



## **Innes Willox address to National Press Club, Canberra**

**Wednesday 2 August 2023**

**Q&A session following [speech](#)**

LAURA TINGLE: Thanks, Innes. Let's go back to the underlying idea, productivity. You've said that a lot of things that the Government is proposing are productivity killing, but the current system, I think everybody agrees, doesn't work. Enterprise bargaining system has become completely paralysed. The system doesn't work. So in the sort of more generous spirit of the Jobs Summit last year, what would you suggest that should be done to fix productivity now, particularly given that the growing area of the workforce is in the- sort of the care economy, which is probably not, say, your traditional bailiwick? And also in that sort of general spirit of I won't say Kumbaya but I just did, of tripartite agreement making and consultation which sort of seemed to feature in the government's agenda, has any move been made to have three way conversations in the same room between government, employers and unions?

INNES WILLOX: Thanks, Laura. I'll take the second one first. The short answer is no, and that's deeply unfortunate. At no point yet, and there's still time and we hope so, at no point yet has there been conversations with government, employer representatives and unions in the same room, to be able to look at each other in the eye and to work through problems, differences, difficulties, interpretations. And until you get that happening, you're going to create conditions for conflict out in the field. And that field will be in workplaces. It may end up being in the Fair Work Commission. It will be in the courts.

We're having- we as an organisation are having really good conversations with the Government at the moment. And as I said in my remarks, we think we've shifted the dial on a few things, and I think it's got to be really important that before this process is concluded, before the legislation finds its way into Parliament, there are serious conversations with all

three parties in the room so we can work through the issues. Now, employers will have different areas of concern and unions will undoubtedly have different areas of concern. When I say that I think that we've made some progress on a few issues, it's more likely than not the unions will be deeply disappointed with what's been achieved, but we need to work it through. I would just take you back to when Julia Gillard introduced the Fair Work Act itself. She locked employers and unions away in a room for two weeks to work through the Act. Now I've just said a lot of it is not perfect, but it solved a lot of problems at source. You know, it nipped problems in the bud before they become real problems. So on behalf of employers, I would just really urge the Government, recognising that they have been much better this time around on consultation than they were last year over multi-party bargaining, which was a farce, quite frankly. This is much better this time, but the missing link is getting employers, employer representatives and unions together. If we're going to have true tripartism as the Government talks about, that's what tripartism is: getting us together. And we've seen it successfully happen in the past, but then everyone at least knows where they stand.

You asked: what about- what would we do to lift productivity? Productivity is many elements. It's not about us working harder, it's about us working smarter and more efficiently, about getting more bang for our buck. And that involves many different areas. It involves workplace measures, naturally, but it also involves taxation reform, energy reform, infrastructure reform, education skills and training, all of them working together.

LAURA TINGLE: In the IR space in particular.

INNES WILLOX: But these IR spaces are- these IR proposals are working against that. Now, within the IR space you made the point, Laura, that enterprise bargaining had slowed. If not collapsed. I'd say it had slowed. But why had it slowed, it had just become too difficult for both sides. Technically too difficult. You were getting agreements knocked back because of wrong phone numbers on them. You were getting technical decisions made and making people go back to the drawing board. You were getting one or two people when there were agreements with thousands of people objecting and therefore the whole agreement being thrown out. So we've got to- we should go back to first principles and try to work out how to make enterprise bargaining work, because enterprise bargaining was the success. And where you'd start is making it less complex, taking out the technicalities and making sure that only one worker or one person can't object to an agreement when it's been agreed by thousands. They're starting points. You have to start to rebuild confidence in enterprise bargaining. Multi-party bargaining is just going to see employers being roped in against their will without any productivity offset. Where the productivity comes is at the enterprise level.

LAURA TINGLE: Poppy Johnson has a question.

POPPY JOHNSON: Great. Thank you so much for your speech. With the next tranche of workplace reforms legislation due to be introduced soon, have you been in discussions with key crossbenchers and senators already? And can we expect your organisation to kick off a major public campaign in Opposition when it lands?

INNES WILLOX: Thanks, Poppy. Yes, we have been talking to crossbenchers. We've started conversations with them, but it's been not about the detail because we are involved in conversations with the Government and the bill hasn't been settled as yet. But the crossbenchers are interested in the concepts, and we were talking with a crossbencher yesterday, one of the senior crossbenchers yesterday just around- as I said, around concepts or the thinking behind, the rationale, the why. And the questions that were asked of us were: well, why is this happening? It doesn't look good to me why this would be happening, but is there any rationale for it?

