



## Envisioning a future with eyes fixed on the past

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**T**he two-faced Roman god, Janus, simultaneously looked backwards and forwards, supposedly *longingly* at the past and *hopefully* at the future. Sadly, Janus could be revived as a symbol of modern Australian governments as they struggle to ward off economic decline and build prosperity.

That struggle is riven with conflicts. There is a broad recognition of what needs to be done to meet our many challenges but the lack of a coherent, workable and realistic strategy to achieve it.

Few would dispute the need to achieve net zero emissions; the importance of preparing ourselves for a more fragile geopolitical environment; or the need to grow real incomes and to do all this by raising the productivity and dynamism of our economy.

There is a strong effort to build our skills base and modernise our education and training systems. There is a deep recognition of the potential of greater digitalisation of economic activity. There is agreement that we should aspire to be a net-zero economy by 2050.

However, while forward-looking in part, our governments, Janus-like, are also facing and taking us backwards.

They are increasing barriers to the approvals required to build the future; they are piling onto businesses large and small reporting obligations upon reporting obligations; they are getting in the way of businesses as they shift their energy needs; and they are committing scarce taxpayer funds to projects for which there is poor transparency.

On top of this, the Federal Government has engineered the mother of all regressions, with the unjustified and radical reregulation of employment

relations. This is the delivery on a platter of a longstanding union wish list going well beyond anything foreshadowed at the last election. This will be a dead weight around the neck of industry for years to come.

If you want to know why the government expects private sector investment to slide further this year, look no further than the ludicrously named “*Closing Loopholes*” Act, Labor’s third tranche of extensive changes to our workplace relations system.

To successfully make things here in an increasingly decarbonised, digitalised and diversified economy, manufacturers, service providers and their workforces need to be skilled and agile.

But the new laws starting in August mean the government talks innovation but implements regression.

Labor hire, which provides business with the means to meet seasonal or surge demand, is now demonised.

New rules will place complex limits on who can be a ‘casual employee’, making it a nightmare to employ a person who wants to be engaged that way with all the benefits it provides.

This is a radical and unnecessary departure from how casual employment has long operated in Australia and overturns decisions made by the High Court in the face of union opposition just a few years ago. Instead of moving us forward, the changes were deliberately designed to narrow an employer’s ability to offer casual work opportunities.

Changes to our enterprise bargaining system will make it virtually impossible for employers to modernise outdated terms in workplace agreements without union support.

Unions will be able to interfere in workplaces even when those businesses have no union members. Employers will have to pay for union training on laws which give them a myriad of avenues to drag employers into costly Fair Work Commission proceedings.

We desperately need more houses and apartments, low-emissions energy generation, energy efficient buildings, better roads and railways and more efficient ports and airports.

We also have strong opportunities to take our manufacturing up the value chain, be strong in decarbonised upstream manufacturing and develop key capabilities in advanced manufacturing.

Even with the embryonic *Future Made in Australia* policy, alongside forward-facing steps, there are clear risks of re-exposing the economy to shortcomings of poorly designed and administered industry policy interventions.

In truth, we are yet to see sufficient details about how it will work apart from some glossy brochures and a few big grants to golden child businesses and industries. Releasing investment guidelines after an investment has been funded hardly fills industry with confidence.

If the abysmal failure that is the National Reconstruction Fund is any guide – announced with great fanfare two years ago and now a virtual irrelevance – we should prepare for bitter disappointment.

Seemingly forgotten in all the interventions, interference and regulations that come from too much central planning is that we currently manufacture plenty of things in Australia, and we do it pretty well too.

In 2023, the manufacturing sector contributed \$124 billion of value-add to the Australian economy. This makes it Australia's sixth largest industry – bigger than agriculture, retail or education – and accounting for five per cent of our GDP and about a quarter of our research and development spend.

Future success will come from a focus on our core needs. A skilled and agile workforce, a taxation system that supports investment and aspiration, a workplace relations system that drives productivity.

We need our business sector firing on all cylinders and we need our governments to get on board without the ambiguity of pushing us in all directions.

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