

Minimum Wage Review

Ai Group in its Wage Review submission has called on Fair Work Australia to take a cautious approach adjusting minimum wages. The Australian economy is emerging from the global financial crisis in better shape than most other advanced economies but slowed in the second half of 2010 and has been adversely affected by the severe weather events early this year. Further, there is a sharp divergence in performance across regions and sectors and global uncertainty around the unfolding events in Japan and the Middle East. Hence, Ai Group has proposed:

- the Minimum Wage be increased by \$14.00 from 1 July 2011, with the same increase applied to award minimum wages; and
- the exceptional circumstances provisions of the Fair Work Act (s.286(2)) be invoked for employers who have been badly affected by the recent natural disasters. For these employers, Ai Group proposes an operative date of 1 January 2012 for the increase.

Global Skills Challenge – May 2011

In the lead up to the WorldSkills International Competition in London in October, Wollongong will host the Global Skills Challenge. This exciting competition will be held over 4 days, 4 – 8 July. As the major training event for our Skillaroos they will compete with the best from 7 countries: UK, New Zealand, USA, France, Singapore, Jamaica and China.

Ai Group looks forward to welcoming the international teams and supporting our Skillaroos in this global skills challenge.

Upcoming Events

Enterprise Bargaining

8.00 am – 12.00 pm, 20 April
Ai Group's Head Office
51 Walker Street North Sydney

National Resources Sector Employment Taskforce Report

The Federal Government's positive response to the National Resources Sector Employment Taskforce (NRSET) is a serious one which will be welcomed by industry. It recognises that we need to strongly lift our efforts to address skill shortages both by sector and across the country if we are to deal with the growing economic impacts of the resources boom.

The report acknowledges the impact the resources sector is having on intensifying capacity constraints and accepts that while we need to improve training and boost apprenticeships, that alone won't be enough and immigration programs are essential to delivering skilled workers when and where we need them.

In this regard, the Federal Government's in-principle introduction of Enterprise Migration Agreements for mega resource projects should contribute towards helping companies' access overseas skilled workers to meet their workforce needs on what are nationally significant projects.

Another important area where the Government has supported the NRSET recommendations include the commencement of the Critical Skills Investment Fund (\$200m) which is an important step in expanding the funding of skill-based training, on a co-funded basis, according to the needs of the economy. Enterprise funding streams, such as the Enterprise-Based Productivity Places Program, have proven to be highly effective.

The broad range of strategies in the report that identify new and innovative ways to increase workforce participation, particularly by under-utilised groups, will help contribute to the broader debate around addressing skill shortages across the economy. These strategies complement the advice received from Skills Australia.

Climate Change Policy

With so much at stake in the debate over climate policy, Ai Group is advocating a more informed discussion. While bipartisan agreement seems a distant prospect, it is often overlooked that all sides of politics support reductions in Australia's greenhouse gas emissions and both the Government and the Coalition have the same reduction targets.

At the same time, we risk sending key industries and jobs offshore and damaging the continuity of energy supply if we get it wrong. Principles for workable climate policy include maintaining the global competitiveness of our industries; achieving abatement at least cost; certainty for sound long-term investment and recognition for existing investment; supporting new technology; and cutting the burden of "green" tape.

Ai Group currently supports neither the Government's nor the Opposition's climate policies - because as yet neither has filled in the detail. It is business that will have to make the investments that move the Australian economy to a lower-carbon footing. It is essential that the substance of these policies is developed in close consultation with business to ensure that any scheme is responsible and effective.

While Professor Garnaut's latest report again recognises the importance of addressing the erosion of competitiveness of trade exposed businesses, Ai Group still has a number of concerns with his proposals in this area:

the Government should not abandon the improvements made over the course of 2009 to the measures originally proposed for highly emissions intensive trade exposed businesses;

the impacts of carbon pricing on trade exposed businesses that fall outside the Emissions Intensive Trade Exposed Industries arrangements need to be carefully considered. These businesses include many food processors, metals and metal fabricating businesses and other industries whose competitive position would be significantly eroded by carbon pricing; and

the proposed changes to the Fringe Benefits Tax to fund a one-off reduction in fuel excise need to be looked at as they may have serious implications for many businesses and their employees.

Engaging Asia: Getting it Right for Business

Despite the increasing importance to business of the rapidly developing Asian economies a new survey by Ai Group and Asialink suggests we are falling short of the skills required to maximise opportunities in the region.

While respondents were upbeat about the strength of their prospects in Asia at the same time they identified large gaps in their experience and skills. More than half of those currently operating in Asia reported little board and/or senior executive experience of the region.

This perceived skills gap presents some real challenges for both companies and public policy. To address this challenge the report recommends an Asia Ready Workforce strategy which includes getting more Asia skills, including languages, into school curriculums and support for existing programs aimed at encouraging and developing capabilities related to international business engagement. This includes enhanced funding for what we see as the critically important Export Market Development Grants Scheme.

While Australia's very strong trade performance with Asia is strong - our business investment into Asia is comparatively low. Australia still invests more in Europe and the US than we do in Asia, by a significant margin, despite the growth opportunities.

Of all responding businesses, whether already operating in Asia or not, 74% indicated an interest in expanding into the region, with almost 50% actively planning expansion within 12 months. Of businesses with current dealings in Asia, 56% rated at least one of their Asian operations as 'highly important' or 'extremely important' to their overall business success.

China was rated as the Asian economy playing the biggest role in business success, with 69% of businesses with operations in China saying it is important to their overall performance. Japan and Thailand closely followed.

Responses to the survey suggested that companies with current dealings in or with Asia are dominated by trade activities (importing, exporting), more so than production or consultancy in Asia. However, it is worth noting that a sizeable minority of businesses dealing in or with China have a production base there (30%). For a copy of the report go to:

www.aigroup.com.au/policy/reports