

Working for business.
Working for Australia



Submission to the Senate Select Committee on the Future of Work and Workers

30 January 2018



Australian
Chamber of Commerce
and Industry

**WORKING FOR BUSINESS.
WORKING FOR AUSTRALIA**
Telephone 02 6270 8000
Email info@acci.asn.au
Website www.acci.asn.au

CANBERRA OFFICE

Commerce House
Level 3, 24 Brisbane Avenue
Barton ACT 2600 PO BOX 6005
Kingston ACT 2604

MELBOURNE OFFICE

Level 2, 150 Collins Street
Melbourne VIC 3000
PO BOX 18008
Collins Street East
Melbourne VIC 8003

SYDNEY OFFICE

Level 15, 140 Arthur Street
North Sydney NSW 2060
Locked Bag 938
North Sydney NSW 2059

ABN 85 008 391 795
© Australian Chamber of Commerce and Industry 2017

This work is copyright. No part of this publication may be reproduced or used in any way without acknowledgement to the Australian Chamber of Commerce and Industry.

Disclaimers & Acknowledgements

The Australian Chamber of Commerce and Industry has taken reasonable care in publishing the information contained in this publication but does not guarantee that the information is complete, accurate or current. In particular, the Australian Chamber is not responsible for the accuracy of information that has been provided by other parties. The information in this publication is not intended to be used as the basis for making any investment decision and must not be relied upon as investment advice. To the maximum extent permitted by law, the Australian Chamber disclaims all liability (including liability in negligence) to any person arising out of use or reliance on the information contained in this publication including for loss or damage which you or anyone else might suffer as a result of that use or reliance.

Table of Contents

Table of Contents	1
1. Introduction	2
2. How markets are changing	4
3. How Society is Changing	15
4. What businesses need to survive and thrive in the modern economy	24
5. We can learn from overseas but we are also unique	47
6. Supporting Australian businesses is in the interests of all Australians	49
About the Australian Chamber	52
Australian Chamber Members	53

1. Introduction

1. “Work” is the undertaking of activity involving mental or physical effort in order to achieve an outcome or result. It is generated in various forms in our community including voluntary work, domestic work, caring for others, self-employment and working as a paid employee for others. The availability of paid work in the community and its form is dependent upon a complex mix of factors and this has been the case before and after the advent of statutory employment regulation in the late 19th Century.
2. However given that the private sector employs four out of five working Australians it is certain that **the availability of paid work depends on the viability and success of the business that generates those opportunities**. This is not only axiomatic, it must drive any consideration of changes in how Australians work, now and into the future.
3. As such the Australian Chamber of Commerce and Industry, Australia’s largest and most representative business organisation, has approached this inquiry from the perspective of the foundations businesses need to survive and thrive in the modern, global economy and therefore generate and participate in paid work opportunities. We have also tackled the question of the policy settings needed to ensure Australia will be an attractive place for investment and employment in a global marketplace, creating flow-on business opportunities for SMEs, local jobs and revenue for the benefit of the community as a whole.
4. Any consideration of the future of work in Australia must be predicated on supporting the future for doing business in Australia. Our working future and the jobs we can generate for today’s young people and generations to come, will be a function of the foundation we provide for business to successfully navigate changing markets and a globalising world.
5. We speak a great deal of disruption in the contemporary world; in technology, in markets and in work. No government can control for or protect any segment of its economy from disruption, less so now than at any time in Australia’s history, but our governments can provide the right policy and regulatory foundations that will support Australian business in navigating the uncertain, rapidly disrupted and more mobile world they will face. This is the first and fundamental challenge posed by the widely discussed future of work.
6. In discussing the future of work, and the future of business to which it is indivisibly tied, we cannot lose sight of the fact that “businesses”, regardless of their size, are gatherings of people. The people that comprise a business are its greatest asset, particularly in an economy which is increasingly service-oriented.

7. Whether a person is a barista serving the customers of a business, a chief financial officer charged with ensuring ongoing financial viability of a company, a cleaner who is working to ensure an environment conducive to customer/employee amenity or a web developer tasked with improving customer experience in a digital marketplace, **every individual who works for or within a business plays a role in determining its success.**
8. **The success of a business is not only in the interests of its shareholders. Business success is also in the interests of those who work for or within the business** because the economic activity of that business provides work opportunities and the financial and other rewards associated with those opportunities.
9. Business success is also in the interests of the broader community. The more productive work that is generated, the more people are employed who pay taxes and lessen the tax burden for all. The more revenue generated by business and its activity the better the outcomes for the community in terms of Government investment of the taxes generated from that revenue in infrastructure, health care and education. At the local community level, the success and vitality of local small businesses not only delivers jobs and services, but also security and confidence in community life and development. **The whole community has a stake in business success in Australia.**
10. Businesses also have an interest in the prosperity and living standards of everyone in our community. Aside from the social benefits, people in our community are consumers and the more disposable income they have and the more they invest in Australian products and services the greater the turnover, growth and renewal for Australian businesses. The business community has a strong interest in working toward the market conditions and policy settings that support social and economic prosperity, high levels of employment and a sustainable high income economy that does not create inflationary pressures. While the policy solutions to achieve these outcomes may be open to debate, the aspired outcomes themselves should be uncontroversial and shared by all.
11. Given these shared interests, to approach the “future of work” as a divisive, political, industrial relations debate anchored around a 100 year old system, the perceived opportunities of the current political cycle, or the short term statutory agenda of some stakeholders, would do all Australians, current and future, a significant and lasting disservice.
12. It is time to move beyond the combative politicking of the past and to have a mature, constructive discussion about how all stakeholders in the system, Government and policy makers, businesses and those working for and in them, can identify shared goals and work together to achieve outcomes that will continue to improve our high living standards and provide an environment that supports investment and entrepreneurship, business success,

high levels of employment and high personal incomes in the shared interest of all Australians.

13. Importantly, these outcomes and interests are interdependent, and no single or selective elements can be subject of an exclusive focus. Stakeholders cannot demand, for example, that businesses pay high wages and employ more people unless we deliver the policy settings that will allow them to succeed in a high wage economy.

2. How markets are changing

2.1 We are competing for business and work opportunities in a global marketplace

14. Australian businesses and those who work in and for them are already competing for opportunities in a global marketplace and in a global labour market. This competition is expected to broaden and intensify as the take up of technology and internet usage expands across the globe.
15. The CSIRO report "*Tomorrow's Digitally Enabled Workforce: Megatrends and scenarios for jobs and employment in Australia over the coming twenty years*" (CSIRO Report), noted the concentration of internet usage in developed nations and the rapid rate at which this is changing as developing economies continue to close the gap.¹ It is expected that over a billion new online workers will join global labour markets over the next 20 years and will be able to deploy their skills without the geographical limitations of the past.²
16. The CSIRO Report noted that income growth and increasing levels of education and skill in this growing global labour market (in particular in Asia) is further intensifying the competition from abroad. The CSIRO Report noted:
 - a. *By 2030 China and India are expected to provide nearly half of the tertiary educated people aged 25-34 and over 60 per cent of the STEM qualified workforce for G20 countries.*³

¹ Hajkowicz SA, Reeson A, Rudd L, Bratanova A, Hodges L, Mason C, Boughen N (2016) , *Tomorrow's Digitally Enabled Workforce: Megatrends and scenarios for jobs and employment in Australia over the coming twenty years*, CSIRO, Brisbane, p. 18.

² Ibid, p. 18.

³ Ibid, p. 10 referencing OECD, "*How is the global talent pool changing (2013, 2030)?*" Education Indicators in Focus, No. 31. Paris: OECD Publishing, 2015.

- b. *Over the last decade a gap between the number of people with tertiary education from OECD and non-OECD countries has closed, and by 2030 70 per cent of people with tertiary education are expected to be from non-OECD countries.*⁴
17. This will see a global redistribution of economic activity and wealth with impacts for developed nations that will have to adapt and to maintain the high living standards they currently enjoy.
18. The CSIRO Report noted that:
- As a relatively high skill, high wage country, Australia is particularly vulnerable to losing jobs offshore as skill levels rise in lower wage economies.*⁵
19. It will therefore be imperative that Australia's policy settings enable Australian businesses to compete in this global environment and help ensure that there is a clear value proposition for investing and doing business in and from Australia. Other developed nations have already commenced the process of adapting their policy settings to better place them to compete and if Australia does not do the same we will get left behind.

2.2 The Australian economy is undergoing structural change

20. The shape of the Australian economy continues to diversify post mining boom and as growth in the services and knowledge-based sectors continues. We have seen declining employment in traditional, male dominated industrial sectors such as manufacturing and growth in services sectors, with health care and social assistance now being the largest industry accounting for over 13 per cent of employment.⁶

⁴ Hajkowicz SA, Reeson A, Rudd L, Bratanova A, Hodges L, Mason C, Boughen N (2016) , *Tomorrow's Digitally Enabled Workforce: Megatrends and scenarios for jobs and employment in Australia over the coming twenty years*, CSIRO, Brisbane, p. 52 referencing OECD, "How is the global talent pool changing (2013, 2030)?" *Education Indicators in Focus*, No. 31. Paris: OECD Publishing, 2015.

⁵Ibid, p. 71.

⁶ Australian Bureau of Statistics (ABS), *Labour Force Australia*, November 2017

Table 1 Employed persons in Australia by industry division (main job, seasonally adjusted)

Industry - Share of employment	November 1997	November 2017
Accommodation and Food Services	6.68%	7.15%
Administrative and Support Services	3.09%	3.28%
Agriculture, Forestry and Fishing	5.05%	2.60%
Arts and Recreation Services	1.66%	1.98%
Construction	7.02%	9.35%
Education and Training	7.14%	8.36%
Electricity, Gas, Water and Waste Services	0.93%	1.15%
Financial and Insurance Services	3.64%	3.39%
Health Care and Social Assistance	9.36%	13.32%
Information Media and Telecommunications	2.16%	1.71%
Manufacturing	12.86%	7.04%
Mining	0.95%	1.75%
Other Services	4.91%	4.27%
Professional, Scientific and Technical Services	6.44%	8.21%
Public Administration and Safety	5.46%	5.93%
Rental, Hiring and Real Estate Services	1.45%	1.76%
Retail Trade	11.30%	10.61%
Transport, Posta and Warehousing	5.06%	5.24%
Wholesale Trade	4.82%	2.91%

ABS, *Labour Force, Australia. Catalogue Number 6291.0.55.003*

21. The CSIRO Report noted:
- a. The highest 5 year growth to 2019 is expected in the health care and social assistance (18.7 %) sector followed by education and training (15.6 %);⁷
 - b. There has been a rise in knowledge-intense professions with patent growth increasingly almost 50 % between 1999 and 2013;⁸
 - c. Employment in the 'creative economy' is growing at an above average rate⁹ and contributes 7-8 % of gross domestic product growth annually.¹⁰

⁷ Hajkowicz SA, Reeson A, Rudd L, Bratanova A, Hodges L, Mason C, Boughen N (2016), *Tomorrow's Digitally Enabled Workforce: Megatrends and scenarios for jobs and employment in Australia over the coming twenty years*, CSIRO, Brisbane, p. 10.

⁸ Ibid, p. 10 referencing M. Paz-Marin, P. A. Gutierrez, and C. Hervás-Martínez, "Classification of countries' progress toward a knowledge economy based on machine learning classification techniques," *Expert Syst. Appl.*, vol. 42, p. 562–572, 2015 and WIPO, *Statistical Country Profiles: Australia*. Geneva: World Intellectual Property Organization, 2015.

22. The diversification of our sources of economic activity post-mining boom will not in itself be enough to maintain high levels of employment and high living standards. Australia's major trading partners are transitioning from the industrialisation phase of development into service sector economies in their own right¹¹ and Australia will need to adapt policy settings to ensure we remain competitive. This is not saying Australia should seek to become a low wage economy or drive employment standards down to the level of any given competing country. Rather, our decision makers need to provide the economic and regulatory foundations in a broad range of areas that will equip our private sector to compete for exports, investment and both retaining and expanding upon established areas of doing business.
23. At the same time as our sources of economic activity are changing, developments in technology are having a profound impact on a number of industries and occupations. Automation of jobs and function has been around since the industrial revolution, but the pace of change and level of sophistication in the modern age means that some service sector jobs are being disrupted. For example self-service technologies emerge to replace people in major food outlets, airports, banks, carparks and supermarkets. This was preceded decades ago with the advent of ATMs changing the banking sector, which was in turn upended by internet banking, itself disrupted most recently by mobile banking. The CSIRO Report provided the following examples:
- a. 50,000 bank teller jobs declined between 1995 and 2005 while the number of more highly skilled and paid roles for finance professionals rose by a similar number;¹² and
 - b. 35,000 new graphic design jobs were created over two decades while the number of traditional printing trade jobs declined by 17,000.¹³
24. As can be seen above, change has the potential to create as many if not more jobs than those displaced. However this may not mean that the same people who are being displaced from their jobs are picking up, or are qualified to pick up, the ones that have been newly created. In the examples above, many bank tellers will not have formal qualifications

⁹ Ibid, p. 10 referencing CCI, *Australian Creative Economy Report Card 2013*. ARC Centre of Excellence for Creative Industries and Innovation (www.cci.edu.au), 2013.

¹⁰ Hajkowicz SA, Reeson A, Rudd L, Bratanova A, Hodges L, Mason C, Boughen N (2016) , *Tomorrow's Digitally Enabled Workforce: Megatrends and scenarios for jobs and employment in Australia over the coming twenty years*, CSIRO, Brisbane, p. 10 referencing PWC, "The Economic Contribution of Australia's Copyright Industries 2002 - 2014. Prepared for the Australian Copyright Council (2015)," 2015.

¹¹ Ibid, p. 7.

¹² Ibid, p. 72.

¹³ Ibid, p. 73.

in finance or commerce, and many trade qualified printers will not have had high level PC skills.

