

The Senate

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Select Committee on the Future of Work and  
Workers

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Hope is not a strategy – our shared responsibility for the future  
of work and workers

September 2018

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# Recommendations

## Recommendation 1

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3.101 The committee recommends that the Australian Government prepare and commit to a long-term plan to prepare Australian workers, business and the economy for coming technological change.

## Recommendation 2

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3.102 The committee recommends that the Australian Government establish a central body, within government, to coordinate planning for the future of work. This body would have overall responsibility for coordinating analysis, forecasting and policy development, and informing the Australian public, as set out in this report.

## Recommendation 3

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3.103 The committee recommends that the central body described in Recommendation 2 be required to develop policies for ensuring a positive future of work for specific demographics of at-risk workers identified in Chapter 2 of this report.

## Recommendation 4

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3.104 The committee recommends that the Australian Government introduce stronger legislative requirements for employers to consult with workers and trade unions before and during the introduction of major technological and other change in the workplace.

## Recommendation 5

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3.105 The committee recommends that the Australian Government should position Australia as a leader in the development and ethics of artificial intelligence, and in other emerging fields.

## Recommendation 6

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4.125 The committee recommends that Australia's workplace legislation be amended, to strengthen the protections available to workers and their unions, to ensure that all Australians share the economic gains arising from technological and other change. Further, Australia's future workplace laws and legislators will need to more rapidly adapt to and anticipate the evolving nature of work and employment relationships, so as to ensure that workers, however classified, are afforded fundamental workplace rights and entitlements.

#### **Recommendation 7**

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4.126 The committee recommends that the Australian Government review the definition of "casual" work in light of the large numbers of Australians who are currently in non-standard employment.

#### **Recommendation 8**

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4.127 The committee recommends that the Australian Government ensure legislated workplace health and safety and improved superannuation rights for workers who are not classified as employees and/or perform non-standard work.

#### **Recommendation 9**

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4.128 The committee recommends legislative amendments to crack down on sham contracting and employment arrangements which classify workers who are in fact dependent as independent contractors, in order to avoid employment obligations.

#### **Recommendation 10**

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4.129 The committee recommends that the Australian Government make legislative amendments that broaden the definition of employee to capture gig workers and ensure that they have full access to protection under Australia's industrial relations system.

#### **Recommendation 11**

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4.130 The committee recommends that the Australian Government take steps to introduce a national labour hire licensing scheme along the lines outlined by the committee above. This scheme should include the following features:

- a 'fit and proper' test for owners/directors of labour hire companies and their authorised representatives;
- a transparent fee structure; and
- significant penalties for host employers using unlicensed or unregistered labour hire firms.

#### **Recommendation 12**

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4.131 The committee recommends that legislation be introduced requiring labour hire workers to have access to and be paid at least the same wages and conditions as the directly engaged employees working alongside them.

#### **Recommendation 13**

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4.132 The committee recommends that the Australian Government legislate to extend workers' and trade unions' rights to collectively negotiate the terms and conditions of employment.

#### **Recommendation 14**

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4.133 The committee recommends that the Australian Government conduct research into the direction and further development of digital platform work, to ensure that proposed changes emanating from this report have the intended impact, in protecting workers.

#### **Recommendation 15**

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4.134 The committee recommends that the Australian Government consider and implement measures aimed at reducing the exploitation of interns.

#### **Recommendation 16**

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4.135 The committee recommends that Australian Government policy support and facilitate both existing and new measures allowing greater flexibility to workers to manage family, caring and other responsibilities, creating greater opportunity for family, education and community engagement.

#### **Recommendation 17**

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4.136 The committee recommends that further consideration be given to implementing portable leave schemes—which allow individuals to accrue leave entitlements across their working lifetime and transfer them to new positions—across a range of industries, recognising the increasingly flexible working patterns of modern Australians.

#### **Recommendation 18**

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5.104 The committee recommends that the Australian Government undertake a major overhaul of our post-school education and training system, to ensure that Australians are being equipped with the knowledge and skills needed for jobs in the future.

#### **Recommendation 19**

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5.105 The committee recommends that the Australian Government consider how best to ensure that its policies support Australians to engage in lifelong learning throughout their formative education and working life.

#### **Recommendation 20**

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5.106 The committee recommends that the Australian Government encourage better links between industry, education providers and unions, with a focus on tailoring courses to suit future jobs growth and improving the quality of job forecasting data available. The committee sees a role in this context for the new, central agency described in chapter 3 of this report.

### **Recommendation 21**

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5.107 The committee recommends that the Australian Government, in considering a future reform agenda, work to improve links between the VET and tertiary education sectors, and modify the school curriculum to ensure a better-integrated education system.

### **Recommendation 22**

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5.108 The committee recommends that the Australian Government commit to reversing recent funding cuts to achieve sustainable funding of the VET and higher education sectors.

### **Recommendation 23**

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6.79 The committee recommends that the government review Australia's working-age social security payment—Newstart—to ensure that it is fit for purpose in an environment where a decreasing number of Australians are in traditional, full-time employment. Such a review should consider matters including:

- the financial adequacy of Newstart and related allowances and supports and how to pay for any increase;
- whether assumptions of the system, such as that payments are designed to support people experiencing short-term periods of unemployment between full-time work, remain effective in the current labour market; and
- whether features such as income smoothing and taper rate are working for the large number of Australians experiencing non-standard work.

### **Recommendation 24**

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6.80 The committee recommends that the government reform Australia's superannuation system to ensure it remains strong in light of emerging labour market trends, with specific reference to gender equity and workers engaged in non-standard employment arrangements. Specific elements of this reform should include abolishing the \$450 minimum threshold for Superannuation Guarantee Contribution eligibility.

# Foreword

The questions this committee was charged with are complex; arguably few concepts are more complex and less tangible than 'the future'.

Starting from first principles, work is an integral part of life for most adult Australians. At a fundamental level, the work that we do pays for the necessities of life and determines our standard of living. It is also part of our identity, has the capacity to be engaging and a source of satisfaction, or to be a source of uncertainty and stress. The availability and stability of decent work and decent pay is important on an individual, family and community level. The social and economic success of our society depends on this.

This inquiry takes place in the context of varied forces shaping our society and the world of work—increasing globalisation, geopolitical factors in our region and beyond, climate change and an ageing population among them. The challenge for our government in this contextual setting is to build on the solid economic and social foundations of our society for the benefit of all Australians.

But the reality is that our prosperity is not being shared fairly, and some people's futures are less certain than others' through no fault of their own. Inequality is rising in Australia, and Australians are not all reaping the rewards of our economic prosperity. What first caught the attention of unions and welfare advocates—concern about low wages and inequality—is finally becoming a broader conversation, with the Reserve Bank Governor warning that stagnant wages are impacting on our quality of life and sense of prosperity, and have the potential to impede economic growth.

Furthermore, there is increasing evidence to suggest that our workplace laws, designed to provide a balanced framework for cooperative and productive workplace relations, have failed to keep pace with emerging trends, such as the rise in non-standard work. Casual work, labour hire, sham contracting, the gig economy—these have all become terms which are familiar to growing numbers of Australians. But they are more than mere words. They are forms of work which in certain guises reduce workers' rights and protections, and often deny workers access to basic rights and conditions that workers and unions have fought hard for.

Against this backdrop, the world of work is again being transformed by technology. Debate around new technology has reignited decades-old concerns about automation and artificial intelligence, the fear of a dystopian future where human workers are replaced by machines. The anxiety some people may feel is understandable; after all, technological development only ever goes in one direction—forward. However, the history of humankind is defined by change. Humans have harnessed technology every step of the way, from the first tools used in hunting for food, to robotics and automation today. On the macro level, technology has been our friend, not our foe.

It would be a mistake, however, to see 'the future of work' as only being about technological change. There are already significant changes happening in our workplaces, caused by factors beyond technological change—for example the emergence of new industries and changes caused by labour market deregulation—and they need to be dealt with, just as much as preparing for further technological change. Many of the emerging challenges, such as those presented by the gig economy and automation, are in fact new versions of challenges we have had to address in the past, such as worker exploitation and earlier technological change.

This inquiry has benefitted enormously from the thoughtful and considered evidence presented by a large number of respected stakeholders. The answers to the complex questions this committee has examined are not easy or straightforward.

One thing is clear though, and is the message this committee hears loud and clear: we are the architects of our future. We have choices to make. We can allow technological and other forms of change to occur without meaningful parameters, which could result in unintended consequences and lead to worsening inequality. Alternatively, we can choose to undertake intelligent interventions to guide the changing nature of work. The conversations we have, the governments we elect, the laws and policies we design, the institutions we establish, the education we invest in—the decisions we make today—this is what will determine the future of this country and its people.

We are a capable nation, and rich in so many ways. We must not allow ourselves to be buffeted by change—to be reactive rather than creative, reactionary rather than visionary, to be guided by fear rather than optimism. The committee calls on the Australian Government to consider the evidence and recommendations contained in this report, to act constructively and with optimism in the policies it enacts. To set a course for fairness and shared prosperity.

# Chapter 1

## Introduction

- 1.1 The world of work is changing—in Australia and elsewhere, policymakers face the challenge of responding to trends and proactively preparing the nation and its workers for the employment landscape of tomorrow.
- 1.2 On 19 October 2017, the Senate established the Select Committee on the Future of Work and Workers to inquire and report on the impact of technological and other change on work and workers in Australia, with particular reference to:
  - (a) the future earnings, job security, employment status and working patterns of Australians;
  - (b) the different impact of that change on Australians, particularly on regional Australians, depending on their demographic and geographic characteristics;
  - (c) the wider effects of that change on inequality, the economy, government and society;
  - (d) the adequacy of Australia’s laws, including industrial relations laws and regulations, policies and institutions to prepare Australians for that change;
  - (e) international efforts to address that change; and
  - (f) any related matters.<sup>1</sup>
- 1.3 The committee was initially to report on or before 21 June 2018. The Senate subsequently extended the committee's reporting date until 15 August, then 12 September 2018 and finally 19 September 2018.<sup>2</sup>

### Conduct of the inquiry

- 1.4 Notice of the inquiry was posted on the committee's website. The committee also wrote to key stakeholders inviting submissions.
- 1.5 The committee received 163 submissions, as detailed in Appendix 1, and held eight public hearings:
  - Brisbane—20 February 2018;
  - Sydney—21 February 2018;
  - Perth—12 March 2018;
  - Melbourne—13 March 2018;
  - Sydney—4 May 2018;
  - Adelaide—14 May 2018;
  - Melbourne—18 May 2018; and
  - Canberra—4 June 2018.

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1 *Journals of the Senate*, 19 October 2018, pp. 2144–2145.

2 *Journals of the Senate*, 19 June 2018, p. 3183; 15 August 2018, p. 3471; 11 September 2018 p. 3686.

- 1.6 A list of witnesses who gave evidence at the committee's public hearing is available in Appendix 2.
- 1.7 In addition to its public hearings, the committee had private briefings with representatives from the Embassy of Germany and the High Commission of the Republic of Singapore.

### **Structure of this report**

- 1.8 For clarity, this report sets out the key issues raised in evidence before the committee individually. Chapters are therefore divided thematically as follows:
- Chapter 1 (this chapter) sets out inquiry administrative processes;
  - Chapter 2 looks at how work is changing in Australia;
  - Chapter 3 assesses arguments around the possible impact of technology on jobs;
  - Chapter 4 examines ways in which Australia's workplace law can be modernised and enhanced, to provide fairness for all;
  - Chapter 5 looks at our approach to knowledge and skills; and
  - Chapter 6 looks at ways the Australian social security and superannuation systems will need to evolve as work evolves.

### **Acknowledgements**

- 1.10 The committee thanks submitters and witnesses who contributed to this inquiry for their engagement.

## Chapter 2

# How is work changing?

- 2.1 This inquiry is contextually situated in an era characterised by automation and rapid technological advancement, increasing globalisation, the aging of Australia's population and changes to Australians' typical working patterns.
- 2.2 This chapter outlines demographic and employment trends in Australia today. It also seeks to acknowledge that the potential harms of the future of work, as outlined in Chapter 4 and throughout this report, are more likely to be felt more severely by some groups within Australian society than others. This section serves to highlight the demographics which the committee's recommendations should particularly target so as to prevent acutely negative outcomes for particular groups in our community.

### **Industrial composition of employment**

- 2.3 The proportion of working age Australians in employment today is higher than at almost any other time in the nation's history.<sup>1</sup>
- 2.4 At the start of the twentieth century, almost a quarter of the Australian population worked in the agricultural sector. Today, that fraction is under 3 per cent. In the manufacturing industry, the Melbourne Institute of Applied Economic and Social Research submitted, employment expanded steadily in the first half of the twentieth century, but has been in decline for the past 50 years. The institute concluded that technological change is 'a major driver of these changes in employment composition.'<sup>2</sup>
- 2.5 By 2016, Australia's economy had become heavily reliant on the services sector, which now represents over 70 per cent of gross domestic product (GDP) and employs four out of five Australians.<sup>3</sup> The following table illustrates the changing industrial composition of employment in Australia over the past century.

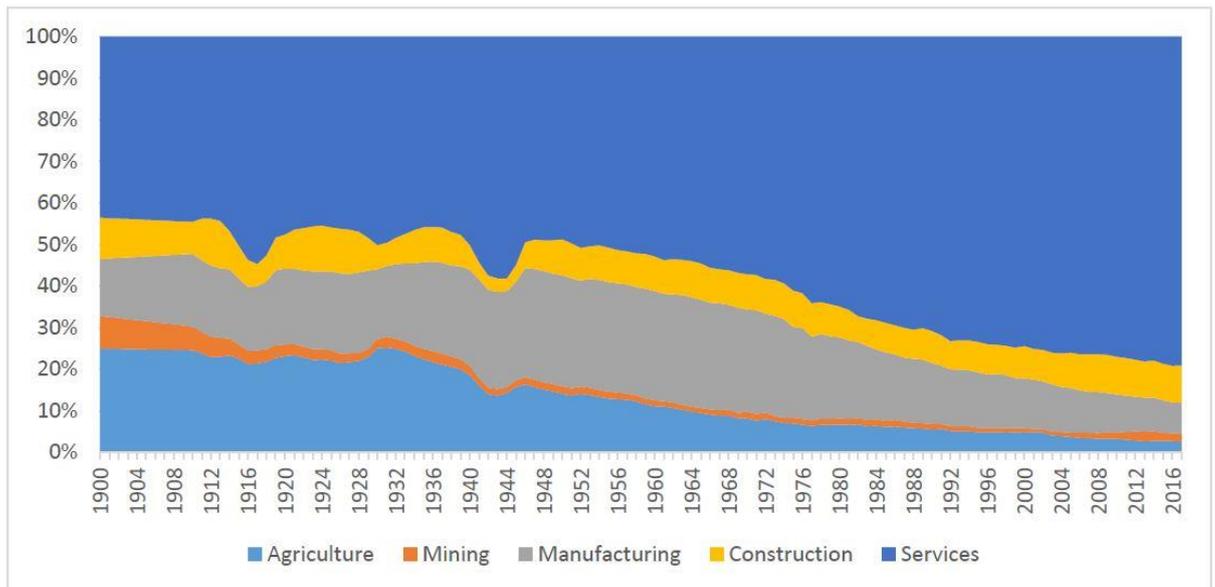
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1 Melbourne Institute of Applied Economic and Social Research, *Submission 36*, p. 2.

2 Melbourne Institute of Applied Economic and Social Research, *Submission 36*, p. 1.

3 Department of Foreign Affairs and Trade, '*Services and digital trade*', available at: <https://dfat.gov.au/trade/services-and-digital-trade/Pages/the-importance-of-services-trade-to-australia.aspx> (accessed 13 August 2018).

**Figure 2.1 Industrial composition of employment in Australia**



Source: *The Melbourne Institute of Applied Economic and Social Research, Submission 36, p. 2.*

2.6 Today Australia's main services exports are:

- Education-related travel services — \$22.0 billion
- Recreational travel services — \$17.4 billion
- Professional services — \$4.8 billion
- Business travel services — \$4.2 billion
- Financial services — \$3.5 billion<sup>4</sup>

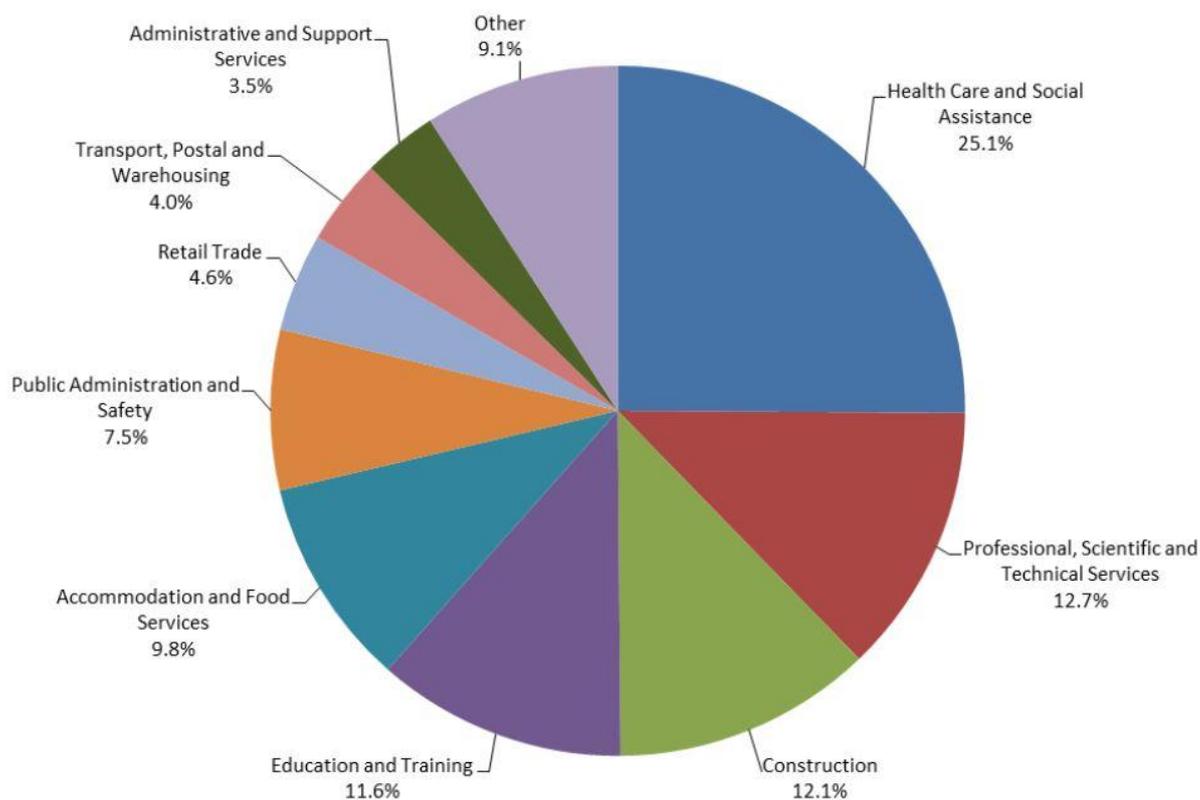
2.7 Submissions pointed to the effects of structural change affecting labour markets, which is forecast to increase over the next decade. Professor Ruth Bridgstock, Australian National Senior Teaching Fellow and Professor of Learning and Teaching at the University of South Australia, pointed to a misalignment in labour supply and demand and called for adapting the capabilities of the future workforce to better suit demand.<sup>5</sup>

2.8 Projected employment growth by industry was best captured by the Department of Jobs and Small Business, which provided the following:

4 Department of Foreign Affairs and Trade, 'Services and digital trade', available at: <https://dfat.gov.au/trade/services-and-digital-trade/Pages/the-importance-of-services-trade-to-australia.aspx> (accessed 13 August 2018).

5 Professor Ruth Bridgstock, *Submission 23*, p. 3. Education is discussed later in this report.

**Figure 2.2 Share of projected employment growth, by industry, five years to May 2022**



Source: Department of Jobs and Small Business, *Submission 43*, p. 8

- 2.9 Data provided by the Department of Jobs and Small Business indicates that employment would increase in 16 of the 19 broad industries over five years, but decline in manufacturing, electricity, gas, water and waste services, and agriculture, forestry and fishing.<sup>6</sup> Individual industry projections are shown in the table below:

<sup>6</sup> Department of Jobs and Small Business, *Submission 43*, p. 8.

**Figure 2.3 Projections of sectoral employment growth to May 2022**

Industry	Projected employment growth – five years to May 2022	
	('000)	(%)
Agriculture, Forestry and Fishing	-2.4	-0.8
Mining	5.6	2.4
Manufacturing	-38.3	-4.2
Electricity, Gas, Water and Waste Services	-9.0	-7.0
Construction	120.7	10.9
Wholesale Trade	1.9	0.5
Retail Trade	45.6	3.7
Accommodation and Food Services	97.6	11.2
Transport, Postal and Warehousing	40.3	6.5
Information Media and Telecommunications	6.9	3.3
Financial and Insurance Services	24.6	5.6
Rental, Hiring and Real Estate Services	18.0	8.5
Professional, Scientific and Technical Services	126.4	12.5
Administrative and Support Services	34.9	8.4
Public Administration and Safety	75.0	9.3
Education and Training	116.2	12.0
Health Care and Social Assistance	250.5	16.1
Arts and Recreation Services	21.4	9.9
Other Services	12.3	2.5
<b>All Industries</b>	<b>948.4</b>	<b>7.8</b>

Source: Department of Jobs and Small Business, Submission 43, p. 9.

- 2.10 Clearly, the projected employment changes in various industries have implications for the current and future workforce, along with the education and training sectors, which will need to respond to these changes. These implications are discussed later in this report.

### Ageing population

- 2.11 One of the clearest trends in Australia today, that is impacting on the workforce, is that of the ageing population. According to the Australian Institute of Health and Welfare:

Australia enjoys one of the highest life expectancies of any country in the world, at 82.5 years in 2015 for males and females at birth combined—ranked fifth among 35 Organisation for Economic Co-operation and Development (OECD) countries.<sup>7</sup>

- 2.12 The Australian Chamber of Commerce and Industry (ACCI) similarly cited projections which will see life expectancy *at birth* rise to 96.6 for women and 95.1 for

7 Australian Institute of Health and Welfare, *Deaths in Australia*, July 2018, [www.aihw.gov.au/reports/life-expectancy-death/deaths-in-australia/contents/life-expectancy](http://www.aihw.gov.au/reports/life-expectancy-death/deaths-in-australia/contents/life-expectancy) (accessed 7 September 2018).

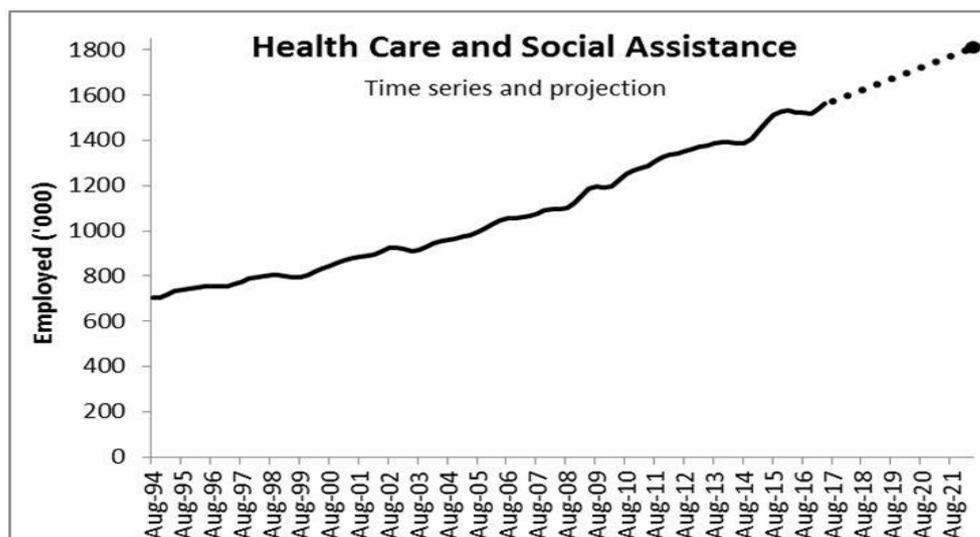
men by 2054-55, up from the current figures of 93.6 and 91.5 respectively. The number of Australians aged over 65 is projected to nearly double by 2035.<sup>8</sup>

- 2.13 People have access to better medical technology and health care than previously and are, put simply, living longer, and are likely to remain active for longer than may have been the case in previous generations:

[A]s 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.<sup>9</sup>

- 2.14 This has a number of policy implications. For example, Australia's aging population increases demand for health and aged care services as, on average, people aged 65 and over make four times as many claims for specialist medical services and twice as many GP Medicare claims as people aged under 65.<sup>10</sup> In addition, older people access the most health care services in their last two years of life.<sup>11</sup>
- 2.15 This means that the broader health and care service sectors are likely to continue to grow rapidly, as will the leisure market for this consumer group.<sup>12</sup> The graph below illustrates employment growth in the health care and social assistance sector, which has been the primary provider of new jobs since the 1990s and will likely continue this trend, due in large part to Australia's ageing population:

**Figure 2.4 Employment growth in health care and social assistance**



Source: Department of Jobs and Small Business, 2017 Industry Employment Projections Report, available at <http://lmip.gov.au/default.aspx?LMIP/GainInsights/EmploymentProjections> (accessed 14 August 2018)

8 Australian Chamber of Commerce and Industry (ACCI), *Submission 52*, p. 15.

9 ACCI, *Submission 52*, p. 16.

10 Australian Institute of Health and Welfare, *Older Australia at a glance*, April 2017, [www.aihw.gov.au/reports/older-people/older-australia-at-a-glance/contents/service-use/health-care-gps-and-specialists](http://www.aihw.gov.au/reports/older-people/older-australia-at-a-glance/contents/service-use/health-care-gps-and-specialists) (accessed 7 September 2018).

11 Business Co-Operatives and Mutuals, *Submission 83*, p. 20.

12 Professor Ruth Bridgstock, *Submission 23*, p. 2.

- 2.16 The need for a skilled and expanded aged care workforce to meet the future care needs of older Australians was noted by Aged and Community Services Australia:

The ageing of Australia's population is one of the best-known facts in public policy today. However, general familiarity with this does not always translate into an appreciation of its implications for Australian society and governments. In particular, the aged care workforce has not received sufficient attention from government to ensure policy settings will provide an appropriately skilled workforce to meet the future care needs of older Australians.<sup>13</sup>

- 2.17 Several submissions suggested that the current aged care workforce is failing to meet the needs of older Australians, as outlined in a report authored by Dementia Australia:

There are currently significant threats to the availability and quality of the future aged care sector workforce in Australia. Although much greater numbers will be needed in the future, the current workforce is ageing, and services already report that they are experiencing difficulty in filling vacancies. At a time when the number of people needing access to aged care services is increasing, and the acuity of care required is also increasing, levels of direct care staff to residents in aged care services are often decreasing and the number and proportion of qualified nursing staff positions in aged care, particularly residential care, has fallen dramatically.<sup>14</sup>

- 2.18 A second major implication of an ageing population is the need for policy, workplace and other adjustments, to accommodate the growing number of people who are capable of working for longer. This raises issues regarding how long people should work for and in what manner, how older workers should be treated and protected by law, and the reduced employment participation rate of older people as they approach retirement:

Government policies are gradually adjusting to this change with the pension age increasing to 70. In Australia, the prevalence of age discrimination in employment is unacceptably high. There is a correlation between active participation in work and health. When people are willing, yet unable to work because of discrimination, they are more likely to rely on social welfare benefits and incur increased health costs. This is unsustainable especially in the context of an ageing population.<sup>15</sup>

- 2.19 There is a difference, however, between ensuring that people who wish to work longer do not face discrimination at work, and policies which force workers into ever-later retirement. The committee heard that many older workers—often those in lower-paid jobs—simultaneously fear being forced out of work due to discrimination and having to work longer because they cannot afford to retire.

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13 Aged and Community Services Australia, *Submission 68*, Attachment 1, p. 5.

14 Dementia Australia, *Submission 10*, p. 3.

15 Business Co-Operatives and Mutuals, *Submission 83*, p. 20.

They don't feel that their bodies can continue to work, but they have to keep working because they don't have enough retirement savings and because the pension age is rising.<sup>16</sup>

- 2.20 For these older workers, labour market changes may not herald a better quality of life. It is clear, however, that for a variety of reasons adjustments in the labour market will be necessary, in order to support a population which will be working longer than before. ACCI concluded that this would necessitate a 'more considered and planned' approach to retirement, quoting CSIRO research:

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.<sup>17</sup>

- 2.21 This, ACCI pointed out, will require significant cultural shifts in Australian workplaces and ongoing discourse around career longevity.<sup>18</sup>

- 2.22 It is difficult to capture the challenges facing older workers, as older workers form a very diverse cohort with a range of experiences and circumstances. There are, however, those who may be particularly vulnerable to the impact of technology on workplaces. As put by Professor Louise Rolland, Executive Director at EY:

I do think that the changes that technology will bring to our workplaces are going to be more harshly felt by older workers, particularly those older workers in the more low skilled occupations.<sup>19</sup>

- 2.23 Due to age discrimination—which, like other forms of discrimination, is difficult to identify and the body of evidence is largely anecdotal—many may hesitate to explore new employment options:

There are people who feel discriminated against in trying to find work. We hear stories about people who say: 'I've got this job. I don't really like it. I'd like to do something else, but I'm too scared to leave this one because I don't know if I'll get another one.' We get people who feel like, if there are redundancies or people are being laid off, they're the first to be targeted to go.<sup>20</sup>

- 2.24 The committee heard that evidence does show that older workers have less access to training, and face significant discrimination:

I also think there is a really quite pronounced bias in recruitment strategies or recruitment practices. Even when I talk to recruiters who are recruiting

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16 Ms Megan Lawson, Chief Executive Officer, Council on the Ageing New South Wales, *Committee Hansard*, 4 May 2018, p. 44.

17 ACCI, *Submission 52*, p. 17.

18 ACCI, *Submission 52*, p. 17.

19 Professor Louise Rolland, Executive Director, EY, *Committee Hansard*, 4 May 2018, p. 33.

20 Ms Megan Lawson, Chief Executive Officer, Council on the Ageing New South Wales, *Committee Hansard*, 4 May 2018, pp. 46–47.

people at the higher end of the job market, they will say that they have trouble getting older people interviews. People will look at the CVs and say, 'No, I don't want to interview them.' So to get those people into the first interview they actually have to talk them up a lot more than they would a younger person.<sup>21</sup>

- 2.25 Addressing these barriers requires a two-pronged approach: assisting older workers to learn how to transition into new jobs and navigate the recruitment system, as well as training for the Human Resources industry.<sup>22</sup> The committee heard that some companies engage in what is termed "blind recruiting", where age, ethnic background and other markers are removed from view. This ensures that latent bias and discrimination are avoided and in theory creates a more even playing field where workers are genuinely offered interviews on merit:

To go back to some of those companies I mentioned earlier—people like Westpac, Australia Post, Cbus—there are a whole bunch of organisations that do blind recruiting. That is not just for older people; that's for anyone who doesn't have a name that sounds Anglo or those kinds of things. It takes out all of those kinds of markers. It takes out the names of the universities that people went to, because we know that there's a bias towards some universities over others. When you have those kinds of practices people end up with a more diverse range of employees than they do if they just go off CVs alone. So there's a whole range of things that we could be doing with the HR industry to improve recruitment practices to make sure people at least get past the first base in terms of going through that kind of process.<sup>23</sup>

- 2.26 The committee also received evidence about the importance of encouraging older workers to continue to contribute their skills and knowledge to the workforce. For example, ACCI submitted:

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 [*Tomorrow's Digitally Enabled Workforce: Megatrends and scenarios for jobs and employment in Australia over the coming twenty years*] noted the ageing population together with increased life expectancy has led to estimates of significant gaps in retirement savings...

Supporting continued work opportunities for Australians beyond traditional retirement age (i.e. 60-65) will require a cultural shift in

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21 Ms Megan Lawson, Chief Executive Officer, Council on the Ageing New South Wales, *Committee Hansard*, 4 May 2018, p. 46.

22 Ms Megan Lawson, Chief Executive Officer, Council on the Ageing New South Wales, *Committee Hansard*, 4 May 2018, p. 47.

23 Ms Megan Lawson, Chief Executive Officer, Council on the Ageing New South Wales, *Committee Hansard*, 4 May 2018, p. 47.

workplaces as well as society and we should be encouraging a broader discussion about 'career longevity'.<sup>24</sup>

- 2.27 Transitional assistance for workers moving into new careers, and a well-functioning social security system for those who may experience difficulties maintaining employment in an evolving workforce, are discussed later in this report.

