

MEET THE PRESS

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INTERVIEW WITH BRENDAN O'CONNOR

KATHRYN ROBINSON, PRESENTER: Hello, welcome to Meet the Press. I'm Kathryn Robson. Week one of election 2013 is down, and according to our exclusive Galaxy poll, support for a Coalition Government continues to grow. Kevin Rudd is still preferred PM, but support is slipping – his past record as leader proving to be his biggest downfall. It's soon going to become a lot harder to find work, with dire predictions of our unemployment rate soaring to 6.25% by the middle of next year. We talk today to Employment Minister Brendan O'Connor. Also, he was robbed in London, but swimmer Christian Sprenger is proof that success is the best revenge. We talk to our new world title holder. And the power of Pink – the superstar who transcends age, moving Aussies of all generations.

PINK: It's just a genuine, emotional time, and it's my favourite thing. I can't describe it.

KATHRYN ROBINSON: But first this morning, the economy has become the battleground for this year's Federal election campaign, with both sides of politics spruiking its economic credentials. One of the areas of most concern for voters is job creation, with new figures revealing it's about to get a whole lot harder to find work. The jobless rate is holding at a 4-year high, but that's expected to rise sharply, with Treasury numbers pegging unemployment will reach 6.25% by the middle of next year. Employment Minister Brendan O'Connor joins us from Melbourne, and our panel today, Network Ten's political editor Hugh Riminton, and from the 'Australian', Janet Albrechtsen. Good morning to all of you. Minister, I'll begin with you. It's been said that employment ministers don't create jobs, businesses do. We heard from the Coalition this week that if in government, they would reduce the company tax by 1.5%, thereby providing an incentive for businesses to hire. What incentives are you giving businesses?

BRENDAN O'CONNOR: Well firstly, in relation to the supposed tax cut by the Coalition, of course, they're taking with one hand, of course, after – and then looking to give with the other. They're cutting – they may be suggesting they'll cut the company tax rate, but of course they're increasing the company tax hike on the largest businesses, which will flow on to consumers. It's true to say that governments alone don't create jobs. We do it with business, and in fact I think our record stands for itself. When confronted by the global financial crisis, we made decisions to respond to that economic shock in a manner that supported 200,000 jobs. If we'd taken the option as put by the Leader of the Opposition, we would be 200,000 jobs worse off. We would have an unemployment figure with, most likely, eight in front of it. And I think that's the difference, and if you compare ourselves with advanced economies around the world – Europe, of course, has an average unemployment of more than 12%, and the United States just short of 8%.

HUGH RIMINTON: Sure, but –

BRENDAN O'CONNOR: And I believe part of that is as a result of the decisions that the Prime Minister and the Government took at that time.

HUGH RIMINTON: Still, unemployment is set to rise. There are a lot of nervous people out there – 150,000 more people will be unemployed over the next nine months. So have you done analysis on this around the country? Which sectors of the workforce are going to find it – are the jobs going to be disappearing from? Which parts of the country are going to be – disappearing from? You know, what kind of workers – older, younger? What analysis can you offer us?

BRENDAN O'CONNOR: Well look, we've seen the forecast by Treasury only very recently, but it means that we have challenges ahead, and we've never denied that. There are challenges. Now, the unemployment figure came out on Thursday, it stayed steady at 5.7%. But we need to make sure, Hugh, we invest in skills and education, in order to prevent people falling out of work. We need to go into the areas where there is anticipated growth. I would suggest, for example, the fall in the Australian dollar, is going to lead to some opportunities in trade-exposed industries like manufacturing and tourism, provided we invest in the skills that are needed.

HUGH RIMINTON: To take you back to the question though, are you saying that you have, in fact, made no analysis as to where these 150,000 jobs, that Treasury says are going to disappear over the nine months, which parts of the economy they're going to come out of?

BRENDAN O'CONNOR: Well no, you've said that. I've said to you – I'm actually pointing to areas, industries, that are most likely to have opportunities going into the future. Because of the fact that we know that the high – persistently high dollar has led to real difficulties for tourism and manufacturing and other sectors, whilst, of course, we've had a booming resources sector – so what we've done, Hugh, is we've looked at areas we need to dedicate investment. We've got the Australian Job Plan, which is providing industry hubs around the country. We're investing – we've invested a record amount of money in training, and that's why, again, today, of course, we're announcing the Step into Skills program, providing opportunities for young people who've have fallen between the cracks between learning and earning. That's really important, because if we're going to continue to ensure that the economy grows – and let's remember, our economy has grown in excess of 10% since the GFC, better than any other advanced economy – we can do that by anticipating the areas that are needed and the best way to do that is to ensure we work with business and unions and others, to make sure we provide the skills where there is a demand. Now the BCA have of course called for that, and we've been working with them and others to ensure that.