25. The combination of technological and structural changes in the economy has the potential to magnify the consequences of unemployment with many people finding they have skills that are no longer in demand. Participation in paid work is critical to maintaining adequate living standards and to prevent poverty and social exclusion and we need to work toward policy settings that are conducive to positive workforce participation outcomes for as many Australians as possible.
26. This is a key challenge of the future of work, equipping more Australians with the skills and adaptability to change with future changes in labour markets and occupations, and to successfully adapt and remain engaged in work as businesses and their markets change (i.e. not becoming unemployed and excluded).
27. The critical thing to understand about this profound digital transformation and automation is that it affects businesses as well as workers. Business owners are faced with and even frightened of their entire business model being superseded and many will lose their life's work as a result. We are all facing this together.
28. Businesses and the people that work in them need to be able to adapt quickly and manage transitions. If transitions are unable to be managed there will be a heightened risk of people being unemployed for longer periods of time or vacating the labour market entirely.

2.3 Businesses will need to use data and technology to adapt and will need to access new skills to do so

29. It is unremarkable to state that in order to remain viable a business needs to have a product or service range for which there is demand at a price at which people are willing to pay. As product and service lifecycles become shorter, approaches which have worked in the past will increasingly provide no guarantee for the future, even the immediate future.
30. Reading and adapting to the market is not an occasional exercise. It must be continuous. Increasingly people want and expect to try the new and businesses cannot rely solely on brand loyalty. In this fast changing environment, Australian businesses need to anticipate the changing needs and desires of their customers and clients, and their success in doing so will increasingly determine their ongoing viability and the future of work for those who work in those businesses. Adaptability and agility is critical to business survival and a strong economy.

31. Data will play an important role in informing businesses about how they need to adapt. Data is increasingly becoming a commodity and by 2035 it is predicted that 15 billion terabytes of data will be downloaded semi-annually.¹⁴ This will create a skills demand for people who can analyse and apply the data that will be essential for achieving business outcomes across all areas of our economy. The CSIRO Report noted:

Exploited in the right way, big data can be of great benefit to individuals and organisations – offering insight into a multitude of areas such as smarter cities, faster medical breakthroughs, more efficient use of resources and employment demands.¹⁵ Organisations are already embracing big data – becoming more data driven in their decision making, product and service development, and in their interactions with customers, employees, suppliers and stakeholders.¹⁶

32. Virtually no area of our economy, and no existing job, will be immune from the impact of greater reliance on data, and more and more jobs will be predicated on being able to manipulate data or contribute to its collection and application.

33. Digital literacy will become increasingly necessary for a wide variety of jobs. As noted in the CSIRO Report:

Even traditionally labour-intense occupations like nursing or aged carer are likely to require an ability to work with computers and operate complex machines. A builder might as well need to understand and be able to connect the multiple devices and smart systems of future homes.¹⁷

34. People will need to acquire the skills needed to navigate these developments in order to remain employable/able to engage in work. Significantly, the CSIRO Report noted that:

There will be fewer and fewer jobs within the service sector of the economy – within which the bulk of Australians are employed – which do not require skills, and/or training qualifications. The bar is likely to continue rising for the foreseeable future...¹⁸

¹⁴ Hajkowicz SA, Reeson A, Rudd L, Bratanova A, Hodges L, Mason C, Boughen N (2016) , *Tomorrow's Digitally Enabled Workforce: Megatrends and scenarios for jobs and employment in Australia over the coming twenty years*, CSIRO, Brisbane, p. 8 referencing ABS, *Internet Activity, Australia. Catalogue Number 8153.0*. Canberra: Australian Bureau of Statistics, 2015.

¹⁵ Microsoft, *The Big Bang: How the Big Data Explosion is Changing the World*. Microsoft Website (www.microsoft.com), 2013.

¹⁶ Hajkowicz SA, Reeson A, Rudd L, Bratanova A, Hodges L, Mason C, Boughen N (2016) , *Tomorrow's Digitally Enabled Workforce: Megatrends and scenarios for jobs and employment in Australia over the coming twenty years*, CSIRO, Brisbane, p. 35.

¹⁷ Ibid, p. 13.

¹⁸ Ibid, p. 13.

35. As the OECD has noted, information and communications technology (ICT) complementary skills are becoming more important with changing jobs and automation.¹⁹ Even now, occupations that are not considered ICT specialist occupations intensively use ICT in their daily work. This includes, for example, administrators, actuaries, statisticians, finance professionals, engineers, librarians and teachers.²⁰
36. The higher skills bar to labour market entry combined with automation of routine jobs may be problematic for young people and low skilled job seekers. Youth unemployment remains persistently high at over 12% and it is important that our policy settings encourage entry level opportunities for those with lower levels of skills. The damaging effects of youth unemployment are described in the CSIRO Report as follows:

Youth unemployment and failure to find the first job have been shown to have ‘scarring’ effects on those entering the job market, with potentially lasting negative effects on health and career prospects.²¹ Unemployment early in life is associated with a higher risk of being unemployed or discouraged from looking for work in the future, as well as lower earnings than peers,²² especially among low skilled workers.²³ As a result, the current issues of youth unemployment in Australia may have a long-term impact.²⁴

37. It is difficult to predict with certainty where new entry level jobs will come from as the shape of the economy changes. However as it stands, there is already a concentration of these jobs in the service sector industries. Many of these industries do not operate around the 9am – 5pm Monday-Friday paradigm around which our workplace relations framework has been centred and which prescribes high labour costs for operating outside of these times. In future there can only be increasing diversity of work demand away from the traditional full-time, Monday-Friday work model of the 20th Century, and Australia’s success in harnessing and navigating this change will determine key concerns, such as our capacity to employ our young people.
38. In order to avoid the build-up of a large pool of youth at risk of becoming long term unemployed care should be taken to avoid pricing low-skilled youth out of entry level jobs,

¹⁹ OECD Digital Economy Outlook 2017, page 187

²⁰ OECD Digital Economy Outlook 2017, page 185

²¹ J. Fildes, A. Robbins, L. Cave, B. Perrens, and A. Wearing, *Mission Australia’s 2014 Youth Survey Report*. Mission Australia, 2014; H. Morsy, “Scarred Generation.,” *Financ. Dev. Int. Monet. Fund*, vol. 49, no. 1, 2012.

²² H. Morsy, “Scarred Generation.,” *Financ. Dev. Int. Monet. Fund*, vol. 49, no. 1, 2012; L. B. Kahn, “The long-term labor market consequences of graduating from college in a bad economy,” *Labour Econ.*, vol. 17, no. 2, pp. 303–316, 2010

²³ S. Burgess, C. Propper, H. Rees, and A. Shearer, “The class of 1981: the effects of early career unemployment on subsequent unemployment experiences,” *Labour Econ.*, vol. 10, no. 3, pp. 291–309, 2003.

²⁴ Hajkovicz SA, Reeson A, Rudd L, Bratanova A, Hodges L, Mason C, Boughen N (2016) , *Tomorrow’s Digitally Enabled Workforce: Megatrends and scenarios for jobs and employment in Australia over the coming twenty years*, CSIRO, Brisbane, p.24.

or imposing further labour market inflexibilities or costs that position Australian businesses poorly to be competitive in a more disruptive, demanding commercial world. The policy framework must not worsen the prospects of 'at risk' cohorts in the labour market.

2.4 Rapid technological developments are changing consumer habits

39. The evolution of digital technology, particularly online digital technologies which were in their infancy in the 1990s, has been rapid. Smart phones, tablet computers, wireless internet, online shopping and social media continue to play a significant role in a connectivity phenomenon that has changed our lives, attitudes and behaviour. While major changes occurred in the past (mechanisation, digitisation etc), it is arguable that the impacts of technological developments have never been as disruptive within such a short period, nor set to disrupt so rapidly into the future. This impacts businesses because what people expect and how they interact with products, services and the workplace is different and changing rapidly. Our policy settings need to adapt to a much more dynamic marketplace and labour market, and to markets being global rather than confined to particular nations or regions.
40. We have seen significant growth in computing power, device connectivity, data and the way we use it. This has impacts for the way businesses interact with their customers and their employees. As noted in a recent CSIRO report:
 - a. In 2006 there were two billion smart connected devices and this increased steeply to 15 billion devices in 2015.²⁵ This is predicted to increase to 200 billion devices by 2020;²⁶
 - b. Internet access via mobile phones more than tripled between 2010 and 2013;²⁷ and
 - c. In Australia we are seeing significant growth in the number of people using smart phones and substitution of mobile devices for traditional, fixed phone lines.²⁸
41. These developments bring opportunity as they allow businesses to operate more efficiently and to extend their market reach and millions of jobs have been created as result.²⁹ PwC

²⁵ Hajkowicz SA, Reeson A, Rudd L, Bratanova A, Hodges L, Mason C, Boughen N (2016) , *Tomorrow's Digitally Enabled Workforce: Megatrends and scenarios for jobs and employment in Australia over the coming twenty years*, CSIRO, Brisbane, p. 8.

²⁶ Ibid, p. 8 referencing Intel, *A Guide to the Internet of Things*. Intel Website (www.intel.com), 2015.

²⁷ Ibid, p. 8 referencing ITU, *Measuring the Information Society Report*. International Telecommunication Union, 2014.

²⁸ Ibid, p. 32.

²⁹ Ibid p. 32 referencing W. Bock, D. Field, P. Zwillenberg, and K. Rogers, "The Growth of the Global Mobile Internet Economy – The Connected World," *Bost. Consult. Gr. Perspect.*, no. 10 February 2015, 2015.

has estimated that small businesses will be able to unlock \$49.2 billion over the decade if they can utilise technologies to their full potential.³⁰

42. Australian businesses must respond to the reality that consumers are now demanding greater convenience in how and when they transact. In 2017 Australia Post and Startrack released a 2017 eCommerce Industry Paper ‘*Inside Australian Online Shopping*’ which made the following notable findings from research undertaken:

- a. Consumers are shopping online later in the day with 29% of purchases made between 7pm and 10pm;³¹
- b. In 2016 shopping via a mobile phone increased 52% from 2015;³²
- c. In 2016 growth in online spending significantly outperformed traditional retail spending, up 10.2% compared to 3.3%; and
- d. The department and variety stores category had the highest share of online purchases (at 30.1%)³³ followed by fashion (16.7%)³⁴ and over 60% of sales came from pure online retailers.³⁵

43. This data accords with earlier observations of the Competition Policy Review Panel:

consumers are demanding more diversity in how and when they shop as clearly demonstrated in the take-up of online shopping. In recent years online retail sales have grown more quickly than spending at traditional ‘bricks and mortar’ retailers. Online retail sales are estimated to represent around 6 ½ per cent of spending at bricks and mortar retailers, up from around 5 per cent in 2010. National Australia Bank estimates that Australians spent \$15.5 billion on online retail in the 12 months to June 2014. Seeking to ‘hold back the tide’ by limiting the ability of consumers to shop at times of their choosing will act to limit competition between online and ‘bricks and mortar’ shopping (references omitted).³⁶

44. These trends will see traditional bricks and mortar retailers exposed to increasing competition. It is clear the sector is in a period of adjustment and in recent times the retail sector, which is Australia’s second largest employer (employing 1.3 million Australians) and

³⁰ Ibid, p. 41 referencing PWC, *Small Business: Digital Growth*. Sydney: PricewaterhouseCoopers, 2015.

³¹ Australia Post, Startrack (2017), *Inside Australian Online Shopping*, 2017 eCommerce Industry Paper, p 6.

³² Ibid, p 6.

³³ Ibid, p 14.

³⁴ Ibid, p 20.

³⁵ Ibid, p 14.

³⁶ *The Australian Government Competition Policy Review Draft Report*, September 2014, p 105.

the largest employer of our young people has seen weak profits, lean margins and a contraction in jobs and hours worked. Heightened competition means retail employers are unable to pass on cost increases to consumers and this is contributing to persistently low levels of inflation. They will need to evolve to win over the online market and shopper who desires a more 'convenient' shopping experience.

2.5 Businesses are adapting to changing consumer needs and preferences

45. Businesses that are able to harness technology, change their business models and adapt their product and service offering will be better placed to compete in the modern marketplace.
46. The CSIRO Report noted that in doing so retailers have been moving toward an "experience economy" model.³⁷ This model is described as one in which "businesses create memorable events for clients, where the memory itself and enriched experience become the product".³⁸
47. The need to meet changing consumer preferences places pressure on businesses to adapt as well as those who work in them. The CSIRO Report suggested that:

*A key question is therefore the extent to which people value (and are willing to pay for) human labour compared to its technological alternative. For example, how much do people value person service over automated systems? Many of us dislike the automated check-outs that have proliferated in our supermarkets but few are willing to pay the cost of a longer wait for a human operator.*³⁹

48. Of note, Amazon recently opened its 'Amazon Go' store in Seattle which is a convenience store that sees people 'checking in' instead of 'checking out' by scanning a smartphone code that tracks purchasing activity while in store.⁴⁰ The Amazon Go website states:

What is Amazon Go?

Amazon Go is a new kind of store with no checkout required. We created the world's most advanced shopping technology so you never have to wait in line. With our Just Walk Out Shopping experience, simply use the Amazon Go app to enter

³⁷ Hajkowicz SA, Reeson A, Rudd L, Bratanova A, Hodges L, Mason C, Boughen N (2016) , *Tomorrow's Digitally Enabled Workforce: Megatrends and scenarios for jobs and employment in Australia over the coming twenty years*, CSIRO, Brisbane, p. 54.

³⁸ Ibid, p. 54.

³⁹ Ibid, p. 74.

⁴⁰ Grabar H, 'Amazon Go is Dazzling. But How Many Jobs Will it Kill' in Slate, 22 January 2018, accessed 23 January 2018.

the store, take the products you want, and go! No lines, no checkout. (No, seriously.)

How does Amazon Go work?