### **Gender inequality and the role of women in the future of work**

- 2.28 Considerable gains have been made in the workforce participation of Australian women over the past 50 years, with the rate rising from 43 per cent in 1978 to nearly 60 per cent in 2015.<sup>25</sup>

- 2.29 However, the World Economic Forum ranks Australia 24th on a global index measuring gender equality, and gender inequality is readily apparent in Australia's labour market:

Australian women and men do not participate in the labour market as equals, and employment and economic outcomes remain unequal and highly gendered.<sup>26</sup>

- 2.30 Workplace gender equality is achieved when workers can access and enjoy rewards, resources and opportunities irrespective of gender. The Workplace Gender Equality Agency (WGEA) states that achieving equality requires:

- workplaces to provide equal pay for work of equal or comparable value;
- removal of barriers to the full and equal participation of women in the workforce;
- access to all occupations and industries, including leadership roles, regardless of gender; and
- elimination of discrimination on the basis of gender, particularly in relation to family and caring responsibilities.<sup>27</sup>

- 2.31 Discrimination and disadvantage can be difficult to identify at work, as they are sometimes blatant and do not reflect written employer policy. As put by WGEA:

It is difficult to identify discrimination or disadvantage at work. Often, it is only when the facts and figures are added up that it becomes obvious that gender can have a big impact on a career.<sup>28</sup>

- 2.32 According to the Women, Work and Leadership Research Group at the University of Sydney, the assumption that 'the future of work will not be a gendered process and have gendered implications is at odds with the present.' For women, there is and will remain a fundamental tension 'resulting from achieving career growth combined with meeting expectations of reproduction and care.'<sup>29</sup>

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24 ACCL, *Submission 52*, p. 17.

25 ACCL, *Submission 52*, p. 17.

26 The Women, Work and Leadership Research Group, *Submission 142*, Attachment 1, p. iv.

27 See Workplace Gender Equality Agency (WGEA), [www.wgea.gov.au/learn/about-workplace-gender-equality](http://www.wgea.gov.au/learn/about-workplace-gender-equality) (accessed 30 August 2018).

28 WGEA, [www.wgea.gov.au/learn/about-workplace-gender-equality](http://www.wgea.gov.au/learn/about-workplace-gender-equality) (accessed 30 August 2018).

29 The Women, Work and Leadership Research Group, *Submission 142*, p. 2.

- 2.33 The Women, Work and Leadership Research Group study, 'Australian Women's Working Futures Project 2017', report states that, despite gains in workforce participation, women remain the most under-utilised factor for fair and prosperous economic growth:

Recent research shows that a reduction in the gap in participation rates between men and women by 25 per cent has the potential to increase the GDP in Asia Pacific by as much as US\$ 3.2 trillion.<sup>30</sup>

- 2.34 Consecutive governments have cited gender equality in the workplace as a priority, yet the authors of the University of Sydney study concluded that the differences remain:

Recent Australian governments have made gender equality in the workplace a priority, citing women's enhanced engagement in the workforce as essential to raising living standards and securing Australia's future prosperity. But Australian women and men do not participate in the labour market as equals. In spite of women's increased participation in paid employment since the 1980s, a gap remains with a current participation rate from women of 60.2% compared with 70.9% for men...<sup>31</sup>

- 2.35 The study notes that employment and economic outcomes remain highly gendered in Australia:

...with stark differences between women's and men's rates of pay, hours of work, contribution to unpaid labour in the home, and patterns of occupational and industrial segregation. Women typically earn less than men. The current full-time average weekly ordinary time earnings (AWOTE) gap in Australia is 15.3 per cent, with women earning on average \$251.20 per week less than men. Women typically work fewer hours than men, and often part-time: 45 per cent of employed women work part time compared to 16 per cent of employed men.<sup>32</sup>

- 2.36 The study found that this gender wage gap has implications for women's retirement savings:

Women's weaker attachment to the labour market is reflected in lower earnings and, in turn, lower levels of superannuation at retirement, exposing women to a higher risk of economic insecurity and poverty, particularly in old age.<sup>33</sup>

- 2.37 The gender segregation nature of the workforce was also highlighted by the report:

Women and men also work in different jobs, tending to cluster around specific and highly gendered occupations and industry sectors. Australian government data report that around 61 per cent of Australian employees work in an industry dominated by one gender or the other. This seems set to continue, with growth in highly feminised jobs in the health care and

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30 The Women, Work and Leadership Research Group, *Submission 142*, Attachment 1, p. ii.

31 The Women, Work and Leadership Research Group, *Submission 142*, Attachment 1, p. v.

32 The Women, Work and Leadership Research Group, *Submission 142*, Attachment 1, p. v.

33 The Women, Work and Leadership Research Group, *Submission 142*, Attachment 1, p. v.

social assistance sector projected to account for more than a quarter of all new jobs between 2017–2022.<sup>34</sup>

- 2.38 The study looked at young working women aged 16–40, and found that that women value the following qualities in a job:
- respect in the workplace (80 per cent)
  - job security (80 per cent)
  - decent pay (65 per cent)
  - having an interesting job (64 per cent)
  - flexibility (62 per cent)
  - predictable and regular hours (56 per cent); and
  - having a measure of control and influence over daily work (52 per cent).<sup>35</sup>
- 2.39 The same study notes that ‘in order to succeed at work and progress in their careers young women report they require the right skills and qualifications, workplace flexibility, paid leave to care for family, support and mentoring in the workplace and a partner who shares childcare and domestic work. When these needs are met, young women are able to work the hours they desire.’<sup>36</sup>
- 2.40 Significantly, the University of Sydney study found that only 31 per cent of women surveyed believed that men and women receive equal treatment at work, compared with 50 per cent of men. Only around half of the women participating in the study felt that gender equality in the workplace would improve over the next decade.<sup>37</sup>
- 2.41 However, it is a fact that in Australia women and men tend to gravitate towards different industries for work. Whereas women are overrepresented in health care, education and social assistance, they are underrepresented in scientific and technical roles.<sup>38</sup>
- 2.42 Irrespective of the industry women find employment in, however, one constant is a stubbornly high gender pay gap which has existed for decades.
- 2.43 This is perhaps the most glaring feature of gender inequality in the workplace. Using data available from the Australian Bureau of Statistics, the overall gender pay gap in Australia currently stands at 14.6 per cent. While this is the lowest it has been in twenty years, looking at individual industries is informative. Data available from WGEA indicates that the pay gap—although prevalent across industries—is particularly pronounced in the following:
- financial and insurance services, where women comprise 55.4 per cent of the workforce, the pay gap is 31.9 per cent;
  - construction, where 16.9 per cent of workers are female, the pay gap is 27.4 per cent;
  - agriculture, forestry and fishing, where 36.4 per cent of workers are women, the pay gap is 25.7 per cent;

34 The Women, Work and Leadership Research Group, *Submission 142*, Attachment 1, p. v.

35 The Women, Work and Leadership Research Group, *Submission 142*, Attachment 1, p. vi.

36 The Women, Work and Leadership Research Group, *Submission 142*, Attachment 1, p. v.

37 The Women, Work and Leadership Research Group, *Submission 142*, Attachment 1, p. vi.

38 See WGEA, [www.wgea.gov.au/learn/womens-work-mens-work](http://www.wgea.gov.au/learn/womens-work-mens-work) (accessed 30 August 2018).

- professional, scientific and technical services, where women comprise 39.6 per cent of the workforce, the pay gap is 25.4 per cent;
  - transport, postal and warehousing services, where 26.4 per cent of workers are female, the pay gap is 21.8 per cent; and
  - arts and recreation services, with 49.8 per cent of workers who are women, the pay gap is 20.5 per cent.<sup>39</sup>
- 2.44 Lower gaps are found in sectors such as education and training (where women comprise 63.4 per cent of the workforce but still experience a pay gap of 10.6 per cent) and public administration and safety (a gap of 9.2 per cent). In healthcare, where the vast majority—80.2 per cent—of workers are female, the gender pay gap stands at 15.7 per cent.<sup>40</sup>
- 2.45 The ramifications of the gender pay gap extend beyond women's working lives and can be seen in the growing inequity in men's and women's retirement incomes. The Australian Council of Trade Unions (ACTU) reports that women today retire with an, on average, \$140 000 lower superannuation balance than men. They are also at increased risk of homelessness from the age of 55 because they have inadequate funds to retire on, cannot find sustainable employment and are instead forced to rely on social security.<sup>41</sup>

### Young workers

- 2.46 The current generation of young workers—often referred to as "millennials"—were born between the early 1980s and early 2000s. For the first time in history, the wealth accumulation trajectory of the generation of workers entering employment is well below that of their predecessors at comparable ages.<sup>42</sup>
- 2.47 Young Australians, however, are not one homogenous group. As a cohort they are perhaps more diverse than any preceding generation, with one in five born overseas and one in four with at least one parent born overseas.<sup>43</sup>
- 2.48 This generation is entering adulthood and starting its working life in an era of lower economic growth than that experienced by previous generations, and at a time when the digital economy is eroding traditional employment relationships:

Today, most parents fear their children will never enjoy the same economic opportunities they did – and with good reason. After all, young workers have borne the brunt of the harsh new reality of double digit unemployment rates; temporary, part-time, low-wage, and precarious work; massive higher education fees and debt; and a housing market they can't hope to enter.<sup>44</sup>

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39 Gender pay gap overview, WGEA, available at: <http://data.wgea.gov.au/overview> (accessed 1 September 2018).

40 Gender pay gap overview, WGEA, available at: <http://data.wgea.gov.au/overview> (accessed 1 September 2018).

41 ACTU, *Submission 112*, p. 2.

42 Business Co-Operatives and Mutuals, *Submission 83*, p. 18.

43 Centre for Multicultural Youth, *Submission 47*, pp. 2–3.

44 Centre for Future Work, *Submission 57*, p. 6.

- 2.49 These broader market trends apparent in Australia and other advanced economies are having a profound effect on the way young people will need to transition from education to work. The future of work is more uncertain for the youngest generation of workers than ever before.
- 2.50 A submission from the QUT Business School Work/Industry Futures Research Program captured the evolving nature of young people's transitions from education to work facing young workers:
- Youth transitions [to work] have become longer, especially with the expansion of higher and further education, more precarious and complex, which is associated with vulnerability to job loss and unemployment, and differentiated and individualised, due to the pluralisation of options in education and the labour market.<sup>45</sup>
- 2.51 The Centre for Multicultural Youth described young people as being particularly vulnerable to changes in the labour market:
- Young people (aged between 15 and 24 years) have been identified as one group of Australians particularly vulnerable to labour market changes. This was evident when youth labour market outcomes deteriorated significantly following the global financial crisis (GFC). While youth labour market participation rates have improved slightly since then, young Australians continue to face significant challenges accessing meaningful, stable work.<sup>46</sup>
- 2.52 The Centre for Multicultural Youth noted that young people face a range of barriers to full engagement in education, training and employment. These include:
- ‘Opportunity barriers’, such as a lack of entry-level job opportunities, discrimination in the job market of “the mismatch between employers’ demands and the skills and experience young people have acquired”; ‘motivational barriers’, such as limited sufficiently-paid jobs or intergenerational and societal expectations (including role-modelling) or experiences (which can translate into things like poor understanding of the labour market or limit self-belief); and ‘employability barriers’, such as poor education outcomes (including leaving school early or not undertaking further education or training), limited work experience, health problems, or care responsibilities.<sup>47</sup>
- 2.53 This evidence supports claims that there is increasing pressure on young people to accept jobs that they are over-skilled and overqualified for, which in turn denies other, lower-skilled workers those opportunities and compounds problems relating to under- and unemployment.

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45 QUT Business School Work/Industry Futures Research Program, *Submission 7*, p. 5.

46 Centre for Multicultural Youth, *Submission 47*, p. 2.

47 Centre for Multicultural Youth, *Submission 47*, p. 2.

2.54 The most visible trend for young workers has been unemployment, with youth unemployment in Australia currently at 12.2 per cent, which accounts for 35.8 per cent of all unemployed people aged 15–64.<sup>48</sup> There are many resulting effects:

The costs for young people who cannot get a foothold in the workforce can be immense, including extended reliance on income support payments and other social services, poorer health outcomes and marginalisation from their communities.<sup>49</sup>

2.55 As well as unemployment, underemployment is also a serious problem facing young workers today. Available entry-level positions are increasingly offered on a casual, temporary or part-time basis. Furthermore, sectors in which young people tend to be overrepresented, such as the formal service economy, commonly feature stagnant, low wage levels, irregular work patterns and vulnerability to job loss.<sup>50</sup> This carries longer-term implications as well:

In some cases, these jobs can be stepping stones to more stable careers, but when employment protection regulations and social security coverage differ substantially between temporary and permanent workers, a two-tier or segmented labour market can result.<sup>51</sup>

2.56 Research also reveals a strong relationship between ethnic background and detachment from the labour market in Australia. Young Australians from a migrant background face particular barriers to participation in the labour market, including:

- limited social and professional networks connected to employment in Australia, including limited numbers of critical networks, such as family and friends, in employment;
- lack of familiarity of Australian workplace culture and systems, including understanding of the current job market in Australia and knowledge around what kind of skills and experience are required;
- lack of information regarding education and employment pathways;
- lack of Australian work experience and difficulties gaining relevant work experience to meet the demands of the current job market;
- experiences of racism and discrimination;
- the additional pressure of stressors of resettlement (for example, acculturation; limited English proficiency; limited access to transport and affordable housing close to employment; pressures of juggling employment and domestic responsibilities with caring responsibilities, especially for women and girls);
- social exclusion, racism and discrimination;
- difficulties with recognition of skills, qualifications and experience, lack of qualifications, limited vocational skills relevant to the Australian labour market and limited work experience prior to arrival;

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48 QUT Business School Work/Industry Futures Research Program, *Submission 7*, p. 5.

49 QUT Business School Work/Industry Futures Research Program, *Submission 7*, p. 5.

50 QUT Business School Work/Industry Futures Research Program, *Submission 7*, p. 5.

51 QUT Business School Work/Industry Futures Research Program, *Submission 7*, p. 5.

- visa restrictions and eligibility.<sup>52</sup>

2.57 Young workers are the demographic most likely to be employed by digital platforms and the 'gig economy', and are therefore more vulnerable to the sham contracting and precarious work practises employed by these companies (see Chapter 4 for an in-depth discussion of this issue). The Young Workers Centre highlighted numerous issues which impact young people in app-based work, including:

- The ways businesses use technology to facilitate dodgy or sham contracting arrangements by tracking workers and automatically generating invoices.
- The ways businesses engage in sham contracting to avoid their responsibilities as employers to provide minimum wage rates, superannuation and other safety responsibilities.
- The real wage theft occurring as businesses successfully circumvent our minimum wage laws, penalty rates and superannuation entitlements.
- Rating systems in place of dispute resolution processes.
- The isolation of workers and its flow-on effects including reduced capacity to organise and collectively bargain.<sup>53</sup>

2.58 Furthermore, stakeholders informed the committee that employment services in place may lack the experience necessary to engage with younger workers:

[O]ur concern would be that employment services don't have specialist skills to engage successfully with young people, particularly when they'll most often be working with young people who are likely to experience disadvantage, trauma or other barriers to gaining employment and are likely also not to have supportive structures or family within their lives that can help them overcome those things.<sup>54</sup>

2.59 When young people look for work, the committee was told, they are routinely told that they lack the experience necessary. However, although employers look for young workers, too few are prepared to hire them and provide the experience the workers need.<sup>55</sup> Furthermore, employers are so empowered to be selective about the level of experience they require, that even graduates find it difficult to gain positions advertised as 'graduate', as these often go to more experienced—and therefore overqualified—workers.<sup>56</sup>

2.60 The committee heard that government policy responses to youth under- and unemployment have previously focused on increasing individuals' employability, that is, supply rather than demand side strategies. Unlike the former, which focuses on the individual, demand side strategies look at job creation.<sup>57</sup>

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52 Centre for Multicultural Youth, *Submission 47*, p. 3.

53 Young Workers Centre, *Submission 114*, p. 3.

54 Mr Leo Fieldgrass, Chief Executive Officer, Youth Affairs Council Victoria, *Committee Hansard*, 18 May 2018.

55 Mr Leo Fieldgrass, Chief Executive Officer, Youth Affairs Council Victoria, *Committee Hansard*, 18 May 2018, p. 56.

56 See discussion with Professor Louise Rolland, Executive Director, EY, *Committee Hansard*, 4 May 2018, p. 33.

57 QUT Business School Work/Industry Futures Research Program, *Submission 7*, p. 6.

- 2.61 The Centre for Multicultural Youth advocated a more nuanced approach to improving young Australians' workforce participation:

Addressing the barriers to workforce participation for young Australians requires approaches that recognise their particular needs and challenges. Youth-specific services and supports that draw on youth work frameworks and approaches are one critical element to effectively addressing youth participation. For at risk or disadvantaged young people "(h)olistic, individualised and wraparound services are critical. This means identifying and responding to all the person's barriers, both personal and work/learning related, working often not just with the individual but also their family, and navigating and connecting them to relevant support services."<sup>58</sup>

- 2.62 The committee looks at the notion of employability later in this report, but notes that employability has been 'critiqued for underplaying the social and political contexts in which young people seek employment.'<sup>59</sup>

- 2.63 Solutions to the challenges facing young workers are complex, the committee noted, particularly because these obstacles are not new.<sup>60</sup> The committee heard that a partnership approach was needed, whereby employers would be more actively involved in building relationships with young people who are still at school, helping them understand the workplace:

There are some successful examples, including the Foundation for Young Australians Worlds of Work program, which has taken groups of young people into workplaces and connected them with mentors within that organisation and had a series of engagements between the workplace and the school. So, it is very much around partnership with employers, with chambers of commerce and industry, with unions and the education system.<sup>61</sup>

- 2.64 The committee also noted evidence from the Youth Affairs Council of Western Australia (YACWA). YACWA made the powerful point that education underpins the success of any concerted effort to focus on preparing young people for work, and the jobs of the future:

We use that word quite liberally and without a lot of thought, but it's so important, and we want to reiterate the importance—and young people have said to us that we should be reiterating the importance—of the foundations of education, from early years through to primary and secondary school and, importantly, more than just STEM but

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58 Centre for Multicultural Youth, *Submission 47*, p. 2.

59 QUT Business School Work/Industry Futures Research Program, *Submission 7*, p. 6.

60 See discussion, *Committee Hansard*, 18 May 2018, p. 56.

61 Mr Leo Fieldgrass, Chief Executive Officer, Youth Affairs Council Victoria, *Committee Hansard*, 18 May 2018, p. 56.

understanding the basics of life, helping young people to get the foundation they need to be successful in their careers.<sup>62</sup>

- 2.65 The role of education in preparing young people for the workforce of the future is examined later in this report.

### **First Nations Australians**

- 2.66 A submission from Professor Jon Altman and Mr Francis Markham, researchers with Deakin University and the Australian National University who submitted in a private capacity, highlights the present and future of work for one specific section of Australian society, First Nations peoples. First Nations Australians, the submission states, are in 'deep employment difficulty':

The causes of Indigenous people's labour force position are complex, and include historical colonial processes of exclusion, racism, cultural difference and geographic location – especially when people reside on their legally-recognised ancestral lands in remote Australia. These reasons are predominantly structural and are clearly evident in the remote situations that we focus on, where employment opportunities are few, and so there are insufficient jobs for all adults of working age.<sup>63</sup>

- 2.67 The submission describes labour market conditions in remote First Nations Australia, drawing on data available through the Community Development Programme (CDP), the primary institution for income and training support in remote Australia. The numbers are stark:

Across 60 administrative regions, the Indigenous employment-to-working-age-population ratio averaged less than 30 per cent. In other words, less than 3 in 10 Indigenous people of working age are in paid employment across the 75 per cent of the continent covered by the CDP scheme.<sup>64</sup>

- 2.68 In some areas, the employment-to-working-age-population ratio falls even lower, such as 13 per cent in CDP Region 23, the Alice Springs District NT. And it is possible that these concerning figures may in fact understate the problem:

Even these alarmingly low employment rates are likely to be overstated. More than 10 per cent of the persons that the ABS believe are living in CDP regions did not complete either the Indigenous status nor the labour force status question on the census, mostly because they lived in a household that did not return a census form (Markham & Biddle, 2017). This 'missing population' – who are not included in our employment-to-population calculation – are likely to be even less attached to labour markets than those who were enumerated by the census.<sup>65</sup>

- 2.69 Policies currently in play aimed at remedying the dire employment situation faced by First Nations Australians, which focus on behavioural modification and work

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62 Mr Ross Wortham, Chief Executive Officer, Youth Affairs Council of Western Australia, *Committee Hansard*, 12 March 2018, p. 43.

63 Professor Jon Altman and Mr Francis Markham, *Submission 34*, p. 2.

64 Professor Jon Altman and Mr Francis Markham, *Submission 34*, p. 2.

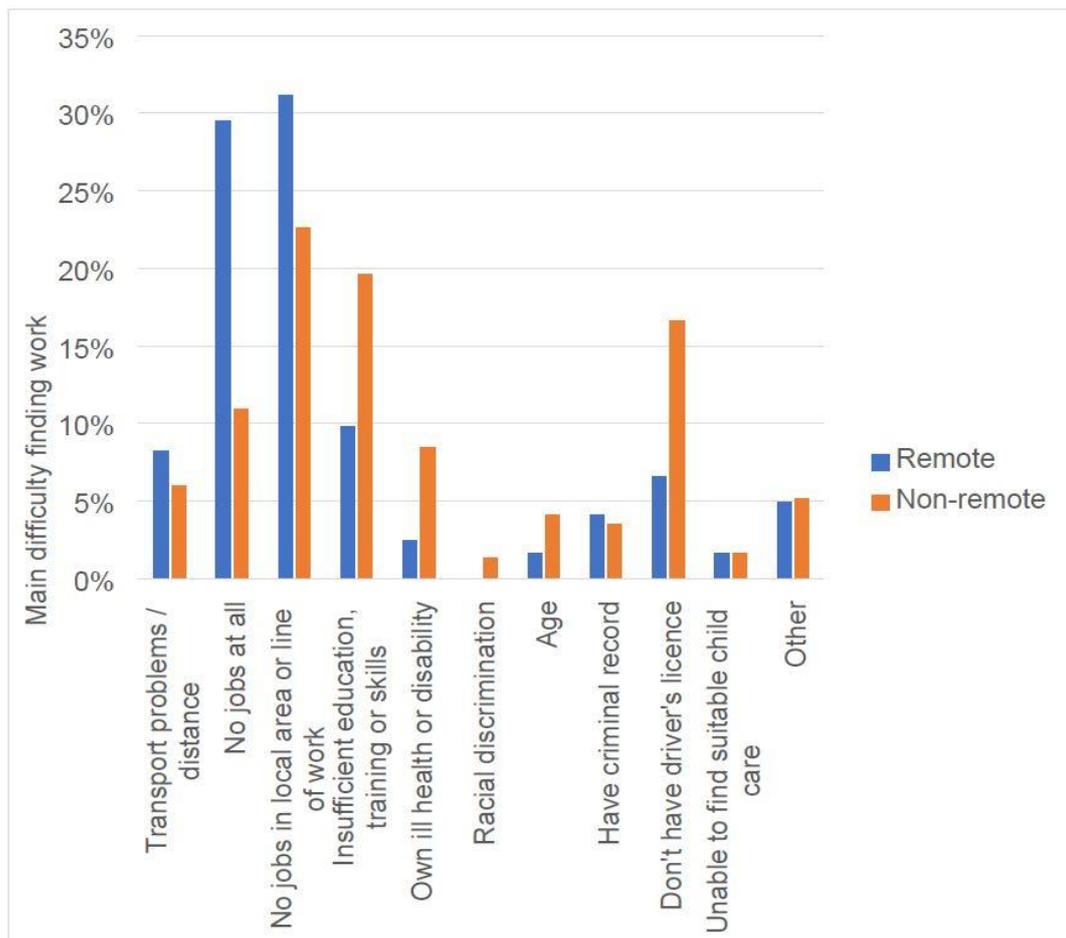
65 Professor Jon Altman and Mr Francis Markham, *Submission 34*, p. 3.

preparation for the unemployed, will have limited impact at best, Professor Altman and Mr Markham submit:

[Such policies do] little to conjure up jobs in remote towns where commercial opportunity can be very limited.<sup>66</sup>

- 2.70 Rather than being caused by unwillingness to work or lack of training and skills, First Nations underemployment is largely due to weak local labour markets. The figure below details the reasons why First Nations Australians have difficulty finding work, with most First Nations job-seekers reporting a lack of access to employment opportunities.

**Figure 2.5 Reasons for difficulty finding work**



Source: Professor Joh Altman and Mr Francis Markham, *Submission 34*, p. 4, citing data provided by NATSISS 2014–15.

- 2.71 The researchers contend that recent policies have had a net detrimental effect, in practice enforcing 'punitive incentives to enter a labour market that is either non-existent or insufficiently developed to accommodate a significant number of the unemployed'<sup>67</sup> while destroying employment opportunities in remote Australia:

The abolition of a locally-directed, state-subsidised employment scheme, the Community Development Employment Projects (CDEP), and its

<sup>66</sup> Professor Jon Altman and Mr Francis Markham, *Submission 34*, p. 2.

<sup>67</sup> Professor Jon Altman and Mr Francis Markham, *Submission 34*, p. 4.

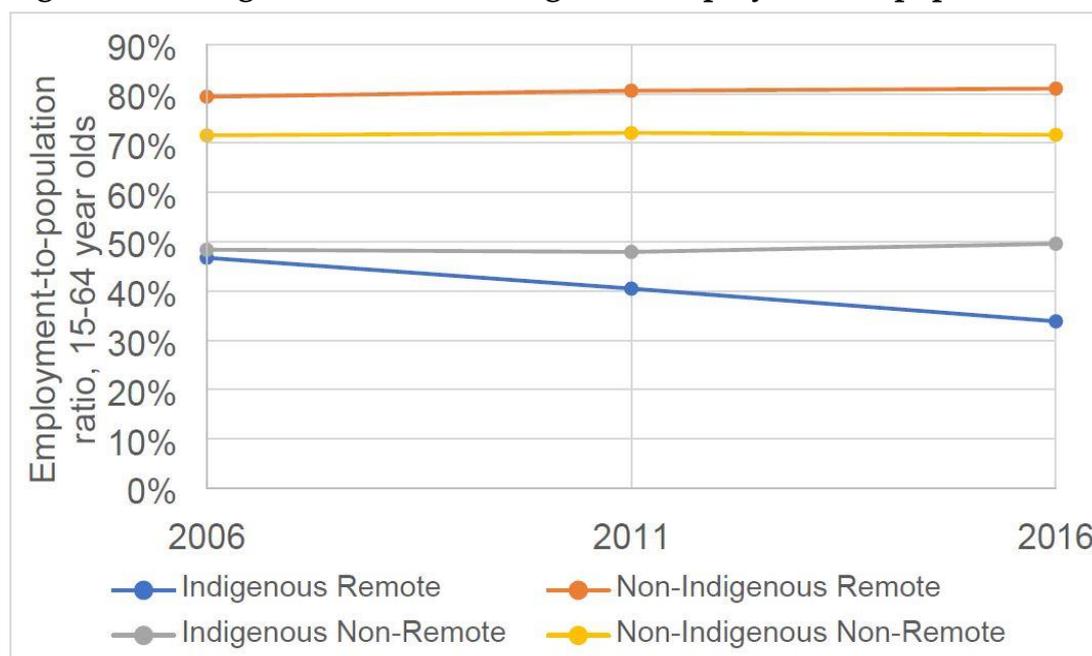
replacement with the confusingly named work-for-the-dole unemployment program (CDP), has resulted in the unprecedented destruction of jobs in remote Australia.<sup>68</sup>

- 2.72 The researchers conclude that while discussion of First Nations employment is often framed within the context of 'Closing the Gap', certainly in remote Australia the gap continues to widen 'extraordinarily':

Thousands of CDEP jobs have been replaced with mutual obligations within the welfare system, with its attendant monitoring of activity requirements and penalties for non-compliance. Separate pieces of research by both authors show that this trend in Indigenous labour underutilisation, coupled with inadequate social security payments, has resulted in escalating poverty rates in remote Australia.<sup>69</sup>

- 2.73 The graph below, based on data from the 2016 Census of Population and Housing, depicts Professor Altman and Mr Markham's conclusions:

**Figure 2.6 Indigenous and non-Indigenous employment-to-population ratio**



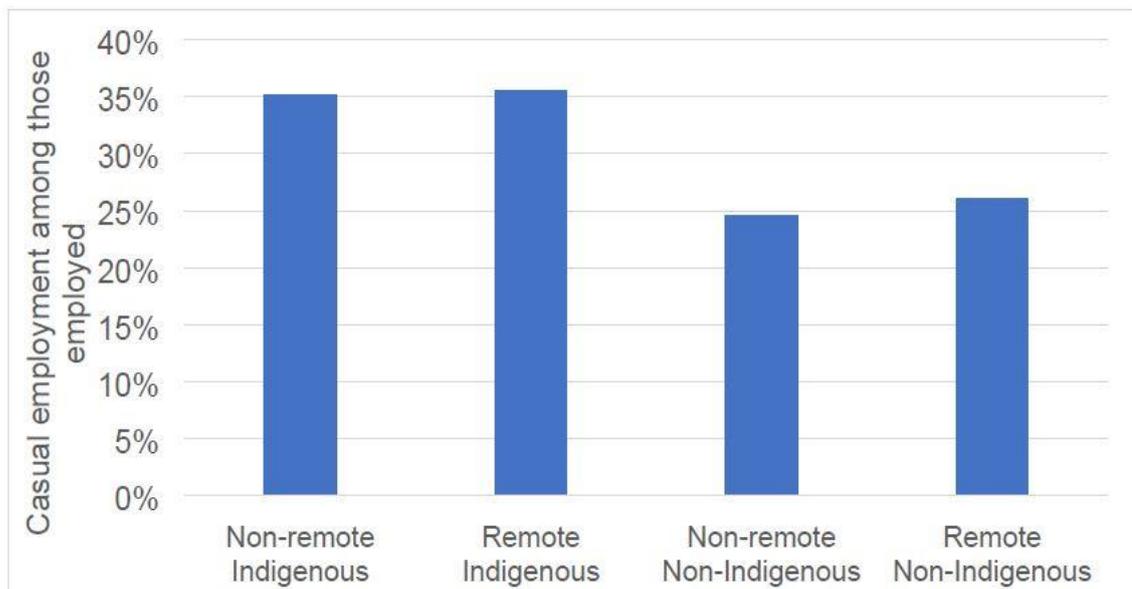
Source: Professor Jon Altman and Mr Francis Markham, *Submission 34*, p. 3.

- 2.74 Furthermore, First Nations Australians in remote areas are disproportionately affected by evolving changes in the workplace, such as increased casualisation.<sup>70</sup> Figures from the 2014-15 National Aboriginal and Torres Strait Islander Social Survey (NATSISS), cited by Professor Altman and Mr Markham, suggest that more than a third of First Nations workers are casually employed:

68 Professor Jon Altman and Mr Francis Markham, *Submission 34*, p. 3.

69 Professor Jon Altman and Mr Francis Markham, *Submission 34*, p. 3.

70 Casual work is discussed in Chapter 4.

**Figure 2.7 Indigenous and non-Indigenous casual employment**

Source: Professor Jon Altman and Mr Francis Markham, *Submission 34*, p. 5.

- 2.75 The drawbacks of casual employment (which is covered in detail in Chapter 4) are considerable:

While casual employment may be considered better than unemployment, casual work is precarious. Because casual employees do not have the right to notice of termination, protection from unfair dismissal, nor guaranteed hours of work, they are vulnerable to be the first to have their employment terminated or their working hours reduced in times of industrial restructuring.<sup>71</sup>

- 2.76 Indigenous workers are also more likely than their non-Indigenous counterparts to be employed in occupations which are vulnerable to automation:<sup>72</sup>

While non-Indigenous workers are slightly more likely to be employed in occupations with an extremely high automation susceptibility, Indigenous workers are overly represented in occupations with an automation susceptibility of 50 per cent or more. Indigenous workers are particularly underrepresented in the least automatable occupations, those with an automation susceptibility of less than 10 per cent... When further disaggregated by sex and remoteness, we find that Indigenous men are particularly exposed to automation-related unemployment.<sup>73</sup>

- 2.77 If this represents the future of work in this country, Professor Altman and Mr Markham submit, 'it is a bleak future indeed.'<sup>74</sup>

71 Professor Jon Altman and Mr Francis Markham, *Submission 34*, p. 5.

72 Professor Jon Altman and Mr Francis Markham, *Submission 34*, p. 5.

73 Professor Jon Altman and Mr Francis Markham, *Submission 34*, pp. 5–6.

74 Professor Jon Altman and Mr Francis Markham, *Submission 34*, p. 4.

## Workers with a migrant background

2.78 The Federation of Ethnic Communities' Council of Australia (FECCA) submitted that, as at June 2016, 28.5 per cent of the Australian population was born overseas, while nearly half of all Australians have at least one parent who was born overseas.<sup>75</sup>

2.79 Australia's migration system is designed to attract migrants with desirable skills and qualifications:

This is reflected in the figures: 65 per cent of recent migrants held tertiary qualifications before arriving in Australia and many more obtained tertiary qualifications after arriving in Australia; and migrants with Australian citizenship have an unemployment rate of 3.3 per cent versus 5.4 per cent for people born in Australia.<sup>76</sup>

2.80 A subset of residents with culturally and linguistically diverse (CALD) backgrounds however, face considerable challenges when looking for employment. FECCA's research indicates that these challenges include:

- difficulties obtaining recognition of skills and qualifications earned overseas or lack of Australian qualifications;
- English language proficiency. This includes employer discrimination with regards to accent;
- experiences of discrimination, prejudice or racism;
- lack of networks for seeking and securing employment;
- limited familiarity with the Australian workforce, employment systems and culture;
- pre-migration experience, including experiences of torture and trauma.<sup>77</sup>

2.81 In fact, FECCA reports that approximately one in three recent migrants who have been employed in Australia experienced difficulty securing a first job.<sup>78</sup>

2.82 In addition, the Centre for Multicultural Youth noted that 'in addition to age and gender, Australian research has revealed a strong association between ethnic background and higher rates of detachment from the labour market.'<sup>79</sup>

2.83 A chart from the Australian Bureau of Statistics depicts the unemployment rate in Australia as at November 2016, broken down by gender and residency type. This chart clearly demonstrates that permanent and temporary residency holders have much higher unemployment rates than Australian citizens.

