growing at three and a half percent over a decade ago, as as inflation kept going down, there was a sense all of this will be good for workers. And yet what ended up happening was wages growth went down all the way, along with a and when wages were when inflation is low. We're not supposed to argue for wages growth because that's bad for the economy from when inflation is higher. We should argue for wages growth because that's bad for the economy. How do we kind of go around shifting this narrative from what we see from business groups of? If you get to wages growth equal with inflation, you should almost be thankful and grateful for that.

Michele O'Neil [00:25:30] Thanks, Greg, and look, the business community always argues that it's a good time to keep wages low. Every year, the ACTU agrees with them at the Fair Work Commission to increase award wages, including the national minimum wage for the country's low paid. And their argument goes something like this. Inflation is low. Growth is low. Businesses aren't doing so well, so now's not the time for pay increases or inflation is high. Businesses are saddled with extra costs, so now's not the time for pay increases. It sort of doesn't matter what's happening. It's never the time for pay increases, and they've largely got their way. Under the Morrison government, and that's why wage growth is on life support, a more common sense position which is actually pretty mainstream, is that why you should at least match inflation and then of course, increased by a fair share of any productivity improvement? And we did that with nearly a decade of almost no wage growth. Wages need to catch up further than that to become an actual living wage. It's it's unbelievable in a country like Australia that we have workers living in poverty. So as well as those out of work not able to receive enough to be able to meet the basics of life. It's true for many working people as well. Hence, why so many people have to work more than ever before two, three or four jobs because they can't live off the one job they got. And that's because wages are so low and because jobs are so insecure. But under this, government wages aren't even matching inflation. The real value of workers wages is by far the biggest decline in over two decades. And Australia used to be considered a high wage economy, especially when it came to the minimum wage. But in the last decade, many countries have overtaken us. We're no longer near the top of the global table, but have sunk to the average level in the OECD day. So these issues are clear and we're not getting a share in what's happening in terms of productivity. So workers are making their contribution. Labor productivity has grown by 6.1 per cent in the last six years. They're modest increases. But remember that real wage growth has only grown by 0.9 per cent over that period, so labour productivity grew six times more than real wages in the last six years. But where the productivity gains going well, I'm not going into workers pockets, they're going to company balance sheets and profits. That's a key reason why

company profits last year grew by 13 per cent. So just to finish upgrade that, that's why its share of national income going to labour is now at its lowest point since recordkeeping began in this country.

Greg Jericho [00:28:23] Yeah, it's something that I think is it's amazing how it's overlooked is because productivity is has been perhaps for as long as I've been to study economics. Way back in the 1990s, when I was at high school was talk about how productivity is so crucial. It was the big thing back then. We need productivity gains and it's amazing how the narrative of shift of, well, why we need these productivity gains and it's not to it's to improve our standard of living. But standard of living only improves if you actually get some benefits of that. I've I've been shocked in some ways how both the governor of the Reserve Bank and the Secretary of the Treasury have both recently said wages growth should grow at inflation plus productivity growth. And if that occurs, wages are putting a pressure on inflation. And yet, if you read a number of the commentary, it is this real sense of, you know, anything over inflation is inflationary, which is just wrong. And I think it's it's something that we almost have to rediscover perhaps our Moxie a bit on this and take over the narrative, I think. What about do you think there has been some research and suggestion that? The role of insecure work and and the real shift to from full time to part time aspire to a role where for so long workers almost struggling with the dilemma of do I push hard for wages growth or do I just take the hours? How's how's that played out? And and what's a solution that we can overcome that to realise that actually we are owed productivity gains in wages growth and it shouldn't be a case of, Oh, I'll take my wage just so I can get some more hours.

