

Jobs and Skills Summit – Beware a rush to consensus

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As [published in *The Australian*](#), 19 August 2022

The Government's Jobs and Skills Summit has the strong potential to build support across the community for the national objectives of raising living standards and promoting a fairer and more inclusive Australia. To achieve this, we should recognise the risks of a headlong rush to consensus and ensure we work from a solid factual base.

We have good reasons to be optimistic. The Government's recognition of the importance of lifting the pace of productivity growth and facilitating greater workforce opportunities is very encouraging. Achievements in these areas are fundamental to the living standards and fairness objectives.

Also encouraging is that the Summit will initiate a more inclusive and considered process of policy development culminating in the Employment White Paper.

While retaining the optimism, it is critical that we are mindful of the risk that the Summit could result in serious policy failures.

One such risk is from a rush to consensus where consensus itself becomes the objective. Hastily forged consensus could see many perspectives pushed aside; many groups overlooked; and many unintended consequences. Of course, where there are genuine and quick wins to be had, they should be taken.

The objective must be good policy not consensus itself. The photo op of a few leaders sharing the winners' podium at the Summit's end may be enticing. But this success will be transitory unless it leads to a commitment to substantial policy advances towards higher living standards and improvements in fairness.

Another potential source of risk to the success of the Summit is basing discussion on false premises and misunderstandings. These are enemies of a lasting agenda built on a thorough comprehension of the real issues at hand.

In some instances, the foundations for discussion are clear. Australia's annual productivity growth rate is lower than it could and should be. Largely as a result, real incomes growth has been commensurately lower. As a country, we do not invest sufficiently or effectively in the development of our workforce. Our economy has become too narrowly dependent on the export of a handful of commodities to a handful of countries.

While these take-outs are widely accepted, too many issues are clouded by falsehoods and furbies.

One such myth is that Australia has seen an outbreak of worsening income inequality.

This view looks at what is happening overseas and wrongly assumes the same is happening here. Yet, year after year, reputable organisations including the Productivity Commission and the Australian Bureau of Statistics report on a broadly unchanged level of income inequality in Australia. They point to the decisive roles of employment growth and our sharply redistributive tax and income support arrangements.

It is critical that discussion in this area should start from an accurate understanding of the Australian experience and not the fiction of worsening income inequality.

Another misconception is the widely debunked claims of the rising casualisation of the Australian workforce. Even though strong evidence repeatedly shows that the proportion of casuals in the workforce is no greater now than it was a quarter of a century ago, this patently false narrative is repeated ad nauseum.

By all means, we should consider what can be done to ensure that people who do not want to work on a casual basis have opportunities for permanent employment. But we should start with an accurate picture of the issues we want to address. We certainly should not make it harder for those who want to work on a casual basis.

Another example is the call to put an end to the “unilateral right of employers” to terminate an enterprise agreement. Such a right simply does not exist. It is true that applications can be made to the Fair Work Commission to terminate an enterprise agreement. And it is true that employers do, though very rarely, make such applications. It is also true that unions make such applications. But in neither case is there a unilateral right to terminate.

If there is to be an assessment of the procedures surrounding termination of enterprise agreements, the premise should not be a false one.

One final misconception is the recent claim that wages are not keeping up with productivity gains.

This claim compares real wages growth with changes in the broadest possible measure of productivity: gross value added per hour worked. It completely ignores the non-labour contributions to productivity growth including capital deepening, process improvements and technological improvements.

Wages have not and should not rise to absorb all the gains from all sources of productivity growth. Where would the incentive be for additional investment or innovation if all improvements went to labour and none to investing and innovating businesses?

To make the most of the opportunities presented by the Summit, all of us should commit to developing a substantial agenda. We may be able to chalk up a few quick wins but we should also be prepared to be patient and, in the interests of the best outcomes, the baggage, jargon and the sloganeering would be best left at the door.