Our checkout-free shopping experience is made possible by the same types of technologies used in self-driving cars: computer vision, sensor fusion, and deep learning. Our Just Walk Out Technology automatically detects when products are taken from or returned to the shelves and keeps track of them in a virtual cart. When you're done shopping, you can just leave the store. Shortly after, we'll send you a receipt and charge your Amazon account.⁴¹

49. While the evolution of technology needed to support this self-service model will undoubtedly create new jobs in the economy to support it, this type of business model clearly has implications for the traditional role of check-out operator/cashier.
50. Businesses will need to leverage technology to better support business sustainability however it needs to be understood that this will have labour market impacts. For example, the CSIRO Report notes that companies in the platform economy have achieved rates of market capitalisation much higher than historical patterns of company growth however this outcome is able to be achieved with fewer employees.⁴²
51. While the technology underpinning these new business models will need to be supported by a skilled workforce this may have implications for many of the traditional entry level jobs that exist today, increasingly raising questions about how our young people will get a foothold in the modern labour market. The RBA's February 2015 Statement on Monetary Policy identified the challenges that changes in the business environment were presenting for young people, noting:

Youth unemployment, which tends to be particularly sensitive to the business cycle, has increased notably; 270 000 people aged between 15 and 24 years are now unemployed, 20 000 more than a year ago. Much of the increase in youth unemployment over the past few years, and in 2014 in particular, has been accounted for by those in full-time education who are searching for work.... More generally, a higher incidence of full-time education has accompanied the reduction in the size of the youth labour force. However, there is also evidence that it is becoming harder to find a job on completion of tertiary education. As a result, a

⁴¹ <https://www.amazon.com/b?node=16008589011> , accessed 23 January 2018.

⁴² Hajkovicz SA, Reeson A, Rudd L, Bratanova A, Hodges L, Mason C, Boughen N (2016) , *Tomorrow's Digitally Enabled Workforce: Megatrends and scenarios for jobs and employment in Australia over the coming twenty years*, CSIRO, Brisbane, p. 18.

*rising portion of young jobseekers are yet to find their first job and the average duration of unemployment among 20 to 24 year olds has increased.*⁴³

52. Managing the risk of youth and long term unemployment will need to involve policy settings that encourage people to acquire the skills that businesses need, that better encourage businesses taking a chance on labour market entrants as well as ensuring labour market entrants are not priced out of the market. It will also be critical that young people not only have the skills to enter work, but also to remain in work, and to adapt to the changing work and workplaces they will encounter across careers subject to multiple disruptions and continuous change.

3. How Society is Changing

3.1 Our population is ageing

53. The Intergenerational Report highlighted our shifting demographics and ageing population stating that:

Australians will live longer and continue to have one of the longest life expectancies in the world. In 2054-55, life expectancy at birth is projected to be 95.1 years for men and 96.6 years for women, compared with 91.5 and 93.6 years today.

*In 2054-55, there are projected to be around 40,000 people aged over 100. This is a dramatic increase, well over three hundred times the 122 Australian centenarians in 1974- 75.*⁴⁴

54. The CSRIO Report noted that the Australian population over 65 years is projected to nearly double by 2035.⁴⁵
55. It is necessary to consider the impact of our ageing population in the context of the workforce with Australian statistics having predicted that by 2056 there will be about two to three people of working age for each person aged 65 years and over. In this regard, the Intergenerational Report notes:

There will be fewer people of traditional working age compared with the very young and the elderly. This trend is already visible, with the number of people aged

⁴³ Reserve Bank of Australia, Statement of Monetary Policy, February 2015, p. 44.

⁴⁴ Intergenerational Report, pp. vii-viii.

⁴⁵ Hajkowicz SA, Reeson A, Rudd L, Bratanova A, Hodges L, Mason C, Boughen N (2016) , *Tomorrow's Digitally Enabled Workforce: Megatrends and scenarios for jobs and employment in Australia over the coming twenty years*, CSIRO, Brisbane, p. 44.

between 15 and 64 for every person aged 65 and over having fallen from 7.3 people in 1974-75 to an estimated 4.5 people today. By 2054-55, this is projected to nearly halve again to 2.7 people.⁴⁶

56. While the number of people of 'traditional working age' may be falling, the cohort of people who may have once been considered to have been outside of 'traditional working age' is growing in scale. The Intergenerational Report stated:

By 2054-55, the number of people aged 65 to 84 will have increased substantially. By 2054-55 there are projected to be 7.0 million Australians aged 65 to 84, compared with around 3.1 million in 2015. This would represent just under 18 per cent of the total population, compared with 13 per cent in 2014-15. In 1974-75, around 1.2 million persons were aged over 65, or around 9 per cent of the population.⁴⁷

57. However as we age, it is likely that Australians will be able to work in a productive capacity for longer. In this regard the Intergenerational Report noted that recent improvements in life expectancy have been met or exceeded by improvements in *healthy* life expectancies. That is, not only are Australians' lives getting longer, they are enjoying good health for an increasing number of those extra years".⁴⁸ The Intergenerational Report stated:

Not only will Australians live longer, but improvements in health mean they are more likely to remain active for longer. 'Active ageing' presents great opportunities for older Australians to keep participating in the workforce and community for longer, and to look forward to more active and engaged retirement years.⁴⁹

58. The Intergenerational Report also made reference to the Australian Institute of Health and Welfare's (AIHW) estimated 'health expectancies' for Australians which suggested that:

A male born in 2012 could expect to live 79.9 years (period method) and an average of 62.4 of those years without disability. A female could expect to live 84.3 years, and an average of 64.5 of those years without disability. Of the years spent living with disability, an estimated 11.8 were without severe or profound core activity limitation for men, and 12.0 for women; that is not needing help with activities of self-care, mobility or communication.⁵⁰

⁴⁶ Intergenerational Report, p. viii.

⁴⁷ Intergenerational Report, p. 13.

⁴⁸ Intergenerational Report, p. 8.

⁴⁹ Intergenerational Report, p. viii.

⁵⁰ Intergenerational Report, p. 8, sourced from Australian Institute of Health and Welfare Bulletin 126, Healthy Life Expectancy in Australia: Patterns and Trends 1998 to 2012.

59. The Intergenerational Report also referenced the World Health Organisation's estimates of healthy life expectancy which measure the average number of years that a person can expect to live in 'full health' by taking into account years lived in less than full health due to disease and/or injury. The measure suggested that in 2012 Australians had the equal fourth highest healthy life expectancy at birth in the world being 73 years for both sexes combined.⁵¹
60. Shifting demographics will see natural adjustment in the labour market however there is a role for policy in supporting the capacity that people have to continue working longer. Encouraging and supporting the participation of older workers in the workforce as well as a more considered and planned approach to retirement is particularly important given that the CSIRO Report noted the ageing population together with increased life expectancy has led to estimates of significant gaps in retirement savings.⁵²
61. Retirement incomes policy (including compulsory and voluntary superannuation and the age pension) is relevant in the context of participation decisions. In particular, the CSIRO pointed to the need to develop 'tapered (and other new) retirement models' where older workers gradually scale back while making their knowledge and wisdom available and opening up work opportunities for younger generations.⁵³
62. Supporting continued work opportunities for Australians beyond traditional retirement age (i.e. 60-65) will require a cultural shift in workplaces as well as society and we should be encouraging a broader discussion about 'career longevity'.
63. The CSIRO Report also noted that increased labour force participation by older Australians may require a more flexible environment.⁵⁴ People may be inclined to participate in the workforce longer if, over their work life, options to participate in work in a variety of different ways are available to meet their changing needs. This does not mean a person should have a statutory right to hours of their choosing within the context of a traditional employment relationship or the creation of some other 'industrial solution'. However it should involve:
 - a. Ensuring people are encouraged to continually update their skills and competences to remain employable within and between employers given our rapidly changing environment;

⁵¹ Intergenerational Report, p. 8, sourced from World Health Organisation, Healthy Life Expectancy at Birth.

⁵² Hajkowicz SA, Reeson A, Rudd L, Bratanova A, Hodges L, Mason C, Boughen N (2016) , *Tomorrow's Digitally Enabled Workforce: Megatrends and scenarios for jobs and employment in Australia over the coming twenty years*, CSIRO, Brisbane, p. 46 referencing Rice Warner, "Retirement Savings Gap as at 30 June 2013 FSC," 2013.

⁵³ Ibid, p. 15.

⁵⁴ Ibid, p. 44.

- b. Creating a broad range of options in which people can participate in paid work whether through casual, part-time or fixed term work, self-employment or third party facilitators such as employment agencies. More avenues into work, and more flexible options suited to the range of needs and preferences of a more diverse workforce will best equip Australia to deliver work to that more diverse workforce;
 - c. Making it easier to retire on a transitional or phased basis, to re-enter new fields, or to act as mentors or emeritus team members through complementary superannuation and taxation policies; and
 - d. Shifting cultures toward an environment where people are more accountable for retirement savings and investment decisions and are actively encouraged to plan for their retirement and transition to retirement in a considered way, including through engaged planning and dialogue with the businesses in which they work.
64. Business leadership will also be important in ensuring inclusive practices are adopted to eliminate stereotypical attitudes and prejudices affecting the employment of mature aged workers. It is also important to be aware that many older workers themselves may be influenced by entrenched attitudes towards retirement (social or peer views about an accepted age for retirement, or an assumption that there must be a hard severance from work). Increasing the participation rates of older Australians is a therefore a community wide issue and a multi-faceted approach will be required to challenge perceptions around traditional working age and patterns of employment. Changing demographics must also be an indivisible part of considering the future of work and how Australia should provide for it.
65. Career longevity and increased participation can also be enhanced through the development pathways for redeployment of people who have been displaced throughout their working life (whether on the basis of skills relevancy or capacity) in a way that complements structural changes in the labour market.

3.2 We are becoming more educated

66. Australians are also attaining higher levels of education:
- a. Participation in full-time education increased from 47.2 per cent in September to 52 per cent in October 2015, an additional 237,500 youth;⁵⁵

⁵⁵ Hajkowicz SA, Reeson A, Rudd L, Bratanova A, Hodges L, Mason C, Boughen N (2016) , *Tomorrow's Digitally Enabled Workforce: Megatrends and scenarios for jobs and employment in Australia over the coming twenty years*, CSIRO, Brisbane, p. 24.

- b. Tertiary education rates have increased annually since 2001 and are above the OECD average.⁵⁶
67. It will be increasingly important to ensure the skills people are attaining as they become more educated are in line with current and forecastable demand from business. For example, structural changes in our economy have seen heightened demand for higher skilled occupations in the knowledge economy where there is a strong linkage between education and, employability productivity and earnings.⁵⁷ However the CSIRO Report noted that:
- Science, technology, engineering and mathematics (STEM) knowledge is associated with 75 per cent of the fastest growing occupations, innovations and wage premiums.⁵⁸ However, Australian youth demonstrate falling interest and performance and STEM. Today 11 per cent fewer year 12 students study maths than in 1992⁵⁹ and there has been a 35 per cent drop in enrolment in information technology subjects at universities since 2001.⁶⁰*
68. Skills mismatches need to be resolved as a key priority and this will require an in depth understanding about how training and education outcomes are translating to employment outcomes. For example, even though Australia needs to improve STEM skills across most occupations, not all STEM disciplines at university have the same outcomes. Science and Mathematics, for example, is well below the average of 72% with an employment outcome of only 59%. Diving deeper into detail shows that only 41% of science and maths graduates and only 36% of agricultural and environmental scientists are employed at a professional level four months after graduation so their skills are not necessarily being fully used at least early on.⁶¹ This is discussed further in this submission.
69. It will also be important to move the conversation from the traditional notion of ‘job-for-life’ job security and toward ‘employability’ and life-long learning. Just as organisations need to be able to adapt to our changing environment, so must the people within them. People and

⁵⁶ Hajkowicz SA, Reeson A, Rudd L, Bratanova A, Hodges L, Mason C, Boughen N (2016) , *Tomorrow's Digitally Enabled Workforce: Megatrends and scenarios for jobs and employment in Australia over the coming twenty years*, CSIRO, Brisbane, p. 25.

⁵⁷ Ibid, pp 49-50.

⁵⁸ PwC, “A smart move: Future-proofing Australia’s workforce by growing skills in science, technology, engineering and maths (STEM),” PricewaterhouseCoopers, Sydney, 2015.

⁵⁹ PwC, “A smart move: Future-proofing Australia’s workforce by growing skills in science, technology, engineering and maths (STEM),” PricewaterhouseCoopers, Sydney, 2015; J. Kennedy, T. Lyons, and F. Quinn, “The continuing decline of science and mathematics enrolments in Australian high schools,” *Teach. Sci.*, vol. 60, no. 2, pp. 34–46, 2014.

⁶⁰ Hajkowicz SA, Reeson A, Rudd L, Bratanova A, Hodges L, Mason C, Boughen N (2016) , *Tomorrow's Digitally Enabled Workforce: Megatrends and scenarios for jobs and employment in Australia over the coming twenty years*, CSIRO, Brisbane, p. 10 .

⁶¹ Department of Education and Training (2018), Graduate Outcomes 2017 https://www.qilt.edu.au/docs/default-source/gos-reports/2017/2017_gos_national_report_final_accessible45d8791b1e86477b58ff00006709da.pdf?sfvrsn=ceb5e33c_4

organisations need to continually adapt their skills and capabilities in line with change and this may require multi-skilling and multi-tasking.

