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Business decries unions' profit focus

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Industrial relations

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Business has accused unions of crafting an “us versus them” narrative by focusing on a “simplistic” view of workers’ falling share of income ahead of the upcoming federal jobs summit.

ACTU secretary Sally McManus wants employers to acknowledge lifting labour’s share of income as a key objective at the summit, if only on a “first principles” basis that will pave the way for changes to the bargaining system.

But Business Council of Australia chief executive Jennifer Westacott cautioned that “demonising” profits risked deterring the investment that drives

productivity and innovation, allowing wages to grow.

She said that once mining profits were removed, the profits share of income had actually fallen to its lowest point in 20 years. “We agree that Australia needs sustained higher wages growth so that people can get ahead, but only successful businesses can deliver that,” she said.

“Demonising profits and sending the signal that Australia is closed for business would be a ticket to a low-wage economy and decades of stagnation.”

With mining profits included, labour’s share of income declined to 49.8 per cent as of the end of March and profits peaked at 31.1 per cent.

Ms McManus told ABC radio on Friday that even without mining, profits were still outstripping wage increases.

“Every single stat points to the same problem, whether it be labour share or

how much workers are sharing in the overall wealth of the country; whether it be percentage of enterprise agreements we have, whether it be productivity, whether it be profits ... it all says we’ve got a big problem,” she said.

“And this problem is not just to do with the 2022 inflation spike. It will be beforehand and it will be afterwards. We’re going to have a worse standard of living for us and for our children if we don’t turn this around.”

Steve Knott, chief executive of the Australian Resources & Energy Employer Association, described the ACTU as “gold medal contenders for simplistic media grabs”.

He said many in the resources industry had employee share schemes or profit-sharing arrangements – and “there are never any proposals that employees should share in the losses businesses make during difficult periods. Sadly, the ACTU’s approach here appears more focused on a ‘union versus business’ or ‘us versus them’ narrative, rather than the constructive dialogue needed on how to skill our nation,” he said.

Australian Industry Group chief executive Innes Willox said business would welcome an “in-depth” treatment of the issues affecting shares of income. However, he added that the issue was “much more complex than the ACTU has implied”.

He said workers’ income related to housing was also included in total income, as was the share of profits earned by superannuation funds.

Australian Chamber of Commerce and Industry chief executive Andrew McKellar said profits were highly vari-

able and the latest figures showed that mining profits were up 25 per cent while profits in hospitality were down almost 50 per cent.

“It’s definitely not a case of one size fits all – we must avoid excessively simplistic analysis,” he said.

“We are confident that we can work with all relevant parties to produce solutions to the bargaining system that are practical, effective and benefit both workers and businesses.”