The point was also made- has also been made in regular conversations with crossbenchers that the world is different to even less than 18 months ago when we held the election, so we all need to step very carefully through it. So in the end, this will be a parliamentary process. We expect the legislation will be introduced soon. Only the Government knows when, but the indications are soon, and then it will go through the House of Representatives, go to a Senate. We hope there's a proper Senate inquiry. Last time on multi-party bargaining, we had a very truncated process where we were meant to put in submissions sort of the day after the inquiry was called, so you couldn't give any real thought to it. We hope it's a proper process and we hope there's proper debate. Now, what Parliament decides, Parliament decides. That is the remit of Parliament.

We'll do two things: if it's bad for employers, we'll make sure, in the process through the Senate, that people know our views and the impact on the businesses, and that can come in many forms. Some might say it's a campaign, others would say, just putting forward views and perspectives in a polite, coherent way. And then once- whatever is introduced, we will work with employers to help them best manage that - that's our role as an organisation.

LAURA TINGLE: Phil Coorey.

PHIL COOREY: Hi, Innes. Phil Coorey from The Australian Financial Review. Just basically in continuation to Poppy's question. I remember back in 2007, John Howard rallied a bunch of industry and business groups to sort of help backing WorkChoices and, under your

predecessor, Heather Ridout, you politely declined to join that campaign and I think it's paid dividends subsequently for your group in terms of having a voice in the subsequent Government. But I note, on this occasion, the campaign that was launched two months ago by about every group you can think of from the farmers to the builders – the AI group was, again, conspicuously absent from that campaign against labour hire and so forth. Without risk doubling up what Poppy asked, are you prepared to change that or join that campaign? Or do you see the AI Group's role as being more valuable arguing and negotiating internally?

INNES WILLOX: Thanks, Phil. Two things to answer that. You're right, historically we never participated in advertising campaigns for a variety of reasons, but it's just not been the way we have operated and we have sought to influence, that's from part of the discussions and the like. And we had a lot of internal conversations about how to approach this issue and we decided the same approach, broad approach, would take place. As long as we're able to influence Government policy in its making, that's important to us. It gets real outcomes.

Now, as I said, the proof of the pudding will be in the eating, and we'll see what the Government ends up delivering. But once the legislation is in place, we will be talking to everyone, every man and their dog, who wants to hear from us around aspects of the legislation, whether it's- whether parts of it are positive or negative, we will be out there talking to them. We talk all the time with other business organisations. There are regular, regular conversations around aspects of different areas. It's not just IR, it could be energy, could be tax, it could be a whole lot of other things – there are a lot of conversations that go on. That's not to say we all try to line up equally, but we try to sort of share information and perspectives and that won't- that hasn't changed and won't change.

The fact that there are whole range of other industry associations in the room today tells you that we do talk and work closely. Advertising is not the way we do it, but we have other ways of doing it which to influence and we work really hard on seeking to maximise that influence.

LAURA TINGLE: Tom Lowrey.

TOM LOWREY: Hi Innes. Tom Lowrey from the ABC. Thanks for your speech. On an issue slightly separate to IR, Peter Dutton's been fiercely critical in recent weeks of some business leaders offering support and funding for the yes campaign and the Voice referendum. He said and I, somewhat, quote: CEOs are worried about influencers, the Twittersphere around their- over their customer base and employees. What do you make of those criticisms? And

do businesses and business leaders have a right to take a position on social issues and what's your advice to members considering doing so?

INNES WILLOX: Thanks, Tom. This is always going to be a controversial issue because businesses have taken a range of views and perspectives on a variety of what you might call social issues over the years. I would say to you it's a business's right, if they make a determination it's in the interest of their customers and their shareholders, to have a view. Some businesses do and some prominent businesses do, but many businesses don't and don't for a whole range of legitimate reasons. There's a disparence of views amongst customers, amongst suppliers, amongst staff and so they just decide to stay out of it. But I don't think you can silence the voice of business when it comes to issues which they believe impact them. And businesses who stand up and take a view around social issues more broadly have obviously made a decision, whatever that issue may be, that they are impacted one way or the other.

Now, you know, you're always going to have a debate about what the role of a business is, but businesses contribute to society as a whole and I think businesses have every right to put forward an argument, as long as it's properly explained and understood and supported by shareholders like customers and by staff, and that's for individual businesses to make that decision.

LAURA TINGLE: Sarah Ison.

SARAH ISON: Sarah Ison from The Australian. Just to stay on, what you called, a controversial topic which I'm sure you're glad to definitely stick on, right? The AI Group, in May, said constitutional recognition was well overdue and that it's critical. But we have seen, in recent weeks, some different things happening. We've seen some decline in public support and some polls. We've also seen businesses like Big W ditching in-store announcements in support of the Voice, so different things happening there. Do you think corporate Australia needs to change its strategy or rethink its strategy when it comes to the Voice? And, do you have any thoughts on the timing of this, if should it be delayed for as long as possible, December or so on, so that more businesses can get on board? What are your thoughts?