Michele O'Neil [00:30:22] Look, I think this is the key reason why we've seen the low wage growth we've seen Graig, that corresponding growth in insecure work is so linked to this. And when I say insecure work, you know, the government often tries to cripple with us about the casual figures. But let's unpack it a bit. You know, when we're talking insecure work, we're talking about casual jobs, but we're also talking about workers employed by labour hire them who don't have job security and are often paid less than the workers that are the permanent employees working alongside. They work alongside. It's also workers now in the gig economy who aren't often even treated as workers. We've seen the shocking examples of workers who've been delivering our food during the pandemic to five of whom were killed on the roads in 2020 in Sydney alone, who aren't even who are told they're not workers, that they're contractors, and that somehow they're responsible for everything to do with their own employment relationship, including things like workers' comp and safety and super. And we've also got many workers who are on consecutive contracts that never end, who may now be in their 10th 15th year of the contract. That just keeps stopping at the moment where they should be entitled to some leave and then starting again doing exactly the same job. That is clearly a permanent job, but not treated as permanent workers. And then you have a lot of workers that are increasingly employed as part time workers, but part-time workers on minimum hours. So it's not like they are workers that say, Oh, well, I only want to be able to work three days a week and that that's no longer the pattern the pattern needs workers, according to the employer, given a minimum number of hours as a part time work. But then it's pushed up or down depending on the whim of the employer about how much work they want to give that work of that week. And all of these things combined mean that all of these workers are in a situation where they can't predict or have any certainty about how much they're going to earn day to day, week to week, month to month. So their capacity to plan for a life plan for a good life and be able to do things as simple as sign a rental

agreement, a lease or let alone enter a mortgage, be able to take the kids on a holiday. All of these things are out of their reach because they just don't know if they're going to have a job or how much they're going to earn. So I think addressing insecure work is critical to addressing low wages, and these things can be done. We're not, you know, we can look for examples around the world as well as what we know works in Australia. So a genuine definition of casual that stops this report of people being called casual who are actually permanent workers. There's a role for casual workers, but the number of people we call casuals now in Australia, with the federal government's changes to the laws last year, does not reflect genuine casual work, and we can have a limit on the number of consecutive contracts that you do before you are required to be given a permanent job at general genuine right to convert from casual to permanent trading gig workers as workers, you know, giving them rights that any other worker would have. These are some of the things that would make a real difference in terms of addressing insecure work.

Greg Jericho [00:33:51] And I think one of the things and mindful of the time. So I want to move on to one of the things that I think links in very nicely with that, with the difficulties of work and needing to be able to actually do so while raising a family is you're you're mentioned about childcare and free free childcare, which I guess I'd just like to tease that out a bit more. What how young are you suggesting we should be starting and really just go to the benefits you see from that? Because to me, it seems to be one of those issues where it's both sides of the coin that it need to be addressed and can be addressed through childcare because it's not just helping women, mostly women. Let's be honest about this stay in work when they're having children and. Thus, raising the participation rate. But who are most likely to be the actual workers in that sector, it's women. And how well paid are they generally poorly? So it's one of those issues that I think can kind of we can get a win win on both sides, not only with participation and productivity and and raising the actual production value in the economy, but we can also address sort of low paid workers at the same time. How do you see all that working and playing out?

Michele O'Neil [00:35:19] Look, Greg, you are so right. This is such a classic example of something that if we address properly in this country, would have so many benefits benefits for our youngest, because what we know about children is that those first five years of life are the most critical time your brain grows more then than in any and learns more than that at any other time in our whole life. So having good quality education and care delivered to our youngest will pay off forever in terms of what happens when, as people grow older, it's critically important in terms of women's participation. As we say in Australia now, women's workforce participation is at 61 per cent and men's is at 70 per cent. And again, that's a bigger gap in many equivalent countries in the world. You don't see that big a gap. And one of the reasons we say it is because of the crippling costs of early childhood education and care. Childcare has soared the cost of it by 39 per cent since 2013 and by six and a half per cent just last year alone. And we've got one of the most expensive early childhood education care systems in the developed world, and we spend the least on pre-primary education as a percentage of GDP. And quality of childhood. Early childhood education and care is, of course, tied directly to staffing. And the workers in this sector who are more than 90 per cent women, are underpaid and overworked. They're predominantly in insecure work, and that's why the sector is struggling to hold on to workers. So we know that dealing with addressing the pay and conditions and this is a microcosm of really a problem we have about undervaluing work traditionally done by