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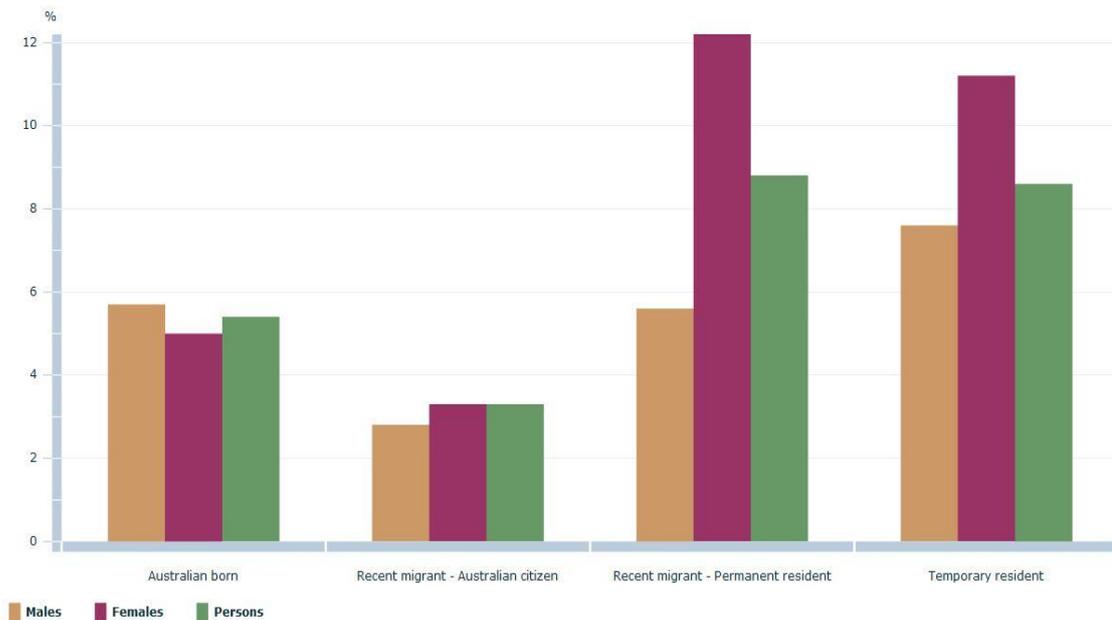
75 Federation of Ethnic Communities' Council of Australia (FECCA), *Submission 55*, p. 2.

76 FECCA, *Submission 55*, p. 2.

77 FECCA, *Submission 55*, pp. 2–3.

78 FECCA, *Submission 55*, p. 3.

79 Centre for Multicultural Youth, *Submission 47*, pp. 2–3.

**Figure 2.8 Unemployment rate by gender and residency type<sup>80</sup>**

Source: Australian Bureau of Statistics

2.84 For some CALD Australians, difficulties finding meaningful employment increase susceptibility to engagement in the informal, or black, economy. This can be for a number of reasons, including:

...working in the cash economy on the behest of an employer in order to secure employment. For people from CALD backgrounds, including migrants and refugees, involvement in the informal economy can sometimes be the only possible way of securing a measure of financial stability.<sup>81</sup>

2.85 This vulnerability to participation in the black economy similarly results in overrepresentation of people from CALD backgrounds among victims of exploitation in the workplace. The evident power imbalance between employer and employee in situations where the latter has struggled to secure employment contributes to these poor outcomes, as does the likelihood of CALD Australians having limited awareness of workplace rights and limited support networks. Residents with language barriers and visa limitations, those with caring responsibilities and/or limited experience are particularly vulnerable.<sup>82</sup>

2.86 The committee notes that, as well as being vulnerable to exploitation in the informal economy, CALD Australians are likely to be overrepresented in insecure employment arrangements. This is pronouncedly the case for women, resettled refugees, very young and older migrants.<sup>83</sup>

80 Australian Bureau of Statistics, available at: [www.abs.gov.au/ausstats/abs@.nsf/mf/6250.0](http://www.abs.gov.au/ausstats/abs@.nsf/mf/6250.0) (accessed 14 August 2018).

81 FECCA, *Submission 55*, p. 4.

82 FECCA, *Submission 55*, p. 4.

83 FECCA, *Submission 55*, p. 6. Non-standard work is discussed later in this report.

- 2.87 Concerns were raised by organisations such as the Victorian Multicultural Commission about the future employment prospects of CALD Australians:

Given the current poor employment outcomes for many culturally diverse communities, it is expected that future changes in the job market will adversely affect them...

It is well documented...that in the future most low-skilled occupations will not exist at all due to workplace automation. As a result, culturally diverse people will face significantly reduced job opportunities or none at all. The employment challenges and barriers they currently face will be exacerbated.

Future work, particularly for culturally diverse communities, will increase inequality and reduce social cohesion in society.<sup>84</sup>

### **Workers with disabilities**

- 2.88 Approximately one in five Australians report having a disability. The Australian Psychological Society submitted that by developed world standards Australia's participation rate for people with disabilities is poor:

The APS is concerned that Australia has one of the lowest rates of job participation for people with a disability in the OECD (OECD, 2012) and this is unlikely to change (but could worsen) with the technological changes predicted to occur within the workforce.<sup>85</sup>

- 2.89 The National Employment Services Association cited data on the low historical participation rate for people with disabilities:

The labour force participation rates for people with disability have remained stagnant for the past 20 years and are currently around 53 per cent, compared to more than 83 per cent for people without disability... At the same time the comparative rates between people with disability and the general population have worsened.<sup>86</sup>

- 2.90 The committee notes that the 20 000 disabled people employed by Australian Disability Enterprises work for an average of \$5.61 per hour, which is well below minimum wage, and therefore they also accrue a lower level of superannuation as a result.<sup>87</sup>

- 2.91 Anglicare Australia noted that disabled Australians face disproportionate exclusion from the labour market, and often struggle to find employment due to discrimination and the absence of suitable working arrangements:

Future employment strategies must be inclusionary and incorporate measures designed to ensure that people with significant barriers to work are not left behind, as they are now. As just one example, Australia has one

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84 Victorian Multicultural Commission, *Submission 107*, pp. 7–8.

85 Australian Psychological Society, *Submission 125*, p. 12.

86 National Employment Services Association, *Submission 113*, p. 7.

87 Department of Social Services, *Ensuring a strong future for supported employment*, discussion paper, December 2017, p. 13.

of the lowest rates of job participation for people with a disability in the OECD.<sup>88</sup>

- 2.92 The Victorian Youth Disability Advocacy Service informed the committee that young people with disability face 'double disadvantage' when looking for work, on account of youth and disability. Furthermore, when they do find employment problems with discrimination are rife:

Disability discrimination complaints on the basis of employment have been the highest rate of disability discrimination complaints to the Australian Human Rights Commission for some time now, and there's research that shows that young people, when they enter the workforce, have their rights met less often.<sup>89</sup>

- 2.93 Other witnesses gave similar evidence, pointing to general perception as a significant obstacle to work for people with disability:

I think people with disabilities are generally immediately labelled as a liability rather than an asset. You could have someone with an amazing resume who comes in and charms your pants off and then doesn't do anything when they get the job. But I feel that, for a person with a disability, as soon as you disclose a disability or as soon as you walk in the door and an employer sees you and understands that you have a disability, the opportunity is gone.<sup>90</sup>

- 2.94 The committee heard that the National Disability Insurance Scheme (NDIS), introduced in 2012 by then-Prime Minister Julia Gillard, was a step in the right direction as it is premised on the notion that people with disability should have the opportunity to actively participate in the workforce.<sup>91</sup> There is nonetheless some way to go, the Victorian Youth Disability Advocacy Service noted, particularly given the increase in non-standard work:

When we talk about a more casualised workforce into the future, with more short-term jobs, we give young people with disabilities possible advantages, where they may not be able to undertake full-time work or where they may have to explore the kind of work that they want to do and that fits in with their particular needs. But at the same time we have systems that are not geared to support young people with disability in that exploration. Young people with disability on the disability support pension and Newstart don't necessarily experience a structure that allows them to go out and test out their work skills. Disability employment services are geared towards 13-week and 26-week work outcomes, so in an

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88 Anglicare Australia, *Submission 24*, p. 1.

89 Ms Leah van Poppel, Victorian Youth Disability Advocacy Service, *Committee Hansard*, 18 May 2018, p. 53.

90 Miss Ming Luo, Youth Disability Advocacy Network Committee Member, Youth Affairs Council of Western Australia, *Committee Hansard*, 12 March 2018, p. 45.

91 Ms Leah van Poppel, Victorian Youth Disability Advocacy Service, *Committee Hansard*, 18 May 2018, pp. 53–54.

environment where the workforce is more casualised that's not necessarily going to be helpful for young people.<sup>92</sup>

2.95 Furthermore, employment services currently in place may lead to unintended consequences for workers with disability. The first of these, the committee heard, is that people who are difficult to place are often "parked"; that is, service providers do not engage with them as readily as they otherwise might.<sup>93</sup>

2.96 The committee noted calls for appropriate supports to be in place for people with disability from a young age, to prevent young people with disabilities from forming low expectations of what they are able to achieve:

By the time you get to the point where a young person with a disability is a teen, they may have really limited expectations of what they're able to do—whether they're able to take on tertiary study or whether they're able to expect that they should have a job. That's not just something you fix in the years that lead up to finishing high school. You don't start that process in year 11 and year 12 and expect that you're going to get good outcomes.<sup>94</sup>

2.97 Instead, the committee heard, support should be in place from a very young age in order to ensure that people with disability form positive expectations of what they can achieve in their working lives. One of the keys to achieving this is training in disability awareness and specialist skills in teaching people with disability for teachers working at all levels of the education system.<sup>95</sup>

### **Workers in rural and regional locations**

2.98 Several submissions noted that regional and rural Australians face greater potential harms as a result of automation, technological development and changing work patterns than their urbanised counterparts.<sup>96</sup> This is for a variety of reasons, such as the prevalence of jobs with a high likelihood of automation in rural areas and existing weaknesses in regional labour markets.<sup>97</sup>

### **Flexible work practices**

2.99 The Australian labour market is characterised by an increase in non-standard work,<sup>98</sup> and also by growing numbers of certain demographics of workers: older workers, women, working single parents and dual-income couples.

2.100 Each of these cohorts is likely to have a greater need for flexible work arrangements than their counterparts. Many Australian workplaces have responded to this growing trend by instituting flexible work arrangements, allowing workers to access paid parental leave and agreeing to requests to work flexible hours. Employers in fact often

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92 Ms Leah van Poppel, Victorian Youth Disability Advocacy Service, *Committee Hansard*, 18 May 2018, pp. 53–54.

93 See discussion, *Committee Hansard*, 18 May 2018, pp. 55–56.

94 Ms Leah van Poppel, Victorian Youth Disability Advocacy Service, *Committee Hansard*, 18 May 2018, p. 57.

95 See discussion, *Committee Hansard*, 18 May 2018, pp. 57–58.

96 Shop Distributive and Allied Employees' Association, *Submission 11*, p. 6.

97 Shop Distributive and Allied Employees' Association, *Submission 11*, p. 6.

98 Growth in non-traditional forms of work is discussed in Chapter 4.

use such policies to attract and retain valuable staff, increase diversity at their place of work or transition older workers to retirement.<sup>99</sup>

- 2.101 Professor Rae Cooper sought to clarify that flexibility was one aspect of what constituted a good job for the women surveyed:

What I think the women are saying to us in this body of research is that they do want their capacity to be able to make their hours of work and their place of work come together in a way that meets their needs outside of work; but they also want to be able to do that in a way where they don't have to give up access to jobs with progression and they don't want to do it in jobs where there might be an hour here and an hour there—unpredictable hours and, therefore, unpredictable earnings that are impacting on them. So it might sound slightly contradictory, but my interpretation is that they are saying they want good jobs but they also want them to be flexible. They see that as what a good job is. They want a reasonable number of hours that will sustain them through pay, they want a reasonable rate of pay, that want access to training and promotion, but they also want to be able to have some ability to customise in a way that meets their needs and the needs of their family.<sup>100</sup>

- 2.102 However, even when flexible working hours are available many workers are reluctant to attempt to access or make optimal use of such policies in spite of their benefits:

Australian workers are reluctant to access FWAs [flexible work arrangements] available to them and continue to experience conflict between paid work and personal obligations. Cultural and structural barriers within organisations and a lack of supervisory support for FWAs can lead to negative stigma and consequences such as fewer promotional opportunities, reduced access to training and career development, and a perceived lack of commitment to the organisation and career. Those employees who do use FWAs report that mobile technologies and long working hours result in work intensification that threatens an appropriate balance between paid work and other areas of life.<sup>101</sup>

- 2.103 This under-utilisation of available flexible work arrangements is particularly prevalent as workers' careers progress. In many organisations, the committee heard, there is an often unspoken and unwritten understanding that a 'career ceiling' exists, levels at which workers should not access flexible work arrangements.<sup>102</sup> There is also a persistent belief that men do not benefit from flexible working arrangements:

This has implications for the achievement of diversity and gender equity targets. For example, the Australian finance industry, with a predominantly female workforce (56%), has the highest number of written FWA policies and relatively high levels of FWA use. Yet the industry has a relatively low representation of women in leadership positions (26%) and

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99 QUT Business School Work/Industry Futures Research Program, *Submission 7*, p. 8.

100 Professor Rae Cooper, private capacity, *Committee Hansard*, 4 May 2018, pp. 9–10.

101 QUT Business School Work/Industry Futures Research Program, *Submission 7*, p. 8.

102 QUT Business School Work/Industry Futures Research Program, *Submission 7*, p. 9.

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the highest gender pay gap of any industry in Australia suggesting that FWAs in this industry have not advanced gender equity.<sup>103</sup>

- 2.104 The committee heard compelling evidence in favour of extending availability of flexible working arrangements specifically for people with disabilities, who currently face systemic barriers to workforce participation. The ability to work from home can be game changing for this cohort.<sup>104</sup>
- 2.105 Other trends evident in the labour market, such as the growth of non-traditional forms of work, are discussed in Chapter 4.

### **Committee view**

- 2.106 The committee notes that Australia is on the cusp of an unprecedented moment in history, which will see five different generations working together in the workplace for the first time.<sup>105</sup> These generations think differently, have different needs and expectations, and different contributions to make. The labour market is no longer the sole domain of the traditional, male breadwinner working nine-to-five to support a stay-at-home wife and children.
- 2.107 Our workforce is diverse, as are the challenges facing it. Policymakers have a unique opportunity to act to ensure that all Australians have a share in a prosperous future. To do this, we must first decide whether to fear change, or embrace it. The committee is of the view that the considerable talent, resources and potential of this nation place us in an enviable position to be masters of our own fate—to think about the future from a perspective driven by possibility, mutual responsibility and social conscience. To achieve this, Australia needs a plan.
- 2.108 The following chapters will describe the challenges shaping our present and future working lives, and set down a series of recommendations to ensure a positive future for work and workers.

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103 QUT Business School Work/Industry Futures Research Program, *Submission 7*, p. 9.

104 Ms Leah van Poppel, Victorian Youth Disability Advocacy Service, *Committee Hansard*, 18 May 2018, p. 54.

105 ACCI, *Submission 52*, p. 20.



## Chapter 3

# The impact of technology on work

- 3.1 The history of work is marked by change and advances in technology. There is a trajectory to be traced from the first use of tools, across millennia, to advances in automation and robotics, developments in biotechnology, nanotechnology, genetics, 3D printing and other fields.
- 3.2 Advances in every field build on one another and carry incalculable promise for society. Advances in technology have created global digital networks and have the potential to dramatically improve efficiency and raise living standards for people worldwide.<sup>1</sup> In the words of one submitter, as humans, we are on a 'species-wide journey towards safer, more comfortable, fulfilling and rewarding lives.'<sup>2</sup>
- 3.3 It is difficult to identify an industry or profession that has not felt and continued to feel the impact of automation, from agriculture, manufacturing, finance, transport, engineering, travel, journalism, mining to law.<sup>3</sup>
- 3.4 Although the discourse around the impact of automation on employment seems to be building momentum, automation has been evolving for centuries, and its impacts have always been disruptive in one way or another:

Viewed over time, technological advances historically produce social divides - generating wealth and new opportunities for some, while creating unemployment and disadvantage for others (Frey & Osborne, 2013). The impact of technology has always been 'disruptive' and its impact can be difficult to comprehend without the benefit of reflection. Today, technological disruption occurs so frequently and rapidly that it is considered the norm. It has been described as a "perfect storm" creating unique conditions and involving "greater, faster and different transitions" than previously experienced.<sup>4</sup>

- 3.5 The committee received varied and, at times, contradictory evidence on the likely impact of automation on employment. In addition to hearing concerns that automation poses a real threat to existing jobs and industries, the committee also heard about the opportunities to create jobs by capitalising on new technologies, through growing industries such as advanced manufacturing and digital technology. What is clear is that many occupations are undergoing significant transformation, and entire industries will have to adjust. This chapter looks at the perspectives provided

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1 Global Shapers Melbourne, *Submission 22*, p. 2.

2 Google, *Submission 73*, p. 2.

3 School of Social Science and Institute for Social Science Research University of Queensland, *Submission 32*, p. 4.

4 Australian Industrial Transformation Institute Flinders University, *Submission 2*, p. 1.

and examines how the potential of automation can best be harnessed, its risks mitigated and its benefits equitably distributed.

### **Automation anxiety**

- 3.6 The committee noted the prevalence of anxiety about the displacement of jobs, particularly blue-collar jobs, through automation. As put by Mr James Newton-Thomas and Mr Jack Strocchi, appearing in a private capacity:

The submission we gave you has a very simple hypothesis—that is, there is no future of work for humans. Job security is nil, and over the next 30 years, possibly 20, computers will become computationally substitutable for humans in all economic activity. That's not the same as saying they will be substituted for humans, but it is saying they will be computationally substitutable, meaning they will be able to outthink you in any economic activity.<sup>5</sup>

[W]e're going to say that we are technological alarmists. We're here to scare you. We're scared, and we work at this for our living. James has been in the belly of the beast for a long time, so he knows what he's talking about. You should be scared, and that's what we want you to take back to Canberra.<sup>6</sup>

- 3.7 Anxiety relating to technological development is not a new phenomenon, and it is reasonable to question the extent to which that anxiety may be warranted. Ms Emma Dawson, Executive Director of Per Capital Australia, stated:

[T]oo often we are told that the disruption of digital technologies and automation of the workforce are an unprecedented threat to the future of work and workers, that the coming of the robots will throw millions of people out of work, that the progress of technological disruption is unlike anything we've ever seen and that the loss of secure reliable work, particularly for so-called unskilled workers, is inevitable. This is, frankly, nonsense.<sup>7</sup>

- 3.8 The Melbourne Institute of Applied Economic and Social Research (MI) described this anxiety as inevitably linked to economic progress:

In the late 1970s, for example, many were concerned about the threat of the computer, and especially the emergence of the personal computer. One media commentator writing in *The Australian* in 1978 for example claimed: "Men and women workers are fast becoming obsolete. They are being replaced...by an electronic chip not as big as the nail on your finger." (*The Weekend Australian*, 29 July 1978). And parliamentary inquiries into the effects of technological change are nothing new either – in December 1978 the Committee of Inquiry into Technological Change in Australia

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5 Mr James Newton-Thomas, private capacity, *Committee Hansard*, 4 May 2018, p. 16.

6 Mr Jack Strocchi, private capacity, *Committee Hansard*, 4 May 2018, p. 17.

7 Ms Emma Dawson, Executive Director, Per Capita Australia, *Committee Hansard*, 13 March 2018, p. 1.

(the Myer Committee) was appointed and charged with the task of reviewing the likely economic and social impacts of new technology.<sup>8</sup>

- 3.9 In some sectors and occupations, a degree of anxiety around the implications of automation may be well-founded. One such occupation is driving. Spanning a number of industries, the committee heard that almost thirty per cent of Australian jobs involve driving. Some see that percentage rising to 40 per cent by 2025, which represents an unprecedentedly rapid increase.<sup>9</sup> The committee did not receive evidence breaking down these statistics, however it is reasonable to look at truck driving in the given context. The committee notes that a 12-year study by researchers from Monash University found that truck drivers are in one of the deadliest jobs in the country, accounting for more injury-related insurance claims than car drivers, delivery drivers, rail or bus drivers.<sup>10</sup> And with demand for road freight projected to double from 2010 to 2030,<sup>11</sup> the possible implications of autonomous mobility are worth considering. Arguing that driving is an example of an occupation at risk of steep decline due to automation, Co-CEO and co-founder of Atlassian, Mr Michael Cannon-Brookes stated:

I think the drivers of today will be the blacksmiths of the 21st century. We don't have a lot of demand for blacksmiths anymore, and it's really hard to retrain them. I guess what I'm trying to say is: we need to think and plan ahead of this. There will be massive job disruption. I hate being Chicken Little and trying to scare people, but it seems to be the only way to get action. There will be massive job disruption. Look at any big technological change we've been through. The invention of the steam engine was a good one in England. It came with massive job loss and massive job gain. The jobs gained were not filled by the people who lost the jobs. It's a very hard part of how technology works. Someone who'd been in a mine in England for 30 years didn't come out and become a bookkeeper. It was a really hard transition to make, and that led to lots of social unrest and lots of problems in society that stemmed from that. We can see that coming. We just have to start planning for it. I'm not the expert on how that should be planned for, but I can tell you that it's going to come and it's going to be very painful if we do not plan for it. It is going to be very, very hard. But driving is just one of many examples where I think automation will take hold a little bit, and then it will happen very, very fast.<sup>12</sup>

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8 The Melbourne Institute of Applied Economic and Social Research, *Submission 36*, p. 1.

9 Mr Michael Cannon-Brookes, Co-CEO and Co-founder, Atlassian Pty Ltd, *Committee Hansard*, 13 March 2018, p. 11.

10 See 'Truck driving rates as most dangerous job, study finds', *Sydney Morning Herald*, 21 August 2018, [www.smh.com.au/business/workplace/truck-driving-rates-as-most-dangerous-job-study-finds-20180817-p4zy7c.html](http://www.smh.com.au/business/workplace/truck-driving-rates-as-most-dangerous-job-study-finds-20180817-p4zy7c.html) (accessed 21 August 2018).

11 See 'Truck driving rates as most dangerous job, study finds', *Sydney Morning Herald*, 21 August 2018, [www.smh.com.au/business/workplace/truck-driving-rates-as-most-dangerous-job-study-finds-20180817-p4zy7c.html](http://www.smh.com.au/business/workplace/truck-driving-rates-as-most-dangerous-job-study-finds-20180817-p4zy7c.html) (accessed 21 August 2018).

12 Mr Michael Cannon-Brookes, Co-CEO and co-founder, Atlassian Pty Ltd, *Committee Hansard*, 13 March 2018, p. 15.

3.10 The prospect of driverless trucks delivering more goods, more safely and faster, has obvious benefits. Widespread introduction of driverless trucks does not, however, bode well for truck drivers. In this regard, however, the committee received conflicting evidence. A submission from the Centre for Future Work, for example, noted that implementation of new technology, such as driverless trucks, is in most cases accompanied by a natural lag. It does not happen overnight:

[I]n most cases, stakeholders have time to pro-actively prepare for change, and take measures to facilitate adjustment – so long as they are willing to do so, rather than waiting for change to overtake them.<sup>13</sup>

3.11 Elaborating on the effect of automation and other technological advances on job security, the Australian Robotics and Automation Association (ARAA) outlined factors which affect future job security and how automation interacts with these:

- One can lose one's job due to the closure or failure of the business one works for. This is where the deployment of appropriate technologies should have a positive impact on the competitiveness of the company / industry thus increasing the overall state of job security.
- The loss of an entire sector of industry due to the loss of relevance, where the need that the industry served is no longer there, or is significantly and clearly better served through other methods. Classic examples of chimney sweepers and horse drawn carriage can be cited, with recent examples such as (physical brick and mortar) large chain book stores. This is potentially the most significant factor affecting job security that require our attention within the context of the advances of technologies, especially within the role of the government to provide the displaced workforce with alternative employment, re-training and upskilling, or the pre-emptive readiness to improve the employability of vulnerable workforce.
- The nature of the job: there are many industries where permanent / full time employment is becoming less common. This trend will continue to rise, notwithstanding the effect of task and job automation.
- Wellbeing of workers: technological advances, used responsibly, should result in the overall improvement of safety of human workers in jobs, as well as offering methods to better look after the wellbeing of employees. This should lower the potential of job losses through accidents or injuries.
- Redundancy because the specific task performed in the job within a healthy industry is no longer relevant. This is the one which negative views on technology are based upon. Firstly, we should note that this is but one of the several factors affecting our job security. Secondly, as presented by the submission, human workers will still be an integral part of many jobs – and that the change in the nature of our occupation will result in...a “mass redeployment rather than mass unemployment”.<sup>14</sup>

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13 Centre for Future Work, *Submission 57*, p. 18.

14 Australian Robotics and Automation Association, *Submission 136*, p. 4.

- 3.12 Evidence also suggested that the risk may at times be overstated. For example, witnesses representing the University of Western Australia (UWA) and Curtin University pointed to a research paper produced in the United States, *False alarmism: technological disruption and the US labor market, 1850–2015*. This paper analysed job churn, that is, the number of jobs lost and gained as an indication of how employment is changing or has changed. Speaking on behalf of UWA, Mr David Norman, Senior Policy Adviser, concluded:

...the rate of occupational churn today is actually at its lowest in that entire period from 1850, and job losses today are half what they were in the 1960s, the 1970s and the 1990s. So it looks at that entire period. It gives examples of things like elevator operators and locomotive engineers, and it shows, for example, the drop in the numbers of locomotive engineers and the increase in the numbers of automobile mechanics and repair people. What it's basically saying is that there's always been change, and it puts forward the idea that the rate of change today is slower than it has been previously. It also makes the point that in no decade in that entire period did technology create more jobs than it eliminated. The job growth was a result of productivity in existing work areas rather than new jobs arising as a result of the technology. The last point it makes is that the ratio of technology jobs created to jobs of all sorts lost is actually highest in the last five or six years, which means fewer jobs are being lost as a result of technology changes than were being lost in the period leading up to the last five years surveyed here.<sup>15</sup>

- 3.13 The degree of impact may also be connected to how technology is deployed in the workplace. ARAA, for example, warned that the success of Australia's transition to effective use of advances in technology will depend on our ability to identify tasks which are best suited to automation, as inappropriately-developed technology has the capacity to generate resentment of new technology and harm productivity.<sup>16</sup>
- 3.14 Some witnesses advocated for more information to be provided to the Australian public on automation and its likely consequences. The Australian Robotics and Automation Association argued that:

...there is a need for public information and education on how to respond to the suggestions that technologies are taking over human employment. A misinformed resistance to the judicious choices of technologies in an industry would significantly harm the overall competitiveness of the industry.<sup>17</sup>

### Defining the issue

- 3.15 The scale and nature of the likely impact of new technologies on employment is the subject of considerable, lively debate around the world. Global Shapers Melbourne described the essence of this debate:

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15 Mr David Norman, Senior Policy Adviser, The University of Western Australia, *Committee Hansard*, 12 March 2018, p. 55.

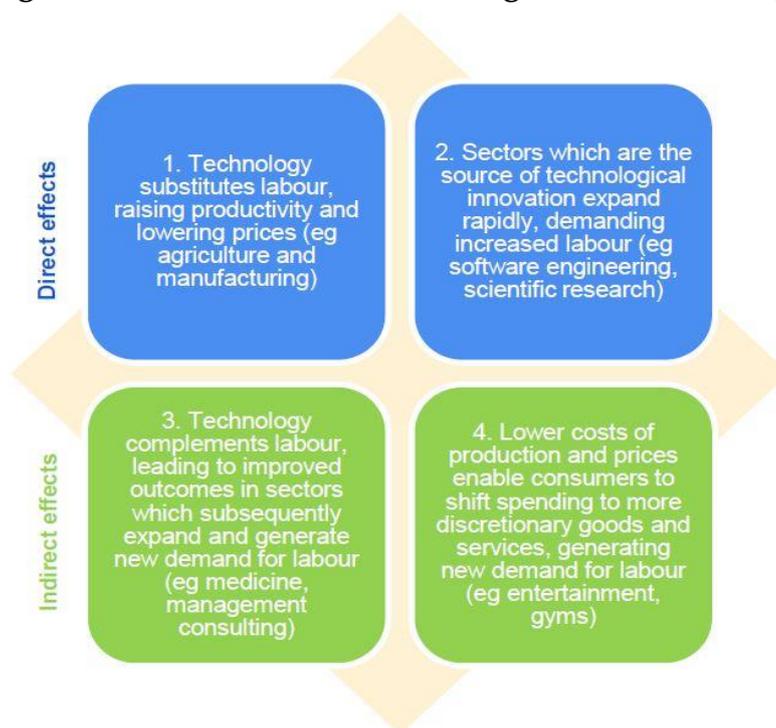
16 Australian Robotics and Automation Association, *Submission 136*, p. 5.

17 Australian Robotics and Automation Association, *Submission 135*, p. 3.

The debate on these transformations is often polarized between those who foresee limitless new opportunities and those that foresee massive dislocation of jobs. In fact, the reality is highly specific to the industry, region and occupation in question as well as the ability of various stakeholders to manage change.<sup>18</sup>

- 3.16 The conversation is therefore largely focussed on the potential for new technology to displace tasks or even entire occupations, however attention is also given to the flip side of technological advancement—that is, the potential technology holds for creating whole new occupations. It is the net impact of technology, and specifically automation, on employment which is the crux of this question.
- 3.17 The Australian Industrial Transformation Institute, Flinders University, submitted that automation of workplace tasks has not, historically speaking, resulted in an upward trend in unemployment.<sup>19</sup> The authors submitted the following figure, depicting mechanisms by which technology impacts employment:

**Figure 3.1 Four mechanisms through which technology affects employment**



Source: Australian Industrial Transformation Institute, Flinders University, Submission 2, p. 1.

- 3.18 MI discussed the argument that machines will make human labour superfluous, citing computer science as an example:

It is increasingly argued, especially in computer science, that economic growth in the 21st century, and consequently work, will be transformed by rapid improvements in computer power and artificial intelligence. As a result, economic growth will accelerate dramatically, but at some point – when computers have achieved superintelligence, we will have reached a

18 Global Shapers Melbourne, Submission 22, p. 2.

19 Australian Industrial Transformation Institute Flinders University, Submission 2, p. 1.

“singularity” where humans will be economically superfluous. This is the point where, unlike the past, there will be no task that cannot be substituted by automation.<sup>20</sup>

- 3.19 MI described the impact of automation as more nuanced, creating a divide between existing occupations and workplaces. Some are more vulnerable to negative effects than others, or they are vulnerable in different ways. For example, some occupations are strengthened by computerisation, whereas at the other end of the spectrum stakeholders speculate that some occupations may see jobs rendered obsolete. MI attributes these “populist accounts”, which foresee machines substituting for humans, creating mass unemployment and perhaps even rendering humans superfluous at work to recent research:

The work of Frey and Osborne has been especially influential in perpetuating this belief. In work that became public in 2013, but which was only recently published (Frey & Osborne 2017), they report evidence which they claim indicates that 47% of all jobs in the United States of America today are “at risk” or, as they go on to clarify, could be expected to “be automated relatively soon, perhaps over the next decade or two” (p.268). Similar claims have been made in Australia. Nathan Taylor, Chief Economist for the Committee of Economic Development, refers to modelling that suggests that almost 40% of the Australian workforce “could be replaced by computers within the next couple of decades” (Taylor 2015, p.24).<sup>21</sup>

- 3.20 The weight of evidence received by the committee disputed the widely-cited Frey and Osborne predictions quoted above. In analysing these predictions, MI cited work done by the Organisation for Economic Cooperation and Development (OECD), which found that the proportion of jobs at risk was in fact much lower:

...work by the OECD (Arntz et al. 2016), which categorises jobs by using a task-based approach rather than the occupation-based approach used by Frey and Osborne, finds that the proportion of jobs at risk because of new technology is much smaller – just 9% in the USA (and no higher than 20% in any of the 21 OECD countries examined). The occupation-based approach used by Frey and Osborne means that all workers in an occupation which has been identified as at risk are also classified as at risk, whereas the task-based approach adopted by Arntz et al. means only workers doing at-risk tasks are automatically assigned to the at-risk group.<sup>22</sup>

- 3.21 MI concluded that the number of jobs technology has the capacity to create was more important than the number of jobs at risk. Experience to date, MI submitted, may suggest that waves of new technology were largely accompanied by net increases, not decreases, in employment.<sup>23</sup>

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20 The Melbourne Institute of Applied Economic and Social Research, *Submission 36*, p. 4.

