



Jobs and Skills Summit Transcript of statement by Innes Willox Chief Executive of the national employer association Ai Group

10:30-11:30am Session: Sustainable wages growth and the future of bargaining.

Ai Group welcomes the opportunity to participate in this summit as well as many of the conversations and discussions that have preceded, and no doubt will come after.

As we have heard laid out today, we all know there are problems with the bargaining process and Ai Group is committed to working towards improving the system.

In this process there should be scope for both employers and employee representatives to work constructively on improvements to the system even when we have different perspectives.

As the Prime Minister said this morning, the issues at hand are too important for us to remain in our trenches.

Let's look at the *Fair Work Act* which was legislated by an earlier Labor Government. A key object of it is "...achieving productivity and fairness through an emphasis on **enterprise-level collective bargaining...**"¹

That has been the bedrock of policy for a very long time; something that former Prime Minister Paul Keating continually talked about. We should not lose sight of that. But very clearly, as has been outlined today, the system is not working as intended or as it should.

Industry consistently calls out that the barrier to bargaining is that the system is overly complicated and technical. They point to the problematic way the 'Better Off Overall test' is applied. Agreement making should be a simple process for everyone – not the 'minefield' – and it is a minefield – that it currently is.

We would argue that with sensible reforms, rather than with radical change, that the system can once again play a much greater role in delivering the objectives we all want of higher productivity and better pay for employees.

We have proposed serious solutions directed at what are notorious problems. The government has been developing principles to facilitate engagement with representatives of employers and employees in the context of this debate. And we agree with much of the content.

We all want the system to enable parties to reach agreements that see employees being paid higher wages that can be sustained through real productivity improvements.

¹ Section 3 of the *Fair Work Act* – Object of the Act

Leading into this Summit there have been calls from the ACTU for a system that enables a greater level of multi-employer or sector-based bargaining.

Let me just say that we are not convinced of the need for radical or risky reform.

Part of the issue is that the ACTU to date has provided little detail on their proposal and employers around the country are deeply concerned about what may be envisaged for a number of reasons.

There are questions, as Anthony has outlined (Prof Anthony Forsyth RMIT) around what is multi-party bargaining in the Australian context? What is defined as small business? What are the geographic regions covered? All those sort of issues would need to be discussed and worked through.

But there is real concern that such a proposal will risk exposing our community to crippling industrial action across crucial sectors of our economy. And nobody wants that.

Secondly, the proposal will foreseeably detract from what is important enterprise level bargaining. Real productivity gains are best achieved by a focus on agreements reached at the workplace or organisational level.

We need to have as a starting point an assumption in this debate that what we need is not radical reform but a good look at serious repair of the system.

As a country we need a modern and open economy with a workplace relations framework that encourages fairness, flexibility and productivity.

We also need a system that will help us respond to the current challenges ranging from global instability, labour shortages and the ongoing recovery from the pandemic.

And industry stands ready to assist. Ready, willing and able to participate in the conversations about how to move the system along to achieve those goals. It is in all our interests. Thank you.

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