



SENATOR THE HON ARTHUR SINODINOS AO

Minister for Industry, Innovation and Science

TRANSCRIPT – Lateline

Interviewer: David Lipson

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E&OE

DAVID LIPSON:

Gentlemen, thank you very much for your time this evening. I want to start with the big issue of the week, penalty rates. And, going right back to first principles, Anthony Albanese, is your time on a Sunday really still worth – in this day and age – 33 per cent more than a Saturday?

ANTHONY ALBANESE:

Well, I'll tell you what, Parliament doesn't sit on a Sunday. Sunday is still a very...

DAVID LIPSON:

[Talks over] Nor a Saturday.

ANTHONY ALBANESE:

Sunday is still a very special day and when I was a student I got myself through uni, in part, by working the 11pm Saturday night to 7am Sunday shift at Pancakes on the Rocks. Now, as a 19- and 20-year-old giving up my Saturday nights and being bleary-eyed for the rest of Sunday I fully expected proper compensation and I got it.

And the truth is that so many people out there rely upon penalty rates to pay their mortgage, to put food on the table of their kids, and this is about their living standards.

DAVID LIPSON:

[Talks over] But that's a different issue. Sure, and we'll talk about overall wages a little later. But Arthur, just your thoughts on Sunday versus Saturday. Because that's what this is about. It's not about Sunday versus Wednesday, it's Sunday versus Saturday.

ARTHUR SINODINOS:

Well, I think, David, we don't sort of live in a society these days where things used to close after 5 o'clock or at hotels you had the 6 o'clock swill. And on weekends shopping habits have changed, what people do has changed. So yes, life has moved on.

And this is not about trying to sort of say that one particular section of the community should bear the brunt of economic change. Economic change is happening all around us and we're having to adjust in a lot of ways and this is another example of where a change is occurring. We have to figure out how this change can be managed in the interests not just of the economy in the broad but of the people who are directly affected, so that we get a change which is consistent with where, I think, the commission has come out. Which is: change is justified, how do we now do it in a way which also best looks after the people who are potentially involved.

And I take Albo's point about people who have chosen to work or maximise their income by working particular parts of the week. But this is not a situation – where you have a commission which has taken a long time to come to a considered view, looked at all the arguments and suggested change is appropriate, it can be beneficial. The question now is: how do you implement that change in an empathetic and forward-looking way?

DAVID LIPSON:

Well, the Prime Minister did have something to say on that just yesterday. After blaming Labor, essentially, for the decision of the independent umpire all week, this is what Malcolm Turnbull said yesterday.

[Excerpt]

MALCOLM TURNBULL:

We're very supportive of the Commission managing this transition in a way that ensures the take-home pay is, as far as possible, maintained.

[End of excerpt]

DAVID LIPSON:

So, Arthur Sinodinos, will the Government actually put a submission in to Fair Work to push for that phasing in of this rates decision?

ARTHUR SINODINOS:

David, we're having a discussion to that effect at Cabinet next week, so I expect that there would be a submission – but that's ultimately a matter for the Cabinet about the content of any submission. But the point the Prime Minister was making is that we've had this Commission look at this. The Commission, in its own decision, indicated that there were transitional arrangements that had to be considered. It welcomed submissions on that.

They've looked at this complex issue, which arises out of reviews to the modern award system, which have been going on over a period, which have been part of the Fair Work Commission's work. Fair Work Commission, which was remodelled under Labor. So this is a process going on for some time.

One of the victories of Labor in, I think, 2007 was to get the Liberal Party, the Coalition, to accept that there needed to be a remodelled Industrial Relations Commission – which became the Fair Work Commission. We have said since: we will stick by the umpire's decisions. Labor...

DAVID LIPSON:

[Interrupts] Well that's the point here, really, isn't it, Anthony Albanese? Because this is an independent umpire. It was a former ACTU boss who's heading it up – Iain Ross. Why is this decision so egregious that you have to make a call to intervene? Because, where does that end? I mean, do we intervene with the Reserve Bank of Australia next time they do an interest rate rise that we don't like?

ANTHONY ALBANESE:

The fact is that when the Government, just last year, didn't like a decision of the Road Safety Remuneration Tribunal, they didn't just say: oh, we should revisit that decision. They abolished the Tribunal and left nothing in its place dealing with safety in heavy vehicles.

So we're not going to be lectured by the Government about process. What we're concerned about is people.

DAVID LIPSON:

Do you welcome the phasing in, though, if that does indeed come to pass, because that would be cushioned somewhat by wages growth?