21 The Melbourne Institute of Applied Economic and Social Research, *Submission 36*, p. 1.

22 The Melbourne Institute of Applied Economic and Social Research, *Submission 36*, p. 1.

23 The Melbourne Institute of Applied Economic and Social Research, *Submission 36*, p. 1.

- 3.22 Professor John Spoehr, Director of the Australian Industrial Transformation Institute at Flinders University, cited an example of this, the recently-established Tonsley Manufacturing Innovation Hub, best known as the former site of Mitsubishi automotive manufacturing:

There's been an extraordinary transformation of this massive manufacturing site into an advanced manufacturing and innovation district in a relatively short period of time, with Flinders University, Tonsley TAFE and a myriad of companies. I'd characterise these companies as knowledge-intensive, advanced manufacturing and health and medical companies, clustered in an environment where they are working much more closely than is often the case in more disparate industrial environments.<sup>24</sup>

- 3.23 The committee heard that more people work at the new site than before, when it was an automotive manufacturing site.<sup>25</sup> Seen this way, there was a net increase in the number of jobs available at the site.

- 3.24 The committee also heard that little agreement exists on absolute numbers of jobs likely to be affected:

[N]o-one seems to agree on what the numbers are. I will ask you to focus on the year 2030, when PwC forecasts that there will be 58 million jobs gone in the US and McKinsey says there will be 400 million to 800 million jobs gone worldwide. Firstly, '400 million to 800 million' is hedging your bets somewhat, I think. Secondly, it is difficult to understand how both answers can be compatible.<sup>26</sup>

- 3.25 A distinct lack of clarity and 'Australia-specificity' led Google to commission research from economics consultancy AlphaBeta in 2016. Asked to draw on economic statistics and look empirically at the state of automation specifically in Australia, and the resultant effect on the workforce, the research concluded:

What we found reflects 'Amara's Law', the adage coined by Stanford's Dr Roy Amara, that states people have a tendency to overestimate the short term impacts of technological change while underestimating its long term effects. Our research showed that from 2000 to 2015 the average Australian worker experienced 2 hours of automation across their working week, as routine and repetitive tasks have been automated, and based on current trends will see another 2 hours automated through to 2030.<sup>27</sup>

- 3.26 The committee spoke with AlphaBeta Advisors at a public hearing, seeking views on the rate of change in Australia today. Dr Andrew Charlton, Director, explained how the firm sought to capture the number of jobs being lost to technological change:

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24 Professor John Spoehr, Director of the Australian Industrial Transformation Institute at Flinders University, *Committee Hansard*, 14 May 2018, p. 2.

25 Professor John Spoehr, Director of the Australian Industrial Transformation Institute at Flinders University, *Committee Hansard*, 14 May 2018, p. 2.

26 Mr Michael Priddis, Chief Executive Officer, Faethm, *Committee Hansard*, 18 May 2018, p. 2.

27 Google, *Submission 73*, p. 3.

Has that number [the number of jobs lost every year to technological change] been increasing, or has it been falling? The way we studied this was by looking at every job code Australia—that's more than 400 ANZSCO occupations—looking at the number of people employed in each one of those occupations and looking at the rates of technological change. If you see output and productivity improvements going up but jobs going down, we call that observation a loss of jobs due to technological progress. That number right now is less than one per cent. That's 0.7 per cent of jobs being lost in any year due to technologies—automation, broadly defined.<sup>28</sup>

- 3.27 The results clearly did not support the hypothesis that the number of jobs being lost was at a historical high, with Dr Charlton pointing to productivity statistics, which do not see acceleration in the number of jobs lost to technology:

If you go back in history and say was that number higher or lower, it's varied a bit over time. But that number is certainly no higher today that it was in the 1950s and sixties, when the rate of job loss to automation was about twice that. It's no higher than it was in the eighties, when the rate of job loss to automation was about 1½ times that.<sup>29</sup>

- 3.28 Instead, what is changing in Australia, AlphaBeta suggested, were jobs themselves; that is, the tasks workers were engaged in within each existing job:

So I think point No. 1 is that the rate of change at the moment in terms of jobs lost to technology is not accelerating, but something else is accelerating...When you dig below the number of jobs being lost to technology, below the job level, and look at tasks, this is the next level you can break the Australian labour market down to. As I said before, there are about 400-odd occupation codes in Australia. Within those occupation codes you can break down what those people are actually doing into about 2,000 tasks, so not only can you look at how jobs are changing over time due to technology but you can also ask: how are the tasks we're doing within each job changing over time due to technology? And there we observe a really rapid change.<sup>30</sup>

- 3.29 Dr Charlton's research suggests that Australian workers are allocating increasing amounts of time to interpersonal tasks, cognitive tasks and creative tasks, spending less and less time on physical and routine administrative tasks.<sup>31</sup>

### **What automation at work looks like**

- 3.30 Mr Michael Priddis, speaking as CEO of Faethm and with many years' experience leading automation and digitisation programs in a number of countries, warned against a binary assessment of the impact of technological change on jobs. He argued that it is not as simple as jobs being created or destroyed:

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28 Dr Andrew Charlton, Director, AlphaBeta Advisors, *Committee Hansard*, 21 February 2018, p. 61.

29 Dr Andrew Charlton, Director, AlphaBeta Advisors, *Committee Hansard*, 21 February 2018, p. 61.

30 Dr Andrew Charlton, Director, AlphaBeta Advisors, *Committee Hansard*, 21 February 2018, p. 61.

31 Dr Andrew Charlton, Director, AlphaBeta Advisors, *Committee Hansard*, 21 February 2018, p. 61.

[W]e believe that the main issue is not that jobs will only be destroyed and will only be created in much smaller numbers but that this misses the augmentation of existing jobs and the requirement of people in those jobs to attain new skills in order to apply these new technologies.<sup>32</sup>

- 3.31 The result of this binary focus on jobs lost and jobs created has led to bleak forecasts and fear-based discussion on the impact of technology on work. In reality, research is divergent and hard data not available to inform decisions.<sup>33</sup> This, Mr Priddis stated, had consequences for policymaking at all levels:

We think it is very difficult for leaders to make decisions in an environment where the information is highly divergent and the methodologies are different. The messages are generally negative and they miss the single biggest change that is likely to happen over the next 10 to 15 years, which is around augmentation of workers as opposed to automation of work.<sup>34</sup>

- 3.32 Furthermore, Google pointed out that its research, which found that the average worker in Australia experienced two hours of automation across a whole working week from 2000 to 2015, suggests that most productivity gains through automation are difficult for the average worker to see or capture:

Many of the 80% of Australian workers in service-industry related roles may have to think hard to identify where the productivity gains through automation appeared in their jobs from 2000-2015 - more efficient software for collaboration and service delivery, or communications infrastructure that make coordinating with colleagues in multiple locations more efficient, for example - but at the macro level 2 hours per working week across the economy is hugely significant, and the hours are not distributed evenly, meaning some workers have experienced far more significant change than others.<sup>35</sup>

- 3.33 There is also a large discrepancy between how workers in different jobs experience automation. For some workplaces, automation may lead to job consolidation, while in others workers will change the way they use their time within their existing roles. Understanding this difference and its effects, Google submitted, is 'essential to policy formation and program delivery.'<sup>36</sup>

- 3.34 Citing its commissioned research, Google provided the following diagram, which captures how workers are likely to experience the predicted 2 hours of automation in their work between 2015 and 2030:

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32 Mr Michael Priddis, Chief Executive Officer, Faethm, *Committee Hansard*, 18 May 2018, p. 2.

33 Mr Michael Priddis, Chief Executive Officer, Faethm, *Committee Hansard*, 18 May 2018, p. 3.

34 Mr Michael Priddis, Chief Executive Officer, Faethm, *Committee Hansard*, 18 May 2018, pp. 2–3.

35 Google, *Submission 73*, p. 3.

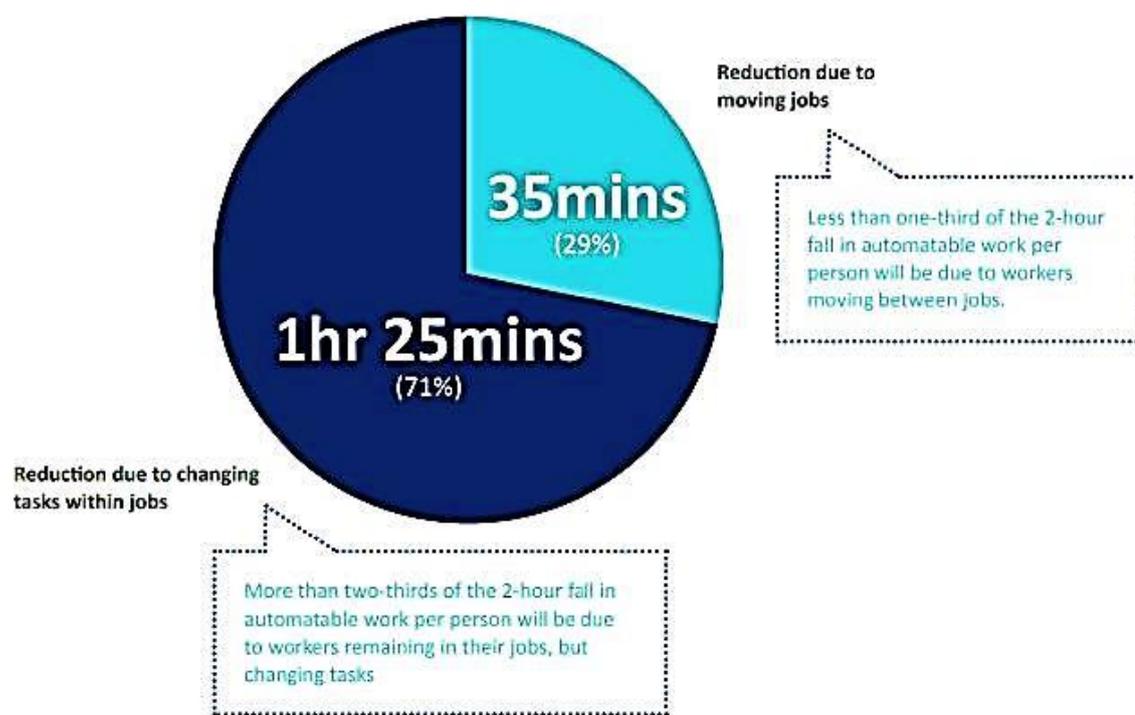
36 Google, *Submission 73*, p. 3.

### Figure 3.2 Automation changing how, not where, people work

Over two-thirds of the shift away from automatable tasks will be driven by people changing the way they work, not changing jobs

#### Impact of automation on Australian work

Expected fall in average weekly work time spent on automatable tasks from 2015-2030



SOURCE: O\*NET, ABS, AlphaBeta analysis

Source: Google, Submission 73, p. 4.

- 3.35 In a similar vein, Dr Denny Oetomo, President of ARAA, explained that technological advances should in principle be embraced, because they are driven by concrete need.<sup>37</sup> This principle of embracing technology underpins other nations' proactive approach. Singapore, for example, drives its economic growth by working with and applying available technology, whilst supporting workers to transition into new jobs and forms of work where necessary.<sup>38</sup>
- 3.36 Speaking on the prevailing thought within the automation community, Dr Oetomo argued against full automation and for human labour as a significant aspect of socioeconomic activity. Referring to research predicting widespread automation of jobs, Dr Oetomo was not of the view that fear of automation was warranted:

We also make an argument that just because a job contains elements that can be automated, it does not mean that it should be automated. There are a lot of other factors that are not considered. We are referring specifically

37 Dr Danny Oetomo, President, Australian Robotics and Automation Association, *Committee Hansard*, 13 March 2018, p. 50.

38 See *Trends and Shifts in Employment: Singapore's Workforce*, Civil Service College Singapore, [www.csc.gov.sg/articles/trends-and-shifts-in-employment-singapore-s-workforce](http://www.csc.gov.sg/articles/trends-and-shifts-in-employment-singapore-s-workforce) (accessed 6 September 2018).

to a few pieces in the media that have been published that might have caused concern among the general population. A well-known one would be the Frey and Osborne piece written in 2016 that predicted 47 per cent of US jobs can be susceptible to automation. We would just like to point out that the actual outcome of the research stated that such jobs contained tasks that can technologically benefit from the involvement of intelligent computing powers and autonomous systems; it doesn't actually say that they will be automated. I just wanted to clarify those points.<sup>39</sup>

- 3.37 Dr Oetomo advocated for a considered approach to automation, with a focus on redistributing human labour into tasks which 'best leverage the advantage of human cognitive abilities.'<sup>40</sup> This was well articulated in a submission from ARAA:

The main changes introduced by the technology will be the shift in the role of human workers in collaboration with robotic and automation technology. There will be more emphasis to better leverage the respective strength of the robots and the human workers, which will result in changes in the types of tasks performed by the human within an occupation.<sup>41</sup>

- 3.38 Speaking on behalf of Faethm, however, Mr Priddis pointed to practical impediments to tackling the impact of automation on work:

This industrial revolution is unlike those that have happened before. As a result, companies, industries and governments are not set up or structured to deal with this. Generally, in most companies, there is no natural owner of this problem—because it spans technology, operations, human resources and strategy. As a result of that, it is hard to create action.<sup>42</sup>

- 3.39 The committee sought a number of industry-specific perspectives. In the healthcare industry, for example, radiology has long been at the forefront of adoption of new technology—one of the first to adopt and adapt. Advances in the field, the committee heard from the Royal Australian and New Zealand College of Radiologists, have actively shaped the profession:

The rapid evolution of technology in diagnostic imaging has, clearly, shaped our profession and as imaging technologies and clinical procedures have become more varied complex and sophisticated radiologists have adopted new technologies and methods of care that benefit patients and support the entire health system. So we have a past and a future in this digital revolution.<sup>43</sup>

- 3.40 Widespread digitisation in the industry took place more than two decades ago, the next step being machine learning. Even so, this long history and acclimatisation to

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39 Dr Danny Oetomo, President, Australian Robotics and Automation Association, *Committee Hansard*, 13 March 2018, p. 50.

40 Dr Danny Oetomo, President, Australian Robotics and Automation Association, *Committee Hansard*, 13 March 2018, p. 50.

41 Australian Robotics and Automation Association, *Submission 136*, p. 1.

42 Mr Michael Priddis, Chief Executive Officer, Faethm, *Committee Hansard*, 18 May 2018, p. 3.

43 Professor John Slavotinek, Dean, Faculty of Clinical Radiology, The Royal Australian and New Zealand College of Radiologists, *Committee Hansard*, 12 March 2018, p. 2.

change notwithstanding, challenges and limitations remain, and it seems premature to assume that automation is a direct threat to employment:

A digital health future presents risks and opportunities for healthcare professions. There's an intense and early focus on clinical radiology that's still very early days for artificial intelligence and deep learning in medical learning. The potential for automation is high, and I've already given one or two examples, but there are some very clear limitations, one of the most important being that there is no true general artificial intelligence at present, and machine learning is not nearly as advanced as suggested by some. It's quite rough. It might look for a round structure but it's unable to assess all of the things, for example, on a chest X-ray or a CAT scan. There needs to be a lot more work before anything is even going to approach assessment of the full range of features on an image.<sup>44</sup>

- 3.41 The National Assistant Secretary of the Transport Workers Union of Australia, Mr Michael Kaine, cited road transport as a clear and early example of the future of work, describing the way operators of digital platforms have circumvented protections for workers:

The future of work implications really sit in stark relief in road transport. In fact, it is clearly arguable that future of work implications are seen most clearly and most early in road transport... We have all been witness to these sandshoe-wearing billionaires who are trying to excite the entire community with the prospect of same-day deliveries and the prospect of having their food delivered within the hour, or that particular menu items will be gathered from the supermarket for them so that they can create their own meals in the evening. Undoubtedly, there is a bit of excitement about that in the general community. But that wave of excitement, unfortunately, is moved forward by currents of exploitation, and insidious exportation. It is made more insidious because it is deliberate. We in the TWU are no strangers to operations that deliberately structure themselves to avoid the operation of laws that are designed not only to protect workers but to ensure that the community reaps its proper benefits from the efforts of all Australian workers. What we have seen is workers in, for example, food delivery on their bicycles, who are being exploited—physically exploited but also financially exploited.<sup>45</sup>

- 3.42 In the mining industry, which has consistently been a prominent feature of the Australian economy, the direct impact on job numbers may be more apparent. Researchers looking at the industry informed the committee that the importance ascribed to artificial intelligence (AI) software systems in mining is significant.<sup>46</sup> This has consequences for future employment in the industry, with research suggesting

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44 Professor John Slavotinek, Dean, Faculty of Clinical Radiology, The Royal Australian and New Zealand College of Radiologists, *Committee Hansard*, 12 March 2018, p. 3.

45 Mr Michael Kaine, National Assistant Secretary, Transport Workers Union of Australia, *Committee Hansard*, 21 February 2018, p. 41.

46 Professor Alan Duncan, Director, Bankwest Curtin Economics Centre, *Committee Hansard*, 12 March 2018, p. 29.

that the larger the industry, the more importance is ascribed to AI in future business development:

If you look, for example, at businesses employing 200 or more people, around 33 per cent of those businesses regard AI to be of major importance to the future direction of that business.

There are some other intriguing patterns when one breaks those down. If you look at the major businesses by industry sector—those employing 200 or more—for mining as a particular industry sector, nearly two-thirds of businesses employing 200 people more in the mining sector regard AI to be of major importance. So I think that it is most certainly going to be a challenge in the extent to which mining in particular can continue to support employment at the levels that are currently in place.<sup>47</sup>

- 3.43 A submission from the Construction, Forestry, Mining and Energy Union (CFMEU) went further, noting that emerging technologies could transform how energy is produced, distributed and used. The submission cited Rio Tinto's Pilbara operations as an example:

In the early 2000s, many forecasted that autonomous driverless trucks and logistic systems would soon replace workers in the mining industry. While this is now a reality at some sites, others have been less successful with businesses having a hard time achieving the safety and productivity improvements required. Activities and management have increasingly been centralised in off-site locations. Rio Tinto runs pits in the Pilbara with driverless trucks being controlled from an operations centre over 1,500 kilometres away in Perth.<sup>48</sup>

- 3.44 The union noted, however, that more time and money than initially anticipated have been required to achieve the desired progress on automation in Rio Tinto's remote operations:

Rio Tinto has been seeking to automate its large private rail network in the Pilbara since 2008, and it is expected that unmanned trains with full loads will commence in the near future, with the transition to automated operations complete by the end of 2018.<sup>49</sup>

- 3.45 Other companies mining iron ore, such as BHP, FMG and Roy Hill, are also pursuing automation but are less advanced in this pursuit than Rio Tinto.<sup>50</sup>

- 3.46 The implications of automation for the mining industry are complex. The CFMEU pointed out that, while mechanisation has brought benefits, implementation has also brought with it numerous challenges and required more human supervision than perhaps anticipated:

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47 Professor Alan Duncan, Director, Bankwest Curtin Economics Centre, *Committee Hansard*, 12 March 2018, p. 29.

48 Construction, Forestry, Mining and Energy Union, *Submission 69*, p. 12.

49 Construction, Forestry, Mining and Energy Union, *Submission 69*, p. 12.

50 Construction, Forestry, Mining and Energy Union, *Submission 69*, p. 13.

It is frequently trumpeted by mining companies that automation and remote operations will make mining safer by moving workers out of harm's way. It is undoubtedly the case that the mechanisation of mining has reduced injury, illness and fatality rates relative to hand mining and the same logic will apply to this new technology.

However, it has clearly taken the mining industry a great deal longer to achieve the level of safe operations that it needs from automated equipment than it expected; the pace of automation has been slower than predicted, and there seems to be higher levels of staffing being retained in order to "bed down" automated systems.<sup>51</sup>

- 3.47 Where automation does replace human labour in the mining industry, it is unlikely to be accompanied by large-scale forced redundancies. This, the CFMEU suggested, can be attributed to the existing, significant employment turnover the industry displays, which is in turn ascribed largely to the harsh working conditions:

In the pits in which Rio Tinto is currently converting trucks to driverless, the company not expecting to require or offer redundancies. Redeployment is occurring.

But as automation becomes routinised, clearly mining employment levels will fall. There will be some new jobs created, maintenance and one-off work will still require humans, and the higher productivity of the production task will increase the ratio of white collar / professional work relative to production jobs.<sup>52</sup>

- 3.48 In the technology industry, the committee heard that the most pressing risk is not from automation, but rather from Australia's inability to attract and retain top graduates in the field. Discussing Atlassian, a technology company which manufactures software, as a case study, the committee notes that Australia may be at a crossroads:

We have a pretty big decision to make as a country: do we want a seat on that rocket ship or not? Do we want to be a primary manufacturer of technology or just a consumer of it? In relative terms, as I'm sure you're aware, Australia generates about one per cent of the world's GDP. To continue our wealth and prosperity we need to be primary producers of approximately one per cent of the world's technology. We're not even close to that today.<sup>53</sup>

- 3.49 Furthermore, the committee received evidence that the lack of access to experienced global talent due to restrictive visa options is limiting employers' capacity to hire senior, experienced foreign workers who in practice generate many jobs in Australia once employed:

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51 Construction, Forestry, Mining and Energy Union, *Submission 69*, p. 14.

52 Construction, Forestry, Mining and Energy Union, *Submission 69*, p. 13.

53 Mr Michael Cannon-Brookes, Co-CEO and co-founder, Atlassian Pty Ltd, *Committee Hansard*, 13 March 2018, p. 10.

The previous changes to the living away from home allowance and then more recently the 457 visa changes have damaged Australia's reputation in the largest industry in the world. We said to the global tech industry, 'We're fundamentally closed for business.' The government's policy changes to 457 visa and the uncertainty that came around that announcement hurt us directly as a company. The restrictions are suffocating our ability to become a leading innovation nation and fundamentally threatening Atlassian's ability to remain headquartered here, as much as the founders would love that to be the case. Our success depends on our ability to attract the world's best tech talent. We need to change the way we think about skilled migration, and the government should be helping local companies attract world-class employees, not closing the door in their faces.<sup>54</sup>

- 3.50 In terms of the quality of its own technology graduates, Australia does very well and its university graduates are highly sought-after worldwide. Retaining them locally is problematic, however, as the bulk move to work for tech companies overseas.<sup>55</sup>

#### *Augmentation of work with technology*

- 3.51 The committee was also encouraged to reject the analysis of technology replacing humans, in favour of one that looked to using technology to augment the work of humans. In this regard, the committee received evidence on the benefits of judiciously combining the benefits of human skills and automation across a number of industries, notable examples including rehabilitation robotics and the defence industry.<sup>56</sup> ARAA submitted the following on this combined approach:

There is a very good and practical reason for the popularity of the approach. Robots are still incapable of performing various tasks of certain types of complexities or deal with high level of abstractions. Some human capabilities which we take for granted form very complex problems to be emulated within robotic intelligence.<sup>57</sup>

- 3.52 ARAA added that a more gradual and considered approach to automation, one that would enhance rather than replace human skills, 'helps realise the benefit of a (semi) automation solution to a task a lot sooner than holding out for a fully automated solution.'<sup>58</sup>
- 3.53 Augmented labour was also discussed by SEEK, whose representatives were of the view that nobody could with certainty predict the impact of automation and AI on labour markets:

The honest answer to the question of who is right is that no-one really knows, but, when pressed, we think it is more likely that most roles will be

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54 Mr Michael Cannon-Brookes, Co-CEO and co-founder, Atlassian Pty Ltd, *Committee Hansard*, 13 March 2018, p. 11.

55 Mr Michael Cannon-Brookes, Co-CEO and co-founder, Atlassian Pty Ltd, *Committee Hansard*, 13 March 2018, p. 12.

56 ARAA, *Submission 136*, p. 2.

57 ARAA, *Submission 136*, p. 2.

58 ARAA, *Submission 136*, p. 2.

augmented with AI, not fully replaced—but this doesn't mean there won't be profound system-wide impacts.<sup>59</sup>

- 3.54 However, as put by Mr Michael Priddis of Faethm, discussion around automation at work has become sensationalised, which places even greater emphasis on the importance of understanding the impact of technology:

Negativity creates a lot of fear. This means that this is a very sensationalised issue. But we believe that people need a clear plan of action and a destination and a sense as to what the outcome might be in order to act—that is, they need hope. Our analytics tell us that there is actually a lot of hope. There will be automation, but there will be a lot of augmentation and new jobs created. If we can just understand how technology will create that work, we can prepare people for it. In terms of how we prepare, education is key.<sup>60</sup>

- 3.55 Like other submitters, ARAA concluded that public information and education on the potential technology holds would be of benefit.<sup>61</sup>

- 3.56 Considerable evidence was received on this subject, much of it suggesting that the learning systems currently in place may be ill-prepared for the task. The committee looks at how best to prepare workers for the future in Chapter 5, noting that transition measures should be in place early.

- 3.57 Accepting the growing concern about the impact of automation and other technology on jobs, Global Shapers Melbourne identified a window of opportunity for managing the transition to the future, calling for clarity on the future-of-work debate and sector-specific knowledge to inform government and business. Citing research by the World Economic Forum, Global Shapers identified three ways to achieve this:

- (1) Scenarios of the future: development of potential (but realistic) visions of the future that show what the work environment could look like, under various factors and policy choices. These scenarios will help frame the other activities in this project.
- (2) Reskilling and job transition opportunity space: Propose reskilling pathways for human capital in a disrupted industry or job to migrate to growing jobs or industries, collaborating with a wide range of data providers, to offer a realistic, specific view of reskilling and job transition opportunities.
- (3) Transition management toolkits, dialogue and action: Create action-oriented toolkits to offer guidance for policy-makers and industry leaders on managing the transition to the new world of work, proactively shaping short-term, urgent issues as well as long-term opportunities and challenges.<sup>62</sup>

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59 Mr Simon Lusted, Managing Director, Group Strategy and Platforms, SEEK Ltd, *Committee Hansard*, 18 May 2018, p. 27.

60 Mr Michael Priddis, Chief Executive Officer, Faethm, *Committee Hansard*, 18 May 2018, p. 3.

61 ARAA, *Submission 136*, p. 3.

62 Global Shapers Melbourne, *Submission 22*, pp. 2–3.

3.58 The soft skills which are most required, which distinguish humans from machines—emotional intelligence, adaptability, creativity and critical thinking—are difficult to teach, MI submitted.<sup>63</sup> Jobs which require these soft skills are also less vulnerable to automation, research suggests:

Research shows that routine and predictable tasks, both physical and intellectual, have been automated at higher rates between 2000 and 2015 and we expect are more likely to be automated in the years to 2030. Tasks that have proved more resilient to automation are those that involve interpersonal interaction, decision-making, creativity, and synthesis of information from multiple sources and a degree of qualitative judgement.<sup>64</sup>

3.59 The chart below, provided by Google, illustrates how the time workers spend on categories of tasks is predicted to change.

**Figure 3.3 Automation changing work**

Automation is changing the way we work, reducing the amount of time a worker will spend on routine tasks by up to 2 hours a week



Source: Google, *Submission 73*, p. 4.

3.60 Google submitted that spending two hours less on automatable tasks per week will free the average worker to instead engage in higher-value activities, which could generate an additional \$1.2 trillion for the national economy over 2015–2030.<sup>65</sup>

3.61 Furthermore, research indicates that approximately one in two Australian workers feel they are already overqualified. If this is true, more education and training may not be the answer for some workers. Instead, MI argued, consideration should be

63 The Melbourne Institute of Applied Economic and Social Research, *Submission 36*, p. 5.

64 Google, *Submission 73*, p. 4.

65 Google, *Submission 73*, p. 5.

given to how skills are taught and how they are acquired. This very fact, and the premium placed on soft skills, may lead to further income inequality, MI submitted.<sup>66</sup>

### *Opportunities for new jobs*

3.62 Some stakeholders focused on the opportunities available to Australia, to create new jobs, through the creation and application of technology in growing industries, such as advanced manufacturing and digital technology. The Australian Industrial Transformation Institute called for increasing the Australian Government to develop a Government initiative based off of Britain's "Innovate UK" program:

Key support was provided for the establishment of the Technology Strategy Board – now Innovate UK - providing funding to support collaboration between businesses to develop new ideas, services, products or processes. In nearly ten years since its establishment in 2007, Innovate UK has provided £1.8 billion (plus matched funds from business or partners). Impact on the economy has been six-fold at an estimated £11.5 billion, with projects in 7,600 organisations and the creation of 55,000 jobs.<sup>67</sup>

3.63 Other stakeholders stated the importance of broadening Australia's key industries now, so we do not miss out on the potential benefits of technological development, which other countries are already capitalising on. In particular, the application of artificial intelligence attracted significant commentary throughout the inquiry:

Emerging digital technologies such as artificial intelligence, robotics and the Internet of Things provide significant opportunities for economic growth. Embracing these new technologies can boost national productivity and enhance the competitiveness of Australian industries. This in turn will increase investment, exports, wages and living standards...<sup>68</sup>

3.64 Other witnesses, including Professor Toby Walsh, also warned of the dangers of other countries seizing the potential benefits of artificial intelligence, at Australia's expense:

China has a clear intention to lead the world in AI by 2030. It is betting its economic (and military) future on this. Digital marketplaces often lead to natural monopolies. Without suitable response and coordinated policy, the benefits of AI will flow out of Australia into those countries winning this race.<sup>69</sup>

3.65 The application of artificial intelligence also raises large ethical issues, not just around the potential displacement of workers, but also in the development of the algorithms that underpin it. Professor Tonkinwise, Professor of Design at the University of New South Wales (UNSW) expressed a need for deeper consideration of ethical issues in the use of AI:

This is very much at the moment the issue du jour in terms of a number of people who've profited from these platforms now issuing *mea culpas* to indicate that they wish there was a little more ethics involved. Certainly as

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66 The Melbourne Institute of Applied Economic and Social Research, *Submission 36*, p. 5.

67 Australian Industrial Transformation Institute, *Submission 2*, pp. 27–28.

68 Department of Industry, Innovation and Science, *Submission 21*, p. 3.

69 Professor Toby Walsh, *Submission 9*, p. 2.

an educator I think there are lots of questions to ask about the ways in which some professions like design, which don't have any type of legal framework governing the practice, are allowed to be educated without that kind of ethical consideration, without any education in relation to, as I said, labour laws and the history of those kinds of practices. So I would certainly advocate very strongly that I would love to see the government make the education of designers and engineers certainly spend more time considering the consequences, both speculative and real, in terms of what they are designing.<sup>70</sup>

3.66 Professor Walsh elaborated:

This is a really important issue. It's worth pointing out that it's still a research problem. We don't understand this. Some of the reason why people are saying, 'We don't know how this algorithm works,' is that we don't know how algorithms work. We are still working out how to build algorithms that have transparency, that can explain their actions. This is especially true today, when we are increasingly seeing aspects of machine learning where the decisions are not just the product of what the designer, the computer programmer, made; they are also a product of the data it was trained on and the risks if you expose it to the wrong data—and understanding what might be biases that exist in the data. We will run into the problem that we will bake in societal biases, if we're not careful, by training it on historical data that has those biases, maybe sexist, ageist or racist in some way, which we don't want to perpetuate by putting it into a black box. These are issues that we still don't have complete answers to. They are ones that we should be very concerned about because they are deciding what jobs people have, what work people have.<sup>71</sup>

*Not all workers are at equal risk*

3.67 Workers broadly fall into two categories of vulnerability to automation: those who are highly skilled and therefore not at significant risk of losing their livelihood as a result of automation, and those whose jobs consist of largely automatable tasks.<sup>72</sup> Wage data indicates that jobs which are least vulnerable to automation are typically better paid than jobs which consist of largely automatable tasks.<sup>73</sup> This suggests that workers whose jobs are at high risk of automation are already more vulnerable as they are often on lower incomes.

3.68 For the first group, automation brings net benefits. They will need minimal support from government and/or employers to progress to higher-value work. The second group, however—estimated to comprise approximately 3.5 million people between

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70 Professor Cameron Tonkinwise, Platform Cooperativism Australia Working Group and UNSW; Professor of Design, Art and Design, University of New South Wales, *Committee Hansard*, 21 February 2018, p. 9.

71 Professor Toby Walsh, Professor of Artificial Intelligence, University of New South Wales, *Committee Hansard*, 21 February 2018, p. 9.

72 For discussion on how automation may impact different groups of workers see Google, *Submission 73*, p. 5.

73 Google, *Submission 73*, p. 5.

2015 and 2030—are at high risk, and supporting them to remain in the workforce is critical.<sup>74</sup> Adequate government and policy response for both groups is worth up to \$400 billion to the national economy, Google submitted.<sup>75</sup>

- 3.69 Furthermore, the cost of not preparing for increasing automation is considerable. According to Google, a further 6.2 million people are forecast to join the Australian workforce by 2030. Ensuring that they have the right skills is worth \$600 billion to the national economy,<sup>76</sup> the committee noted.
- 3.70 Chapter 5 looks at the role our education system plays in shaping the workers of the future.

