



**MEDIA RELEASE**

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## **ARTIO urges FWC to factor economy and labour market conditions in “modest” Annual Wage Review**

VTA CEO Peter Anderson has written to the Fair Work Commission (FWC) in his capacity as Secretary and Treasurer of the Australian Road Transport Industrial Organisation (ARTIO) to encourage the Commission to be guided by signs of the overall state of the Australian economy, especially the labour market, ahead of its Annual Wage Review.

Rather than specify a quantum, in either nominal or percentage terms, whereby wages should be varied, ARTIO has recommended a modest review in light of stagnant economic conditions and labour market growth.

“ARTIO reiterates that major macroeconomic indicators show the Australian economy and, in particular, the labour market is not generating sufficient growth to sustain strength in the labour market,” Mr Anderson wrote in the submission.

“Indicators such as a fall in the labour force participation rate and historically modest wages growth provide useful guidance to the FWC in terms of its decision making. These indicators all suggest that in ARTIO’s opinion any increase in wages decided upon in this Annual Wage Review should be modest.”

In his submission, Mr Anderson cited a range of indicators that justified a modest review.

“It is clear from a range of economic data that the Australian economy continues to grow at a sluggish rate. GDP for the year ending 31 December 2016 stands at 2.4 per cent. This is consistent with growth rates which have generally hovered at between 2 and 3 per cent since the end of the Global Financial Crisis.

“Lead indicators of economic activity such as building and dwelling approvals as well as actual capital expenditure indicate there is nothing on the horizon to provide additional economic stimulus. The mining and agriculture sectors are relatively volatile contributors to economic trends and Australia cannot rely on those sectors to stimulate long term economic growth.

“In ARTIO’s opinion, this does not necessarily point to a slowing down in the rate of economic growth, rather it suggests there is no clear pointer as to where stimulus to increase the rate of economic growth will come from.”

Mr Anderson said inflation, interest rates and an “anaemic” employment outlook also justified a modest review.

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“Inflation as measured by the Consumer Price Index (CPI) rose 1.5 per cent in the year ending 31 December. As the Australian Bureau of Statistics said in its media release on 25 January 2017, the rate of inflation remains subdued. The CPI remains at levels outside the Reserve Bank of Australia’s (RBA) target range of 2-3 per cent and has stayed within a range of 1 to 1.7 per cent for the past two years,” he said.

“There is every indication that the RBA will keep interest rates on hold for most, if not all of 2017. While predicting the timing, frequency and extent of interest rate movements is an inexact science, there is consensus that interest rate settings should err towards encouraging economic stimulus.

“ARTIO believes the labour market in Australia is anaemic, notwithstanding employment growth and an unemployment rate of 5.8 per cent. This is because the number of people in full time employment has fallen by approximately 21,200 over the past 12 months, despite the additional estimated 122,000 jobs categorised as part-time which have been created in the same period.

“A further sign of the weakening labour market is the 0.4 per cent fall in the participation rate over the past 12 months, suggesting that more people, capable of being employed, are choosing not to seek work.”

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**For further information please contact Brian O’Neil on 0411 055 284.**

#### **About ARTIO**

ARTIO is an Industrial Organisation of Employers registered under the Fair Work (Registered Organisations) Act 2009. It has been so registered since 1984. ARTIO represents employers in the transport and logistics industry, particularly those engaged in road transport. Its membership includes large multi-national transport companies including those publicly listed. ARTIO’s collective membership comprises approximately 450 transport employers and extends across privately owned small to medium sized companies. ARTIO has represented the industry in the Australian Industrial Relations Commission and its successor the Fair Work Commission (FWC) since achieving registration.