ANTHONY ALBANESE:

I just find it quite extraordinary that the Commission could come down with a decision that cuts the real wages of people who are some of the poorest workers in society. And that's essentially what this decision has done. At a time when we have record profits, where we have senior executives getting these huge bonuses, those people at the bottom – and they're the people who are working on Sundays getting these penalty rates – they're the ones who've copped a cut to their living standards.

And it's the first time since- We've had arbitration commissions for over 100 years, it's true. But it's the first time that we've ever seen a decision handed down with that cut to living standards, a cut to real wages.

DAVID LIPSON:

Just very briefly, Arthur that is the bottom line isn't it? Because even with a phase-in they will be worse off. So how do you confront those attacks?

ARTHUR SINODINOS:

[Talks over] David, David, that is- David, David, that is, David, please, David, that is- David that is nonsense. What Anthony just said is a nonsense. The Arbitration Commission, Industrial Relations Commission, they've handed down plenty of judgements where they varied wages in particular industries up and down and Anthony, you remember-

ANTHONY ALBANESE:

[Interrupts] They don't cut wages. They don't cut wages, Arthur. Name one when they've cut wages for a whole group of people, for hundreds of thousands of people across the board.

ARTHUR SINODINOS:

Albo, modern award- modernisation has required the Commission to look exactly at how you meld different awards together. It's led to some going up, others going down, and then there've been processes to smooth the introduction of these changes to ameliorate the impact on the workforce. You should have a real knowledge of this. It's meant to be part of Labor policy.

My concern here is that Albo and the Labor Party have effectively just gutted the Fair Work Commission. What they're really saying to small businesses, to Australian workers, is that after the next election there'll be no Fair Work Commission, we're going to set wages and prices in Canberra. And it will be at the behest of whoever runs the Labor Party, and these days the Labor Party is run by the unions.

DAVID LIPSON:

Well, one thing that does have a big impact on wages – albeit a bit of a lag effect – is the economy, and there was some good news on the economy this week. This was Scott Morrison.

[Excerpt]

SCOTT MORRISON:

Once again, Australia is growing faster than all the major developed economies in the world.

[End of excerpt]

DAVID LIPSON:

Arthur Sinodinos, should we thank the Government for this good turn of events?

ARTHUR SINODINOS:

There are a couple of things here. The Government creates a framework and environment for economic growth but ultimately it's risk takers and entrepreneurs and Australian workers who deliver those results. But what the Government is doing – by pursuing Budget repair, by continuing to have structural reform in the economy, my portfolio is at the forefront of that process – is creating signals to promote confidence in Australia.

You look at any confidence index at the moment, they're all up. The NAB Confidence Index is up. Manufacturing jobs have increased by 100,000 in the last year. All the signs are there that there's a revival in business investment coming.

DAVID LIPSON:

Anthony Albanese, Scott Morrison says that Chris Bowen has been pretty quiet this week in relation to those numbers.

ANTHONY ALBANESE:

Well, what we have under this Government is higher debt, higher deficit, higher unemployment, lower wages growth, on their watch. An economy does need to grow but it needs to grow not as the end in itself – so it's to lift living standards. And what we're seeing at the moment is real wages – in terms of wage increases – being the lowest, the flattest they have been for a generation.

And of course, on top of that is the context for this Fair Work decision on penalty rates.

DAVID LIPSON:

Well, the OECD today put out a report warning of a rout in Australian house prices because prices and household debt are at unprecedented levels. Here's what Chris Bowen, the Shadow Treasurer, had to say on this.

[Excerpt]

CHRIS BOWEN:

These continual advices and reports to the Government that the system is made more risky because of the generous tax concessions for property investment are clear and consistent, and the Government refuses to act.

[End of excerpt]

DAVID LIPSON:

Arthur Sinodinos, the Government has said that adjusting negative gearing is a blunt instrument. What about capital gains? Is that something that's still on the table ahead of this year's Budget?

ARTHUR SINODINOS:

Well our policy to date – and it will remain our policy – is to focus importantly on the supply side of the housing debate. And the reason for that is when we looked at negative gearing last year we had to make a choice. We had other issues in the Budget – like what to do about reforming superannuation, for example, what to do about bracket creep and its impact on people going into higher tax brackets – and we made a decision that we had to deal with the disincentive effects of that, we had to deal with...

DAVID LIPSON:

[Interrupts] You're talking about – sorry to interrupt – you're talking about negative gearing. I'm asking about the capital gains tax discount.