### Planning for the future of work

- 3.71 Some stakeholders called for emboldened deregulation as a means of taking full advantage of the opportunities extended by technological change. Speaking on behalf of the Institute of Public Affairs (IPA), Mr Aaron Lane commented:

Our fear is that unless this is a central part of the policy response to the future of work then an increasing number of Australians will be disadvantaged in a rapidly changing labour market. A key area of focus for the IPA is the way in which regulatory barriers are keeping thousands of Australians out of the labour force, and this has highlighted the need for meaningful structural reform in that regard.<sup>77</sup>

- 3.72 Other submitters, such as Dr James Stanford from the Centre of Future Work, Australia Institute, called instead for enhanced rights for workers to negotiate collectively on the impact of technological change on their workplaces—negotiate the terms, timing and effects of changes.<sup>78</sup> Dr Stanford was of the view that current labour laws may not permit such input from workers:

Unfortunately, in Australia's rather restrictive labour law around collective bargaining it isn't always clear that it's even a permitted matter to discuss technological change in the course of enterprise bargaining. We also suggest that we need to look at ways to manage technology on an industry-wide or a sector-wide basis through our strengthened institutions, including the role of the award system and the permission of sector-wide and pattern bargaining in collective bargaining.<sup>79</sup>

- 3.73 Mr Mark Morey, Secretary of Unions NSW, whose evidence focused on how technological advances were changing the nature of work, similarly emphasised the need for better regulatory responses to accompany the evolution of employment.<sup>80</sup>

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74 Google, *Submission 73*, p. 5.

75 Google, *Submission 73*, p. 5.

76 Google, *Submission 73*, p. 5.

77 Mr Aaron Lane, Legal Fellow, Institute of Public Affairs, *Committee Hansard*, 13 March 2018, p. 24.

78 Dr James Stanford, Economist and Director, Centre for Future Work, Australia Institute, *Committee Hansard*, 21 February 2018, p. 29.

79 Dr James Stanford, Economist and Director, Centre for Future Work, Australia Institute, *Committee Hansard*, 21 February 2018, p. 29.

80 Mr Mark Morey, Secretary, Unions NSW, *Committee Hansard*, 21 February 2018, p. 42.

- 3.74 The Finance Sector Union (FSU) added to this, calling for increased consultation by employers around technological change and the need for re-skilling for new jobs, citing the National Australia Bank (NAB) as an example where consultation was suboptimal:

If I use NAB as an example, there is a high level of anxiety for our NAB workforce right now. Whilst the bank has announced that 6,000 jobs will go over the next three years, what remains unclear is where these 6,000 jobs are going to be taken from. As Myrna mentioned, she's in a small regional town in Canberra. She along with her colleagues are really afraid that they might have a target on their back and that their branch might be closed. But that information is not provided; it's not shared. There are no discussions occurring at the workplace level with workers and their managers about the fact that they are in scope and what they could do as a branch to assist our community to mitigate against the changes and the impact that these closures could have on a community. That discussion does not occur at the workplace level; indeed, it doesn't occur in those centralised sites. So we've got hundreds of workers feeling very insecure about their future, thinking: 'I didn't make this tranche. Am I going to be in the next thousand in the next six months?' We desperately need to improve the consultation provisions across the sector.<sup>81</sup>

### **Coordinating a strategy**

- 3.75 The committee was struck by the absence of a coordinated approach to the broad subject of the future of work in Australia. In that regard, the committee considered evidence supporting the establishment of a new, central body within government to be charged with coordinating planning for the future of work in Australia. This notion was supported in principle by a broad range of submitters.<sup>82</sup> EY noted that governments worldwide were preparing in different ways, and called on Australia to develop a long-term policy framework through a newly created Future Work Commission:

We urge the committee to consider three recommendations based on our work here in Australia and overseas. The first is investing in a future work commission which will continue the work of this committee and quickly create short-term actions for government as well as guide the development of a long-term policy framework. This will require the creation of the evidence base we need to act with insight into what jobs are changing, where and how quickly, as well as emerging skill requirements.<sup>83</sup>

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81 Ms Julia Angrisano, National Secretary, Finance Sector Union of Australia, *Committee Hansard*, 21 February 2018, pp. 23–24.

82 See for example discussion with university representatives, *Committee Hansard*, 21 February 2018, pp. 76–80; Mr Michael Priddis, Chief Executive Officer, Faethm, *Committee Hansard*, 18 May 2018, pp. 1–8. See also Professor Stephen Teo, Director, Centre for Work and Organisational Performance, Private capacity, and Professor, Pi-Shen Seet, Director, Centre for Work and Organisational Performance, Private capacity, *Committee Hansard*, 12 March 2018, pp. 50–53.

83 Ms Lucille Halloran, Partner, EY, *Committee Hansard*, 4 May 2018, p. 31.

- 3.76 The Australian Information Industry Association (AIIA), whose core work focus is on employment and the way the technology is changing work, called on the government to commit to a future workforce development strategy:

Central to an appropriate government response is the urgent need for a bipartisan, economy-wide future workforce development strategy. And the second is a future workforce action group, formed to put meat to the bones. A future workforce development strategy would start by establishing a needs and gap analysis, informing the government response. It would identify new jobs and roles that are emerging as technological developments penetrate deeper into economies and labour markets. It would identify new skills requirements for these jobs, identifying the transition from existing, salary-based skills to future workers who are agile, flexible and creative problem solvers. It would facilitate digital literacy and digital inclusion. And, finally, it would address education and training gaps, some of which I know you picked up in the last discussion.<sup>84</sup>

- 3.77 AIIA emphasised that such a strategy must be government-led in order for policies to be developed and promulgated.<sup>85</sup>
- 3.78 Speaking to the committee about workplace transition and shifting to the jobs of the future, Dr Charlton noted there were other countries which do better at this transition. Dr Charlton advocated preparing workers well in advance for transitions:

A huge amount of effort goes into the Australian conversation about helping people once they've lost their job. I think some of the more proactive countries in this space do a lot of work building fences at the top of the cliff rather than sending ambulances to the bottom. How do you prepare people for workforce transitions well before they arrive at that point in their career?<sup>86</sup>

- 3.79 An institution of this kind—similar to agencies already established in other countries, such as Singapore and Germany—would be charged with analysing where employment is heading and what skills are required. It would work with employers, unions, training providers and universities in order to match workers' skills with available and future jobs, identify future skills needs, and ensure that the education and training system is equipped to meet those needs.
- 3.80 In Germany, the committee heard, 'Industrie 4.0' is a national strategic initiative from the German government designed to ensure that the nation is fit for future manufacturing. Its objective is to secure and develop Germany's already 'leading position in industrial manufacturing and to promote digital structural change and a framework to achieve it.'<sup>87</sup> It is, in the words of German Chancellor Angela Merkel, a recognition that:

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84 Mr Rob Fitzpatrick, Chief Executive Officer, Australian Information Industry Association, *Committee Hansard*, 4 June 2018, p. 42.

85 Ms Kim Hicks, Senior Manager, Policy and Advocacy, Australian Information Industry Association, *Committee Hansard*, 4 June 2018, p. 46.

86 Dr Andrew Charlton, Director, AlphaBeta Advisors, *Committee Hansard*, 21 February 2018, p. 63.

87 *Germany: Industrie 4.0*, European Commission, January 2017, p. 3.

We must...deal quickly with the fusion of the online world and the world of industrial production. In Germany, we call it Industrie 4.0.<sup>88</sup>

- 3.81 Dr James Stanford discussed Germany's initiative, stating that it was 'very successful at ensuring that workers do not see change as a threat.'<sup>89</sup> This, Dr Stanford explained, is in large part due to the fact that workers in Germany are able to participate in the process of change:

They have a very strong influence over how it occurs, with everything from works councils deliberating at the enterprise level to worker representatives on boards of directors of companies. So right from the beginning workers are engaged in the process of imagining innovation and thinking about how it will be implemented within a firm to, at the sector level, sector-wide collective bargaining and consultation and tripartite structures that engage unions, employers, universities and research institutes in the whole process, to a similar kind of multistakeholder vision at the macroeconomic or national level.<sup>90</sup>

- 3.82 This collaborative approach, led by government, has been highly successful in the German manufacturing industry, Dr Stanford added.<sup>91</sup>

- 3.83 Singapore is similarly actively engaged in planning for the future of work through its Economic Development Board (EDB), a statutory board established by the government and charged with developing and implementing strategies which sustain the country as a global hub for business, innovation and investment. Its primary objective is clearly articulated: to create sustainable economic growth through good business and employment opportunities.<sup>92</sup>

- 3.84 The committee also noted the example of Canada, which has implemented a similar idea. Mr Michael Priddis elaborated:

[A]n example would be to contrast Australia with Canada. I think it's a reasonable comparison to make. Both countries are, obviously, similar, and I don't need to explain why to you guys. Canada has four things that Australia does not. The first thing is that Canada has something called the Canadian growth council. It's a group of very senior public and private figures whose job it is to look at economic development with regard to both domestic and foreign policy. The second thing is The Mowat Centre, which is, if you like, like the Lowy Institute but for domestic policy. The third thing is the Brookfield Institute. This is an institute out of Ryerson University and it focuses on the future of work. The fourth thing is the MaRS Innovation hub, which is the means for government and industry to

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88 German Chancellor Angela Merkel, quoted in *Germany: Industrie 4.0*, European Commission, January 2017, p. 3.

89 Dr James Stanford, Economist and Director, Centre for Future Work, Australia Institute, *Committee Hansard*, 21 February 2018, p. 30.

90 Dr James Stanford, Economist and Director, Centre for Future Work, Australia Institute, *Committee Hansard*, 21 February 2018, p. 30.

91 Dr James Stanford, Economist and Director, Centre for Future Work, Australia Institute, *Committee Hansard*, 21 February 2018, p. 30.

92 [www.edb.gov.sg/](http://www.edb.gov.sg/) (accessed 27 August 2018).

come together to create industries of the future. Those four things do not exist in this country.<sup>93</sup>

- 3.85 In Australia however, there is no evidence of the existence of a similar plan from the current government. At a public hearing held in Canberra, where the committee discussed the future of work with a range of government agencies, the committee sought to understand the extent of policy work currently underway. Speaking to representatives from the Department of Social Services, for example, the committee noted that there was currently no overarching policy work underway. Instead, the committee heard that different areas of policy were being revised in isolation.<sup>94</sup>
- 3.86 The committee raised a similar question with the Department of Industry, Innovation and Science, the Department of Education and Training and the Department of Jobs and Small Business, hoping to understand what process the current government might be using to anticipate changes in Australian workplaces and jobs. The committee noted that work was split across agencies.<sup>95</sup> The Department of Jobs and Small Business, for example, produces annual employment projections.<sup>96</sup> The Department of Industry, Innovation and Science—while not engaged in predicting where jobs come from in the future—works to foster competitiveness and innovation.<sup>97</sup> The Department of Education and Training focusses on ensuring that students have access to relevant information when making decisions about courses of study, and providing information on graduate employment outcomes.<sup>98</sup>
- 3.87 Having explored the nature of the work each relevant agency does, the committee sought to ascertain who was responsible for bringing all of the work together; that is, whether any body or agency had oversight of work being done to predict growth, opportunity, skills requirements and outcomes. The committee established that an overarching national strategic initiative, similar to those seen in other countries, does not at present exist.<sup>99</sup>

### **Committee view**

- 3.88 Technological change is clearly not a new phenomenon. The automation of work in various guises has been taking place since the industrial revolution. Technological advancements such as the steam engine, internal combustion engine, computers and the internet have transformed our societies and our workplaces. Invariably they have displaced former industries and professions. Simultaneously, they have created significant new enterprises and new occupations that have increased economic and productivity benefits as well as generated a multitude of new workforce opportunities.

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93 Mr Michael Priddis, Chief Executive Officer, Faethm, *Committee Hansard*, 18 May 2018, p. 4.

94 See discussion with Department of Social Services, *Committee Hansard*, 4 June 2018, pp. 31–32.

95 See discussion, *Committee Hansard*, 4 June 2018, pp. 54–66.

96 Mr Ivan Neville, Branch Manager, Labour Market Research and Analysis, Department of Jobs and Small Business, *Committee Hansard*, 4 June 2018, p. 54.

97 Mr Wayne Calder, General Manager, Business Environment Branch, Department of Industry, Innovation and Science, *Committee Hansard*, 4 June 2018, p. 55.

98 Mr Dom English, Group Manager, Higher Education, Department of Education and Training, *Committee Hansard*, 4 June 2018, p. 56.

99 See discussion, *Committee Hansard*, 4 June 2018, p. 59.

- 3.89 The changes we are experiencing today are a continuation of these historical trends. The committee sees current and future technological improvements such as robotics, advanced manufacturing, and artificial intelligence, as unstoppable and offering many benefits to society.
- 3.90 That said, the committee understands the anxiety that such change can generate, particularly given recent media attention. However we must not treat these developments as something to be feared. As Dr Stanford stated, 'technology itself is not our enemy'.<sup>100</sup>
- 3.91 There are undoubtedly real transitional employment impacts of automation and other technology in the workforce. To a worker who loses his or her job as a result of automation, and who has difficulties re-skilling into another career, the realities are stark.
- 3.92 There are also significant economic, productivity and employment opportunities that are being and will be enabled by technological advancements. The real questions for Australia are: how is technology implemented; how is it managed, both at the workplace level and at the macro level; and how are the costs and benefits that come with technological change going to be shared?<sup>101</sup>
- 3.93 It is therefore critically important that we carefully plan for and then guide the direction of technological change so that the benefits are maximised and equitably distributed across Australian society and potential negative impacts are minimised. This includes ensuring that the Australia public are well informed of any potential impacts technological change may have on the workforce. Allowing technological change to occur in an unplanned fashion risks creating a range of unintended consequences and will diminish the potential economic and societal benefits that can be derived from such change.
- 3.94 The committee notes that the disruption risks posed by technological change are not taking place in isolation. There is a range of other socio-political drivers which are influencing Australia's workforce and employment trends. These include the level of workplace regulation and trade union membership, rising inequality, the continued shift towards globalisation, our aging population and changing consumer demands.
- 3.95 There is also a range of broader workplace trends that provide the setting for disruption caused by technological change: the rise in independent contracting; the casualisation of the workforce; the development of digital platforms; and stagnant wage growth.
- 3.96 This presents decision-makers with an immensely complicated backdrop to the rapid advancement of technology. Harnessing change for the common good poses significant challenges requiring proactive management and policymaking. As put by the co-founder of software giant Atlassian, Mr Michael Cannon-Brookes, 'hope is not

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100 Dr James Stanford, Economist and Director, Centre for Future Work, *Committee Hansard*, 21 February 2018, p. 28.

101 Dr James Stanford, Economist and Director, Centre for Future Work, *Committee Hansard*, 21 February 2018, p. 29.

a tactic.<sup>102</sup> And nor is it a strategy. Without action and careful planning, we risk a future where many Australians face massive and potentially traumatic disruption to their working lives and higher levels of precarious, insecure work. However, the overarching message the committee takes away from this inquiry is positive, pointing to one clear conclusion: none of the dire predictions are inevitable. Workers, workplaces and societies have always faced technological and other change. It is for us, as a country, to choose how to think about the future—the danger lies in not being prepared, and the winners, internationally, will be those planning for the future, not waiting for the future to happen to them. The committee considers it an irrefutable responsibility of government to provide Australians with an informed commitment to planning for technological change across industries.

- 3.97 In the committee's view, change presents opportunities for society as a whole. Technology carries the capacity to create more satisfying, creative and less dangerous jobs, and its implementation is to be pursued through the prism of hope, aspiration and fairness.
- 3.98 The committee calls on leaders to work to ensure that the economic and other gains arising from technological change and other development are shared across the community. A range of policy steps and reviews of laws pertaining to education and skills, social security and workplace relations will be required to achieve this. The success of Australia's future trajectories will be reflective of the interaction between technological, and other, change and the social system and labour market in which they take place. The future depends on policy decisions made now.
- 3.99 The committee therefore strongly urges the government to devise an overarching plan for actively preparing Australian workers, business and the economy for the future, and calls for a new body to be established which will have responsibility for coordinating analysis, forecasting and policy development in relation to:
- occupational and labour market change;
  - the employment opportunities and challenges arising from emerging technologies; and
  - future skills and knowledge requirements and the capacity of education and training institutions to meet them.
- 3.100 The committee also urges the government to work and legislate to establish consultation as part of the process in the evolution of our workplaces. Workers have a right to be consulted on decisions which affect them, and consultation offers the opportunity for the benefits arising from technological change to be shared, and for any risks to be navigated prudently.

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### **Recommendation 1**

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- 3.101 The committee recommends that the Australian Government prepare and commit to a long-term plan to prepare Australian workers, business and the economy for coming technological change.**

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102 Mr Michael Cannon-Brookes, Co-CEO and co-founder, Atlassian Pty Ltd, *Committee Hansard*, 13 March 2018, p. 11.

**Recommendation 2**

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**3.102** The committee recommends that the Australian Government establish a central body, within government, to coordinate planning for the future of work. This body would have overall responsibility for coordinating analysis, forecasting and policy development, and informing the Australian public, as set out in this report.

**Recommendation 3**

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**3.103** The committee recommends that the central body described in Recommendation 2 be required to develop policies for ensuring a positive future of work for specific demographics of at-risk workers identified in Chapter 2 of this report.

**Recommendation 4**

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**3.104** The committee recommends that the Australian Government introduce stronger legislative requirements for employers to consult with workers and trade unions before and during the introduction of major technological and other change in the workplace.

**Recommendation 5**

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**3.105** The committee recommends that the Australian Government should position Australia as a leader in the development and ethics of artificial intelligence, and in other emerging fields.

## Chapter 4

# Modernising workplace laws

- 4.1 Work is a crucial part of many people's identity, occupies a significant portion of people's time, and has the capacity to be a great source of satisfaction or stress. The reality for most Australians is that they have to work to support themselves and their families; it is not an optional endeavour. Only a small minority are able to live off the proceeds of wealth and capital assets.
- 4.2 Employment which provides adequate income and security has a profound impact on an individual's and families' quality of life. The Bankwest Curtin Economics Centre commented:
- Having a job that provides an adequate wage and security is a right that should be available to everyone. It can mean the difference between poverty and just getting by, being able to lead an independent life, and to just feel useful and belong somewhere.<sup>1</sup>
- 4.3 In addition, work — and the remuneration received for it — has a huge impact on the broader economy. As Dr Andrew Warren noted:
- Work is a social process and must be situated in its broadest social context. This is so issues such as job quality, wages, and workplace rights are recognised for their social implications in households and communities. Wages earned from paid work constitute the main source of purchasing power for Australian households and effective demand in the wider economy. Work issues such as depressed wages or high rates of underemployment have material consequences for individual households, the economy, and Australian society as a whole.<sup>2</sup>
- 4.4 The brutal reality in Australia today is that inequality is on the rise and wages are stagnating. Ensuring quality of life through decent, secure employment is vital to economic and social success, and is in large part achieved through workplace legislation which sets out employers' and employees' rights and responsibilities. The design and operation of this legislative framework has a direct and significant effect on people's quality of life and that of the families, communities and society we live in.
- 4.5 While much discussion around 'the future of work' focuses on the likely impact of technological change, the reality is that workplaces are also changing, and will continue to change, due to various other factors. In particular, the deregulation of the Australian labour market that has occurred since the 1980s has made lasting changes

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1 Bankwest Curtin Economics Centre, *Submission 150*, p. 4.

2 Dr Andrew Warren, *Submission 121*, p. 1.

to workplaces, workers' power and how profits are shared. Any discussion of "the future of work" must have these issues at its centre.

### **Australia's workplace relations framework**

4.6 Australia's national framework of workplace laws, the Fair Work system, sets out minimum terms and conditions of employment—industrial relations, rights and responsibilities.

4.7 The *Fair Work Act 2009* (the FWA) took effect on 1 July 2009, its chief aim to repeal the deeply unpopular WorkChoices legislation introduced by the Howard Coalition Government. At the time of its introduction, it was described as 'a national workplace relations system that is fair to working people, flexible for business and promotes productivity and economic growth'. As a mechanism, the FWA certainly delivered on its objective, by removing the worst aspects of WorkChoices, and set up a fairer safety net for workers, and a more effective system for employers and employees to work together.

4.8 Almost a decade on from its introduction, the FWA system has shown its age and weaknesses have been exposed in its ability to effectively respond to emerging issues in Australia's employment and workplace relations system.

4.9 The Australian Council of Trade Unions (ACTU) explains that workers rely on a narrow application of universal protections under Australia's current industrial relations system, and that this legislative regime is 'underpinned by the traditional binary employment relationship'<sup>3</sup> which has shortcomings:

The narrow enterprise bargaining system that has been the only vehicle for collective bargaining in Australia since 1993 has had its limits exposed by changes in the economy, the workforce and business models. There are fewer workers covered by enterprise agreements today than at any time since 2006.<sup>4</sup>

4.10 Per Capita advocate for a re-examination of the FWA to better capture all forms of work in Australia:

There is an urgent need for the structure of Australia's labour law to change to regulate all forms of work and not just employment as traditionally understood. The basic protections provided to employees under the Fair Work Act should be extended to cover all people performing work, regardless of how they are engaged.<sup>5</sup>

4.11 In other words, the binary employer/employee relationship is failing to capture many contemporary employment structures. The employment landscape in Australia, like much of the world, is undergoing rapid change and the labour market is evidencing a marked growth in the use of complex labour management structures, including labour hire, independent contracting, 'gig' work, corporate subsidiaries, outsourcing, franchising and growing casualization. Although these practices are often couched in terms of modernisation and business agility, and have become so common as to

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3 Australian Council of Trade Unions (ACTU), *Submission 112*, p. 2.

4 ACTU, *Submission 112*, p. 2.

5 Per Capita, *Submission 61*, p. 10.

appear to be the norm, they serve to change—arguably circumvent—the traditional employer/employee relationship which has long been the foundation of peoples' working lives. In fact, evidence presented to this committee suggests that the reality of modern employment—and how this reality is projected to develop if left unchallenged—means that the workforce today and that facing the next generation may be unrecognisable from that which existed less than a decade ago, when the FWA was introduced.

- 4.12 If we accept the uncontroversial view that one of the principal objectives of the industrial relations system is to protect workers and ensure social equity, then that becomes a key measure by which the system is to be judged. Seen through this prism, the trends evident in today's labour market and presented to this committee by a range of stakeholders with disparate views call into question whether the FWA is now fit for purpose. It is critical that both legislators and legislation remain flexible and adapt to the evolving nature of work and employment relationships.
- 4.13 While much commentary on “the future of work” focuses on challenges created by technological change, work is already changing for many people, due to inadequate regulation of the labour market. Supposedly new forms of work, such as gig work, can be seen simply as new forms of the same worker exploitation that has occurred for centuries:

The way that employers are using this is similar to how employers have always used the intermediate status of a labour hire setting to say, 'I'm not an employer; I'm just an intermediary,' and of course that's what Uber says. Uber says, 'We don't hire workers—in fact, we work for the drivers.'<sup>6</sup>

- 4.14 This chapter therefore explores the relationship between the rise in non-traditional work and the growth in inequality, and looks at key areas in which our industrial relations system is falling short of achieving better outcomes for employees and employers. These include:
- the undermining of the direct employer-employee relationship;
  - the non-conferral of benefits to workers who are not categorised as employees; and
  - the creation of an unfair bargaining environment for workers and their unions.

### **The labour market and inequality**

- 4.15 Australia is experiencing its twenty-seventh consecutive year of economic growth. However, these resources appear to be increasingly concentrated in a decreasing number of hands as the nation experiences 70-year highs in inequality.<sup>7</sup> In this regard, the ACTU stated:

Despite headlines announcing robust growth, steady productivity improvements and declining unemployment, the reality of daily life for

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6 Dr James Stanford, Economist and Director, Centre for Future Work, Australia Institute, *Committee Hansard*, 21 February 2018, p. 32.

7 ACTU, *Submission 112*, p. 1. See also Household, Income and Labour Dynamics in Australia (HILDA) survey, released by the Melbourne Institute in July 2018, data from which indicates a growth in intergenerational inequality: <https://melbourneinstitute.unimelb.edu.au/hilda/publications/hilda-statistical-reports> (accessed 17 September 2018).

workers has been steadily deteriorating for the last decade. This is because the workforce, outside the small elite, has seen a dramatic erosion in their job security and many have not had an increase in their real take-home pay for years. Today Australia is experiencing both a job security crisis and a wages crisis.<sup>8</sup>

- 4.16 Many submissions noted that one of the key drivers of growing inequality in Australia is the downward pressure on wages, which contributes to socioeconomic issues ranging from housing affordability, to mental health, to decreased public trust in government and institutions. Professor John Quiggin submitted that:

It is only in the last couple of years that the adverse economic effects of depressed wage growth have been recognized by policy makers. Notably, Reserve Bank Governor Philip Lowe has deplored the downward pressure on wages being exerted by employers. As of March 2017, labour compensation as a share of nominal GDP lay at 46.2% - its lowest point since the late 1950s. Professor Quiggin noted that the minimal real wage increase in recent decades can be, at least in part, attributed to anti-union laws, the use of state power against unions, and the increase in working hours and “flexible” work, all of which reduce the collective bargaining power of workers to advocate for increased pay.<sup>9</sup>

- 4.17 The Government of Western Australia commented that recent trends in the labour market suggest there is some cause for concern regarding the future earning capacity of Australians.

- 4.18 Per Capita commented on the peculiarity of the current economic climate, with long-term economic growth occurring at the same time as low wages growth:

Both the Reserve Bank of Australia and Treasury have as central parts of their platform “the maintenance of full employment” and “achieving strong, sustainable growth”.

Economic growth is a key determinant of labour market conditions. When a country experiences sluggish growth, or goes through a recession, firms shed labour and cannot afford to hire new workers as profits are squeezed. This sees both the unemployment and underemployment rates increase. Conversely, when the rate of economic growth is strong, employment should increase, underemployment should fall and wages should increase.

Yet, after more than a quarter of a century of economic growth, around 750,000 people are actively seeking work, a further 1.1million more are seeking more hours, and wages in the private sector have risen just 0.5% in three years.<sup>10</sup>

- 4.19 Anglicare Australia noted their growing observation that workers’ wages are not keeping up with cost of living pressures, as more people seek assistance from organisations like them to get by:

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8 ACTU, *Submission 112*, p. 11.

9 Professor John Quiggin, *Submission 8*, p. 7.

10 Per Capita, *Submission 61*, p. 2.

Anglicare network members are increasingly providing emergency relief and other services to the working poor, and this trend is increasing. The fact that our services and government benefits are increasingly necessary to survive if you are a member of Australia's working poor simply means that government has socialised the cost of lower wages and conditions and privatised those foregone wages as corporate revenue.<sup>11</sup>

### *The effects of inequality*

4.20 Professor Toby Walsh, an expert in Artificial Intelligence at the University of New South Wales, similarly noted rising inequality in Australia, calling for greater consideration to be given to ensuring a more equitable distribution of prosperity:

I think we should think about how we can encourage it, because certainly one of the trends that we see is that inequality is increasing within our society, and technology, if left to its own course, will amplify that further, so we do have to think of ways that the prosperity needs to be shared more greatly; otherwise we will see increasing societal disquiet.<sup>12</sup>

4.21 Other submissions, such as that from Professor John Altman and Mr Francis Markham, similarly stated that widening inequality had the effect of eroding social cohesion.<sup>13</sup>

4.22 A submission from Professor Judith Bessant discussed the dearth of discussion of unequal distribution or wealth among mainstream economists, calling it a 'form of economic denial' reflecting the interests of those who own a disproportionate share of wealth:

The sustained disinterest in the longstanding patterns of economic inequality in modern societies is another continuing form of economic denial occurring not just in periods of crisis but more generally. This reflects an affinity between certain arrangements that characterize capitalist societies and the descriptions economists offer to 'justify' the ways things are. This also works to deny responsibility for the harms caused by the crisis and to legitimate their opposition to addressing the distribution of wealth as a socio-economic problem.

The interests of those who own a significantly unequal share of the wealth are coterminous with patterns of ownership of various assets. That is, an interdependence exists between the major owners of wealth and the continued reliance by economic and political elites on an economic theory designed to legitimate the idea that the prevailing status-quo is normal, natural, healthy and functional, while ignoring the evidence of major inequality.<sup>14</sup>

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11 Anglicare Australia, *Submission 24*, p. 2.

12 Professor Toby Walsh, Professor of Artificial Intelligence, University of New South Wales, *Committee Hansard*, 21 February 2018, p. 6.

13 Professor John Altman and Mr Francis Markham, *Submission 34*, p. 7.

14 Professor Judith Bessant, *Submission 143*, p. 15.

- 4.23 In this context, the committee noted that Reserve Bank Governor Philip Lowe has also flagged rising inequality in Australia.<sup>15</sup>
- 4.24 The Western Australian Council of Social Service (WACOSS) submitted that inequality translates into members of the community having unequal ability to take part in social and economic opportunities, and undermines cohesiveness. Inequality is arguably also problematic for the economy, as it leads to reduced economic participation for the majority of the population—that is, less spending and increased dependence on government intervention.<sup>16</sup> The QUT Business School Work/Industry Futures Research Program submission noted that this trend is likely to continue 'without continued efforts to appropriately regulate established and emerging modes of employment.'<sup>17</sup>
- 4.25 WACOSS cited a key OECD study on the relationship between inequality and economic growth, which drew on data and analysis suggesting that income inequality has a statistically significant negative impact on growth, while greater equality in disposable income does not impact growth:
- In fact, between 1985 and 2005 income inequality rose by more than 2 Gini points on average across 19 OECD countries, which is estimated to have resulted in cumulative growth between 1990 and 2010 being 4.7 percentage points lower.<sup>18</sup>
- 4.26 This study reinforces earlier research, which also concludes that lower net inequality correlates with faster, sustainable economic growth.<sup>19</sup>
- 4.27 The following section looks at current employment trends and how they relate to growing inequality.

### **Unemployment and under-utilisation of workers**

- 4.28 In May 2018 Australia's unemployment rate was at 5.4 per cent, as per May 2018 figures published by the Australian Bureau of Statistics.<sup>20</sup>
- 4.29 Witnesses told the committee that the published 5.4 per cent unemployment rate belies a bigger issue. As put by Dr James Stanford, Economist and Director at the Centre of Future Work:

[T]here isn't enough work today, and the 5.4 per cent official unemployment rate that's published by the Australian Bureau of Statistics

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15 'RBA governor says inequality getting worse, contradicting Scott Morrison', *ABC News online*, [www.abc.net.au/news/2017-07-26/rba-says-inequality-getting-worse/8746594](http://www.abc.net.au/news/2017-07-26/rba-says-inequality-getting-worse/8746594) (accessed 1 September 2018).

16 Western Australian Council for Social Service, *Submission 128*, p. 6.

17 QUT Business School Work/Industry Futures Research Program, *Submission 7*, p. 1.

18 WACOSS, *Submission 128*, p. 6. The 'Gini index' is a statistical measure of income distribution developed by statistician Corrado Gini. It measures the extent to which the distribution of income among individuals or households within an economy deviates from perfectly equal distribution—it is commonly used as a measure of economic inequality. See Organisation for Economic Co-operation and Development, <https://stats.oecd.org/glossary/detail.asp?ID=4842> (accessed 1 September 2018).

19 WACOSS, *Submission 128*, p. 6.

20 Australian Bureau of Statistics, *6202.0 – Labour Force*, Australia, June 2018.

doesn't begin to tell the story of the true under-utilisation of workers in Australia.<sup>21</sup>

- 4.30 This degree of under-utilisation, that is, the percentage of people who are available for and would like more work than they have access to, sits closer to 15 per cent.<sup>22</sup>
- 4.31 In addition to the lack of work available, there is the supplementary question of the quality of the work people are doing. Evidence presented to this committee clearly suggests this is declining, primarily due to the rise of precarious, or "non-standard" work: casual work, purported independent contracting and gig work being a few examples.<sup>23</sup>

### **Non-standard employment**

- 4.32 There are numerous forms of what is described as non-standard work, but generally it pertains to work which is precarious and insecure, that is, it does not describe a traditional, permanent working relationship. While there is no official definition of non-standard employment, the International Labour Organisation offers the following:

"Non-standard forms of employment" is an umbrella term for different employment arrangements that deviate from standard employment. They include temporary employment; part-time and on-call work; temporary agency work and other multiparty employment relationships; as well as disguised employment and dependent self-employment. Non-standard employment features prominently in crowdwork and the gig economy.<sup>24</sup>

- 4.33 The rise of non-standard work has been rapid, and for younger workers it may now even represent the norm:

The traditional ideal of a stable, permanent, full-time, paid job with normal entitlements (like sick and holiday leave, and superannuation entitlements) is increasingly out of the reach of many Australians – especially young workers. Indeed, as documented below, less than half of Australian workers now fill one of those "standard" positions. Temporary, part-time, casual, irregular, and nominally independent or self-employed positions are now the norm for more than half of workers (and the overwhelming reality for most young workers). In the extreme, jobs are being replaced by "gigs": digitally mediated, on-demand, piece-work tasks allocated and compensated through faceless digital platforms.<sup>25</sup>

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21 Dr James Stanford, Economist and Director, Centre for Future Work, Australia Institute, *Committee Hansard*, 21 February 2018, p. 28.