JANET ALBRECHTSEN: Minister, can I ask you – at the end of the first week, it seems pretty clear that you're asking an awful lot of voters, in terms of forgetting what's happened in the past – the chaos and dysfunction under the Rudd Government, the three years following that, where Kevin Rudd was undermining Julia Gillard, you're asking them to forget the forecasts of surplus promises – but in terms of your own ministry, you're asking them now to believe that, according to your latest forecasts, that unemployment is going to rise to 6.25%, but then it's going to fall the following year to 5%. Now, can you name a couple of economists outside of

Government, outside of Treasury, who think that's credible? Because all the economists that I'm listening to, and reading, are laughing at those figures.

BRENDAN O'CONNOR: Well, I don't know who you are talking to, but –

JANET ALBRECHTSEN: Well, I can name them. If you want me to name them, I'm happy to name them.

BRENDAN O'CONNOR: Well, you can do that once, actually, I answer your first question, perhaps. But let me say just this: you may want to mock those people in Treasury – it was Treasury's advice upon which we, of course, decided to respond to the Global Financial Crisis. You tell me any economist in this country, or indeed, around the world, that hasn't concluded that the decisions that we made hasn't kept us out of recession, hasn't ensured that we've supported 200,000 jobs. The fact is, we're happy –

JANET ALBRECHTSEN: I think there were a lot of economists who said that we spent too much money during that period.

BRENDAN O'CONNOR: You may want to point to those, but let me just say this: there was a decision we were to take – we took, I think quite correctly, in a way to support jobs. Now, Mr Abbott would have chosen a different path. He did not want to respond to the Global Financial Crisis in the same way.

JANET ALBRECHTSEN: But hang on, can you just come back – let's come back to the 5% figure that you're forecasting. I mean, that's an important figure. You're saying that unemployment is going to fall.

BRENDAN O'CONNOR: You shouldn't really talk over me, that's why you're known more as a commentator rather than a journalist. But let me just say this.

JANET ALBRECHTSEN: But I'm just trying to get you back to the question.

BRENDAN O'CONNOR: Well, you're really just trying to actually put your view, rather than listen to my view. But that's fine, let me say this though – we do accept the figures of Treasury, and you'd have to say, if you compare us with advanced economies, in terms of unemployment, we've done relatively well. Second-lowest in the OECD – I think that's a good mark, but there's plenty more to be done, and that's why, when you make decisions in Government, you have to put jobs at the centre of that decision making. And I think that's what we have done, I think our record shows that. But of course there needs to be more investment in skills and training. It's critical that we invest in those areas where our most important resource – that's our people – are equipped with those skills required for business, to ensure our economy grows. And we believe we've got that right. We've put a record investment in training and skills – \$19 billion since we were elected to office – a 70% or more increase than the previous government, because without the investment in skills and training, we will not grow our economy, and productivity will not improve.

HUGH RIMINTON: Brendan O'Connor, if I can ask you – we heard from Tony Abbott this week. He says that under a Coalition Government growth will be always

be higher, and tax will always be lower – can you argue that, under a Labor Government, unemployment will always be lower?

BRENDAN O'CONNOR: Well you certainly can't argue that taxes would be lower under the Coalition. In fact, our take of tax as a proportion to GDP is lower than it was during the Howard years. Howard in fact was the highest-taxing government in our history. So that mythology should be busted. Insofar as unemployment, I – look, each government may be different. But I can say this: that there's no doubt, without the decisions we made in very difficult economic global times, we would have been much worse off. And I think we made the right calls. Were we perfect, did we make mistakes? Yeah, we made mistakes, but on the big decisions, Hugh, we got them right, and we believe we're better placed – and indeed, the Prime Minister, who navigated us through the Global Financial Crisis, is also the right person to take us through what are global volatile times.

KATHRYN ROBINSON: Okay, Minister, we need to take a break right now, but please do stay with us. We will have more with Employment Minister Brendan O'Connor next.