3.3 Our workplaces are becoming more diverse

70. As our population ages and people remain in the workforce for longer employers will see an increasing number of generations working together in our workplaces. Of note we are on the cusp of an unprecedented moment in history where there will be five generations working together in the workplace for the first time. Understanding how Gen Z, Millennials, Gen X, Baby Boomers and Traditionalists think differently and creating a workplace environment where everyone can thrive is the next big test for business.
71. We have also seen significant changes in workforce composition since the genesis of our system of workplace relations in the late 19th Century and of note, significantly higher levels of women's workforce participation. The labour market is no longer dominated by the 'Harvester' model of the male breadwinner working to support his wife and three children working in a full-time industrial job. As noted in the CSIRO Report, the participation of women in the workforce increased to nearly 60% in 2015 from 43% in 1978.⁶² The emergence of flexible avenues for working has helped to support this outcome, and the importance of providing businesses and those who work with scope to organise work flexibly can only increase in the future.
72. Our society and therefore our workplaces are becoming increasingly diverse, including culturally and linguistically. The CSIRO Report noted that each year 80% of arriving migrants are of working age, compared to 54% of Australian residents.⁶³ This provides opportunities to address skills gaps.
73. An increasingly diverse workforce does however suggest that a 'one size fits all' model of employment regulation is increasingly poorly suited to the needs of the modern workplace and furthermore that snuffing out innovations and options in how Australians work will not be good for either businesses or working people.

⁶² Hajkowicz SA, Reeson A, Rudd L, Bratanova A, Hodges L, Mason C, Boughen N (2016) , *Tomorrow's Digitally Enabled Workforce: Megatrends and scenarios for jobs and employment in Australia over the coming twenty years*, CSIRO, Brisbane, p. 13.

⁶³ Ibid, p. 9 referencing ABS, *Migration, Australia, 2013-14. Catalogue Number 3412.0*. Canberra: Australian Bureau of Statistics, 2014.

3.4 People are creating their own work and income opportunities

74. The emergence of the peer to peer marketplace has received significant public attention however we are yet to see any significant compositional change in the labour market indicating a wide take up of 'freelancing' or 'gig based work' under this model in Australia.⁶⁴
75. Nevertheless one in three working Americans is an independent worker⁶⁵ and self-employment may become increasingly attractive to individuals who want the freedom to work at times and a pace of their choosing and on their own terms. It can also present benefits for businesses that want to operate with a smaller number of core staff and bring in skills and labour to meet changing demand.
76. New technologies and flexible labour market solutions can:
- a. enable employees and self-employed people to access work opportunities that may otherwise be difficult to source;
 - b. enable employers to access the skills and labour they need more seamlessly;
 - c. offer new opportunities for small businesses to compete.
77. Support that may be more commonly found in house in larger companies in areas such as accounting, IT, payroll, marketing, web design, graphic design, social media management and facilities management are able to be brought in more seamlessly through platform technologies, individuals providing consultancy services, and labour market intermediaries such as labour hire providers that can play an important role in connecting people to work.
78. The emergence of co-working spaces also enables access to professional working environments without the overheads of leasing an entire business premises. The CSIRO report that:
- a. the number of co-working spaces operating worldwide has nearly doubled annually since 2006; and

⁶⁴ ABS, *Australian Labour Market Statistics. Catalogue Number 6105.0*. Canberra: Australian Bureau of Statistics, 2014.

⁶⁵ Hajkowicz SA, Reeson A, Rudd L, Bratanova A, Hodges L, Mason C, Boughen N (2016) , *Tomorrow's Digitally Enabled Workforce: Megatrends and scenarios for jobs and employment in Australia over the coming twenty years*, CSIRO, Brisbane, p. 9 referencing E. Berland, "Freelancing in America: A national survey of the new workforce," *Freel. Union Elance-oDesk*, 2014. and B. Matthews, *Freelance Statistics 2015: The Freelance Economy in Numbers*. BenRMatthews Website (benrmatthews.com), 2014.

- b. the number of co-working spaces in Australia increased by 156 per cent in 2012.⁶⁶
79. These developments open the possibility of leaner and more agile operating models due to the ability to tap into skills and working space on demand. Smaller businesses will be able to compete more effectively with larger businesses due to their ability to operate in a way that reduces overheads and ensures that expenditure is productive.
80. Digital technologies have also enabled new market entrants, including small businesses, to access global markets, compete with and indeed disrupt established and larger businesses. The CSIRO Report notes that small businesses account for the largest proportion of employment in Australia (44 %in 2015-16)⁶⁷ and that survival rates have improved since the global financial crisis.⁶⁸
81. The CSIRO Report also observed:
- In order to continue to foster a successful entrepreneurial environment, entrepreneurship needs to be supported as a valid and respected career choice, removing the associated stigma of failure and assisting in the creation of networking opportunities. In addition, support is required to boost the contribution of women, young people and immigrants to the entrepreneurial environment and acknowledge their innovation and talent.*⁶⁹
82. People are also becoming more creative in how they use their capital to generate personal income, often to supplement other streams of income from paid work, and platform technologies in the peer to peer economy provide opportunities for them to do so (whether it be selling their crafts online, driving their own car or renting out their home). Greater economic security may be achieved by diversifying sources of income via self-employment, contracting or by working in a combination of ways for more than one person or business, sometimes at the same time. Indeed, a 'portfolio' of income streams may in future provide greater security than working for the one employer in a traditional, permanent form of employment.
83. Social media is also being utilised as a way to connect people with jobs. Businesses are able to use it as an online marketing platform and employees and employers are able to

⁶⁶ Ibid, p. 9 referencing Deskmag, *Desmag's 2nd Annual Global Coworking Survey*. Deskmag Website (www.deskmag.com), 2012.

⁶⁷ Hajkowicz SA, Reeson A, Rudd L, Bratanova A, Hodges L, Mason C, Boughen N (2016) , *Tomorrow's Digitally Enabled Workforce: Megatrends and scenarios for jobs and employment in Australia over the coming twenty years*, CSIRO, Brisbane, p. 9 referencing ABS, *Counts of Australian Businesses, including entries and exits. Catalogue Number 8165.0*. Canberra: Australian Bureau of Statistics, 2015 and ABS, *Australian Industry. Catalogue Number 8155.0*. Canberra: Australian Bureau of Statistics, 2015.

⁶⁸ Ibid, p. 9 referencing ABS, *Australian Industry. Catalogue Number 8155.0*. Canberra: Australian Bureau of Statistics, 2015.

⁶⁹ Ibid, p. 41.

use it to access jobs and source talent. The CSIRO Report noted 93% of recruiters are using or planning to use social media for recruitment.⁷⁰

3.5 People are demanding greater flexibility in how they work

84. Research from the Australian Workplace Relations Study (AWRS) suggests that flexibility to balance work and non-work commitments was overwhelming the most important aspect of employment for almost one-third (32%) of employees when considering their overall satisfaction with their current job.⁷¹ This was a considerably higher proportion than the proportion of employees that considered job security to be the most important aspect of employment (16%).⁷² The CSIRO Report noted that almost 88% of freelancers would continue with freelancing even if they were offered a full-time position.⁷³
85. Technological developments have also supported a greater level of connectivity providing broadened options around when, how and from where people can work.
86. The CSIRO Report made the following observations about younger generations entering the workforce:⁷⁴
 - a. *They are connected, technologically advanced, creative and entrepreneurial, and have new perspectives on desirable work environments, ethical issues and communication styles;*⁷⁵
 - b. *Generation Z (born 1995-2009) might demand new work environments. This generation tends to be creative⁷⁶ and digitally minded. Nearly 50 per cent of teens are connected for over 10 hours a day.⁷⁷ However, members of Generation Z also prefer face-to face communication over technology facilitated interactions,⁷⁸ are looking for life-long learning,⁷⁹ and are hoping to change the world.⁸⁰ They are*

⁷⁰ Hajkowicz SA, Reeson A, Rudd L, Bratanova A, Hodges L, Mason C, Boughen N (2016) , *Tomorrow's Digitally Enabled Workforce: Megatrends and scenarios for jobs and employment in Australia over the coming twenty years*, CSIRO, Brisbane, p. 32.

⁷¹ AWRS 2014, Employee survey and Enterprise Characteristics (Recruitment screener) survey.

⁷² AWRS 2014, Employee survey and Enterprise Characteristics (Recruitment screener) survey.

⁷³ Hajkowicz SA, Reeson A, Rudd L, Bratanova A, Hodges L, Mason C, Boughen N (2016) , *Tomorrow's Digitally Enabled Workforce: Megatrends and scenarios for jobs and employment in Australia over the coming twenty years*, CSIRO, Brisbane, p. 9 referencing Emergent Research, *Online Survey of 1186 Freelancers - May 14-28, 2014*. Emergent Research, 2014.

⁷⁴ Ibid, Brisbane, p. 10

⁷⁵ Ibid.

⁷⁶ Deep Focus and Cassandra, *Cassandra Report: Gen Z*. Cassandra Website (<https://cassandra.co/>), 2015; R. Wartzman, "Coming soon to your office: Gen Z," *Time*, vol. Feb., 12 2, 2014.

⁷⁷ WIKIA, "Generation Z: A look at the technology and media habits of today's teens," 2013.

⁷⁸ D. Schawbel, "Gen Y and Gen Z Global Workplace Expectations Study," *Millennial Branding*. Millennial Branding and Randstad US, 2014.

⁷⁹ 2015; R. Wartzman, "Coming soon to your office: Gen Z," *Time*, vol. Feb., 12 2, 2014.

⁸⁰ Ibid, 2014.

*entrepreneurial, with as many as 60-70 per cent wanting to start their own business.*⁸¹

87. These trends have implications for the ways in which businesses manage their workforce and for the way working people want to engage with work (both employment-based and non-employment based) and with those they work for. We can expect greater diversity of demand and greater questioning of the status quo and how we regulate work from both businesses and those working for and in them, and from what they want to jointly be able to agree upon for the organisation of how and when work is performed, how it is remunerated etc.
88. These trends also bring into question the relevance of the rigid, one size fits all employment regulation which has its genesis from a 100 year old system build for an era where working environments were fixed and largely dominated by men working full-time permanent jobs. Australian society and the sources of our economic activity have changed significantly since the genesis of our system, and are forecast to change even more significantly in a more changeable, more globalised and more competitive world.
89. Policy settings must enable businesses to successfully respond and adapt to their changing workforce, and the changing demands of their workforce in a dynamic way. Our success in accommodating and facilitating this dynamic accommodation and growth will go a long way to determining the future for doing business and for working in Australia in decades to come.

4. What businesses need to survive and thrive in the modern economy

4.1 To remain competitive, there needs to be clear value proposition for investing and doing business in Australia

90. Australia is unfortunately an increasingly uncompetitive place to do business. Australia's competitors are embracing policies that make their economies more competitive, and Australia is falling behind. Over the past decade, Australia has fallen from 10th to 21st on the Global Competitiveness Index.⁸²

⁸¹ Deep Focus and Cassandra, *Cassandra Report: Gen Z*. Cassandra Website (<https://cassandra.co/>), 2015; D. Schawbel, "Gen Y and Gen Z Global Workplace Expectations Study," *Millennial Branding*. Millennial Branding and Randstad US, 2014.

⁸² Klaus Schwab, World Economic Forum (2017), *The Global Competitiveness Report 2017-18*, Geneva.

91. Australia should aspire to remain a high income economy however it must be acknowledged that international investors will naturally design and direct monies to labour structures in a way that secures competitive advantage. Serious consideration needs to be given to ways to improve our labour market offering if we are to make the employment of Australian workers more attractive and sustainable to multinationals now and into the future. Adding layers of regulation on top of our already complex, and investment hostile workplace relations system is not the answer to the challenges we confront.
92. We also need policies and strategies that will enable us to secure competitive advantage in a range of other areas, which will be critical to the future of doing business in Australia, and thereby to the future for working in this country.
93. For example, Australia's taxation system needs to encourage investment, strengthen workforce participation and must not discourage risk-taking and entrepreneurship. It is important that both state and federal governments view Australia as a single national tax base and deliver a competitive taxation system that avoids duplication, complexity and over-taxation, and that encourages and attracts our share of global investments. We must avoid an excessive tax burden that harms the incentive to produce (and to invest) and limits economic growth. We must reduce our high rates of corporate taxation to enable us to compete and attract investment in a global marketplace, and it is well publicised that competing nations are re-examining corporate taxation settings throughout the world.
94. Australia must also ensure businesses have secure, reliable, and affordable supplies of energy. It is a major policy failure that Australia cannot guarantee that it can meet these three key criteria for doing business in any country. As a jurisdiction that has an increasingly inflexible workplace relations system and uncompetitive taxation system, the recent loss of our competitive advantage of cheap and secure energy has come as a shock to business.
95. South Australia now holds the unwanted title of the most expensive electricity in the world.⁸³ The sheer volume of Australia's energy reserves should yield some of the lowest electricity prices in the world. Yet this isn't the case and the Australian Chamber intends to continue to advocate for policies to change this.⁸⁴ Without being trite, the future of work as a contributor to a growing Australian economy and society will be severely limited if we cannot guarantee the immediate future of our power supply, and deliver medium and longer-term certainty on power supplies.

⁸³ According to Bruce Mountain, CME Consulting – Dayman, I, (2017), *South Australia power price to rise to highest in the world on Saturday, energy expert warns*, ABC News <http://www.abc.net.au/news/2017-06-28/sa-has-most-expensive-power-prices-in-the-world/8658434>

⁸⁴ See for example Australian Chamber of Commerce submission, [Inquiry into retail electricity supply and pricing](#), 20 June 2017.