women in Australia. And and you can look at early childhood as a very clear example of this. But of course, there are many, many others. But valuing that work properly paying the workers properly would address the labour shortage in that sector. There's a projection that this is just going to worsen. There was already a projection that 30000 more educators and 7000 more early childhood and teachers are needed by 2024 and making those jobs secure, paying them properly. Valuing that work properly would address that. But of course, back to your point about participation, it just makes sense. If if we gave the women that want to work more hours than are currently, they're currently able to do because of their responsibility in terms of caring, then it would have a massive \$11 billion a year boost to our economy. So it is really shortsighted to not address having a free and accessible and good quality early childhood education and care sector. And of course, for that tantalising moment in 2020, we had three months of free universal education and care for our kids, but it was given and then snatched away.

Greg Jericho [00:38:38] Yeah, it's very interesting what happened in 2020, when suddenly, when notionally deserving people? Shall we say, became part of the unemployed, suddenly things were found to be one thing, whereas surely it should have been actually an example of what was needed just before one last question before I go so that we can go to the audience. What are you expecting in terms of the the budget that I guess the sort of one off little as she was saying, the bandaid on the gunshot wound? I think it was because obviously the problems with cost of living. Petrol prices rising and everything is there. A concern that there is going to be a number of things that are almost let's get us to the election and aren't going to address the structural things and how do. You, I guess, address the fact of some of these things will be good, but the temporary nature of them won't be actually good and how do you sort of combat that to ensure it's not just the older actually doing good stuff, but to be able to highlight the problems?

Michele O'Neil [00:39:58] Greg, I think we can pretty much bet on the fact that there'll be plenty of sweeteners election sweeteners in this budget. I suppose, you know, the real question is that after nine years of being in power, are people going to believe that a short term present of gift is really going to make a long term difference? And what we know about low wage growth and insecure work is that it's not a short term gift that's needed. What's needed is structural change. That will mean that we have a fairer share of Australia's economy and growth going towards workers, and also that we have a building, a labour market that's resilient and capable of delivering what's needed for the long term. It's actually in nobody's interest to have the sort of rates of insecure work that we have. So I think, look, you know, people are hurting. The cost of living is dramatic, the cost of petrol, you know, I know this is working people that are making that terrible choice about, do I fill up my car or do I pay for the groceries I need to feed my family. I was in Tasmania last week and we're proud to work with saying to me, You know, my my grocery bill, someone was saying their grocery bill in the last six weeks have gone up 130 dollars a week and that it just wasn't possible for them to be able to keep doing that. So I wouldn't be surprised if there's something around the fuel excise. I wouldn't be surprised if there's something around short term issues in terms of support for cost of living. And maybe again, that might be in relation to tax. But what I'm going to say is that. They won't fix the problem. And we've had nearly a decade now of cuts to things, you know, let let's take tariffs and higher education. Throwing some money now at a time for vocational education and training is piecemeal. There was there was 60000 fewer apprentices in training in June of twenty

one, compared to June of 2013, when the coalition came to power. I mean, we've seen funding to tithe and they being \$8 billion lower since the coalition government was elected. Now, a short term boost to that funding is not enough. We need long term sustainable growth in this so that we are supporting our regions, TAFE is so critical to our regions, supporting the skill development we need to shift our economy into one that is sustainable in the long term. And I'm not, as I said, holding my breath.

Ebony Bennett [00:42:57] Greg, I might jump in there. Yes, please. Thank you so much, everyone. I can say we've got some great questions here. So just a reminder, if you have a question for Michele or Greg, you can type that in. And and I'll say it here, Michele. The first one I wanted to ask is from Abe Stockcar. And she says if the economy is recovering so strongly, as is being stated, could you explain where all the profits are going if they're not going to increase wages for people? I'll go to you first on that Michele.