INNES WILLOX: So, Sarah, I'll take the fifth on the second question and I'll say that's totally in the remit of the Prime Minister. I think there had been an expectation that he might announce something this coming weekend at the Garma Festival, but has since indicated

that he won't. But it's up to him and the Government to work through the timing of the referendum.

Look, yes, we said that recognition is overdue, but we haven't taken a position on the nub of the Voice. We take the view that, of our broad membership, there are going to be a range of views and perspectives within that, and there are. But it's also this is going to be a vote, in the end, that is decided by individuals, not by businesses. You know, Tom's question: should businesses have a role, if they think it's impacting them, they should. But in the end it's individuals who are going to determine this.

What's important here is that individuals get the best information that they can to make a decision, and that's really important, and I Chair the organisation which is doing all the in-language material for the Electoral Commission for migrant communities around the Voice referendum. But in the end, this is going to be determined by individuals. Within businesses you're going to have a range of views, within boardrooms you're going to have a range of views - let the individuals make it up.

SARAH ISON: Regarding your members, though, what are you hearing? As I said, Big W has seen some backlash and changed its tact. Are you hearing from your members who are been in support of the Voice similar experiences? What can you share with us about what you're hearing?

INNES WILLOX: Look, experiences vary. I've got to say, amongst our membership the great bulk have not expressed a view or publicly expressed a view and they're happy not to express a view.

LAURA TINGLE: Nic Stuart.

NIC STUART: I know, although you're not talking to the union movement, you're on the inside so there are limits to what you can say. But the tenor of your speech today, I was wondering, how seriously are you concerned and worried about what is happening and what is likely to emerge from the legislation?

INNES WILLOX: Well, Nic, we'll see what emerges. All we can do – and we, as I keep saying, we're in the room and there's a lot of technical detail being worked through. What we got at the moment are a range of high level ideas, slogans I'll characterise them all, but underneath those is an enormous amount of detail that is being worked through by the department in consultation with a range of people. And I must say, the department people are here and you're doing a great job, Martin.

[Laughter]

But we just have to work this through. And as I said, we're also in with the minister's office today, I hope that's not breaching confidentiality by saying we're talking to him today but we are, about some of the key concerns that employers have had. So we have had a range of round-tables, you know, dozens upon dozens of round-tables with members over the past few months on what is being proposed, what is being suggested. We've been collating their feedback, we've been feeding that into the process.

We're really concern that it will have an impact on our economic competitiveness and our flexibility within our workplaces and our workforces to do the things that they need to do with their employees' support to improve their output and their productivity. That's why the impact around casuals is so important because it is not a growing part of the workforce, but an important part. We're concerned about what it will do for workers, not having that flexibility that they want as well. Same Job - Same Pay, we're concerned about it taking away the ability for businesses to upsize and downsize as necessary through seasonal changes or work surges. So we're concerned about the rigidities that it will impose on workplaces that won't give us the room to move that we need to adapt to those challenges I sort of outlined. So this is part of the productivity equation; not the whole part, but it's a key part.

LAURA TINGLE: Paul Carp.

PAUL CARP: Paul Carp from The Guardian. Thanks for your speech, Innes. A lot of the policy challenges you mentioned, like ageing population, building houses, and transition to net zero are things that were being held back because of labour and skill shortages, which could arguably be improved by increasing migration. Could I please ask, is it regrettable that there's been a demonisation of the increase in arrivals and net migration since the COVID border closures were lifted?

INNES WILLOX: It's a good question, Paul. I think- I wouldn't know if demonisation-

[Indistinct]- I think there's a misunderstanding. I think there's a misunderstanding of the positive impact that migration has on us as a community and as an economy. And post-COVID, you had a big build-up of people wanting to come to Australia in various- for various reasons and in various guises, and we're working that through. All the expectations are that migration levels will return to what you might call more normal pre-COVID levels from about next year. This year is sort of an aberration in many ways. But migration and skilled migration is important to our workforces and our workplaces for a couple of reasons. We

have over 400,000 unfilled jobs in our economy at the moment. I'm not saying that we should take in 400,000 migrants to fill those jobs. That's just an example of the scale of the problem that businesses are having at the moment. Skilled migrants take- move to regional centres where there are massive job shortages. Skilled migrants take roles that are highly technical, that we don't have the skills or capability here for at the moment, and they teach and are able to pass on their skills and knowledge to others. We are a migration nation. Our success has been built on migration. And I would just say to those who are resolutely opposed to migration, look at Japan. Its population has fallen by 800,000 this year as a result of not having a migration input- intake in the past. It is economically catastrophic if you want to cut off migration as a way to help build the economy, to grow the economy, to grow skills, to grow productivity. So I think there's a lot of misunderstandings there, and some have demonised, and that's really, really unfortunate.