96. Building newer, better and more cost-effective built infrastructure that meets business and community needs while removing productivity bottlenecks must also be a top national priority. We must focus on improving access to infrastructure financing and promoting greater private sector involvement in the planning, funding, construction and operation of infrastructure assets.
97. Australian businesses also need access to infrastructure that allows them to thrive in a digital economy. This includes access to reliable, fast and inexpensive telecommunications and mobile networks. Over 70% of all businesses have identified mobile internet and access to high speed broadband as either moderately or extremely important for their businesses.⁸⁵ Australian businesses heavily rely on a secure, reliable and fast internet connection in order to conduct internationally and domestically competitive businesses. It is particularly important in processing payments and securing orders. Given Australia was recently ranked 50th worldwide for its average internet connection speed,⁸⁶ Australian businesses may be reluctant to base their business model on digital innovation if the infrastructure is not there to support their vision. Investors will consider our digital infrastructure in making decisions to invest and offer work here.
98. We need a policy and regulatory environment that encourages businesses to take risks, harness the opportunities generated by the changes we are seeing and become more productive and competitive in the global economy. We need to support businesses in their efforts to develop new business models and innovate through technology to transform current businesses so they can thrive in a globally connected market place.
99. We also need to better support Australian businesses in navigating the inherent uncertainty that is set to characterise the ever globalising, intensifying and accelerating markets of the future. Australian businesses will not be able to ignore disruptive business models which increase the risk environment for doing business and for investment. They will need to adapt to compete effectively. **The extent to which government helps or hinders this adaptation will be more important than any other single factor in how Australia experiences the future of work.**
100. As noted earlier in this submission this will require Australian businesses to be increasingly data-driven in their decision making. The CSIRO Report noted:

⁸⁵ ABS, Cat. No. 8129.0 – Business Use of Information Technology, 2015-16

⁸⁶ Akamai's State of the Internet report, Q1, 2017

To inform investment decisions (e.g. capital, education, redeployment of workers) in a continually changing environment, it is essential to have good measures of data.⁸⁷

101. The CSIRO Report also noted that:

...social media, open government data, sensor technology and the growth of the Internet of Things provide new measures and analytics to inform our understanding of the digital economy and society. However, there will be ethical and regulatory issues to resolve before the potential of big data can be realised.⁸⁸

102. The Australian Chamber welcomes the Australian Government's commitment to make data collected by Australian Government agencies publicly available. However, there is more that can be done. Other governments, such as the United Kingdom and Canada, are ahead of the Australian Government in terms of open data. It is vital for businesses to have access to cohesive and complete public datasets. Datasets provided by the Government that are more complete can, in turn, produce more accurate analytics and drive efficiencies and productivity in both the public and private sectors. If the range and breadth of raw government data increased, it would encourage digital integration between the public and private sector in Australia.⁸⁹ In making this point, we recall that big data innovations are set to yield new and unheard-of tools to utilise such large data sets.

103. Australian businesses have the appetite to not only build on their competitive strengths through digital means, but also proactively work towards innovating based on their digital strengths. In order to facilitate this, the Australian Chamber supports consistent and certain research and development tax policy settings.

4.2 We need to enhance tourism and our visitor economy

104. Policies that support tourism growth are needed to contribute to Australia's future economic and social wellbeing and importantly spread the benefits across the country. The visitor economy continues to grow much faster than the rest of the economy. In 2016-17, tourism GDP increased by 4.9% compared to 2% real GDP economy wide, a \$54.7 billion contribution to our economy - driving growth in jobs and export earnings. Recent international visitor numbers indicate growth of 7 per cent in the year to September 2017.

⁸⁷ Hajkowicz SA, Reeson A, Rudd L, Bratanova A, Hodges L, Mason C, Boughen N (2016) , *Tomorrow's Digitally Enabled Workforce: Megatrends and scenarios for jobs and employment in Australia over the coming twenty years*, CSIRO, Brisbane, p. 86.

⁸⁸ Ibid.

⁸⁹ See for example Australian Chamber of Commerce, *Submission to the Department of Industry, Innovation and Science*,

105. Government forecasts tell us that international visitors to Australia are likely to rise to 15 million in 2026-27 (Tourism Research Australia, 2017). This is 87% growth on 2016-17 numbers when we had 8 million visitors. However, achieving or if possible exceeding these growth predictions is not guaranteed. The international tourism market is very competitive and it has medium and longer term price sensitivities. The Australian Chamber will continue to advocate for policies which improve our competitiveness, help us develop the Australian product needed to attract new and repeat visitors and ensure we have the skills and labour we need to meet demand for labour in the tourism and visitor economy.
106. Of particular note for this inquiry, we estimate that tourism accounts for 8% of Australia's total employment. The Government has acknowledged the challenge of meeting a significant projected shortfall in labour for the tourism sector. In October 2015 Austrade projected a shortfall of 150,000 workers by 2020. Significantly this included a major gap in the skills needs of businesses and available workers.
107. Meeting the demand for labour requires government and industry to make a strong and strategic commitment to training and skills development, promotion of careers in tourism and simple arrangements for skilled-entry and temporary workers.⁹⁰

4.3 We need to help our businesses spend more time on value added activities and less time on compliance

108. It is important that the regulation imposed on business is not so pervasive or poorly designed/executed that it not diverts an unnecessary amount of a business' time away from its core, productive and value adding activities and servicing their market. Regulation should be delivered in a form that cannot be easily complied with through automated solutions or systems that integrate seamlessly into business processes.
109. Regulation should also be appropriate to the circumstances and capacities of small business which form the majority of businesses in Australia. Small businesses in the service sectors have a personal face, with many being run by families and people who have decided to pave their own way to economic independence. They run on tight margins and many have mortgaged their own homes to take on a risk which ultimately provides jobs in the community. They put in their own hours and sacrifice time with their own families to keep open the doors and navigate the myriad of compliance obligations that attach to running a business.

⁹⁰ See for example, Australian Chamber Tourism: [2018-19 Pre—Budget Submission](#), December 2017.

110. However a Productivity Commission report entitled 'Regulator Engagement with Small Business' found that there is a broad spectrum of regulations at multiple levels of government and that:

[f]or some small businesses, compliance necessitates the diversion of a substantial proportion of productive business time and modifications to their production or service delivery processes in ways that are uncertain to deliver improvements in regulatory outcomes.⁹¹

111. The Productivity Commission found that small business especially value:

compliance requirements that are straightforward to find, understand and implement — this necessitates brevity, clarity and accessibility in the communication of compliance obligations and reporting requirements that are consistent with existing business approaches.⁹²

112. The regulatory framework surrounding the employment relationship in Australia fails to deliver on these objectives. Instead it is complex and daunting and a further build-up of regulation is not the answer.

113. Employing businesses are obliged to comply with the legal obligations that are imposed on them by a detailed and complex web of statutes including, but not limited to, the *Fair Work Act 2009* (Cth), state based work health and safety laws and workers' compensation laws, federal and state anti-discrimination laws, superannuation laws, taxation laws and the *Migration Act 1958* (Cth).

114. The CSIRO Report contemplates a scenario where payroll, taxation and other bookkeeping tasks are reformed around automated systems, freeing up time to focus on core business.⁹³ This makes sense as an aspiration but as it stands the web of employment regulation is so complex that it is simply not possible to remove the need for specialist advice in its interpretation and application. The Australian workplace relations system is also so complex as to in all likelihood defy or preclude the application of new technologies to better support regulatory compliance.

115. Australia's national workplace relations enforcement body, the Fair Work Ombudsman has previously acknowledged the system's complexity as evidenced by the following extracts from an address in 2014:

⁹¹ Productivity Commission 2013, *Regulator Engagement with Small Business*, Research Report, Canberra, p. 3.

⁹² Ibid, p. 38.

⁹³ Hajkovicz SA, Reeson A, Rudd L, Bratanova A, Hodges L, Mason C, Boughen N (2016), *Tomorrow's Digitally Enabled Workforce: Megatrends and scenarios for jobs and employment in Australia over the coming twenty years*, CSIRO, Brisbane, p. 69.

We are very much aware that workplace laws can be complex for the uninitiated.

We know they also exist amongst a whole pile of rules you have to follow about all sorts of things...

...

For those who aren't industrial experts, the margin for error is high.

...

...there are many people who are a long way from understanding the intricacies of things such as the interaction between the National Employment Standards and awards, or the difference between above award payments, enterprise agreements and an Individual Flexibility Arrangement.

This is why we are publicly acknowledging that the system could be simpler.

That we should take every opportunity to make the framework clearer.

...

If we can decrease complexity then this reduces the red tape you have to grapple with.

There is a clear productivity benefit.⁹⁴

116. Integrated compliance solutions would be more readily supported by a less complex system where workplace relations regulation is contained in fewer sources. Employers (and employees) should not have to navigate lengthy documents to understand their rights and obligations. The complex awards system continues to underpin bargaining because collective agreements are assessed against the BOOT requiring that the agreement provide wages and conditions that make each worker better off than if the award continued to apply to them. Awards to continue to regulate for every contingency that might arise in the workplace, regardless of the utility or take up of provisions.
117. Our complex system of industrial awards and overlapping National Employment Standards can be contrasted with the New Zealand framework that is simple enough to enable employers to visit the Employment New Zealand website and use an employment

⁹⁴ Fair Work Ombudsman (Natalie James), Speech for the National Small Business Summit: FWO's Deal with Small Business, 8 August 2014, Melbourne.

agreement builder to make an employment contract setting out the terms and conditions of employment clearly, succinctly and in as little as 20 minutes.⁹⁵

118. Longer term consideration needs to be given to ensuring there is a safety net regulating work that it is flexible enough to be relevant to and appropriate for all who rely on it and must apply it – and to doing so in the context of changing markets and work technologies. This cannot entail simply grafting on more regulation and restrictions on what we already have – which is a phonebook sized Act of such complexity as to be completely unfathomable to most employers and employees.
119. The Australian Chamber's view remains that if the workplace relations system was simplified and streamlined it would support higher levels of compliance, and would be better placed to do so in the context of changes in how Australians work. The role of the Fair Work Ombudsman can also transform; its current educative function would become less necessary over time and it would become primarily concerned with compliance and enforcement, ensuring a level playing field.
120. It is also important that policy and regulatory responses to changes in the labour market be informed by data. Despite opportunistic and some misleading claims of growing workforce casualisation, the data simply does not support this claim. While the proportion of casual jobs increased throughout the 1990s, this trend tapered off during the 2000s and stabilised. Most people working in casual jobs also move into permanent jobs in later in life.
121. Furthermore, the practice of people offering their labour through technology platforms is still in its relative infancy in Australia and its impacts are not well understood. The CSIRO Report notes that:

*The large firm employing significant numbers of people in a hierarchical structure remains the dominant model. There is little movement in peer-to-peer employment from the current situation and the population of portfolio workers remains proportionally similar today.*⁹⁶
122. What we do know however is that our current model of employment regulation is not well-suited to work that is not built around fixed hours and fixed work locations and which has as its value proposition greater flexibility, convenience and freedom of choice for the individual.

⁹⁵ <https://www.employment.govt.nz/starting-employment/employment-agreements/employment-agreement-builder/>

⁹⁶ Hajkowicz SA, Reeson A, Rudd L, Bratanova A, Hodges L, Mason C, Boughen N (2016) , *Tomorrow's Digitally Enabled Workforce: Megatrends and scenarios for jobs and employment in Australia over the coming twenty years*, CSIRO, Brisbane, p. 63.

123. This inquiry should not be drawn into a knee-jerk or political response of increasing the overall regulatory burden in an attempt to resist change or make it more difficult to offer and participate in work opportunities that vary from the dominant model of full-time permanent employment. Australia simply cannot afford to labour under any misapprehension that it can hold back the tide of global change in doing business and in how we work through additional prescription in our workplace relations system.
124. Such a response to the future of work would be immensely damaging to our country. The one certainty of a punitively regulatory approach is that the future will provide less work to fewer Australians and harm our economy and community.
125. Policy should instead aim to achieve a balance between ensuring a safety net of protections for those providing their labour without destroying the opportunities for economic growth that are dependent on agile business models and flexible ways of working.

4.4 We need to be flexible and able to adapt quickly to change

126. Policy needs to support rather than impede progressive business strategies that seek to respond to our fast changing operational environment. Businesses will adopt 'prospector' style corporate strategies which encourage innovation, seek out new opportunities and seek more flexible and efficient ways of working and accessing the market. Prospector strategies require a workplace that is agile, engaged and adaptable to change. Responsiveness and innovation should not be inhibited by complex and mechanistic pay and conditions structures that deny flexibility and adaptability. We already have highly restrictive and prescriptive workplace relations laws, and to the extent this inquiry canvasses further restrictions that can only harm our country's capacity to successfully navigate the future of work.
127. The nature of work is changing rapidly as technology is increasingly encroaching upon manual, industrial labour in many industries. So are working patterns. Productive work is becoming less concerned with fixed hours and fixed work locations. Work is not confined to single jurisdictions and time zones and technology is continuing to change how consumers engage with business and their expectations about service. The social dynamic is trending toward a desire for smart technology, greater flexibility, convenience and freedom of choice.
128. The test of whether the labour market works for all participants in this environment is whether it is creating the opportunities that people want. A labour market will be ineffective if it is channelling people into one type of labour market structure when this does not satisfy the needs of the business or preferences of those working in it. While permanent full-time

employment remains the dominant labour market structure in Australia and is likely to continue to be so, there will likely be a growing appetite for flexibility from employees who want better work-life balance and from businesses that need to respond to their constantly changing market. Flexible forms of work offer more people the ability to work in ways which suit their needs and will also enable businesses to keep more people in work.