Michele O'Neil [00:43:28] They're going into company profits and they are going at straight. And in fact, companies are not then reinvesting that into the economy and to capital. Like we've seen this massive during the pandemic increase temporary, though, of government spending. But you did not see a corresponding significant increase in corporate spending. They're not doing anything. In fact, most of the boost in spending came from people just spending their savings and spending what they were doing, doing other things with during the pandemic. So businesses grabbing those profits not reinvest, vesting them. You see a higher inequality. You know, it is shocking, isn't it, that we saw during the pandemic inequality in Australia and globally rise so dramatically? And I think this is, you know, incredibly irresponsible in relation to business that they are not doing their bit in terms of taking what is in fact been a highly profitable period and putting that money back in to wages, but also into capital investment, also into what's needed to future proof the economy that we have.

Ebony Bennett [00:44:48] Greg, did you want to add anything to that?

Greg Jericho [00:44:50] No, I mean, well, other than Michelle's spot on the where of the profits go up going to profits. And it's not just, you know, some of the figures can get distorted when you throw in the mining sector. But even when you look at the non-mining sector the past five years, profits of of well outstripped the money, the growth going to to workers and in the the the pandemic is skewed things a bit. But even before the pandemic, it was that sort of almost a record gap of where the breakdown of income was going. And as Michele said before in the Q&A, you know, there's a smaller share of of national income going to employees now than than ever before in recorded history that the ABS started recording them in the late 1950s. And we're below that level, which is just astonishing, really.

Ebony Bennett [00:45:50] And I think, as you said in your speech, Michele, or maybe it was in the Q&A. That's certainly a feature of the system, as Mathias Cormann said, not a bug. The next question is from Regina Thompson. She says investing in early childhood and early learning and care

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increases benefits across the board and for every dollar invested, you get \$13 back. Actually, that's a comment. A question. I feel like Tony Jones here. I'll take that as a comment, but I did just want to ask you, you did mentioned briefly, Michele, that obviously we did have it for a period of three months. That seemed to me actually a huge shift in how we look at how important early childhood education and care is and who needs it and why we need it, you know, to help make the economy keep trucking along. But can you just tell us a little bit more I think about, do you think that that that short period where we had it during the pandemic? Do you think that's changed business? Attitudes to how important child care is and to make it affordable for the economy in the long run.

Michele O'Neil [00:47:01] A bit. I think it has been not enough. So, you know, I do recognise that there's a number of employer organisations that have been speaking out about the importance of improved early childhood education and care and having a fairer fiscal system, including the BCA chief executive, women and others who have recognised this. But I don't think it's widespread. And so I think having a stronger push from employers about how this is actually good for workers and good for the economy would be useful. I don't I don't understand why it's not there, really. I mean, I think that it is one of those things that we might disagree on a lot of things, but you would think that this is something that is just leaving the Australian economy vulnerable in a way that we don't need to be and we can afford not to be. So I really wish more in the business community would step up and take this on as an issue. And the other one on that ebony that I didn't mention that is important, as well as early childhood education and care. Being free and accessible is, of course, include paid parental leave like. Again, we've got a really poor system, the second worst in the always day, and this links to women's participation in work too. So it again, this is something that we should be able to deliver a better system. And if we we had more paid parental leave and it was available equally, this should be shared between both parents, then that would change this. And we don't have to dream about this. We can look at those countries in the world that have done it and see the impact, the direct impact it has on women's participation and the more equal sharing of care responsibilities, which is in everybody's interest.

Ebony Bennett [00:49:08] Mm-Hmm. As you said, Sweden and Denmark and Finland are real places that exist where this model seems to work. I do have a couple of questions in here in and around the issue of aged care, but also age in terms of employment and older people still struggling to find work, taking the issue of employment for older Australians to begin with. What do those numbers look like at the moment and is there anything that needs to be done there to help encourage those people to stay in the workforce?