22 Dr James Stanford, Economist and Director, Centre for Future Work, Australia Institute, *Committee Hansard*, 21 February 2018, p. 28.

23 Dr James Stanford, Economist and Director, Centre for Future Work, Australia Institute, *Committee Hansard*, 21 February 2018, p. 28.

24 See International Labour Organisation, non-standard forms of employment, [www.ilo.org/global/topics/non-standard-employment/lang--en/index.htm](http://www.ilo.org/global/topics/non-standard-employment/lang--en/index.htm) (accessed 17 September 2018).

25 Centre for Future Work, Australia Institute, *Submission 57*, pp. 3–4.

4.34 Many of these workers, the Australian Manufacturing Workers' Union (AMWU) states, exist in a low-wage poverty trap which has shifted the risks inherent in employment onto workers and customers and away from employers.<sup>26</sup>

4.35 The broad-brush terms "non-standard" and "precarious" may not capture the fine differences between employment conditions and rights accessed by workers who are not in traditional, full-time work, but it does capture the core features shared by non-standard working arrangements:

For example, it often involves working hours that are excessive to earn a very low wage and can involve working hours that are incompatible with stable family life. The remuneration for non-standard, precarious or insecure work is usually insufficient to provide a family with a living wage and for many the weekly family income can fall to zero merely because the boss decides that you are not needed for the next few days. Employment conditions that were considered standard for much of the last century, like paid holidays and sick leave, are often not available to those in non-standard employment. Importantly, most non-standard workers have no or very limited employment protection and they normally find it very difficult to enforce their fundamental rights to freedom of association and collective bargaining.<sup>27</sup>

4.36 Furthermore, workers in non-standard jobs enjoy fewer rights and protections and, as a cohort, a smaller share of the spoils of national economic prosperity than other workers:

Both groups of workers [non-standard workers and those in full-time employment] have been denied their fair share of our national economic prosperity. But those in precarious jobs have been hit the hardest. They have inferior rights, entitlements, and job security to their counterparts in regular ongoing employment. While many working families are suffering, those that depend on non-standard jobs face the biggest risks. Their family income and living standards can fall dramatically with little or no warning. These are the people who suffer the most when there is a sudden jump in energy costs, rents or interest rates. These families face catastrophic consequences when a breadwinner falls badly ill and cannot work.<sup>28</sup>

4.37 Anglicare Australia echoed this, drawing a link between the growth in non-standard work and growing numbers of the 'working poor':

Increasingly, too, we want to highlight as well that our agencies that deliver emergency relief are finding themselves more and more helping people who are what we would absolutely call 'the working poor'. So we now have two levels of poverty and disadvantage operating in Australia. We have those who are on government income who are now trapped at such low levels that getting themselves out of that, without significant assistance, is virtually impossible. And we are seeing the working poor as

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26 Australian Manufacturing Workers' Union (AMWU), *Submission 77*, p. 5.

27 ACTU, *Submission 112*, p. 12.

28 ACTU, *Submission 112*, p. 13.

well, because as work is casualised and less secure people are unable to provide enough for themselves that they can, for example, deal with a major bill that comes through, so then they turn to emergency relief and come to ask us for help with electricity bills or for food. Increasingly, we are seeing that from people who are working but who are simply not able to make enough through their work to support themselves sustainably.<sup>29</sup>

4.38 Research by the Organisation for Economic Co-operation and Development (OECD) suggests that Australia today ranks in the top three OECD countries in terms of the proportion of what are described as "non-standard workers" in total employment.<sup>30</sup> Professor Peter Whiteford, a social policy expert who appeared in a private capacity, drew the committee's attention to the OECD study, adding that Australia also has the highest proportion of underemployment among OECD countries.<sup>31</sup> The ACTU submitted that, at present, only about 60 per cent of total employment in Australia is comprised of regular full-time or ongoing part-time work.<sup>32</sup> Dr Stanford put the figure for permanent, full-time work at under 50 per cent.<sup>33</sup>

4.39 It is a trend which has captured the attention of policymakers around the world due to possible longer-term implications for social protection systems:

Internationally, which is why the OECD commissioned this work, there is a lot of concern that changing work patterns, particularly the rise of what's called non-standard work, are a threat to social protection systems, essentially because in most countries those systems are contributory so you have to have an assumption of a full working career, 40 years of full-time work, in order to qualify for old age pensions and a range of other insurances against risk. So if changing work patterns lead to this assumption of full-time permanent work no longer being applicable, that raises serious questions about these systems.<sup>34</sup>

4.40 Professor Whiteford explained that Australia's social security system—although based on different principles than those in many other OECD nations and not reliant on contributions to qualify for old age pensions—is predicated on employment. That is, being attached to an employer as a "standard" employee is the basis for access to a range of social protections. Therefore moving away from traditional employment arrangements has considerable implications in Australia too:

The most recent in a sense is the superannuation system, but paid sick leave, which can also be used for caring for relatives, paid parental leave

29 Ms Imogen Ebsworth, Director of Policy and Research, Anglicare Australia, *Committee Hansard*, 13 March 2018, p. 23.

30 Organisation for Economic Co-operation and Development, *In it together: Why lower inequality benefits all*, 2015, p. 140. The committee asked the Australian Bureau of Statistics about the OECD research, see Australian Bureau of Statistics, *Answers to questions on notice*, received 25 June 2018, p. 1.

31 Professor Peter Whiteford, private capacity, *Committee Hansard*, 4 June 2018, p. 35.

32 ACTU, *Submission 112*, p. 13.

33 Dr James Stanford, Economist and Director, Centre for Future Work, Australia Institute, *Committee Hansard*, 21 February 2018, p. 28.

34 Professor Peter Whiteford, private capacity, *Committee Hansard*, 4 June 2018, p. 35.

and workers' compensation and also adequate wages are all attached to conditions of work. If we move to a situation where there is less regular work, those forms of social protection that are attached to work will become harder to finance and maybe harder to support.<sup>35</sup>

- 4.41 Furthermore, the effects of increasing non-standard work are likely to be exacerbated as population growth continues. Australia currently has one of the fastest population growth rates in the developed world, growing by 1.49 per cent per annum over the 15 years to 2014. The Australian population is projected to age significantly over the next 50 years, with the median age expected to reach 44.5 by 2061. Life expectancy at birth is slowly but consistently rising, translating into longer working lives and later retirement.<sup>36</sup>
- 4.42 The table below illustrates Australia's projected population growth relative to other developed nations:

**Figure 4.1 Comparative population growth and working age data**

	Change in population 2016-2050	Change in working age population 2016-50
Australia	+54%	+45%
Canada	+33%	+18%
US	+23%	+15%
UK	+18%	+10%
Germany	-14%	-27%
Japan	-23%	-34%

Source: Commonwealth Bank of Australia, *Future global demographics will propel infrastructure spend*, 25 October 2017, available at: [www.commbank.com.au/guidance/blog/future-global-demographics-will-propel-infrastructure-spend-201708.html](http://www.commbank.com.au/guidance/blog/future-global-demographics-will-propel-infrastructure-spend-201708.html)

35 Professor Peter Whiteford, private capacity, *Committee Hansard*, 4 June 2018, p. 35.

36 ACTU, *Submission 112*, p. 4.

- 4.43 As the population grows and increasing numbers of workers move into non-standard forms of employment, the consequences—although most pronounced for the individuals concerned—are likely to be felt across society:

It is not just the worker who suffers as the magnitude and types of insecure work multiply. Society and our national economy are also negatively impacted.<sup>37</sup>

- 4.44 The report will now set out trends in and examples of non-standard work.

#### *Casual work*

- 4.45 Casual employees do not have access to paid annual leave or personal leave entitlements. What constitutes a casual worker in Australia has been recently addressed by the Federal Court in *WorkPac Pty Ltd v Skene*<sup>38</sup> where the court found that proper classification of workers as either casual or permanent was to be determined according to the characteristics of the working arrangements in each case. Given the lack of definition of casual employment in the Fair Work Act, a significant number of workers have been classified as casuals simply because they were engaged and paid as such irrespective of the objective circumstances of their employment. However, in practice many employers keep ostensibly full-time employees on as "permanent casuals" where these workers' engagement is continuous, predictable, or determined in advance by rosters:

Among casual workers there is a divide between those who are engaged for irregular hours and have short-term job tenure and those that are on a regular roster and are more likely to have employment that continues into the future, so-called permanent casuals. A significant proportion of casuals are engaged on a "cash-in-hand" arrangement and they work outside the tax and social protection system.<sup>39</sup>

- 4.46 The number of people in casual employment reached 2.5 million in 2016. At present, 25 per cent of Australian workers are in casual employment. This represents a significant increase over 30 years—in 1984 casual work represented 15.8 per cent of total employment.<sup>40</sup>
- 4.47 As put by the Queensland Council of Unions:

We are seeing increased casualisation. About 25 per cent of the workforce now in Australia is casual employees. We saw that increase by about half a million between 2005 and 2016. Of course, the rates of casualisation are much higher in certain industries. In accommodation and food, for example, 64 per cent of all employees are in casual employment. What you would know is that in casual employment there is no paid leave—either annual, sick or parental leave. There's no certainty of ongoing employment. It's difficult to secure bank loans. There are no unfair dismissal protections; there's no redundancy pay, as I mentioned earlier;

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37 ACTU, *Submission 112*, p. 18.

38 *WorkPac Pty Ltd v Skene* (2018) FCAFC 131

39 ACTU, *Submission 112*, p. 20.

40 ACTU, *Submission 112*, p. 20.

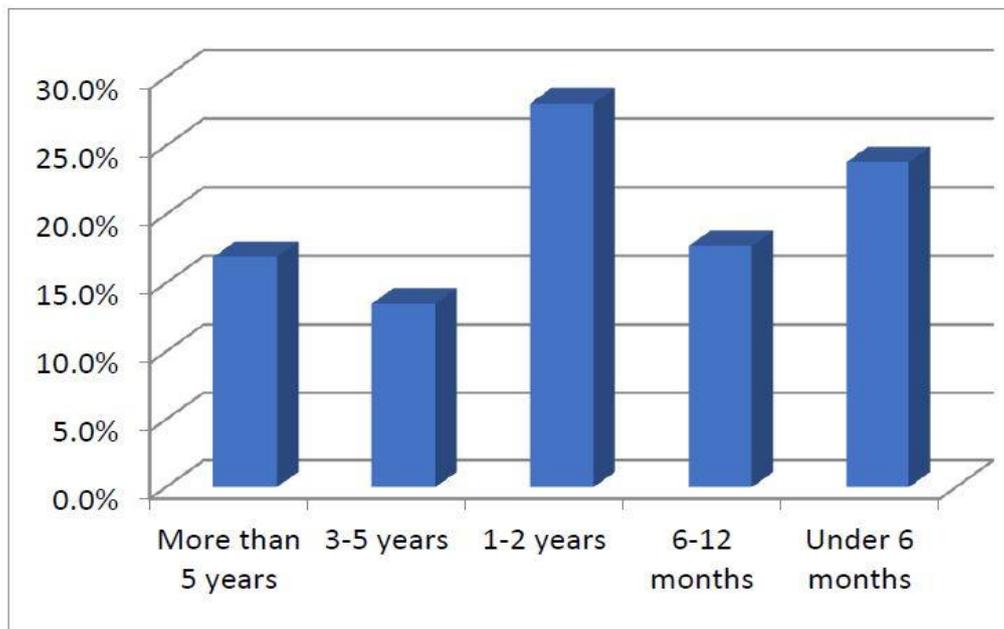
there's no leave to search for a new job if your employment comes to an end; and it's certainly harder to get income protection through superannuation.<sup>41</sup>

- 4.48 Casual workers tend to be heavily concentrated in a handful of industries, particularly in low-paying sectors such as retail and hospitality, with more than half classified as being "permanent casual":

Around 20% of all casual workers in Australia are engaged in the retail sector and a further 20% are in the accommodation and food services sector. Casual density is highest in accommodation and food sector where 64% of all employees in the sector are casual. This is followed by the agriculture, forestry and fishing sector where just under half the workforce is casual, and the retail sector as well as the arts and recreation services sector where about 40% of all workers are casual...Close to 60% of all casuals have been employed in their current jobs for over a year and 17% of casuals have been in their job for more than five years. A significant 76.2% of casual workers have had continuous employment with one employer for over 6 months.<sup>42</sup>

- 4.49 The table below illustrates this trend:

**Figure 4.2 Duration of casual employment**



Source: Parliamentary Library, 'Characteristics and use of Casual Employees in Australia', 19 January 2018

41 Mr Michael Clifford, Assistant General Secretary, Queensland Council of Unions, *Committee Hansard*, 20 February 2018, pp. 26–27. See also discussion with Mr Mark Morey, Secretary, Unions NSW, *Committee Hansard*, 21 February 2018, p. 42; Associate Professor Sarah Kaine, private capacity, *Committee Hansard*, 21 February 2018, p. 23.

42 ACTU, *Submission 112*, p. 20.

4.50 These workers do not have access to paid annual or sick leave, or, in many cases, other benefits available to traditional, non-casual employees. Casual loading, which is a premium on the hourly wage theoretically available to casual workers, is not always paid by employers.<sup>43</sup> Casualisation also has the effect of reducing workers' bargaining power:

Casualisation has serious implications for economic security and workers' ability to plan and save, and contributes to wage weakness. It depresses wages by reducing workers' bargaining power.<sup>44</sup>

4.51 The ACTU submitted that more than half of casual employees would prefer regular, permanent work if they could get it.<sup>45</sup>

4.52 Significantly, the committee notes that casualization is rife in the health, care and education sectors, which are sectors with the highest projected employment growth.<sup>46</sup> The Victorian Council of Social Service noted this, and submitted that the consequences of casualisation in the care sector could have significant unintended consequences:

In the community services sector, concerns have been raised that individualised funding models in the disability and aged care sector may result in increased casualization of the workforce and the 'uberisation' of care – with digital platforms connecting workers to clients. The delivery of high-quality personalised care however depends on the ability of workers to form ongoing relationships with their clients. This requires good workforce supervision and support, as well as proper professional development and training. The goals of the NDIS and aged care reform will be undermined if public policy, government funding and Australia's industrial relations framework fails to create an environment in which high-quality care can be delivered.<sup>47</sup>

### *Contracting*

4.53 Submissions suggest that casual work is simply a manifestation of employers' desire to reduce accountability, seen in the proliferation of other forms of precarious work as well. In the public sector, one submitter noted, this manifests as a move towards increased privatisation, 'or contractual relationships (such as 'public-private partnerships') made opaque through contracts that are 'commercial in confidence'.<sup>48</sup> At the other end, in the private sector:

...variations between industries may occur according to the nature of the product in that industry, the degree of competition, the share of costs represented by labour costs, the geographic scale of production, the nature of labour and labour organisation including exposure to secondary labour

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43 ACTU, *Submission 112*, p. 20.

44 Per Capita, *Submission 61*, p. 10.

45 ACTU, *Submission 112*, p. 20.

46 Business Council of Co-Operatives and Mutuals, *Submission 83*, p. 19.

47 Victorian Council of Social Service, *Submission 106*, p. 9.

48 Professor David Peetz, *Submission 159*, p. 7.

markets, occupational norms, and the ideology and strategy of employers, amongst other factors.<sup>49</sup>

4.54 Professor David Peetz cited the example of the freight transport industry:

[I]n road freight transport, much labour is provided by ‘owner drivers’ who contract to major retailers, wholesalers or logistic firms to carry goods. The large road hauliers, wholesalers and retailers are ‘core capital’. The industry has high rates of occupational injury and death due to incentives to ‘cut corners’.<sup>50</sup>

4.55 In contrast, in the fast food and retail industries, the trend is manifested in franchising. It is noteworthy that high-profile cases of worker exploitation in these industries have resulted in franchisees, not franchisors, being liable for prosecution—illustrating the shifting and quarantining of responsibility.<sup>51</sup>

4.56 Other industries display different features but follow similar patterns:

In the cleaning sector, contracting has replaced in-house cleaning over recent decades. There are complex relations between different capitals—institutional investors, tenants, and building managers. In textiles, clothing and footwear (TCF), labour in countries such as Australia is typically provided by ‘independent contractors’. Core firms have hired ‘outworkers’ or home contractors in place of traditional factories using complex supply chains that commonly end in developing countries such as Bangladesh. In global production chains in that sector, employees are hired by contracting firms who are sufficiently distant from the ‘brands’ (core capital in this industry) that the brands attempt to claim no responsibility for the working conditions of that labour. In mining, direct employment by mines has reduced and employment by ‘contracting’ firms has increased substantially—the workers are typically referred to as ‘contractors’ but are, in fact, employees of the contracting or labour hire firms. In construction, on-site sub-contracting has long been the standard capital/labour configuration.<sup>52</sup>

4.57 Elaborating on this trend, Professor David Peetz submitted that employers were clearly moving ‘towards a model of labour utilisation that could best be described as ‘not there’ contracting.’ He described it thus:

It is the process by which centres of capital (we might call these ‘lead firms’ or ‘core capital’) fragment what would otherwise be corporate structures in ways that maintain high control, minimise labour costs and risk, maximise centralised profits and minimise accountability for externalities. Thus, ‘not there’ contracting is the key feature of an emerging “‘not there’ capitalism’.

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49 Professor David Peetz, *Submission 159*, p. 7.

50 Professor David Peetz, *Submission 159*, p. 7.

51 Professor David Peetz, *Submission 159*, p. 7.

52 Professor David Peetz, *Submission 159*, p. 7.

More precisely, the key methods of 'not there' contracting are: control is retained by a central entity (for example, the 'lead firms' in supply chains); production is undertaken within smaller entities (the 'dependent firms', we might call them 'peripheral capital') which are formally separated from the lead firms; core and dependent firms are linked by contract; and labour is ostensibly and directly controlled by the peripheral capital in dependent firms. That labour may be classed as 'employees' or as 'contractors', depending on the context.<sup>53</sup>

### *Gig work*

4.58 The term 'gig economy' describes digitally-enabled marketplaces operated by companies which pair tasks advertised with people seeking work. At its core, the 'gig' or 'on-demand' economy depends on digital platforms which 'act as intermediaries using 'algorithmic management' to connect individual workers with end-users (enterprises or consumers) seeking specific services.'<sup>54</sup>

4.59 Such work can be observed in a multitude of industries, and includes work which is performed online, such as graphic design, and work which requires the physical presence of a worker, such as cleaning. As such it is impossible to pinpoint any boundaries for what can constitute gig work:

It may be performed by a specified individual or divided into smaller tasks undertaken by a 'virtual cloud' of workers. In this respect, the internet has been effectively elevated from a mere bulletin board into the organisation of work itself.<sup>55</sup>

4.60 Barratt, Goods and Veen cited Stewart and Stanford's (2017) characteristics of the gig economy:

Work in this new segment of the economy is characterized by four aspects: high levels of irregularity shaped customer demand; part of the capital is provided by workers; the work is frequently paid on a piece rate basis; and it is arranged and/or facilitated via online and/or mobile platforms.<sup>56</sup>

4.61 Unions NSW submitted that the gig economy is underpinned by five features:

- (a) Work is fragmented into specific individual tasks or jobs and workers are engaged on a task by task basis with no guarantees of continuous work.
- (b) Work is performed by individual workers, but may be commissioned by an individual or a business.
- (c) Labour transactions between workers and individuals/businesses are facilitated by a for-profit company who charge users for this service (eg, Airtasker, Uber). These transactions are performed through web based applications which are managed and controlled by the for-profit company.

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53 Professor David Peetz, *Submission 159*, p. 7.

54 QUT Business School Work/Industry Futures Research Program, *Submission 7*, p. 4.

55 QUT Business School Work/Industry Futures Research Program, *Submission 7*, p. 4.

56 Dr Tom Barratt, Dr Caleb Goods and Dr Alex Veen, *Submission 86*, p. 2.

- (d) Workers are treated as independent contractors by the facilitating companies and are not afforded any employment protections or minimum standards in the performance of their work.
- (e) The price charged for each job is set by the facilitating company or by the commissioning customer. Payment is collected through the platform, and compensation (net of the platform's margin) is then disbursed to the worker.<sup>57</sup>

4.62 Work performed spans many industries, much of it done for companies which have now become household names, such as Uber, Airbnb, Whizz, Airtasker, Freelancer, Deliveroo, Foodora and care.com. A submission from Unions NSW describes research conducted on behalf of the NSW state government which estimates that the sharing economy provides 45 000 people with work of some description and contributes \$504 million annually to the state's economy.<sup>58</sup> It is also growing rapidly:

The gig-economy is also expanding the areas it covers. For example in 2016 care.com expanded into Australia, providing an online 'market place' for childcare, au pairs, pet care, tutors, aged care, special needs care and housekeepers. The website boasts the average hourly rate for childcare in Australia is \$9.9015, a rate which falls significantly below the minimum Award rate.<sup>59</sup>

4.63 At the core of gig economy work is the idea that workers are not employees, they are instead independent contractors, and as independent contractors they are governed by commercial—rather than employment—law. While employment relationships are regulated by labour laws which provide minimum terms and conditions, independent contracting arrangements are treated as commercial contracts.<sup>60</sup>

4.64 Commercial law carries with it no stipulations for minimum pay and no employment safety nets:

The key differential between a genuine independent contractor and an employee is the level of control the worker has over the performance of their work, and their reliance on another company or individual for the commissioning of that work. The test of employment looks at the totality of the relationship between the worker and employer and is drawn heavily from common law.<sup>61</sup>

4.65 Being governed by commercial law also affects workers' access to collective bargaining. While competing independent contractors may come together to negotiate terms and conditions—including price—with a person hiring them, this form of collective bargaining is very different from collective negotiations which take place between an employer and employees. Competing independent contractors have to be very mindful of not engaging in anti-competitive behaviour, as this can lead to serious penalties. Independent contractors must obtain permission to collectively bargain

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57 Unions NSW, *Submission 82*, pp. 3–4.

58 Unions NSW, *Submission 82*, p. 4.

59 Unions NSW, *Submission 82*, p. 5.

60 Unions NSW, *Submission 82*, p. 5.

61 Unions NSW, *Submission 82*, p. 5.

from the Australian Competition and Consumer Commission (ACCC). The ACCC will only approve such bargaining if it is deemed to be in the public interest.<sup>62</sup>

- 4.66 The Queensland Nurses' and Midwives' Union submitted that the gig economy represents a challenge to governments and unions alike:

The challenge for governments is to align regulation and policy with a digital economy where workers are isolated in a competitive labour market. It is also a major test for unions to transform traditional forms of organising based on defined workplaces engaging multiple employees. Indeed, as Stewart & Stanford (2017) point out, evading traditional regulations (not to mention taxes) appears to have been a key rationale for establishing digital businesses in the first place.<sup>63</sup>

- 4.67 The benefits this style of work is said to promise workers are easily defined. They include autonomy, flexibility and opportunities to earn a living in new ways.

- 4.68 The drawbacks are also readily apparent:

However, the nature of their employment relationship can be considered precarious due to the low income security, minimal worker entitlements, a lack of superannuation contributions and few opportunities for career development. Furthermore, rates of pay for digital platform work are often significantly lower than the minimum wage.<sup>64</sup>

- 4.69 The committee received a significant volume of evidence on the appropriateness of gig workers being categorised as independent contractors. Unions NSW pointed to common features of the gig economy which the union body says demonstrate that gig workers are in fact dependent, not independent:

- (a) Charges a work fee to workers using the site/app. This generally takes the form of a percentage of the fee charged to the customer. For examples Airtasker takes 15 percent of earnings and Uber takes 20 percent of fares.
- (b) Regulates the behaviour of workers. The public image and brand of the company is regulated. This extends to controlling the public interaction of workers on the website. Workers can be blocked from work for publicly expressing dissenting views.
- (c) Workers are dependent on ratings within the app for work. Apps provide opportunities for customers to rate workers within the app. Workers are then dependent on the apps internal rating system in order receive work.
- (d) Maintains the right to remove workers and thus restrict their ability to work. Companies maintain the right to block workers from their platforms. This is particularly restrictive considering the market domination of gig-economy platforms in certain industries, making it very difficult for blocked workers to

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62 The committee notes that laws governing independent contractors generally override state and territory legislation that would otherwise apply, however, there are exemptions to this, such as owner-driver laws in Victoria and Western Australia. See 'Laws affecting contracts' available at: [www.business.gov.au/people/contractors/understanding-contracts/laws-affecting-contracts](http://www.business.gov.au/people/contractors/understanding-contracts/laws-affecting-contracts) (accessed 17 September 2018).

63 Queensland Nurses' and Midwives' Union, *Submission 31*, p. 18.

64 QUT Business School Work/Industry Futures Research Program, *Submission 7*, p. 5.

- continue working in the area. Workers can be blocked for low ratings, cancelling jobs or speaking out against the company. Workers are given few rights to challenge.
- (e) Provides (limited) insurance protection. Some companies provide limited insurance, like Airtasker, Uber and Deliveroo. However, there are no uniform requirements for workers to be provided insurance cover or access to worker's compensation.
  - (f) Provides equipment to perform work. Deliveroo and Foodora provide branded carry bags for deliveries as well as uniforms.
  - (g) Controls who performs the work. Gig-economy work relies on individual worker profiles and ratings. As such, companies restrict workers from further outsourcing a task or having it partially performed by another contractor. This limits the ability of workers to fully control the nature and performance of their work.
  - (h) Interviews and screens workers. Whizz pre-screens workers before providing them with access to the platform. Deliveroo and Foodora require riders to pass a riding test before they can work on the platform.
  - (i) Provides training. Runs training which provides specific instruction on how work is to be completed. Whizz runs a training and induction session for their cleaners, providing guidance on how work is to be conducted. Deliveroo and Foodora run training for new delivery riders/drivers covering road safety, branding and use of the app.
  - (j) Arranges a roster of shifts. Some food delivery companies have attempted to restrict the number of workers competing for jobs by requiring workers to sign up for shifts in order to access the app.
  - (k) Time limits placed on the completion of work. The company may require work to be completed in a set time. Foodora and Deliveroo use delivery time as a performance measure which determines continued access to the app.<sup>65</sup>
- 4.70 Other submitters pointed out that, while contentious, the categorisation of workers in the ride-sharing segment of the gig economy as independent contractors was recently affirmed by the Fair Work Commission as being accurate.<sup>66</sup> This classification confirms that workers in this sector are not protected by the National Employment Standards. In some jurisdictions it also carries safety implications because the workers are not covered by workers' compensation insurance.<sup>67</sup>
- 4.71 A submission from the QUT Business School Work/Industry Futures Research Program highlighted a recent ruling in the United Kingdom, which suggests that some forms of gig work may indeed be covered by existing labour laws, but added:

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65 Unions NSW, *Submission 82*, pp. 6–7.

66 The committee notes that the Fair Work Ombudsman filed documents in the Federal Court on behalf of three Foodora delivery drivers. See [www.abc.net.au/news/2018-06-12/foodora-online-delivery-company-faces-legal-action-over-pay/9861178](http://www.abc.net.au/news/2018-06-12/foodora-online-delivery-company-faces-legal-action-over-pay/9861178) (accessed 1 September 2018).

67 Dr Tom Barratt, Dr Caleb Goods and Dr Alex Veen, *Submission 86*, p. 2.

However, as the Productivity Commission (2016) has emphasised, it is highly likely that regulatory changes will be required to accommodate this growing category of employment.<sup>68</sup>

- 4.72 The implications for workers do not end at lack of legal oversight however, as a joint submission from three academics drawing on research in the food delivery sector points out. The workers do not have job or income security; what security does exist is shaped by demand, the number of workers vying for jobs, and 'the technologically mediated allocation of work by the platform':<sup>69</sup>

This led to income uncertainty and variability, with many workers expressing that they waited long periods, sometimes over an hour for the algorithm to allocate them a job. This waiting time is unpaid. In this context, workers regularly reported average hourly earnings well below the national minimum wage of \$22.86 per hour, the national minimum wage for casual employment. A pay rate which is legal as workers operates as independent contractors rather than employees.<sup>70</sup>

- 4.73 Furthermore, the committee heard that platform work has the effect of increasing competition between workers, which in turn applies downward pressure on both pay and working conditions. In effect, in an unregulated arena, the more workers that compete for a job, the less money they will have to settle for in exchange for their work:

Together these features place downward pressure on pay and working conditions and suggest that the organisation and experience of platform work may be profoundly different from traditional modes of employment. These changes may have wide-reaching social and economic implications.<sup>71</sup>

- 4.74 Evidence indicates that the workers are also highly vulnerable to losing their income and can have little confidence in future earnings:

One rider interviewed explained how they had become injured at work, and therefore had to stop working in the gig economy and, consequently, their earnings dropped to zero.<sup>72</sup>

- 4.75 Wider limitations of work in the gig economy also become apparent when considering the need for verifiable income for obtaining a home loan and the value of experience in the gig economy when pursuing alternative employment. This, the researchers conclude, possibly:

...excludes gig workers from the race for better jobs, potentially pushing workers deeper into the gig economy or long-term unemployment as

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68 QUT Business School Work/Industry Futures Research Program, *Submission 7*, p. 4.

69 Dr Tom Barratt, Dr Caleb Goods and Dr Alex Veen, *Submission 86*, p. 2.

70 Dr Tom Barratt, Dr Caleb Goods and Dr Alex Veen, *Submission 86*, p. 3.

71 QUT Business School Work/Industry Futures Research Program, *Submission 7*, p. 4.

72 Dr Tom Barratt, Dr Caleb Goods and Dr Alex Veen, *Submission 86*, p. 3.

technological developments around automation have the real potential to replace these relatively low-skilled forms of work.<sup>73</sup>

- 4.76 Although garnering significant interest in its own right, the committee heard that the gig economy is simply a part of the wider trend towards casual work that has been evolving for the past 30 years.<sup>74</sup> And rather than accepting the idea that workers in the gig economy represent some form of new, undefined cohort of entrepreneurs, submitters drew parallels between gig work and sham contracting:

Current employment legislation recognises the phenomenon of employers disguising employees as independent contractors, also known as sham contracting. The Fair Work Act provides for a contravention for misrepresenting employment as an independent contracting arrangement.... Despite legislative and common law provisions, the use of sham contracting remains an ongoing problem both in the 'traditional' and gig-economy, with employers taking advantage of the broad interpretation of the legal definition for independent contractors.<sup>75</sup>

- 4.77 Speaking as Economist and Director of the Centre for Future Work, Dr James Stanford commented on the notion that digital platforms somehow represent a new, or unprecedented challenge for protecting workers:

It's funny that digital platforms are seen as what's new, what's innovative, what's hip, the way of the future. In fact, majority of what they do is actually tried and true and has been around for hundreds of years. This includes hiring people on an on-demand or irregular basis only when the work is immediately there; paying them on a piecework basis—that is, paying for each unit of work rather than per hour or per day; requiring workers to provide their own capital equipment—tools, cars, workplaces; and also the concept of triangulated intermediation, where you have somebody performing the work, somebody using the work as the end user and then someone in between, whether it's a labour hire agency or a gang master or a digital platform—somebody who is in between the two who occupies this unclear intermediate space. Those features of so-called modern gig work are hundreds of years old in fact, as old as capitalism. The only thing that's new is the method for managing, organising, disciplining and compensating the work—and that is the smartphone, of course, which didn't exist in the putting-out system of late mediaeval Europe.<sup>76</sup>

- 4.78 Instead of being new, Dr Stanford pointed out that employers have long used the intermediary status, whether it is a digital platform or a labour hire setting, to avoid obligations under industrial laws. Dr Stanford cited Uber as an example of how a

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73 Dr Tom Barratt, Dr Caleb Goods and Dr Alex Veen, *Submission 86*, p. 3.