4.4.1 Flexible ways of working are important

129. Independent contracting, labour hire, casual and fixed term employment are necessary to provide the flexibility required to respond to our rapidly changing economy and product and service cycles where work is not always ongoing or guaranteed. Where specialist or additional skills are required for discrete and finite periods, skill and labour gaps are able to be filled through legitimate contractual arrangements. These options should complement and support more traditional full time, ongoing employment which will remain a key part, and the majority part, of how Australians will work for some time.
130. People in small businesses are also unable to wear all of the hats that that can be seen in a bigger business. They will instead need to bring in skills, particularly in areas where they have little expertise. This necessity creates opportunities in the 'business to business' economy and it is important that policy settings are not hostile to the flexible labour options that feature in this space.
131. In adapting to change, businesses also need to be able to move from one labour market structure to another. If a business model does not remain relevant to the needs and expectations of its customers and clients and the business is not nimble in the face of change, it will not survive, with obvious consequences for people who have worked in it. This means that businesses will need people that open to change, resilient and who have entrepreneurial capabilities and thinking in their own right.
132. The Australian Chamber acknowledges that some will be fearful of change and will raise concerns about work modes that vary from the model of permanent full-time employment. Some seek to harness and fuel these fears, labelling such arrangements as "insecure" and therefore inappropriate. This reflects a long standing tendency to ignore the preferences and experiences of Australian businesses and workers successfully working together to agree on the organisation of work, and to instead paternalistically assume that working people are incapable of being able to evaluate and agree on how they should work.
133. Anticipating that these concerns may be raised again in this inquiry the Australian Chamber encourages the Committee to acknowledge that while flexible ways of working may present challenges for both unions and employers, businesses will not be able to survive by employing only permanent employees working between 9am and 5pm Monday to Friday.

We should not to seek to regulate all labour engagements as if they fell into this 'preferred' model, but to recognise the diversity of forms of engagement, the need for them and to regulate for them.

134. It is challenging for some to accept but many people do not want to be employees and actually enjoy the freedom and financial incentives associated with self-employment. Many value the opportunity to work at their own pace and to work their own hours without detailed supervision. This is likely to become more attractive given a growing appetite for entrepreneurship in the community, greater business literacy and risk appetite for some young people, and the growing attractions of industries where self-employment and contracting are widely used (for example in ICT). In the future new technologies are also likely to expand non-traditional work opportunities, and spread them to new industries and occupations.
135. Working for profit rather than a wage has some risk but the contracting model rewards productivity and delivers the fruits of one's own effort. The immediate focus of policy should be on educating the self-employed about ways to guard against risk and looking for industry led solutions that can assist them in doing so rather than trying to create barriers to self-employment. Government should also consider supporting the self-employed in managing careers, developing skills and capacities, and in ensuring they provision for retirement incomes.
136. While significant changes in labour market patterns are not necessarily evident at present, it is likely that decreasing numbers of people will stay in the same industry or occupation throughout their working life, and that those who do remain in the same "occupation" will not be working in the same way towards the end of their working life as when they started. In many cases, the jobs of today will not exist in the longer term or will have been reinvented. There will be different tasks, requiring new skills and capabilities. This is the direct consequence of technological advancement, entrepreneurial people seeing an opportunity and the reshaping of consumer tastes and expectations. We will continue to see shorter lifecycles for products and services and changing social preferences well into the future.
137. It is arguable that the relative stability in the forms or work and service pattern stands as evidence that our labour market is not as agile or adaptable as it should be in this environment.

4.5 We need be able to provide working conditions and environments that work for the business and the people working for and in the business

4.5.1 The system was built for a different era and less diverse economy and labour market structure

138. The lingering notion that business, and the work it generates, is a thing that takes place within four walls, between 9am and 5pm Monday to Friday and should remain within our complex and rigid regulation must be challenged - just as we challenged the idea of the male breadwinner dominating employment which was intrinsically linked to the 'standard' model of employment.
139. Centralised labour regulation that operates on a 'one size fits all' basis or paradigm does not reflect the evolution of the modern economy, and it cannot be the right way to approach future work options, many of which are yet to emerge. The current level of complexity in the system does reflect the needs and capacities of SMEs and the inflexible labour rules that continue to underpin the system stand in the way of businesses structuring their arrangements in the most efficient and productive ways. That which increasingly cannot be realistically applied to contemporary realities cannot be considered a foundation or assumption for the work of the future.
140. There is no one employment model that will suit the circumstances of all people or all businesses and no single 'right method' of labour engagement. The type of work and conditions that a business requires and can provide is highly variable. Similarly, employee work preferences are very personal and change from person to person. A person's work preferences will be influenced by a number of variables including but not limited to whether they have dependents, study commitments, and the stages in life they are at. As observed by Richardson:

There is a time in the lives of many people when they want full-time permanent employment. This is especially true for men in their main earning years and women too, if they do not have young children. But there are also times in the lives of many people when they want less 'consuming' forms of employment to accommodate study, family needs, health limitations and phased retirement.

...

The much greater diversity of the modern workforce is better suited to a variety of terms of employment, than by full-time (and long) hours permanent terms as the only options...⁹⁷

141. Evidence suggests (unsurprisingly) that the degree to which hours are in line with workers' preferences impacts subjective wellbeing and that blanket restrictions on work hours for any and all employees would likely generate a mismatch in work hours and preferences which might reduce job and life satisfaction.⁹⁸ It is important that policy settings support the broadest possible range of options for workforce participation to meet our diverse workforce needs and that flexible work forms such as casual and part-time employment, temporary/agency work and independent contracting/self-employment be allowed to play a critical role in achieving this. Competing economies will unquestionably ensure their work options are as flexible and adaptable as possible, and that they are able to harness the contributions of the diversity of their communities. Australia cannot allow itself to be placed at a further competitive disadvantage by trying to shoehorn new and emerging work options into century old work models.
142. With flexibility in work forms driven by both supply and demand factors, there is scope to identify more effective ways of better aligning business-worker preferences and expectations. In other words, *“how do we connect businesses that are reliant upon flexible forms of labour engagement for the efficient and productive operation of their business to those seeking such flexibility and vice versa?”* Further, once we have made that connection *“how do we implement working arrangements that reflect the mutual needs and interests of the parties?”*

4.5.2 Businesses and people working for and in them should be able to negotiate arrangements that work for both parties

143. Policy settings should support an environment in which parties are free to negotiate arrangements of mutual benefit, underpinned by an appropriate safety net, which facilitates the structuring of work arrangements in the most efficient and productive manner feasible. Appropriate mechanisms for the formation of simple, tailored agreements at the enterprise and individual levels will also aid in compliance.
144. If employers and employees are unable to implement mutually beneficial changes to award working arrangements without significant cost impost, flexibility will not be extended and the parties will be left to work within the strictures of the applicable modern award. Restrictive

⁹⁷ Richardson S, *Do we all want permanent full-time jobs?*, Insights Vol 15, April 2014, University of Melbourne Faculty of Business and Economics, pp 15-21.

⁹⁸ See for example Wooden, M, Warren, D and Drago, R 2009, 'Working Time Mismatch and Subjective Wellbeing', *British Journal of Industrial Relations*, vol. 47 (1): 147–179. 2009.

award regulation such as prescription of ordinary part-time hours and minimum engagement periods and the current system's limitations when it comes to parties agreeing on alternative working patterns of mutual benefit interfere with the efficient scheduling of work arrangements and can prevent employees accessing working patterns that suit them.

145. Excessive and prescriptive employment regulation is a blunt and ineffective tool for driving positive employment outcomes. The employment relationship has changed and contemporary human resources practices now call for a more flexible, individual package of work and reward. Shields notes that the following components may now form part of 'total rewards':
- a. extrinsic rewards:
 - i. financial rewards or remuneration including fixed or base pay; direct benefits; performance-related pay;
 - ii. developmental rewards including learning, training and development; succession planning; career progression; other indirect or non-cash benefits;
 - b. social rewards such as organisational climate or management culture; performance support; work group affinity; work-life balance; other indirect or non-cash benefits;
 - c. intrinsic rewards such as job challenge; responsibility; autonomy; task variety.⁹⁹
146. Ensuring the total package works well for both parties is critical to the productivity of the workforce and business success. This requires policy supporting a system of market based wage and conditions determination focussed on the needs of single enterprises and their employees.
147. However there are increasingly fewer effective formal avenues to achieve this. Enterprise bargaining is becoming a stale and bureaucratised process in too many workplaces, utterly robbed of its original vision of being a driver of productivity. A system that encourages employers to simply process union claims every few years into 'roll over' agreements, with little imperative to rethink the organisation and efficiency of work, or its capacity to contribute to productivity, is ill serving the enterprise and the people working for and in it.
148. We have seen a significant shift in the framework back toward a system promoting collective bargaining over individual agreement making, complex procedural requirements and a more formalised approach to agreement making that is poorly suited to SMEs. Changes are needed to better motivate parties to search for mutually beneficial and

⁹⁹ Shields, J, *Managing Employee Performance and Reward: Concepts, Practices, Strategies*, Cambridge University Press, 2007, p. 31.

productivity enhancing outcomes rather than applying a blunt and combative approach to secure outcomes.

4.5.3 Businesses should not be hamstrung by outdated terms and conditions that are no longer relevant

149. Restructuring is inevitable in our fast changing market and operating environment. Problematic rules around the continuation of legacy employment conditions following business restructures need to be reformed. The Australian Chamber has previously stated that transmission of business provisions in the *Fair Work Act 2009* (Cth);

- a. diminish the likelihood of a purchaser keeping on existing employees;
- b. make it difficult for a purchaser to undertake changes to stabilise or restructure the business, or alter inefficient work practices;
- c. increase the chances of industrial disputes on the sale of a business;
- d. reduce the purchase price of commercial arrangements for the sale of business if inefficient work practices have to be inherited.

150. Comments made by a major employer to the Productivity Commission's inquiry into the workplace relations framework reinforce this view:

*In many instances, the reasons behind the decision to sell a business or its assets are unrelated to the terms of the collective agreement, and the acquiring company's interests coincide with the interests of employees in maintaining the inherited collective employment arrangements. However, there are circumstances where provisions in an enterprise agreement have contributed to poor business performance, and the present provisions of the Act that preserve the agreement, combined with the fact that it would remain in force after its nominal term (if not replaced by agreement) are a major disincentive to a prospective buyer. The outcome can be business failure and the loss of jobs, instead of the possibility of an acquisition and turnaround and maintenance of jobs.*¹⁰⁰

151. These existing transfer of business rules should be re-aligned with the former longstanding provisions under the repealed *Workplace Relations Act 1996* (Cth) and there should be a maximum time limit for transferring industrial instruments.

¹⁰⁰ BlueScope Steel, *Productivity & the Australian Workplace Relations System*, March 2015, pp. 8-9.

4.5.4 We need to get more innovative about how employees share in business success

152. A successful business in the modern economy will encourage its people to be innovative and take risks if they see a way to improve a product or service offering for the customer or end user. With our environment changing at a rapid pace, a person's ability to adapt and learn new things quickly is critical. Employers should foster a culture that ensures those people working for the business at any given time see themselves as contributing to its performance and evolution, and have an appreciation of the challenges and opportunities that our rapidly changing world of work presents
153. Policy settings should encourage innovation in employee share ownership schemes, including through favourable taxation arrangements that make share plans attractive to both employers and employees. This will allow more innovative businesses to use them to attract talent and grow.
154. Shields has observed that employee share plans have been able to drive improvements in productivity¹⁰¹ as well as providing a number of advantages to both employees and employers and stated:

From an organisational perspective, employee share plans have a number of general advantages. In particular, they can encourage an 'ownership' mentality, greater employee interest in a company's success, closer integration of individual and company goals and better organisational citizenship behaviour. Share plans may encourage long-term commitment and membership behaviour, especially where disposal of the shares is subject to a time restriction. They may also create pressure 'from below' for improved management practice and greater employee involvement in decision-making.

Similarly, for employees themselves, share plans offer a number of benefits: long-term financial gains through dividend earnings and share price appreciation; a secure means of retirement savings; tax advantages arising from income deferral and a lower tax on capital gains than on direct income; greater job security resulting from high organisational success; and greater involvement in, and influence over, company affairs.

¹⁰¹ Shields, J, *Managing Employee Performance and Reward: Concepts, Practices, Strategies*, Cambridge University Press, 2007, p. 449.

4.6 We need inclusive, harmonious and productive workplaces

155. Inclusive workplaces where people can be themselves and give their best at work are more likely to see the engaged and productive teams necessary for business success. Achieving this outcome will depend upon effective leadership and management that can help create the right culture and conditions for harmonious and productive workplaces.
156. A principle based legal framework that focuses on outcomes rather than process and prescription combined with effective enforcement will provide a safety net but constructive workplace relationships built on trust, communication and respect will be key drivers of positive workplace experiences.
157. The employment relationship has changed over the last two decades and this is now manifested in a more flexible, individual package of work and reward. Ensuring this relationship works well for both parties is critical to the productivity of the workforce and business success.
158. Regulation, in the vast majority of cases, is not the right mechanism to improve workplace relations and nor are policy settings that encourage a combative, claims based environment.
159. Instead, Australia needs an adaptable, nimble workplace relations framework that encourages business leaders to approach their employment relations management in the most appropriate way for their workplace.

4.6.1 Businesses need to be able to self-regulate for culture

160. Under today's unfair dismissal regime, employers are compensating and having to reinstate employees who have bullied, threatened, harassed and assaulted their colleagues in some circumstances. This puts the safety of others in the workplace at serious risk and sends a terrible message to the victims of this behaviour and the rest of the workforce.
161. Employers are expected to maintain and enforce acceptable standards of conduct. However our laws are tying employer's hands and making it difficult to protect staff from bullying and harassment.
162. When the Productivity Commission reviewed our workplace relations framework, it referred to an example where an employer dismissed two employees after they assaulted their supervisor.¹⁰² The Fair Work Commission concluded in that matter that the physical assault

¹⁰² Productivity Commission 2015, *Workplace Relations Framework*, Final Report, Canberra, p. 30.

was a valid reason for dismissal, but that the employer's failure to follow certain administrative procedures meant that the dismissals were therefore unfair.