Michele O'Neil [00:49:45] Well, I think absolutely we are those many older people that want to be able to stay in the workforce, but for multiple reasons aren't able to. Firstly, I'd say there's issues about a lack of understanding and appreciation for the skills and experience and enormous contribution people make. We seem to be able to accept that, you know, the the age of the president of the United States of America is without a sort of a blink and and not question their capacity. But we question workers who are in their 60s, 70s and 80s capacity in Australia, and it's just doesn't always add up. I'm not. I'm not suggesting people should be forced to work longer. Of course, there's many reasons why people need to retire and stop work as well. But for those that

can and want to, we need to provide more opportunity. And and it struck me when we were having and continue to have some employers, you know, when we were having lockdowns and when we were having a border closures. This notion that there was this huge labour shortage didn't stack up in many ways because there were many workers, young workers and older workers if the jobs were safe. Good quality jobs paid fairly would be participating and willing to participate and do those jobs. The issue was not so much a labour shortage. It was a shortage of good quality, fairly paid safe jobs. So that equation, you know, like you can't just say, Well, we can't find the workers well, look, look at the type of job you're offering and then question whether you can find the workers.

Ebony Bennett [00:51:37] Mm-Hmm. Greg, is there anything you want to add to that in terms of, I guess, underemployment and the nature of those types of jobs and who ends up working them?

Greg Jericho [00:51:46] Yeah, I mean, underemployment has been a massive thing, and it's it's one of those things where it's also been really hard to measure of Labor because of the pandemic and how it's just screwed up all of the figures. And so there's this suggestion. Oh, it's getting lots better. But I wonder if it's a kind of the thing that's lurking there that is is yet to that will reassert itself like a lot of these things I expect will once hopefully we do come through the pandemic. But I think going back to what both you and Michele were sort of mentioning about, you know, the not only the childcare aspects, but you know, the the boost to JobKeeper, the boost to JobKeeper, JobSeeker cut all these stupid terms, all these corporate speak kind of terms to me. 2020 was just a perfect example of how how well the economy actually can help out people when when things go bad and we and we were able to keep people out of poverty. In fact, we reduce poverty to, I think, fairly historical lows because of the increases in in JobSeeker. And it was this sense of, no, this isn't just, you know, there shouldn't be a one off thing. This should be an actual sign that we can do this. It can. It's good for the economy. It kept people spending money. It kept businesses going. It meant that when businesses reopened that they didn't have to rehire workforces like now, labourers like you normally have to do coming out of a recession that were there, they were ready to go. And to me, it just was such a wonderful example of what can be done and how wrong. Perhaps we've gone about thinking about economic downturns and all these things, and yet it's been ditched straight away. It's like, Oh, well, where we don't need lockdowns anymore. So let's go, you know, get rid of all these excellent things that have worked and shown to work. And suddenly we're back in the old. If JobSeeker is too high, people won't want to work, which is truly absurd. And you know, I just we never seem to learn from not only our failures, but also our successes. And I think some of the things that, you know, there were issues that occurred with JobKeeper and so forth, but there were some great successes that really we should be adapting and using going forward rather than thinking, Oh, now we've got to get back to that same old mantra of austerity. We need work for the dole and all this type of guff, which was dumped straight away as soon as it wasn't going to be seen as punishing the correct people. And I just think demand, surely as a nation, we can learn from these things and realise that things like poverty are not a natural thing, but it's not very much a choice. And and I hope and the same with low paid in things like child care and aged care. This is not a natural state of affairs, it is a choice, and it's not a choice that we should have to put up with. We can fight for better, I think.