74 Dr Frances Flanagan, Research Director, United Voice, *Committee Hansard*, 21 February 2018, p. 48.

75 Unions NSW, *Submission 82*, p. 5.

76 Dr James Stanford, Economist and Director, Centre for Future Work, *Committee Hansard*, 21 February 2018, p. 32.

company uses technology and legislative loopholes to evade traditional employment responsibilities:

For all intents and purposes, practically, the drivers are clearly doing work for Uber. They are told where to go, what passenger to pick up, where to take them, what route to take them. Uber controls the payment. People can't work without Uber doing that.<sup>77</sup>

4.79 Furthermore, the committee heard that it would be a mistake to not recognise the immense profitability of such business models:

Uber doesn't make money. This is the great irony. In our research we've indicated that ride-share drivers, including for Uber, almost certainly do not make the minimum wage. They are in effect providing an enormous subsidy that's worth hundreds of millions of dollars to Uber in Australia through that below-minimum-wage labour. Yet, despite that, Uber can't make money. It hasn't made a profit and won't. But the owners of Uber have made money off the speculative demand for the shares, for the equity, in Uber. That's where the subsidy paid by workers through subpar compensation ends up showing in billions of dollars of wealth for Uber's owners, and other platforms as well.<sup>78</sup>

4.80 The committee followed up on this evidence with representatives from Uber and Airtasker. Their perspective on the gig economy was markedly different than the views expressed by other stakeholders. Mr David Rohrsheim, General Manager of Uber Australia and New Zealand, responded to questions about the degree of control Uber has over drivers, explaining that drivers can be selective about the jobs they accept.<sup>79</sup> Mr Rohrsheim also emphasised the benefits of gig work for workers who might otherwise find themselves marginalised in the traditional labour market:

We believe Uber's technology has enormous potential to improve how people access economic opportunities. Right now it is giving power and control to individuals to access earning opportunities, facilitate a work-life balance and create new opportunities for people traditionally marginalised in the labour market. I overheard some witnesses earlier discussing discrimination in the workforce. We've made huge investments in making our technology work for as many people as possible. I note that the app is fully usable by blind passengers. We have deaf drivers on the platform because the destinations appear on and the communications can happen through the app. That's work that wasn't available to them in a street-hail taxi world. There's no discrimination; it's the same deal for all safe drivers.

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77 Dr James Stanford, Economist and Director, Centre for Future Work, *Committee Hansard*, 21 February 2018, p. 32.

78 Dr James Stanford, Economist and Director, Centre for Future Work, *Committee Hansard*, 21 February 2018, p. 32.

79 Mr David Rohrsheim, General Manager, Uber Australia and New Zealand, *Committee Hansard*, 21 February 2018, p. 69.

They are welcome to use the platform. Technology is enabling individuals for whom the nine-to-five doesn't suit.<sup>80</sup>

4.81 The committee also heard evidence on occupational health and safety in gig work. Mr Mark Morey, Secretary of Unions NSW, noted that gig platforms such as Airtasker were enabling people to work without being properly licensed. Given that work listed by the Airtasker platform includes electrical, plumbing and construction work, among other types of work, lack of licensing and appropriate regulation is of significant concern.<sup>81</sup>

4.82 The committee discussed safety with Airtasker, seeking to understand who is in practice responsible for any health and safety issues which might emerge at a site where tasks are performed, for example in instances where subpar work causes damage. Mr Timothy Fung explained that workers were responsible for the quality of their work:

In relation to dodgy work, I would say it is definitely with the tasker. They have to complete the job as was stated, so that absolutely falls with the tasker. With that example you mentioned, I would say that exactly the same thing happens on Airtasker. It's just that, rather than calling a firm which has an administration or department that contacts the individual tasker, on Airtasker the tasker is also the administrator.<sup>82</sup>

4.83 Asked who was responsible for workers' health and safety in cases where workers suffer an injury on site, Mr Fung agreed that this was less clear:

Yes. I believe that, if the environment provided for that person to work in was unsafe, then a lot of the responsibility would lie with the person who procured the work. In relation to that, there are different levels of insurance that are provided, such as home and contents insurance. Some of them provide cover for some of these trades; some of them don't provide cover for these kinds of trades.<sup>83</sup>

4.84 The committee also broached the subject of safety with Uber:

We operate in a highly regulated space now. Having fought for, and now having, regulations, we operate under those regulations in each state. Many of those regulations relate to safety, and there are requirements on Uber. When we are notified of A, B or C, we are compelled to remove access to the platform as soon as we receive that. It could be the police, it could be the transport authorities or it could be a complaint from a rider, in which case, of course, we will get in contact with the driver and get in contact with the rider and hear both sides of the story. Safety, I hope the committee is happy to hear, is a priority of ours, and when it's in doubt

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80 Mr David Rohrsheim, General Manager, Uber Australia and New Zealand, *Committee Hansard*, 21 February 2018, pp. 66–67.

81 Mr Mark Morey, Secretary, Unions NSW, *Committee Hansard*, 21 February 2018, p. 42.

82 Mr Timothy Fung, Chief Executive Officer, Airtasker Pty Ltd, *Committee Hansard*, 4 May 2018, p. 5.

83 Mr Timothy Fung, Chief Executive Officer, Airtasker Pty Ltd, *Committee Hansard*, 4 May 2018, p. 5.

drivers will lose their access to the platform. If their vehicle inspection is out of date, they lose access to the platform. If their drivers licence is out of date, they lose access to the platform. The terms and conditions of what is considered acceptable and not acceptable are outlined in community guidelines, which every driver can see.<sup>84</sup>

### *Labour hire*

4.85 Labour hire has received considerable attention during this inquiry and is an area Senate committees and State Parliamentary inquiries have considered previously, leading to reform in a number of states.<sup>85</sup> Noting that approximately 25 per cent of labour hire workers are employed in Queensland.<sup>86</sup> The Queensland Government has introduced a mandatory licensing scheme which all labour hire operators are required to adhere to in order to continue operating:

In order to remove the factors contributing to illegal or otherwise anti-social conduct on the part of labour hire providers, the Queensland Government has enacted the Labour Hire Licensing Act 2017 (Qld) (the LHL Act), which provides for a government-administered mandatory licensing scheme under which provision of labour hire services without a licence is prohibited. It also requires employers to use labour hire services only if provided by a licenced provider. Compliance with all laws relevant to the licensee is a standard condition on every licence. As such, failure to uphold the standards of behaviour required of Australian employers will see a labour hire provider stripped of their ability to operate.<sup>87</sup>

4.86 The committee heard that the use of labour hire is on the rise. The Queensland Council of Unions explained that labour hire, and how to better regulate it, can be divided into two categories:

- (1) Rogue employers who operate outside the system—paying workers cash in hand, often below award rates, not paying penalty rates or loadings, not providing workers compensation insurance, not paying superannuation and/or not providing payslips.

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84 Mr David Rohrsheim, General Manager, Uber Australia and New Zealand, *Committee Hansard*, 21 February 2018, pp. 68–69.

85 See Senate Education and Employment References Committee report, *Corporate Avoidance of the Fair Work Act*, September 2017, pp. 43–59. See also state and territory-level inquiries into insecure work and the labour hire industry: *Inquiry into the Labour Hire Industry and Insecure Work*, Victoria, <https://economicdevelopment.vic.gov.au/inquiry-into-the-labour-hire-industry/final-report>; *Inquiry into the practices of the labour hire industry in Queensland*, [www.parliament.qld.gov.au/documents/tableOffice/TabledPapers/2016/5516T1028.pdf](http://www.parliament.qld.gov.au/documents/tableOffice/TabledPapers/2016/5516T1028.pdf); *Inquiry into the extent, nature and consequence of insecure work in the ACT*, Australian Capital Territory, [www.parliament.act.gov.au/in-committees/standing-committees-current-assembly/standing-committee-on-education-employment-and-youth-affairs/Inquiry-into-the-extent-nature-and-consequence-of-insecure-work-in-the-ACT](http://www.parliament.act.gov.au/in-committees/standing-committees-current-assembly/standing-committee-on-education-employment-and-youth-affairs/Inquiry-into-the-extent-nature-and-consequence-of-insecure-work-in-the-ACT) (accessed 1 September 2018).

86 Queensland Government, *Submission 132*, p. 9.

87 Queensland Government, *Submission 132*, pp. 9–10.

- (2) Legitimate labour hire firms – which are nevertheless created and introduced in order to undercut existing employment conditions.<sup>88</sup>

4.87 The committee also noted an example provided from the meat industry, which is by no means unique in this regard, where the emergence of labour hire has undermined twenty years of enterprise bargaining. The Secretary of the Queensland branch of the Australasian Meat Industry Employees' Association, Mr Matthew Journeaux, explained:

Employees bargain, agreeing to productivity increases and making concessions, to secure an enterprise agreement in exchange for wage increases and other concessions from the employer. The workers are held to that bargain, because they are not permitted to take any collective action or make further demands while the enterprise agreement remains in force. The employer, however, is free to dispense with the bargain at any time he or she wants to. The employer can simply introduce into the plant labour hire workers who are not bound by the terms of the enterprise agreement. If the union manages to secure an enterprise agreement with the labour hire company, the operator of the processing establishment simply enters into another arrangement with another labour hire company who is not bound by that agreement. Labour hire arrangements are completely incompatible with enterprise bargaining.<sup>89</sup>

4.88 Mr Journeaux added that a common feature of labour hire arrangements is that they often involve non-compliance with employment law, and are also frequently intertwined with use of short-term migrant labour.<sup>90</sup> This recipe for exploitation—leading to appalling conditions which in some cases is aptly described as modern slavery, has also been considered over the course of the Senate Education and Employment References Committee's recent inquiry into corporate avoidance of the Fair Work Act.<sup>91</sup>

4.89 It is noteworthy that unions, experienced in defending workers against exploitation, believe that labour hire companies feel able to flout workplace laws because they are confident that their workforce is either unaware of the law, or too intimidated to exercise available entitlements. The consequences of this are apparent for both directly and indirectly affected workers:

The current incentive to exploit temporary visa workers has the potential to exacerbate both underemployment and unemployment as well as a skills shortage in these regional areas [towns in regional Australia]. The modern meat-processing industry is currently engaged in a race to the

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88 Mr Michael Clifford, Assistant General Secretary, Queensland Council of Unions, *Committee Hansard*, 20 February 2018, p. 27.

89 Mr Matthew Journeaux, Secretary, Queensland Branch, Australasian Meat Industry Employees' Union, *Committee Hansard*, 20 February 2018, p. 29.

90 Mr Matthew Journeaux, Secretary, Queensland Branch, Australasian Meat Industry Employees' Union, *Committee Hansard*, 20 February 2018, p. 29.

91 See for example evidence provided by Maurice Blackburn Lawyers on the experience of working holiday makers, cited in Senate Education and Employment References Committee report, *Corporate Avoidance of the Fair Work Act*, September 2017, pp. 65–66.

bottom, and there are no winners in that race, because there will always be someone, somewhere in some other country that is prepared to accept less.<sup>92</sup>

- 4.90 The committee noted that the Recruitment & Consulting Services Association (RCSA), the peak labour hire industry body, disputed the percentage of workers engaged in insecure work:

They [the union movement] have a great focus on labour hire as part of that concern about insecure work. We find that somewhat interesting on the grounds that the actual numbers of labour hire workers have not increased in many years. There are no projections to indicate that it is going to increase as a percentage of the workforce.<sup>93</sup>

- 4.91 That said, the RCSA acknowledged a not insignificant number of Australian workers are now engaged as labour hire:

When it comes to actually understanding the nature of the industry, the most recent inquiry into the labour hire industry, which was conducted in Victoria by Professor Forsyth, indicated that the variables were somewhere between 1.9 per cent of the total workforce within Australia and a little over four per cent. It would be safe to say that approximately one in 25 workers is engaged in an on-hire capacity.<sup>94</sup>

- 4.92 RCSA also discussed state-level licensing schemes, urging caution in any future regulation:

We recently had a crazy circumstance where South Australia decided to introduce labour-hire licensing. In defining 'labour-hire licensing', they said that it includes any circumstance where you employ and supply a worker to another party to do work. In doing so, they completely left out those you would define as 'contracting services'—the large and what we call gangs of workers that move around but are responsible to the gang master, just as they have in the UK. They've defined, curiously, that they need to license on-hire professionals who are working as locums and executives and accountants, but, when it comes to gangs of pickers in the horticulture industry, we should simply leave them unregulated. Their misunderstanding of labour hire, their misunderstanding of the way in which individuals work and the way in which work is organised is of great concern to us. How do we come up with a solution when we don't even understand the problem?<sup>95</sup>

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92 Mr Matthew Journeaux, Secretary, Queensland Branch, Australasian Meat Industry Employees' Union, *Committee Hansard*, 20 February 2018, p. 29.

93 Mr Charles Cameron, Chief Executive Officer, Recruitment & Consulting Services Association, *Committee Hansard*, 13 March 2018, p. 61.

94 Mr Charles Cameron, Chief Executive Officer, Recruitment & Consulting Services Association, *Committee Hansard*, 13 March 2018, p. 61.

95 Mr Charles Cameron, Chief Executive Officer, Recruitment & Consulting Services Association, *Committee Hansard*, 13 March 2018, p. 64.

### *Unpaid work*

- 4.93 Participation in unpaid work, often in the form of internships, is commonly seen as a legitimate way to enter a highly competitive job market:

A recent Australian prevalence study of a representative sample of the Australian working-age population found that one-third (34%) of respondents aged 18-64 and more than half (58%) of respondents aged 18-29 reported having undertaken at least one episode of unpaid work in the previous five years.<sup>96</sup>

- 4.94 Empirical evidence on longer-term outcomes which may be directly attributable to participation in unpaid work is scant, however proponents do point to the benefits of unpaid work. These are said to include development of interpersonal and professional skills which enhance future employability. Evidence from the Australian Information Industry Association appears to confirm some net benefit:

[We] know from analysis here in Australia that if you have an internship in your domain while you are studying then the average time to get a full-time job in your career is 1.4 years; if you do not have an internship, it's 2.7 years.<sup>97</sup>

- 4.95 The committee considered evidence on the negative effects of unpaid work:

Critics, however, emphasize a range of negative outcomes that may be incurred, including exploitative and unsafe work practices and social exclusion the unevenness of unpaid work experiences with respect to the accrual of benefits and challenges to access by those who are economically disadvantaged. Meanwhile, the development of appropriate legal safeguards is struggling to keep pace with changes in the practice of unpaid work around the world.<sup>98</sup>

- 4.96 Speaking with the Managing Director of Australian Internships, the committee looked at the potential for exploitation of interns who perform unpaid work. Ms van Woerkom described unpaid internships as being part of an education cycle, not employment:

An internship is a training experience and it's not employment. We have some universities offshore that will not allow their students to be paid, because there's an assumption of, 'If you're an employee, I can get you to run and get tea and coffee,' and that there are no projects or structured learning in the workplace. A lot recognise that an internship is like the final step in an education cycle; it's getting to practice and learn how to do what you need to do and how to succeed in industry. So my answer would be: very much about structure and supervision.<sup>99</sup>

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96 QUT Business School Work/Industry Futures Research Program, *Submission 7*, pp. 6–7.

97 Mr Rob Fitzpatrick, Chief Executive Officer, Australian Information Industry Association, *Committee Hansard*, 4 June 2018, p. 45.

98 Queensland University of Technology, *Submission 42*, p. 8.

99 Ms Diana van Woerkom, Managing Director, Australian Internships, *Committee Hansard*, 4 June 2018, p. 24.

- 4.97 Although unpaid work may be seen by both employers and workers as advantageous to some degree and in particular circumstances, the committee heard that normalising the practice results in workers feeling pressured into longer and more frequent periods of unpaid work than they would otherwise agree to.<sup>100</sup>
- 4.98 The committee asked Australian Internships whether legislative change was needed to ensure that people performing unpaid work are protected from exploitation. In response, Ms van Woerkom stressed the need for evidence that interns were being trained, not merely used to perform routine tasks unrelated to work:

I think that we absolutely need to have evidence that there is training happening in a workplace rather than an assumption that, because you call it an internship, there is training. You need to have evidence that the training's aligned to the gaps for the person who's completing the internship. Obviously there are different levels of supervision. For us, we've been in the industry for 20 years; that's our expertise. All we do is develop training to meet the academic requirements or the professional requirements. I don't necessarily think you can assume, because of the internships for academic credit, that it is valuable training in a workplace. That's my view. I've seen lots of examples where students go into a workplace and there's little or no training, no structure and no supervision. I'm not saying it always happens but it certainly does happen. The students just run around and make tea and coffee and do errands for whoever is supervising. That's not my classification of an internship.<sup>101</sup>

- 4.99 Beyond the risks surrounding exploitation in internships or other forms of unpaid work, Anglicare Australia also argued that 'consideration of the legislative framework for the work should also include a fundamental overhaul of the hours expected for full-time work and known rates of productivity, given the strong evidence showing that Australians typically work significant amounts of unpaid overtime, current full-time hours are leading to declining health and well-being, and productivity is being undermined'.<sup>102</sup>

### **Reducing workers' bargaining position**

- 4.100 The committee received substantial evidence indicating that Australia's workplace relations laws and regulations, focused as they are on increasing flexibility by deregulating the labour market, are fundamentally flawed. This deregulation has, the committee heard, given employers a disproportionate amount of power and reduced unions' and workers' ability to bargain, as well as their opportunity for genuine consultation:

I do think that fundamentally most employers across our sector would treat consultation as just a perfunctory tick-a-box exercise.<sup>103</sup>

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100 QUT Business School Work/Industry Futures Research Program, *Submission 7*, p. 6.

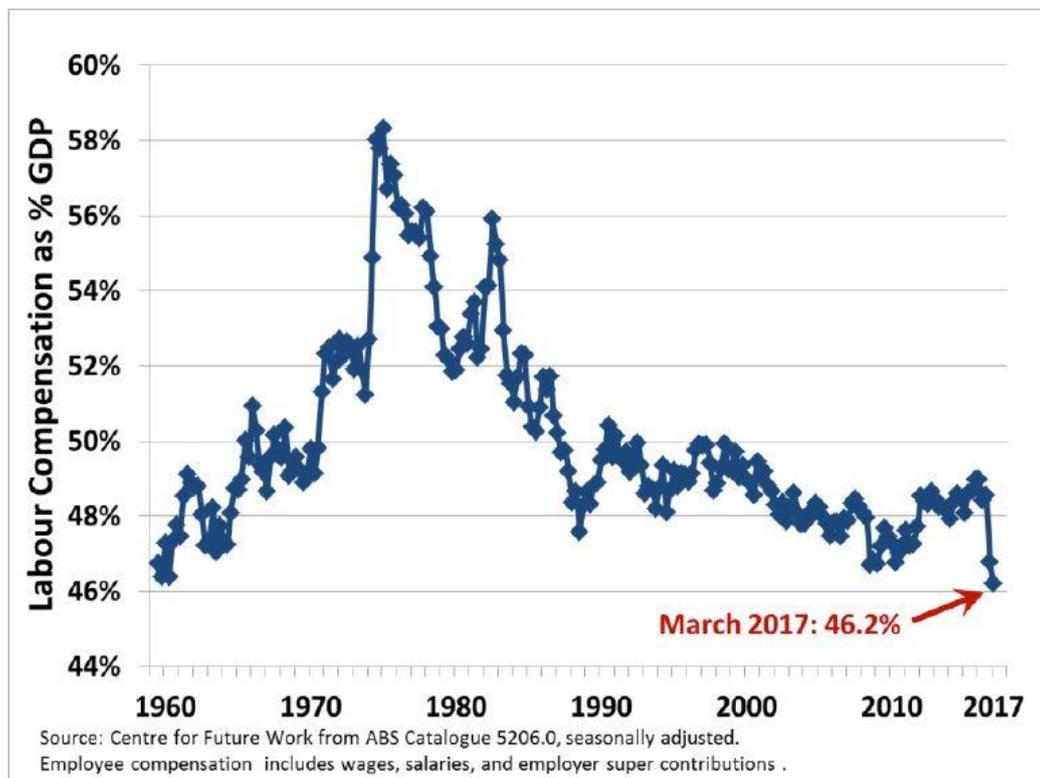
101 Ms Diana van Woerkom, Managing Director, Australian Internships, *Committee Hansard*, 4 June 2018, p. 24.

102 Anglicare Australia, *Submission 24*, p. 2.

103 Ms Julia Angrisano, National Secretary, Finance Sector Union of Australia, *Committee Hansard*, 21 February 2018, p. 24.

4.101 Some submitters pointed to government policy and the interplay between policies which favour employers over workers, the resulting weakening of unions and negative pressure on working conditions. Professor John Quiggin, for example, described changing employment practices, such as those seen in the gig economy, as 'the predictable outcome of enhanced employer power'<sup>104</sup> and drew the committee's attention to wider changes in the structure of labour markets, and labour market law, since the 1970s. Professor Quiggin's submission included analysis which shows that labour compensation as a share of national Gross Domestic Product (GDP) peaked in the early 1970s:

**Figure 4.3 Labour compensation<sup>105</sup>**



4.102 The early 1970s also saw peak political and industrial conditions for unions and workers. Union density was high, base level wages were imposed by the arbitration system and, notably, a decision by the Commonwealth Conciliation and Arbitration Commission in 1972 declared for the first time in Australia that women would receive the same pay as men for work of equal value.<sup>106</sup> As a result, during the 1970s, workers were being compensated with between 52–58 per cent of GDP.

4.103 What followed from this, Professor Quiggin submitted, were years of policy changes commonly referred to as 'labour market deregulation' which slowly but surely shifted the balance of power in favour of employers over employees. These include a series of discretionary policies designed to weaken unions and reduce workers' bargaining power, such as the ban on secondary boycotts, abolishment of the general right to

104 Professor John Quiggin, *Submission 8*, p. 2.

105 Professor John Quiggin, *Submission 8*, p. 6.

106 Professor John Quiggin, *Submission 8*, p. 6.

strike, prohibition of closed shop agreements, placement of limitations on the scope of collective bargaining and reduction of protections against unfair dismissal.<sup>107</sup> This weakening of protections for workers has led to a decrease in labour compensation, which has slipped to between 46–50 per cent of GDP during the period of labour market deregulation.

- 4.104 Professor Quiggin also pointed out that recent years have seen an increase in the exercise of government power directly against unions.
- 4.105 In recent years, Australians have experienced stagnation in their wages and take home pay. Data indicates that this can be associated with a collapse in collective agreement making, especially in the private sector.<sup>108</sup>

**Figure 4.4 Instrument providing rate of pay for all employees, 2010–2016**

Instrument providing rate of pay	2010 (%)	2012(%)	2014(%)	2016(%)
Award	15.2	16.1	18.8	23.9
Collective Agreement (Federally Registered)	31.5	32.0	32.6	30.2
Collective Agreement (State Registered)	11.9	9.8	8.6	6.2
Collective Agreement (Unregistered)	0.1	0.2	0.2	0.1
Individual Agreement such as common law contracts or over-award payments (Registered and unregistered)	37.3	38.7	36.4	36.2
Owner/managers of incorporated enterprises	4.1	3.3	3.4	3.5

Source: Commonwealth of Australia, *Trends in Federal Enterprise Bargaining Report March Quarter 2018*, p. 46.

- 4.106 This collapse in collective agreement making has meant that more workers are now reliant on award wages. Where it was 15.2 per cent of employees in 2010, it is now close to 24 per cent.<sup>109</sup>
- 4.107 The pressure against workers' ability to organise collectively, unions and the collective bargaining system as a whole is considerable, the committee heard, and is reaching breaking point, particularly in the private sector. The Centre for Future Work pointed to a link between the erosion of collective bargaining and deceleration of wage growth:

Recent data indicate that the stresses on the collective bargaining system in particular are reaching the breaking point, especially in the private sector. The number of workers in the private sector covered by an active enterprise agreement has plunged by almost 40 percent since 2013, in the face of union avoidance by employers, harsh restrictions on union activity (including right of entry and right to take industrial action), and a lack of resources among unions...Active EBAs now cover just 11 percent of private sector workers (down from over 20 percent a decade ago). The decline in EBA coverage has also been reflected in an increase in the number of workers whose wages and conditions are determined by the minimum standards of the modern awards. This erosion of traditional

107 Professor John Quiggin, *Submission 8*, p. 8.

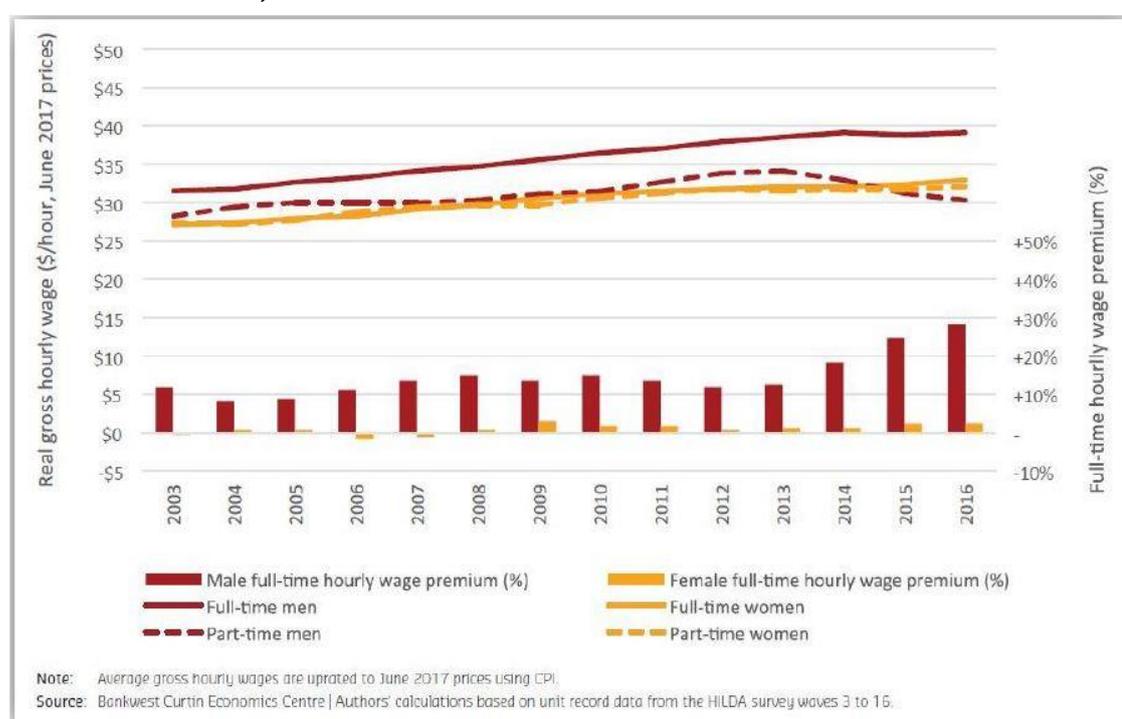
108 Commonwealth of Australia, *Trends in Federal Enterprise Bargaining Report March Quarter 2018*, p. 46.

109 Commonwealth of Australia, *Trends in Federal Enterprise Bargaining Report March Quarter 2018*, p. 46.

regulatory supports for good work has clearly been a major factor in the deceleration of wage growth in Australia's labour market, which by various indicators has fallen to postwar lows of 2 percent per year or less.<sup>110</sup>

- 4.108 Many submitters commented on the detrimental effects of stagnant wage growth. The Australian Manufacturing Workers Union (AMWU), for example, cited OECD research which looked at 27 member nations and placed Australia below many other countries for wage growth.<sup>111</sup>
- 4.109 The Bankwest Curtin Economics Centre submitted the following table illustrating that real growth in wages has been relatively flat, and particularly so for women:

**Figure 4.5 Real growth in gross hourly wage, by gender and employment status, 2003 to 2016**



Source: Bankwest Curtin Economics Centre, Submission 150, p. 15

- 4.110 In this context, the committee noted evidence indicating that some macroeconomic policy developments since the 1970s has been driven by a push to reduce wages, based on the belief that wages were excessively high:

Under the Fraser government, this belief was made explicit with reference to the 'real wage overhang', referring to the increase in the wage share in the early 1970s. Between 1983 and 1989, the Accord between the Hawke-Keating government and the trade union movement was also designed to

110 Centre for Future Work, Submission 57, p. 14.

111 Mr Andrew Dettmer, National President, Australian Manufacturing Workers' Union, *Committee Hansard*, 20 February 2018, p. 66. For the latest data see OECD Employment Outlook 2018, available at: [https://read.oecd-ilibrary.org/employment/oecd-employment-outlook-2018\\_empl\\_outlook-2018-en#page1](https://read.oecd-ilibrary.org/employment/oecd-employment-outlook-2018_empl_outlook-2018-en#page1) (accessed 17 September 2018).

achieve reductions in real wages, offset by 'social wage' measures such as the introduction of Medicare. Perceived wage pressure in the late 1980s was a major factor in the decision of the Reserve Bank to raise interest rates as high as 18 per cent, thereby precipitating the recession of the early 1990s.

Although the gains of the early 1970s were reversed in the Accord period, reductions in wages remained an implicit or explicit objective of public policy. As recently as 2013, incoming Employment Minister Eric Abetz warned of an impending 'wages explosion' and intervened to support the Toyota Corporation in a bid to cut the entitlements of employees.<sup>112</sup>

- 4.111 A submission from the Construction, Forestry, Mining and Energy Union (CFMEU) described this as the assumption that 'what is good for big business will be good for workers,' that is, a belief in a "trickle-down" effect to benefit everyone.<sup>113</sup> The submission noted that, in reality, Australians are not better off:

Wage growth is at record lows, along with rapidly growing profits this has led to a record low share of Australia's income going to workers (labour) and record high levels of inequality.<sup>114</sup>

- 4.112 This view is not restricted to unions. Today, economists and policymakers are starting to recognise the adverse economic effect of excessive stagnation in wage growth, with Reserve Bank of Australia Governor Dr Philip Lowe noting that 'beyond the(se) purely economic effects, the slow wages growth is diminishing our sense of shared prosperity'.<sup>115</sup> Indeed, Dr Lowe has gone as far as urging workers to ask for larger wage rises.<sup>116</sup>

- 4.113 As noted by the Centre for Future Work, reversing the trend towards stagnating wages makes economic sense:

International research confirms that reversing wage stagnation, and distributing incomes more fairly, provides a powerful and equitable stimulus for growth.<sup>117</sup>

- 4.114 Furthermore, the policies which have put such pressure on working conditions, Professor Quiggin submitted, create fertile ground for technological change to be feared and experienced as predominantly harmful, as explored in the previous chapter.<sup>118</sup>

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112 Professor John Quiggin, *Submission 8*, p. 9.

113 Construction, Forestry, Mining and Energy Union (CFMEU), *Submission 69*, p. 3.

114 CFMEU, *Submission 69*, p. 3.

115 Reserve Bank Governor Philip Lowe, speech to the AIG, 'Productivity, Wages and Prosperity', 13 June 2018.

116 See Australian Financial Review, *Workers must demand greater share of pie, says RBA governor Philip Lowe*, available at: [www.afr.com/news/economy/workers-must-demand-greater-share-of-pie-says-rba-governor-philip-low-20170619-gwtxht](http://www.afr.com/news/economy/workers-must-demand-greater-share-of-pie-says-rba-governor-philip-low-20170619-gwtxht) (accessed 6 August 2018).

117 Centre for Future Work, *Submission 57*, p. 31.

118 Professor John Quiggin, *Submission 8*, p. 9.

**Committee view**

- 4.115 The committee received a wealth of compelling evidence pointing to fundamental changes in the nature of work in Australia. Major factors raised throughout this inquiry include the casualisation of the workforce, the rise in gig work, the increase in labour hire arrangements and the prevalence of unpaid work. On top of these broader trends comes a growing imbalance of bargaining power towards employers and away from employees.
- 4.116 As a result of these trends, across Australia the nature of work and the remuneration received as recompense are dramatically altering, regardless of technological change.
- 4.117 Technology changes and other external global influences risk exacerbating these problems if they are not adequately addressed by stronger workplace regulation.
- 4.118 In the committee's view it stands to reason that improving existing working conditions for employees through legislation aimed at recalibrating the equilibrium between employee and employer power will help create an employment landscape in which wage stagnation is addressed and technological change is not primarily a source of fear.
- 4.119 The committee also supports growing calls for a change in course from labour market deregulation policies which seem to consist almost entirely of piecemeal dismantling of regulation protecting workers. It is not hard to see the causal link between the weakening of industrial relations laws designed to protect workers and the proliferation of concerning, often exploitative employment practices. In the committee's view, workplace laws have not kept pace with technological change, allowing the emergence and proliferation of business models within the gig economy which take advantage of legislative shortcomings to avoid responsibilities traditionally associated with being an employer. This has resulted in worker entitlements and protections being circumvented.
- 4.120 In this light, the committee makes the perhaps obvious, but nonetheless necessary, observation that some employers will not protect workers and provide decent incomes by choice, because reducing staffing costs increases profits. Many will feel compelled to adhere to, or certainly not stray far above, minimum legislated requirements. It is therefore incumbent on policymakers to ensure that regulations are in place guaranteeing a fair income, decent conditions and protections and effective dispute resolution for all workers.
- 4.121 With this in mind, the committee is strongly of the view that labour hire practices are in dire need of regulatory attention. While there will always be a role for short-term labour hire, to assist firms to deal with seasonal fluctuations in work, or to bring in specialist skills, the incentive to use labour hire to undercut the pay and conditions of an existing workforce must be removed. The committee therefore urges policymakers to turn their attention to implementing a national labour hire licensing scheme, as the best available tool for ensuring ethical business practices. In addition, the committee supports the Federal Opposition's commitment to tackle unfair labour hire practices, by legislating to ensure that labour hire workers receive the same pay and conditions as workers employed directly:

Our policy is based on a simple principle: if you are doing the same job, you should get the same pay.<sup>119</sup>

- 4.122 The committee also notes submitters' calls for regulation of the gig economy and strengthened protections in industrial relations laws to ensure that all Australians share economic gains. The committee does not believe that technological change should necessarily be reversed, but is instead of the view that policymakers must keep pace with and embrace the positive aspects of change, whilst mitigating potential harm to workers. Having said this, the committee rejects assertions that workers who perform tasks in the gig economy are independent contractors in the true spirit of the term, and is persuaded by evidence pointing instead to their dependence on the relevant digital platform.
- 4.123 There is a very simple test to be applied here: if a company makes money directly as a result of workers' labour, and if workers are dependent on the company for work and income, then those workers are employees of that company. That the companies engaged in the "gig" economy have benefited from strategies seeking to leverage old and narrow common law definitions of employee/employer relationships and thereby deny their workers basic protections under industrial law demands a legislative response. The committee therefore joins calls for a firm and swift regulatory response which will broaden the definition of employee to capture gig workers and ensure that they have full access to protection under Australia's industrial relations system.
- 4.124 Finally, the committee notes evidence indicating that internships can help workers, particularly students, gain skills and experience which are sought by employers and which the workers might not otherwise have. The committee also acknowledges concerns about the potential for exploitation to occur without adequate safeguards. The committee therefore supports calls for employers to be required to demonstrate that interns are being provided with relevant professional training during the term of their internship.