163. The Productivity Commission recognises we have a problem. While its recommendations stopped short of where we would have liked them to go, it said “the most problematic aspect of the current legislation is that an employee who has clearly breached the normal expectations of appropriate work behaviour may nevertheless be deemed to have been unfairly dismissed because of procedural lapses by the employer”.¹⁰³ The Productivity Commission found there should be a greater focus on substance over procedure and said that the “Fair Work Act should be amended so that procedural errors alone are not sufficient to award compensation or restore employment in what would otherwise be regarded as a valid dismissal”.¹⁰⁴ The Australian Chamber agrees and supports a number of the recommendations that the Productivity Commission made.
164. When employers are confronted with circumstances of employees being reinstated despite there being a valid reason for termination such as bullying or harassment, or placing the safety of people in the workplace at serious risk it places them in a very difficult situation. It can also create a perception among people in the workplace that justice has not prevailed or that there will be no serious consequences arising out of misconduct.
165. The system does not provide employers with any level of certainty about how they should go about dealing with these issues in the workplace without the risk of a costly claim. It does not provide any certainty about how they should navigate obligations under work health and safety laws, anti-discrimination laws and the *Fair Work Act 2009* (Cth).

4.6.2 Fair outcomes need to trump procedure

166. Employers overwhelmingly want to do the right thing by their people. They value their employees and want to create a working environment that is conducive to attracting good people and retaining them. To enable them do that we need to ensure unfair dismissal rules focus on the fairness of outcomes rather than process.
167. This is also true of the bargaining framework. Although agreement may have been reached between the employer and a majority of employees, it is often the case that application for approval of an agreement is opposed or rejected on the basis that the employer has not complied with the highly complex pre-approval steps.

¹⁰³Ibid.

¹⁰⁴Productivity Commission 2015, *Workplace Relations Framework*, Final Report, Canberra, p. 31

168. A simple mistake such as making minor and non-material alterations to the form of the notice of employee representational rights prescribed under the *Fair Work Act* (Cth) can be costly for an employer who may be required to commence the bargaining process again.
169. The matter of *Peabody Moorvale v CFMEU*¹⁰⁵ highlights the level of prescription to which the procedural requirements are applied, with documents stapled to the notice of employee representational rights found to have formed part of the notice and deemed non-compliant on the basis that it contained other content. This outcome should be a warning light pointing to a system in need of change.
170. It is not acceptable that excessive and inflexible procedural requirements can endanger agreed outcomes sitting well above the award safety net.
171. Such problems within the framework provide disincentives to enterprise bargaining and undermine its original purpose. Addressing such problems, and the myriad of others identified by the Productivity Commission in its review of our workplace relations framework would be important steps towards ensuring Australian workplaces are well positioned for the future of work. The Australian Chamber has publicly advocated for changes to the *Fair Work Act 2009* (Cth) to enable approval of an enterprise agreement where agreement of has been reached, notwithstanding that a pre-approval step has not been strictly complied with.

4.6.3 We need cooperative not combative workplaces

172. We also need to drive cultural change in some industries where ingrained militancy and combativeness is standing in the way of productive and harmonious workplaces. In some industries the threat of industrial action during bargaining and an employer's awareness of the level of damage such action may cause will often see them pressured to concede to excessive claims. Industrial disputes within the workplace and the use of industrial action as a weapon and a threat can also have a profound impact on the culture of a workplace.
173. By its nature, industrial action is intended to inflict harm to a party's interests and is the antithesis of a cooperative approach. It is the experience of many employers engaged in adversarial bargaining processes that they try and resist claims that damage productivity rather than negotiating constructively for outcomes.
174. The Australian Chamber has previously advocated for amendments to the *Fair Work Act 2009* (Cth) to provide that the Fair Work Commission must not grant a protected action ballot order if satisfied that the applicant's claims are manifestly excessive, having regard to

¹⁰⁵ *Peabody Moorvale Pty Ltd v Construction, Forestry, Mining and Energy Union* [2014] FWCFB 2042 (2 April 2014).

the conditions at the workplace and the industry in which the employer operates; or would have a significant adverse impact on productivity at the workplace.

175. The Australian Chamber supports sensible limitations of the matters over which industrial action should be taken. Under the *Fair Work Act 2009* (Cth) we have seen protracted disputes triggered over matters such as use of flexible labour forms as well as third party interference in matters that would ordinarily sit within the remit of management.

4.7 We need people with the right skills

176. It is clear that if Australia is to remain a high income country that supports high levels of employment we need to produce goods and provide services that are in demand and which represent higher value. We are going to need the skills that will enable to deliver this and which are relevant in the modern economy. The growth in knowledge-based industries emphasises the importance of tertiary education and the acquisition of higher levels of skill.
177. Emphasis on technology and digital skills in the workplace is strongly supported. Most present and future jobs in all industries increasingly need these skills to grow their businesses, remain globally competitive and keep up with the rapidly changing environment. However the CSIRO Report noted that:

Science, technology, engineering and mathematics (STEM) knowledge is associated with 75 per cent of the fastest growing occupations, innovations and wage premiums.¹⁰⁶ However, Australian youth demonstrate falling interest and performance and STEM. Today 11 per cent fewer year 12 students study maths than in 1992¹⁰⁷ and there has been a 35 per cent drop in enrolment in information technology subjects at universities since 2001.¹⁰⁸

178. This needs to be resolved if we are going to high level technical skills to underpin business success. However, more graduates in STEM will not in itself guarantee success in the digital economy in terms of graduate and business outcomes. Only 61% of science and mathematics graduates, 72.5% of computing and information systems graduates and 76.4% of engineering graduates secured full-time work four months after graduation.¹⁰⁹

¹⁰⁶ PwC, "A smart move: Future-proofing Australia's workforce by growing skills in science, technology, engineering and maths (STEM)," PricewaterhouseCoopers, Sydney, 2015.

¹⁰⁷ PwC, "A smart move: Future-proofing Australia's workforce by growing skills in science, technology, engineering and maths (STEM)," PricewaterhouseCoopers, Sydney, 2015; J. Kennedy, T. Lyons, and F. Quinn, "The continuing decline of science and mathematics enrolments in Australian high schools," *Teach. Sci.*, vol. 60, no. 2, pp. 34–46, 2014.

¹⁰⁸ Hajkovicz SA, Reeson A, Rudd L, Bratanova A, Hodges L, Mason C, Boughen N (2016) , *Tomorrow's Digitally Enabled Workforce: Megatrends and scenarios for jobs and employment in Australia over the coming twenty years*, CSIRO, Brisbane, p. 10 .

¹⁰⁹ Quality Indicators for Learning and Teaching (QILT) 2016, 2016 Graduate Outcomes Survey National Report

Comparatively medicine (98.2%), pharmacy (96.3%) and veterinary science (89.8%) graduates were more likely to secure full-time work.

179. The Australian Chamber discourages a blanket policy that promotes the undertaking of STEM disciplines without ensuring that the careers market is well informed about potential job outcomes. Digital skills and STEM education also need to be integrated into all levels of study irrespective of the field of study. This will create a knowledge baseline that will enable students to leverage STEM skills in their chosen field of study. It will also ensure mechanics and machinists, for example, facing technological advancements in their fields can transition and adapt quickly, rather than having to upskill or face redundancy due to automation.
180. More broadly, the gap between the expected supply of higher-level skills and expected industry demand is widening. The Australian Chamber believes that increasing the skills of Australian workers across all occupations is crucial. Industry needs to be embedded in every layer to work with government to identify critical skills demand and emerging skills needs, and work alongside the Government and policy makers to determine quality output and the veracity of training outcomes from training providers. There must be strong involvement from industry at all stages of students' learning journeys.
181. It is also apparent that students have a desire to ensure that industry has a role in shaping their learning. The CSIRO Report noted:¹¹⁰

Surveys already indicate that graduates would prefer to be better prepared for life while doing their degrees, with more placements and internships, and to be mentored by teachers with industry experience and knowledge.¹¹¹ They emphasise a need to enhance the application of learning.¹¹²

182. The Australian Chamber will continue to advocate for policies to align the current and future skills needs of employers and sectors with what is being delivered so the mismatch of skills can be addressed. We need to be able to forecast occupations and skills needs and to better interact with those who are providing the education and training to develop those new skills. As noted in the CSIRO Report:

¹¹⁰ Hajkowicz SA, Reeson A, Rudd L, Bratanova A, Hodges L, Mason C, Boughen N (2016), *Tomorrow's Digitally Enabled Workforce: Megatrends and scenarios for jobs and employment in Australia over the coming twenty years*, CSIRO, Brisbane, p. 52.

¹¹¹ A. Norton, "Mapping Australian higher education 2014-15," Grattan Institute, Grattan Institute, 2014.

¹¹² H. Coates and D. Edwards, *The 2008 Graduate Pathways Survey: Graduate education and employment outcomes five years after completion of a bachelor degree at an Australian university*. Australian Council for Educational Research, 2009.

*The educational sector might need to work in close collaboration with business and industrial organisations as well as governments to ensure educational programs are developed in accordance with future employees' needs.*¹¹³

183. There is also an urgent need for stronger investment in the Vocational Education and Training sector (VET). Over the last decade, the number of students enrolled in publicly funded VET has fallen and funding has declined. Excluding the loans taken out by students but inclusive of employer apprenticeship incentives, the Australian Government contribution to VET in 2015 was about 25% less than five years ago, with the State around 17% less. Apprenticeships have declined dramatically: 275,200 apprentices and trainees in-training as at 31 March 2017, a decrease of 3.5% from the previous year and a staggering 40% fall from five years ago.¹¹⁴

184. There are social sentiments that will also need to be shifted. For example, the CSIRO Report noted that increased enrolment in growing industries such as health and social care, education and construction would help employment prospects for many current students.¹¹⁵ If businesses are going to have skills in the pipeline to meet their future needs we will also need to challenge gender stereotypes around certain occupations. While healthcare is one of the fastest growing sectors of the economy, as the CSIRO Report points out, 9 out of every 10 nurses are women.¹¹⁶ The CSIRO Report suggests:

*...a change in mindset, accompanied with training, may see low skilled males working in manufacturing industries with workforce contraction move into caring professions (e.g. nurses, aged care) experiencing workforce growth.*¹¹⁷

185. The structural changes we are seeing in the market have implications for the way in which people manage their career and how they steer the choices made by their children. The CSIRO Report noted:

Automation, robotics and artificial intelligence are heightening the importance of skills in creativity, problem solving, advanced reasoning, complex judgement, social

¹¹³ Hajkowicz SA, Reeson A, Rudd L, Bratanova A, Hodges L, Mason C, Boughen N (2016) , *Tomorrow's Digitally Enabled Workforce: Megatrends and scenarios for jobs and employment in Australia over the coming twenty years*, CSIRO, Brisbane, p. 87.

¹¹⁴ NCVER (2017), Apprentices and Trainees Collection, <https://www.ncver.edu.au/data/collection/apprentices-and-trainees-collection>.

¹¹⁵ Hajkowicz SA, Reeson A, Rudd L, Bratanova A, Hodges L, Mason C, Boughen N (2016) , *Tomorrow's Digitally Enabled Workforce: Megatrends and scenarios for jobs and employment in Australia over the coming twenty years*, CSIRO, Brisbane, p. 50.

¹¹⁶ Ibid, p. 14.

¹¹⁷ Ibid.

*interaction and emotional intelligence....Job tasks which are routine, repetitive, structured and rules-based are likely to be automated over coming decades.*¹¹⁸

186. The Australian Chamber is aware that there is untapped potential within the labour market and improving ways to match a person's skills and competencies with role requirements and focusing on what a person is able to do, rather than what they can't do, will enhance the employment prospects of those who have been displaced. There is a role for Government to work in partnership with industry, job services providers and labour market intermediaries in facilitating the matching of people with businesses that need and will benefit from their transferable skills and competencies in a supported environment.
187. Getting skills right is not a one-off exercise but a continual process that ranges from preparing people to enter the workforce, retraining and upskilling existing employees and helping people to acquire new skills during transitions.
188. The CSIRO Report also acknowledged the need to leverage data, stating:

To inform individual career choices in the fast-changing digital economy, more real-time and fine-grained modelling, drawing upon holistic and dynamic data will be required. Companies, industries, government agencies, regions, states/territories and nations need decision models which can:

- a. *Predict existing jobs (and tasks) likely to be automated;*
- b. *Identify new jobs likely to be created; and*
- c. *Identify transition pathways via which individuals, organisations, industries and societies can make the switch as smoothly as possible.*¹¹⁹

189. Drawing upon data to better understand supply and demand will help ensure the labour market operates with a greater level of efficiency, minimising transaction costs and periods of joblessness.
190. The way in which we are learning also needs to shift to better prepare us for the changes we are seeing. As noted in the CSIRO Report;

The current education system teaches people to be effective in a highly structured system, but Australia's future workforce is likely to encounter much ambiguity and

¹¹⁸ Ibid, p. 13.

¹¹⁹ Hajkovicz SA, Reeson A, Rudd L, Bratanova A, Hodges L, Mason C, Boughen N (2016) , *Tomorrow's Digitally Enabled Workforce: Megatrends and scenarios for jobs and employment in Australia over the coming twenty years*, CSIRO, Brisbane, p. 15.

*openness. For this reason, commentators argue that our future educational system will need to do more to encourage innovative, entrepreneurial and flexible mindsets.*¹²⁰

191. As regional focus is also required to ensure people have the skills they need to be employable in the modern economy. For example, there is a discrepancy between the education results of metropolitan students and those of rural, regional and remote students. Results over many years show that the further away a student is from a large urban centre, generally speaking the worse off they are likely to be when it comes to educational outcomes. This discrepancy must be addressed.
192. School funding formulas based on socio-economic need is another important part of the solution, as is ensuring that students have the information they need to make the best career choices. Regional digital connectivity is also important. Government should, and is trying to, address these issues.
193. Answers can also in part come from regional communities themselves. Regional communities have the ability to work together in ways urban areas often cannot, to affect positive improvement in areas such as work experience and mentoring. If the policy settings are right, if the funding is properly targeted with tangible outcomes and if a town works together there is an opportunity to lift the outcomes for regional students. This is in the national interest as this not only improves local economies and their economic output, but the national economy overall.¹²¹

5. We can learn from overseas but we are also unique

194. There are various considerations of the future of work underway globally, including through the:
 - a. International Labour Organisation (ILO) and the initiatives it has planned for its centenary in 2019;
 - b. The UK House of Lords Business, Energy and Industrial Strategy Committee inquiry into the future world of work.
195. Given that the ILO is making the future of work the centrepiece of its centenary and has set up a high-level commission chaired by heads of state, we can expect more inquiries or formal approaches to engage with the future of work throughout 2018 and 2019, and for

¹²⁰ Ibid, p. 87.