Michele O'Neil [00:55:09] Can I just jump in to agree with Greg there? Ebony, you know, these are deliberate design choices and the notion that we, you know, did the cruelest thing, which is actually, you know, double that amount of JobSeeker, you know, house homeless people, you know, did these things, it showed that it was possible, but then to plunge people back into poverty, punch people back into homelessness and not and not think about what the long term consequence of that was. I think it is shocking and cruel, as I said. But but also, you know, it's not in anyone's interest and the aid ends that even even if you don't care about people, it ends up having, you know, a long term detrimental effect in so many other ways in terms of health and and other impacts on our society and community. So I mean, it is frustrating that we showed that it was possible, but my view is that that basically the government was forced to act in a way that was not in keeping with what they believe. They did it for a shorter period of time as possible and then turned back and to mix my metaphors showed their true spots.

Ebony Bennett [00:56:30] Yeah. The last question I've got here is from Mike Sadler, and he talks about people doing it tough and the need for raising the right of we've just been talking about on welfare, but also the need to fight for real full employment and help for people who need time to retrain. Just wondering, you've talked a little bit about type if and how important that is. Could you just go to that idea of people needing to retrain and how long that takes, why it's so important. And that idea of full employment.

Michele O'Neil [00:57:07] Look, I think that. I think education and training and the opportunity to retrain is so important. I know this very well from the industry and sector that I spent a large part of my life working in and and saw what the impact was on those textile, clothing and footwear workers of being treated as disposable. You know, not just their jobs being made redundant, but those people being made redundant when they had so much skill and experience and willingness to keep working and offer. But we we failed miserably in terms of our recognition of that and our support for the changes that they needed help with. So I think we see that time and time again that we should invest in making sure that people have opportunity to train and retraining throughout their working life. But the key problem of this is the privatised nature of what we've done with vocational education and training. We basically let it be rorted, and we've let dodgy private operators come into this space who don't deliver quality training, rip off people, make huge profits. It doesn't work for the people that are trying to get education and skill and an opportunity to work in other areas. And of course, it doesn't work in terms of public expenditure because it's such a raw and a waste. So I think that's why I talk about public Typekit being so critical to changing this. And also about getting those skills into our regions, like when you think of what's happening with our economy, we know in terms of the need that clean energy exports I was talking about, you know, if we're going to build economic change, that is believable to people who are working in fossil fuel communities, then it has to be tangible. It's going to be real. You know, the skills are going to be there and the jobs have got to be there. And we can't just expect people to believe in a wing and a prayer here. And so I do think that our notion of employment does need to change and it isn't good enough to think we've fixed unemployment, has a four or three in front of it, and we need to massively increase them and move to full employment and education and training and opportunity for new and different industries and sectors with the workers with the right skill is critical to delivering that.

Ebony Bennett [00:59:33] Yeah, thank you. Shout out to Bomaderry TAFE that trained both my dad and my my brother in different auto trades back in my hometown. So important for the regions, you're absolutely right. We are going to have to want it out there. Thank you so much for your wonderful questions, everyone. Those great questions in there. An increase, increasing union membership, tackling neoliberalism and whether or not the government still has a strong reputation when it comes to economic management. I'm sorry we couldn't get to them all. We had more than 800 people registered for this event, so there were a lot of questions. Thank you so much, Michele O'Neil and Greg Jericho. Thank you everyone for coming today. We really appreciate it. You can check out some more coverage of Michele's speech at The Guardian today, and I think she's done several radio interviews as well. If you want to catch up with those head on over to Australia Institute dot org dot au to sign up for our upcoming webinars, including tomorrow, we'll be talking to Ed Coper about his new book, Facts and Other Lies and the Disinformation Age. That's as part of the Australia Institute's Centre for Responsible Technology. Thank you so much for joining us today. Everyone take care out there and looking forward to the budget. Two weeks from today, we'll have heaps of coverage here at the Australia Institute and with the Centre for Future Work as well. We hope to see you there. Thanks again. Bye bye, everyone.

Michele O'Neil [01:00:57] Thanks for having.