LAURA TINGLE: Ben Westcott.

BEN WESTCOTT: Ben Westcott from Bloomberg. Thank you so much for your speech, Innes. Flagging productivity isn't just an Australia problem, it's a global problem, as was pointed out by RBA Governor Philip Lowe in a recent speech in India. Let's say that tomorrow, Prime Minister Innes Willox [Indistinct]...

INNES WILLOX: [Talks over] Now you're talking.

BEN WESTCOTT: ...full of ideas of how to change Australia. What are the top three measures you would do to increase productivity in the country?

INNES WILLOX: Okay, good question. And we've given a lot of thought to this. One is- well, I'll just go back to what I talked to today, is to not do things and to make the workplace relations system more transparent, simple and less complex. Two is to have a really solid look at tax reform, both corporate and individual, the tax mix, the tax make-up, to provide us with the tax base that we need, but to also make it competitive. We're not competitive on corporate tax. We're among the highest income taxing countries in the world, maybe only second to Norway under some measurements. So tax reform, you know, I hate to bring up the subject of the GST, but have a look at that. And so you have a whole root and branch discussion on tax reform. And lamentably, that's been missing from the conversation for a decade or more. And I've got to say, we and others had a great session with Allegra Spender last week on tax reform. She's looking at that. Hopefully, Allegra can take that up and run- and others as well can run. So you've got to look at workplace relations reform. You've got to look at tax reform. And third is skills and training, preparing for the future. We



still have too many apprentices who don't complete. I think the record was about 2009, 62 per cent of apprentices completed. Ever since then, it's been about half. We've got to get our TAFE system. Government's trying to do a lot more in TAFE, and congratulations to them for that, but we've got to find TAFE teachers, we've got to find TAFE equipment so people can learn. We've got to get the university sector better aligned with employers, better aligned with the vocational education training system, so that we're producing the degrees that we need in the right numbers and right proportions, and we have the right mix of practical and theoretical. I could go on, but they're the first three I'd look at. But it's all interlinked and you can't do one with it and then block the others. You've got to focus on them all together.

LAURA TINGLE: Our final question is from Julie Hare.

JULIE HARE: Excuse me. Julie Hare from the Australian Financial Review. Thanks for your speech. Just while we're talking about schools and education, Michael Brennan, the outgoing Productivity Commissioner, made an observation last year that we have a productivity paradox, that never in history have we had such an educated population and yet productivity is at a standstill. Do you have any insights into that? And just a double burger, just on women, our participation in the workforce. It's known to be one of the few things that has actually given productivity a boost. But we have- on July 1, there was a new regime for childcare subsidies, which means that families with \$360,000 a year can now get \$30,000 in subsidies. Is that a good spending of public money or is it middle class welfare?

INNES WILLOX: So I'll take the second one first around childcare. Childcare- workable childcare is an essential part of a workable workforce participation system. Without childcare, you're not going to get participation at the levels you need, either male or female. Because males are happily increasingly spending time, more time, with their kids. So child childcare is crucial. There's many ways you could do it. Tax offsets and the like. I don't want to open a new, sort of, vortex here, but \$360,000 is a lot of money. But there's an argument now about what is a wealthy household in the current environment. I'm not going to give you a number, but that's the conversation that takes place now around dinner tables. And, you know, people who earn a bit more are also saying: oh, it's tough at the moment. But look, I'm not going to get into a number.

On the productivity paradox, it's a fantastic question, and it is a true and correct view that Michael Brennan put forward. We are more educated than others. And it goes back to my answer to Ben's question: what are we educating people in and for? And it may be that people who- we are more educated, but we're not educated in the right things and in the right areas. We produce- we have a deficit of 11,000 engineering graduates a year. I'm not

saying everyone has to go off and be an engineer, but how do we fix that problem? So the question I'd be is- and there are a lot of employers in the room, employers always constantly say to me, Julie, I take somebody in as a graduate and I don't expect to get anything out of them in terms of productivity for about two years or so. We've got to fix that problem, too, when it comes to education, so that people can hit the ground running, can be job ready from the start. So it is the right outcome that we're more educated, but are we educated in the right things? That's the question, that goes to the productivity paradox.

JULIE HARE: Thank you.

LAURA TINGLE: Please join me thanking Innes Willox.