¹²¹ See Australian Chamber of Commerce and Industry, Submission to the Independent Review into Regional, Rural and Remote Education, September 2017.

there to be more address of this issue in more countries. It is also worth adding that major global consultancies and international organisations have been engaging with the “future of work” for some time..

196. The Australian Chamber has the following points to make on this at this time:
- a. **The biggest lesson from overseas is of intensifying competition and increasing pressures on doing business.** As emphasised in the introduction, the main overseas lesson which should inform the work of this Committee is that Australian business will face competition from more countries and intensifying competition as others innovate and seek to address the future for doing business, from which future of work considerations flow. The countries that succeed in securing a foundation for doing business in a changing world will be those that best provide a future for work.
 - b. **It would be vastly premature for these international processes to in any way inform the substance of any conclusions or recommendations in Australia:** We understand neither the UK nor ILO process to be complete, or to have yielded recommendations or conclusions that can be useful for this committee and its considerations. These remain part completed processes to which perspectives have been put, in part, from some quarters. In the case of the ILO, discussions will not be held prior to June 2019, and there can have been no concluded views from its tripartite constituents prior to this time. Employers have not yet placed on record how we are approaching the future of work, what we want the 2019 International Labour Conference to conclude, or what we want any forward work from the ILO to focus on. Neither have workers, nor governments.
 - c. **The UK inquiry appears highly politicised and to be based on partisan assumptions:** The UK process appears also a politically informed inquiry, at which issues of concern to trade unions and the UK Labor party are being raised. Looking at the UK terms of reference we suggest there is a risk of significant pre-judging of outcome. We note for example the highly pejorative assumptions about agency work and how it should be approached in particular. Similar currents can be seen in Australia where, despite any evidence of a growing share of the labour market, or systemic as opposed to individual enterprise wrongdoing, agency work is treated as a growing threat. This is not the approach this Committee should adopt, we urge members to address the issues properly raised by the future for working and doing business in Australia, and we encourage this inquiry to engage with the full range of considerations raised and not any partial framing of them. We urge caution in

attaching any particular relevance to the issues which have been raised before the UK inquiry to date.

- d. **The UK and all ILO Countries have very different workplace relations systems:** It has long been recognised that transplant-ability and applicability of approaches between national workplace relations systems cannot be assumed and can be very dangerous and have impacts very different to those intended when robbed of the national context from which laws and regulations emerged. This seems a particularly worthwhile caution in the context of the UK (which remains subject to EU social policy directives pre-Brexit) and the countries being examined by the ILO. Australia is unique in how we regulate work, and this can limit the applicability (and indeed the predicates to) many international approaches.

197. It remains the case that any wholesale importation of external systems or regulation is unlikely to achieve the objectives sought, but neither this, nor the cautions above is reason to ignore what's done outside Australia and its consequences. It may be worthwhile to consider what can be learnt from international systems, particularly where there are examples of systems which support positive economic growth, but we urge at all times that consideration of international approaches be tempered by a sober assessment of their applicability to Australian challenges and circumstances. It is also important to take guidance from approaches to international co-ordination.
198. The most relevant role international considerations should play in this inquiry is underscoring the intensifying pressures Australia, its businesses and those work in them will face during coming years. We do need to be comparing ourselves to international examples, not in pursuit of extending regulation or prescription, but to understand where our opportunities to support doing business and offering work in Australia lie.

6. Supporting Australian businesses is in the interests of all Australians

199. The domestic and global economies are in a state of transition. The changes we are seeing and those forecast to come create substantial and exciting opportunities, but also some uncertainty about the future. As the Committee approaches this inquiry, it is important to remember that there can be no future of work without a future for business.
200. If business in Australia is to continue to compete, thrive and maintain high wages it is clear that we can't be competing on the basis of cost. We will need to compete on the basis of quality, relevance and uniqueness of the service and products we offer in a global

marketplace. This requires skill, agility and recognition of the fact that market power will continue to shift to the consumer. Australian businesses will also need to be global leaders in the factors that will determine market success in the 2020s and beyond: flexibility, adaptation, nimbleness and responsiveness

201. We will also need to make sure that we have a clear value proposition for doing business in Australia so we can attract investors. We will need policy settings that are going to give us a competitive edge in a wide range of areas ranging from taxation, energy policy, skills, infrastructure, our openness to global marketplaces and Government attitudes toward doing business in Australia. We need an appropriate, stable regulatory environment, so far as possible without sudden, unannounced or untested shifts in regulation.
202. The Australian Chamber will be encouraging all decision makers to proceed from the foundation of a fundamental understanding of what our businesses of all sizes need to successfully do business in an ever globalising world, and what this must mean for future policy and regulation. This starts with this Committee and how it should approach the future for work in Australia.
203. Jobs considerations should be considered at the same time but this needs to be within a framework that ensures the future for doing business in Australia. We cannot demand that businesses pay high wages and employ more people unless we deliver the policy settings that will allow and support them to succeed and we can't ignore the context that we find ourselves in. Australian businesses (along with other businesses in the developed world) and those who work in and for them are now competing for opportunities in a global marketplace. This competition is expected to intensify as the take up of technology and internet usage increases across the globe, particularly as the developing nations continue to close the gap – and we have some of the world's most rapidly industrialising middle income nations on our doorstep in the Asian region – rapidly transforming to high levels of education and strong English language proficiency.
204. It is expected that over a billion new online workers will join global labour markets over the next 20 years and will increasingly be able to deploy their skills without the geographical limitations of the past.¹²²
205. If Australia is to remain a high income country that supports high levels of employment we need to produce goods and provide services that are or will be in demand and which represent higher value compared with what others can produce/provide. We will need to have skills in the pipeline to that will help us deliver on our ability to do that. A high-wage

¹²² Hajkowicz SA, Reeson A, Rudd L, Bratanova A, Hodges L, Mason C, Boughen N (2016) , *Tomorrow's Digitally Enabled Workforce: Megatrends and scenarios for jobs and employment in Australia over the coming twenty years*, CSIRO, Brisbane, p. 18.

economy which boosts prosperity can only be sustainably achieved if underlying productivity challenges are tackled. We continue to support a minimum wage which rises sustainably over time, but this must avoid pricing vulnerable cohorts out of work. Artificially increasing the level of the safety net will not stimulate the economy.

206. Regulation needs to be flexible enough to accommodate the changing nature of work while providing reasonable protections. A regulatory system should operate fairly across the economy. However this should not involve pushing a greater numbers of workers towards an employment model that is increasingly poorly suited to the needs and circumstances of the modern workplace, way of working, and in many cases people's preferences.
207. It is clear that the traditional employer-employee relationship will not serve all circumstances equally well. However if we are to truly adapt to the modern economy an holistic approach is needed, which includes a strategic review of taxation arrangements, social protection and contributions, skills policy and our outdated employment regulation. Any move to regulate flexible workers should not undermine a person's right to be self-employed but policy settings need to enable established businesses to adapt and compete where they have been disrupted by emerging business models . These issues cannot be tackled in a piecemeal way by imposing further complex administrative burdens, additional costs on top of an outdated framework that in part gave rise to new ways of working around it. Furthermore, greater regulation should only be the answer where a regulatory gap is found and supported by evidence and data. As it stands, we need more and better data to inform how we adapt. We also need to evaluate solutions which others are trying.

About the Australian Chamber

The Australian Chamber of Commerce and Industry is the largest and most representative business advocacy network in Australia. We speak on behalf of Australian business at home and abroad.

Our membership comprises all state and territory chambers of commerce and dozens of national industry associations. Individual businesses are also able to be members of our Business Leaders Council.

We represent more than 300,000 businesses of all sizes, across all industries and all parts of the country, employing over 4 million Australian workers.

The Australian Chamber strives to make Australia a great place to do business in order to improve everyone's standard of living.

We seek to create an environment in which businesspeople, employees and independent contractors can achieve their potential as part of a dynamic private sector. We encourage entrepreneurship and innovation to achieve prosperity, economic growth and jobs.

We focus on issues that impact on business, including economics, trade, workplace relations, work health and safety, and employment, education and training.

We advocate for Australian business in public debate and to policy decision-makers, including ministers, shadow ministers, other members of parliament, ministerial policy advisors, public servants, regulators and other national agencies. We represent Australian business in international forums.

We represent the broad interests of the private sector rather than individual clients or a narrow sectional interest.

Australian Chamber Members

AUSTRALIAN CHAMBER MEMBERS BUSINESS SA | CANBERRA BUSINESS CHAMBER | CHAMBER OF COMMERCE & INDUSTRY QUEENSLAND | CHAMBER OF COMMERCE AND INDUSTRY WESTERN AUSTRALIA | CHAMBER OF COMMERCE NORTHERN TERRITORY | NSW BUSINESS CHAMBER | TASMANIAN CHAMBER OF COMMERCE AND INDUSTRY | VICTORIAN CHAMBER OF COMMERCE AND INDUSTRY MEMBER NATIONAL INDUSTRY ASSOCIATIONS: ACCORD – HYGIENE, COSMETIC AND SPECIALTY PRODUCTS INDUSTRY | AIR CONDITIONING & MECHANICAL CONTRACTORS' ASSOCIATION | ANIMAL MEDICINES AUSTRALIA | ASSOCIATION OF FINANCIAL ADVISERS | ASSOCIATION OF INDEPENDENT SCHOOLS OF NSW | AUSTRALIA ARAB CHAMBER OF COMMERCE & INDUSTRY | AUSTRALIAN AUTOMOTIVE DEALER ASSOCIATION | AUSTRALIAN BEVERAGES COUNCIL | AUSTRALIAN DENTAL ASSOCIATION | AUSTRALIAN DENTAL INDUSTRY ASSOCIATION | AUSTRALIAN FEDERATION OF EMPLOYERS & INDUSTRIES | AUSTRALIAN GIFT & HOMEWARES ASSOCIATION | AUSTRALIAN HOTELS ASSOCIATION | AUSTRALIAN INSTITUTE OF CREDIT MANAGEMENT | AUSTRALIAN MADE CAMPAIGN | AUSTRALIAN MEAT PROCESSOR CORPORATION | AUSTRALIAN MINES AND METALS ASSOCIATION | AUSTRALIAN MOBILE TELECOMMUNICATIONS ASSOCIATION | AUSTRALIAN PAINT MANUFACTURERS' FEDERATION | AUSTRALIAN RECORDING INDUSTRY ASSOCIATION | AUSTRALIAN RESTRUCTURING INSOLVENCY & TURNAROUND ASSOCIATION | AUSTRALIAN RETAILERS ASSOCIATION | AUSTRALIAN SELF MEDICATION INDUSTRY | AUSTRALIAN STEEL INSTITUTE | AUSTRALIAN TOURISM INDUSTRY COUNCIL | AUSTRALIAN VETERINARY ASSOCIATION | BOATING INDUSTRY ASSOCIATION | BUS INDUSTRY CONFEDERATION | BUSINESS COUNCIL OF CO-OPERATIVES AND MUTUALS | CARAVAN INDUSTRY ASSOCIATION OF AUSTRALIA | CEMENT CONCRETE & AGGREGATES ASSOCIATION | CHEMISTRY AUSTRALIA | CHIROPRACTORS' ASSOCIATION OF AUSTRALIA | CONCRETE MASONRY ASSOCIATION OF AUSTRALIA | CONSULT AUSTRALIA | COUNCIL OF PRIVATE HIGHER EDUCATION | CRUISE LINES INTERNATIONAL ASSOCIATION AUSTRALASIA | CUSTOMER OWNED BANKING ASSOCIATION | DIRECT SELLING AUSTRALIA | EXHIBITION & EVENT ASSOCIATION OF AUSTRALASIA | FINANCIAL PLANNING ASSOCIATION OF AUSTRALIA | FITNESS AUSTRALIA | FRANCHISEE FEDERATION AUSTRALIA | HOUSING INDUSTRY ASSOCIATION | LARGE FORMAT RETAIL ASSOCIATION | LIVE PERFORMANCE AUSTRALIA | MASTER BUILDERS AUSTRALIA | MASTER PLUMBERS' AND MECHANICAL SERVICES ASSOCIATION OF AUSTRALIA | MEDICAL TECHNOLOGY ASSOCIATION OF AUSTRALIA | MEDICINES AUSTRALIA | NATIONAL AUTOMOTIVE LEASING AND SALARY PACKAGING ASSOCIATION | NATIONAL DISABILITY SERVICES | NATIONAL ELECTRICAL AND COMMUNICATIONS ASSOCIATION | NATIONAL EMPLOYMENT SERVICES ASSOCIATION | NATIONAL FIRE INDUSTRY ASSOCIATION | NORA | NATIONAL RETAIL ASSOCIATION | NATIONAL ROADS AND MOTORISTS ASSOCIATION | NSW HIRE CAR ASSOCIATION | NSW TAXI COUNCIL | OUTDOOR MEDIA ASSOCIATION | PHARMACY GUILD OF AUSTRALIA | PHONOGRAPHIC PERFORMANCE COMPANY OF AUSTRALIA | PRINTING INDUSTRIES ASSOCIATION OF AUSTRALIA | RECRUITMENT & CONSULTING SERVICES ASSOCIATION | RESTAURANT & CATERING AUSTRALIA | SCREEN PRODUCERS AUSTRALIA | THE TAX INSTITUTE | THINK BRICK AUSTRALIA | VICTORIAN AUTOMOBILE CHAMBER OF COMMERCE