ARTHUR SINODINOS:

No, no I'm telling you that when we contemplated last year what to do, our view was that the important areas of change were areas like the superannuation changes I mentioned before. To send the signal that at the same time, when we're wanting non-mining investment to go up, that we be lopping the top off negative gearing or the capital gains tax, would have been counter-productive.

DAVID LIPSON:

So that was then, what about now? Have things changed?

ARTHUR SINODINOS:

Well, now what is happening is that in the Budget the Treasury's focused on a housing affordability package, which importantly is around how we help people to get that first – if you like – foot on the rung of the ladder of housing. And also, importantly, focuses on supply-side issues through our city deals and everything else. We believe getting a flexible, more quickly responding supply side is the key to having better housing solutions.

DAVID LIPSON:

It sounds, though, that you haven't taken capital gains completely off the table at this point.

ARTHUR SINODINOS:

No, no. Our plan remains housing supply as the focus of what we're going to do.

DAVID LIPSON:

Is now, when you look back at this OECD report, not the time to be adjusting both negative gearing and capital gains? Could that burst the bubble?

ANTHONY ALBANESE:

It's well past the time, David, and the Government itself- what we saw last year was the Government float ideas and then kill them off. Float ideas, say there's a problem and then walk away from a solution.

Last year they were talking about the excesses of negative gearing and capital gains tax when it applies to investment properties. And then, as soon as we came out with a modest, but I think a comprehensive plan – we didn't say it would fix all the problems but it certainly would be an improvement – they walked away from any reform. Because this is a Government that is stuck in an opposition mindset. They act like an opposition in exile on the Government benches.

Now, today you had the OECD which identified the extraordinary increase – we're talking about a 250 per cent real increase in house values over 20 years. What that is meaning is that people have just been frozen out of the market, the next generation. And we've heard the Government's solution: Get a rich parent or get a well-paying job. They've come up with these outrageous slurs, really, meanwhile young people are struggling to get into the market and that's bad for the economy. The Reserve Bank Governor said the same thing, effectively, before the Economics Committee.

DAVID LIPSON:

We're running out of time. There is one more topic I just wanted to get to. You mentioned exile on the Government benches. This week, Malcolm Turnbull directly blamed Tony Abbott for the Newspoll result on Monday, which showed the Government trailing Labor 55 to 45. Arthur Sinodinos, if you look at a trend though of the Newspoll since Malcolm Turnbull became leader, it's been a gradual decline. This isn't something that's leapt into negative territory just in the past week. Is it really Tony Abbott's fault?

ARTHUR SINODINOS:

Look, this Government under Malcolm Turnbull has made some pretty tough decisions over the last 18 months or so since Malcolm's been the Prime Minister. I alluded to a couple of those from last year's Budget for example. We've been prepared often to take on our own base in the cause of trying to promote broader economic reform because you can't look someone in the eye – who may be a lower-income person – and say there are certain Budget measures we are taking in relation to you, and not do it in relation to people higher up the income scale. And he's had the courage to do that, he's brought more things on the table. So yes we have taken a bit of a battering at times.

And the other thing is, importantly, he leads Bill Shorten as preferred Prime Minister. For all this talk about the Government being behind, why is it that this Opposition leader, who will say or do anything for a vote, is unable to become the preferred Prime Minister. That's the question that maybe is preoccupying Bill Shorten.

DAVID LIPSON:

[Talks over] Well that's the question I was going to put to Anthony Albanese. So what's your answer?

ANTHONY ALBANESE:

Well look, the fact is that Tony Abbott's been able to intervene because there's a void. The Government doesn't have a sense of purpose, the Government doesn't have a narrative.

DAVID LIPSON:

Why, then, isn't Bill Shorten able to be in front?

ANTHONY ALBANESE:

Look, the critical figure here is the vote in terms of the parties and the truth is that they're now on 45 two party preferred. They're seeing a tanking in the primary vote of the Coalition. We've got a Prime Minister who people aren't angry at, I don't think, but they are very disappointed in because they see him shrinking before their very eyes. He's walked away from values and views he's had for his whole political life – about public transport, about climate change, about marriage equality – and they just think, you know, what's the purpose of Malcolm Turnbull other than him sitting in the lodge?

ARTHUR SINODINOS:

[Talks over] Nonsense, nonsense.

DAVID LIPSON:

[Interrupts] Well, we are out of time gentlemen, I'm going to have to interrupt you both. Thank you both very much for joining us.

ARTHUR SINODINOS:

Thank you Anthony, thank you David.

ANTHONY ALBANESE:

See you, Arthur.

[End]