### **Recommendation 6**

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- 4.125 The committee recommends that Australia's workplace legislation be amended, to strengthen the protections available to workers and their unions, to ensure that all Australians share the economic gains arising from technological and other change. Further, Australia's future workplace laws and legislators will need to more rapidly adapt to and anticipate the evolving nature of work and employment relationships, so as to ensure that workers, however classified, are afforded fundamental workplace rights and entitlements.**

### **Recommendation 7**

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- 4.126 The committee recommends that the Australian Government review the definition of "casual" work in light of the large numbers of Australians who are currently in non-standard employment.**

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119 See the Hon. Bill Shorten MP, Leader of the Opposition, media release, *Same job, same pay: time to tackle unfair labour hire*, 17 July 2018, available at: [www.billshorten.com.au/same\\_job\\_same\\_pay\\_time\\_to\\_tackle\\_unfair\\_labour\\_hire\\_tuesday\\_17\\_july\\_2018](http://www.billshorten.com.au/same_job_same_pay_time_to_tackle_unfair_labour_hire_tuesday_17_july_2018) (accessed 3 September 2018).

**Recommendation 8**

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4.127 The committee recommends that the Australian Government ensure legislated workplace health and safety and improved superannuation rights for workers who are not classified as employees and/or perform non-standard work.

**Recommendation 9**

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4.128 The committee recommends legislative amendments to crack down on sham contracting and employment arrangements which classify workers who are in fact dependent as independent contractors, in order to avoid employment obligations.

**Recommendation 10**

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4.129 The committee recommends that the Australian Government make legislative amendments that broaden the definition of employee to capture gig workers and ensure that they have full access to protection under Australia's industrial relations system.

**Recommendation 11**

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4.130 The committee recommends that the Australian Government take steps to introduce a national labour hire licensing scheme along the lines outlined by the committee above. This scheme should include the following features:

- a 'fit and proper' test for owners/directors of labour hire companies and their authorised representatives;
- a transparent fee structure; and
- significant penalties for host employers using unlicensed or unregistered labour hire firms.

**Recommendation 12**

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4.131 The committee recommends that legislation be introduced requiring labour hire workers to have access to and be paid at least the same wages and conditions as the directly engaged employees working alongside them.

**Recommendation 13**

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4.132 The committee recommends that the Australian Government legislate to extend workers' and trade unions' rights to collectively negotiate the terms and conditions of employment.

**Recommendation 14**

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4.133 The committee recommends that the Australian Government conduct research into the direction and further development of digital platform work, to ensure that proposed changes emanating from this report have the intended impact, in protecting workers.

**Recommendation 15**

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4.134 The committee recommends that the Australian Government consider and implement measures aimed at reducing the exploitation of interns.

**Recommendation 16**

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4.135 The committee recommends that Australian Government policy support and facilitate both existing and new measures allowing greater flexibility to workers to manage family, caring and other responsibilities, creating greater opportunity for family, education and community engagement.

**Recommendation 17**

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4.136 The committee recommends that further consideration be given to implementing portable leave schemes—which allow individuals to accrue leave entitlements across their working lifetime and transfer them to new positions—across a range of industries, recognising the increasingly flexible working patterns of modern Australians.



# Chapter 5

## Knowledge and skills

- 5.1 In previous chapters of this report the committee explored ways in which work and workplaces are changing in Australia, and the challenges facing current and future generations of workers.
- 5.2 It is clear from the evidence received that, with appropriate policy responses, technological and other major changes to society can be managed for the common good, to build on our quality of life. It is also clear that preparing current and future workers will be key to maximising the benefits that those changes offer and mitigating the risks they present. Failure to provide Australians with the skills and knowledge needed for the jobs of the future, will see technological and other change further entrench inequality, between those with and without the necessary skills. It is also important that any changes made to the education and training that Australians receive are complemented by changes in other policy areas, such as the proposals contained in this report to workplace relations and social security.
- 5.3 The next section of this report looks at the changes needed to our education and training systems, to prepare Australians for the future of work. Most evidence received by the committee related to post-secondary education and training, however it is recognised that ensuring Australians are prepared for the future is also a function of early childhood and school-based education.

### **Equipping people with the right knowledge and skills**

- 5.4 Chapter 3 of this report looked at how technological and other change would impact work and workers in coming years, while Chapter 2 showed that the bulk of new jobs in Australia have been in the service industries. With the next wave of growth expected to come from industries such as communications, education, tourism, health and financial services, the University of Sydney cited Reserve Bank of Australia Governor Philip Lowe's assessment of the key determinants of our future prosperity and competitiveness as a nation:
  - our national capacity for high-level cognitive skills and the ability to understand and solve complex problems;
  - having people who are curious, able to grasp new opportunities, and able to transform and interpret information in new ways using new technology;
  - the strength of our workforce's interpersonal skills to provide the premium services that will attract premium prices in the global marketplace; and

- our national capacity to develop a culture that promotes and rewards creativity, flexibility, innovation, excellence, entrepreneurship and risk taking.<sup>1</sup>

5.5 The University of Sydney also cited recommendations made by the Committee for Economic Development of Australia (CEDA). Recommendations made by CEDA which are relevant to Australia's education system include the need to:

- develop a unified, overarching policy framework to guide the allocation of investment in education and training from early childhood to tertiary education;
- ensure all stages of the education process focus on instilling competencies rather than the retention of specific knowledge;
- examine extending the formal education system to include a public learning-focused childcare and preschool system as an affordable part of the early education package; and
- establish digital literacy as a basic competency for all workers in the future.<sup>2</sup>

5.6 The committee heard that employers look for and graduates need the following skills today:

- Sense-making - ability to determine the deeper meaning or significance of what is being expressed
- Social Intelligence - ability to connect to others in a deep and direct way, to sense and stimulate reactions and desired interactions
- Novel and Adaptive thinking - proficiency at thinking and coming up with solutions and responses beyond that which is rote or rule-based
- Cross-cultural competency - ability to operate in different cultural settings
- Computational thinking - ability to translate vast amounts of data into abstract concepts and to understand data-based reasoning
- New-media literacy - ability to critically assess and develop content that uses new media forms, and to leverage these media for persuasive communication
- Transdisciplinarity - literacy in and ability to understand concepts across multiple disciplines
- Design mindset - ability to represent and develop tasks and work processes for desired outcomes
- Cognitive load management
- Virtual collaboration - ability to work productively, drive engagement, and demonstrate presence as a member of a virtual team.<sup>3</sup>

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1 University of Sydney, *Submission 79*, p. 4.

2 University of Sydney, *Submission 79*, p. 5.

3 University of Technology Sydney, *Submission 81*, p. 3.

## Higher education

- 5.7 Submissions made by several universities pointed to the critical role tertiary education plays in ensuring that these skills are developed and young Australians are prepared for the future of work:<sup>4</sup>

As more and more traditional jobs disappear through automation or redundancy, universities will play a crucial role in equipping workers with the skills and high-order knowledge required to thrive in new fields of work.<sup>5</sup>

- 5.8 A submission from the University of Technology Sydney (UTS) elaborated, adding that universities directly benefit the economy by producing skilled graduates:

University graduates are increasingly critical for the whole Australian economy and workforce, particularly the knowledge economy that Australia needs to move towards. In 2014 Australian universities educated 1.3 million students and produced 300,000 skilled graduates and as a result are key economic powerhouses – universities directly contributed \$25 billion to our GDP in 2013 and the skills of our graduates were worth \$140 billion to the economy in 2014. The skills of our graduates will contribute more to Australia's innovation agenda than almost any other initiative...It is crucial to note that universities are job creators. For every 1000 university graduates who enter the Australian workforce, 120 new jobs are created for people without university degrees.<sup>6</sup>

- 5.9 This contribution, UTS added, is part and parcel of universities' duty to society:

[W]e are public institutions and as such have a responsibility to positively contribute to the communities around them and deliver positive change. Universities must play a role in ensuring societal and economic wellbeing, preparing the future workforce for success is core to our mission.<sup>7</sup>

- 5.10 The former Labor Government's decision to move to a demand driven funding system (by uncapping undergraduate places) allowed Australia's higher education system to better respond to the needs of the labour market. After years of constrained demand, uncapping the system allowed universities to innovate with new programs and modes of delivery which better met student, as well as business, needs. Growth in enrolments was significant with students from low SES backgrounds, regional and remote Australia, and ATSI Australians. All of this progress is at risk because of the Government's 2017 MYEFO decision to freeze funding in 2018 and 2019 and effectively reintroduce a capped system from 2020 onwards.

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4 See for example University of Sydney, *Submission 79*, p. 3; Australian National University, *Submission 12*, p. 2; University of Technology Sydney, *Submission 81*, p. 1.

5 Australian National University, *Submission 12*, p. 2.

6 University of Technology Sydney, *Submission 81*, p. 2. As well as equipping Australian graduates with skills for the jobs of tomorrow, the international education universities provide is Australia's third-largest export and largest services sector export, UTS submitted. International education generates around \$19.2 billion annually and plays an important role in Australia's research, trade and diplomatic engagement with the rest of the world.

7 University of Technology Sydney, *Submission 81*, p. 2.

- 5.11 The National Tertiary Education Union cautioned that the vital role played by the higher education sector is being undermined by the government's recently announced cuts to universities:

Current government policy and direction in higher and vocational education and research is alarmingly short-sighted, driven almost exclusively by the budget bottom-line with the most recent consequence being major cuts to public investment in tertiary education. This has led to a lack of policy coherency and indeed contradictory measures to the stated aims of developing a tertiary education system able to meet future workforce challenges.

A recent illustration of this is the Coalition Government's latest higher education policy position, announced as part of the 2017-18 MYEFO statement on Monday 18 December 2017, which slashes public investment in Australian universities by more than \$2billion and undermines the critical role universities play in educating and training the Australian workforce. There is a fundamental disjuncture between the significant structural change the Australian economy and labour market is undergoing and the direction of the Coalition government's tertiary education policies.<sup>8</sup>

- 5.12 A submission from Universities Australia discussed government funding to universities, noting the important role universities play in equipping graduates with the 'advanced generic and specific skills' necessary for employment and participation in the workforce:

Given the wide-ranging importance of higher education and research, UA is disappointed that recent governments have prioritised cuts to universities in the pursuit of Budget savings. There is no case for large cuts of the kind that recent governments have proposed.<sup>9</sup>

- 5.13 Other submitters called for more precise identification of skills gaps. In order to prepare graduates for the jobs of tomorrow, the committee heard, universities must first understand the combinations of skills where the gaps in the labour market are likely to be and which skills will be required. The committee noted that CEDA in 2015 predicted that jobs requiring low levels of social interaction, creativity and mobility were most likely to be at risk of replacement by computer technology.<sup>10</sup> Similar conclusions were made by other institutions, such as Charles Sturt University.<sup>11</sup> The Australian National University (ANU) submitted that graduates were increasingly likely to rely on a combination of skills:

Recent research out of the Tepper School of Business suggests that workers who possess 'synergistic' skills that can be used in combination to

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8 National Tertiary Education Union, *Submission 62*, p. 1.

9 Universities Australia, *Submission 158*, p. 2.

10 University of Sydney, *Submission 79*, p. 5.

11 Charles Sturt University, *Submission 95*, p. 10.

undertake complex tasks are more successful when it comes to meeting labour market needs as they arise.<sup>12</sup>

- 5.14 Business groups such as Australian Chamber of Commerce and Industry (ACCI) argued that there is a lack of government analysis to enable linkages between job growth projections with higher education and vocational education and training (VET) providers' decisions about course offerings:

...previously, there were agencies in the workforce—a productivity agency, and before that Skills Australia—that were tasked with the responsibility to do workforce development strategy every couple of years. Regardless of whether this is a separate agency or not, that task no longer exists. So there is a tremendous opportunity.

There have been a lot of machinery-of-government changes between employment and education and training, and even industry, because it started out with industry as well, to try and work out whose responsibility it is. Primarily, it's now with jobs and small business—formerly employment. They need to better coordinate, and the government needs to better coordinate, a whole-of-government approach to workforce development and actually have a formal structure, not just deliver a strategy. The document is important, but the process is just as important as the document because it engages a whole range of stakeholders outside of government in the discussion—exactly the discussion you're having now: what are the demands for the future? Where are the skills of the future? Where should we be putting our investment in skills? And, most importantly, what should we be telling the people who are wondering where their careers will be where they should put their effort? Fundamentally, we think that the informed marketplace is critical to the future of work solutions.<sup>13</sup>

- 5.15 The call for more government-backed job market forecasts was supported by leaders in the higher education sector, the Group of Eight (Go8):

Put simply, in Australia, there is no longer access to high-level strategic advice on employment forecasting, and the question has to be asked: why not? If we're serious about managing employment change, then why would we not have access to such vital information for analysis and policy formulation? Educators need it. You can only fly blind for so long, because today's world, as we know, moves so fast. Sectors evolve and sectors crash. A skills shortage can turn into a skills glut in the years between student enrolment and student graduation. The government must re-establish a national capability to provide high-level strategic advice on workforce and employment forecasting. For example, the now-defunct Australian Workforce and Productivity Agency was enabled to undertake research and develop long-term strategy in key areas that informed industry activity and direction. Such a body is even more critical as we move from a

12 Australian National University, *Submission 12*, p. 2.

13 Ms Jenny Lambert, Director, Employment, Education and Training, Australian Chamber of Commerce and Industry, *Committee Hansard*, 20 February 2018, p. 17.

demand-driven system to a system which reflects the needs of Australia and our economy.<sup>14</sup>

5.16 The committee noted evidence from the Department of Jobs and Small Business, which produces employment projections over five years, updated annually.<sup>15</sup> No evidence of longer-term projections was provided to the committee. Evidence from non-government stakeholders did not suggest that these five year projections were sufficient.

5.17 UTS pointed to a recent Employer Satisfaction Survey which indicated that employer satisfaction with graduate skills was strong and growing, with 90 percent of employers reporting that university graduates were well-prepared for their roles. Furthermore, UTS submitted, available data indicate that 71 per cent of university graduates are in full-time employment. Australian universities, UTS concluded, have never been stronger.<sup>16</sup> A submission from the Go8 supported this conclusion, similarly referring to high overall employer satisfaction with recent university graduates, and adding that:

This is, of course, contrary to the commentary that suggests university graduates are neither well prepared for the workplace by their university experiences nor highly valued by their employers. In fact they are; on both counts.<sup>17</sup>

5.18 The committee heard that universities were reviewing educational programs and industry engagement to optimise outcomes for students and consider how best to contribute to a future which would likely to require workers to engage in lifelong learning. The University of Sydney, for example, submitted:

Over the course of our 2016-20 Strategic Plan we are transforming our generalist, professional and higher degree by research programs to further equip graduates for work in the future, and importantly, for life outside of traditional work. Our transformed curriculum ensures that all of our students will not only graduate with expertise in their primary field of study but also with the skills to work effectively across cultural and disciplinary boundaries and to collaborate with others to solve problems that require expertise from many fields. All of our students can also choose to develop expertise in a second field of study, and hence build the versatility of mind likely to be required by the rapidly changing nature of work, or master increasingly applicable and complementary knowledge and skills in areas such as computing, data science, design, digital cultures, entrepreneurship, information technology, mathematics and statistics, and project management.<sup>18</sup>

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14 Ms Vicki Thomson, Chief Executive, The Group of Eight, *Committee Hansard*, 4 June 2018, pp. 14–15.

15 Mr Ivan Neville, Branch Manager, Labour Market Research and Analysis, Department of Jobs and Small Business, *Committee Hansard*, 4 June 2018, p. 54.

16 University of Technology Sydney, *Submission 81*, p. 2.

17 Group of Eight Australia, *Submission 105*, pp. 1–2.

18 University of Sydney, *Submission 79*, p. 4.

- 5.19 Among other recommendations, Charles Sturt University called for emphasis to be placed on technology literacy.<sup>19</sup> Other universities, such as the ANU called on universities to 'foster a culture of adaptability' and 'an appetite for uncertainty' among students. The ANU cited a number of programs it had in place which focus specifically on skill development for future employment.<sup>20</sup>

### *Geographical context*

- 5.20 The committee also heard that Australian students require education which takes into consideration our geographical location. In this vein, the ANU called for greater investment in current and future workers' proficiency in Asian languages and cultures, noting that the nation's economic prosperity is predicted to become increasingly reliant on regional neighbours we are linguistically and socially disconnected from at present.<sup>21</sup>

Without significant investment in Asia-Pacific culture and language programs, the future Australian workforce could become sharply segregated between bilingual workers who are able to thrive and monolingual workers who are left behind.<sup>22</sup>

- 5.21 The university commended the government's investment in this area to date, noting the governments New Colombo Plan (NCP)<sup>23</sup> specifically, but called on the government to consider:

- Significantly expanding language programs across the higher education sector including the funding of Diploma of Language programs with a particular focus on the Asia-Pacific region.
- Creation of an overseas internship support program – perhaps with links to the New Colombo Plan – that assists Australian students in finding and participating in internships in the Asia-Pacific region.
- Incentivizing Australian students to seek out work experience and opportunities overseas and also encouraging international students to seek out internship opportunities in Australia.<sup>24</sup>

### *Teaching employability*

- 5.22 To better establish and anticipate evolving workforce trends and the skills required from graduates, the ANU supported stronger links between universities and the business community.<sup>25</sup> A variety of ways to achieve this exists, the ANU submitted, including:

At an undergraduate level, student interactions with corporations and SMEs through internships and work experience adds a crucial dimension

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19 Charles Sturt University, *Submission 95*, p. 21.

20 Australian National University, *Submission 12*, p. 2.

21 Australian National University, *Submission 12*, p. 3.

22 Australian National University, *Submission 12*, p. 3.

23 The New Colombo Plan provides scholarships and grants to students seeking to study in Asia. See <https://dfat.gov.au/people-to-people/new-colombo-plan/Pages/new-colombo-plan.aspx> (accessed 3 September 2018).

24 Australian National University, *Submission 12*, p. 3.

25 Australian National University, *Submission 12*, p. 2.

to a university education that is invaluable in preparing students for the workplace. Moreover, close partnerships between academics and industry ensures visibility of future workforce needs and allows degree programs to be embedded with new and emerging skills as the economic impetus for them arises.<sup>26</sup>

5.23 Similarly, UTS discussed universities' responsibility to prepare students by working with other tertiary education providers, such as TAFE institutions, and businesses. UTS submitted that this cooperation would help to:

- (1) Effectively ensure that our students become resilient and adaptable lifelong learners.
- (2) Instil 'boundary crossing' skills and capabilities, such as creative problem solving and design thinking, as well as specialised domain knowledge and importantly, resilience.
- (3) There is also a need to help the current workforce upskill and gain the skills they need to adapt and succeed in the future workforce.<sup>27</sup>

5.24 The committee took evidence on the skills and capabilities students will need to meet the changing demands of employment. UTS submitted that students will need to learn 'skills and capabilities for jobs and problems that don't even exist yet', which the university is addressing in five ways:

- (1) Implementing over the last 3 years a new approach to learning, Learning Futures, focusing on equipping graduates with the new skill sets necessary for success and developing a generation of lifelong learners.
- (2) Completely redesigning our learning and university facilities
- (3) Listening to our student's demands and focusing on developing innovation and entrepreneurial programs for our students at scale
- (4) Moving towards internship or internship like experience for all UTS undergraduates
- (5) Entirely rethinking postgraduate education including who new delivery partners in this area can be (i.e. TAFE and Businesses)<sup>28</sup>

5.25 Caution was urged, though, by some submitters, such as Professor John Buchanan, who referred to new work he has undertaken with colleagues at the University of Sydney for the New South Wales Department of Education. The report cautions against relying overly on 'generic' skills to guide education into the future.

Many prescriptions in the current 'future of work' literature are predominantly concerned with developing what is best described as the ultra-flexible worker – i.e. people able to meet ever-changing market requirements. Drawing on the health, humanities and social science

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26 Australian National University, *Submission 12*, p. 2.

27 University of Technology Sydney, *Submission 81*, p. 2.

28 University of Technology Sydney, *Submission 81*, pp. 2–3.

disciplines we highlight the importance of nurturing productive, flourishing citizens.<sup>29</sup>

5.26 The authors argue that ‘specific knowledge is important’ and that to gain generic skills, such as the ability to analyse, make decisions and problem solve are:

...often best acquired in the context of mastering specific disciplinary, trade or professional expertise (i.e. having something substantive to contribute to a team or solving a problem).<sup>30</sup>

5.27 The ANU called for government support to facilitate stronger links between universities and the business community, suggesting the following ways support could be offered:

- Creation of a national upskilling agenda to ensure that workers have the skills to smoothly transition out of declining industries and into emerging ones.
- Greater ease of access for SMEs seeking education and training.
- Investment in digital education to allow workers to easily access knowledge and skills throughout their career.<sup>31</sup>

5.28 Swinburne University of Technology, a dual sector university delivering both higher education and vocational education and training, also cited the importance of involvement from the business community. The university advocated a holistic approach to education, one that is designed to provide students with the precise mix of skills needed for the future. Applying such an approach would help embed the concept of employability in higher education.<sup>32</sup>

5.29 The university provided the following diagram, sourced from the United Kingdom Higher Education Academy's *Framework for embedding employability in higher education*, depicting the integrated elements required:

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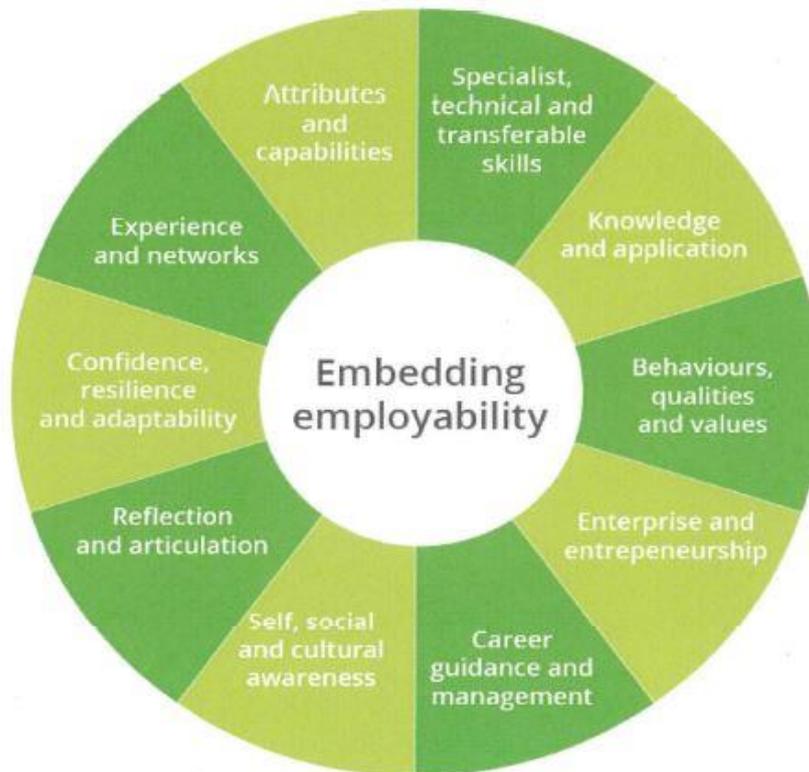
29 Professor John Buchanan, Dr Rose Ryan, Professor Michael Anderson, Professor Rafael A. Calvo, Professor Nick Glozier and Dr Sandra Peters, *Preparing for the best and the worst of times*, a report for NSW Department of Education, 2018, p. 3.

30 Professor John Buchanan, Dr Rose Ryan, Professor Michael Anderson, Professor Rafael A. Calvo, Professor Nick Glozier and Dr Sandra Peters, *Preparing for the best and the worst of times*, a report for NSW Department of Education, 2018, p. 3.

31 Australian National University, *Submission 12*, p. 2.

32 Swinburne University of Technology, *Submission 5*, p. 5.

**Figure 5.1 Embedding employability**



Source: Swinburne University of Technology, Submission 5, p. 6.

5.30 The university gave a practical example of how universities can embed employability into the qualifications they provide. Its Bachelor of Engineering Practice (Honours) course is industry co-created and delivered. The course:

- is entirely practice based;
- embeds additional credentials which equip students with skills and capabilities that are industry-validated as part of their qualification; and
- uses portfolio assessment, reflecting industry requirements for knowledge, skills and attributes which span several discipline boundaries.<sup>33</sup>

5.31 Students undertaking the course, Swinburne University added, are supported by both academic and industry mentors within a professional learning environment which equips them for industry. The course curriculum delivers students core knowledge required for engineering accreditation, but also provides additional skills required by industry, adapts to emerging technology, and engages students in research, development, innovation and entrepreneurship.<sup>34</sup>

5.32 Employability was also discussed by Dr Peter McIlveen, who gave evidence in a private capacity and spoke about characteristics which make people employable:

What makes a person employable is not just a matter of having a bunch of skills and qualifications and knowledge. A person can be the brightest and most skilled individual in the world but completely unemployable. So what is it that makes the person like that? The research and work that we

<sup>33</sup> Swinburne University of Technology, Submission 5, p. 5.

<sup>34</sup> Swinburne University of Technology, Submission 5, p. 5.

do in my team is focused on: what are the things beyond having the qualification? What is it that the person brings to the situation?<sup>35</sup>

- 5.33 Dr Attila Brungs, Vice-Chancellor and President of UTS, echoed this view and the importance of imbuing students with the right attitude from a young age:

One of the key things we'll need in all of this is—let's call it—an attitude or approach of resilience and adaptability, and that starts way back in school. The students that I welcome today, when they're as old as me—I've had three jobs; they all laugh at me when I say that—will have had 30 different jobs in different careers, and that has a mindset of adaptability, resilience and flexibility that I think we have to think through all of our underpinning educational foundations. We have to build it right back in school, not just at TAFE or at the universities. At universities, we're doing our best to build that in when we get the students, but that's why this integrated, whole picture is very important. It's not just the skills you learn but the way you think and the way you approach using those skills, and your mindset about the importance of picking up skills all the way through your life.<sup>36</sup>

- 5.34 The University of Sydney made the point that schools were an important aspect of universities' capacity to produce quality graduates, because schools help shape students before they begin higher education:<sup>37</sup>

Unless we can lift pre-tertiary learning outcomes – particularly in enabling Science Technology Engineering and Mathematics (STEM) disciplines and in second-language acquisition – we risk leaving many millions of people behind both economically and socially. If this occurs it is likely that there will be significant budget implications for future governments due to reduced economic growth, and higher welfare, health and other costs.<sup>38</sup>

- 5.35 Dr Peter McIlveen noted that career education, rather than one-on-one career counselling, can be useful for primary school-age children. Although the concept of talking to such young children about careers was controversial, Dr McIlveen stated, children in fact begin thinking and talking about careers at a very young age.

It's a controversial concept, but, outside the controversy, the evidence is there that young children already start talking about career as soon as they can pick up a book—as soon as someone asks, 'Hey, what are you going to be when you grow up?' It starts early anyway. I think we're better off thinking, 'If kids are going to do this in whichever context they're living, how do we make sure that what they're learning about the world of work and the future of work is actually the most effective for them in their own circumstances?'<sup>39</sup>

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35 Dr Peter McIlveen, private capacity, *Committee Hansard*, 20 February 2018, p. 40.

36 Professor Attila Brungs, Vice-Chancellor and President, University of Technology Sydney, *Committee Hansard*, 21 February 2018, p. 79.

37 University of Sydney, *Submission 79*, p. 3.

38 University of Sydney, *Submission 79*, p. 3.

39 Dr Peter McIlveen, private capacity, *Committee Hansard*, 20 February 2018, pp. 43–44.

- 5.36 A similar point was made by Ms Vicki Thomson, Chief Executive of the Group of Eight, who also discussed guidance counselling for secondary students.<sup>40</sup> Ms Thomson told the committee that university involvement in students' lives begins at school:

The university's involvement usually starts well before year 12. You would find most universities are involved in career guidance at schools in year 10, particularly in the science areas where we know that we lose a lot of kids from years 9 and 10 if we don't continue them on. So that career guidance really commences working with career counsellors much earlier than year 12, and students are often making decisions—and this is the challenge—when they are 15 or 16 to take a particular career path, because their view is they need to make those decisions to choose the subjects they do in year 11 and 12 to get them into that particular course.<sup>41</sup>

- 5.37 The committee also noted support for secondary schools to teach students about their rights at work in the context of employability. This does not receive much attention in the curriculum at present, but an understanding of the employment environment and workers' place within it is an important aspect of strengthening the workplace laws discussed in Chapter 4 of this report.<sup>42</sup> On the need to improve students' knowledge of their workplace rights and responsibilities, representatives of the Youth Affairs Council of Western Australia told the committee:

I think that's definitely something that comes as part of the practical workplace knowledge, and that was reflected in our survey results and in a number of specific responses—that people were actually concerned about these rights and even had a lack of knowledge about these rights. So that is something that's part of this broader knowledge transformation from theoretical knowledge to practical knowledge. Young people need to be taught about how to navigate the workplace and how their rights affect them in the workplace, and then that needs to translate to policy change about providing them with those sufficiently protective rights.<sup>43</sup>

### **The importance of Vocational Education and Training**

- 5.38 It was widely understood by submitters that a high quality and responsive vocational education and training system will be essential to ensuring that people are well prepared for an uncertain future of work. Projections by the Department of Jobs and Small Business show that jobs growth over the next five years will be highly concentrated in occupations that require VET qualifications.<sup>44</sup>
- 5.39 Witnesses such as Mr Robert Petherbridge, the Executive Director of Strategic Policy at TAFE Queensland explained the very close correlation between the courses provided by the VET sector and areas of skills shortages or occupational needs:

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40 Ms Vicki Thomson, Chief Executive, Group of Eight, *Committee Hansard*, 4 June 2018, p. 17.

41 Ms Vicki Thomson, Chief Executive, Group of Eight, *Committee Hansard*, 4 June 2018, p. 18.

42 See discussion *Committee Hansard*, 20 February 2018, p. 47.

43 Mr Stefaan Bruce-Truglio, Policy and Advocacy Officer, Youth Affairs Council of Western Australia, *Committee Hansard*, 12 March 2018, p. 45.

44 Department of Jobs and Small Business, *Australian Jobs 2018*, p. 31.

...the vocational education and training sector has delivered over a number of years the skills actually needed in areas of need for the economy. At a broad national level, that is a pretty important point to make and for us reinforces the importance and the need for the sector.<sup>45</sup>

- 5.40 TAFE has been central to Australia's VET system for many years. Life-long learning, education and training with direct relevance to the labour market, and working with and alongside local employers and communities has been at the centre of the TAFE mission since the Kangan Review in 1974.<sup>46</sup> These are among the key features that submitters saw as critical for education institutions in preparing students for the future of work.
- 5.41 It is now well recognised that Australia's TAFE and vocational education system is under significant pressure as a result of poor and incoherent policy development. Recent reviews of vocational education and training conducted by the Productivity Commission, the Business Council of Australia, and most recently, by former senior public servant, Terry Moran, have all identified deep flaws in the system. In his review Mr Moran found that the National VET system has been fragmented and devalued; that there is no effective governance, the funding arrangements are chaotic, and there is no national strategy. Quality and trust in the system has been damaged by privatisation, unhealthy competition and poor regulation.

#### *Funding cuts*

- 5.42 Despite the strong role that the VET sector is likely to play in training the workers of the future, submitters from across the board were critical of large funding cuts that the sector has experienced. For example, representatives of the Australian Manufacturing Workers' Union (AMWU) told the committee that 'there is a significant, marked and quite disgraceful failure to invest in vocational education and training in this country.'<sup>47</sup>
- 5.43 In a similar fashion business representatives such as the Australian Chamber of Commerce and Industry criticised the "fundamental disinvestment in vocational education and training":

...We have seen a 15 to 20 per cent reduction in investment by both state and territory governments as well as the federal government in vocational education and training...

There is no other sector in the education area that is seeing a real and absolute decline in funding. Every other sector—from child care through to the higher end—has grown in investment. VET has gone backwards.<sup>48</sup>

- 5.44 Data compiled by the Mitchell Institute clearly illustrates how VET sector funding has been cut drastically since 2011-12, and is now barely above 2005-2006 levels in real

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45 Mr Robert Petherbridge, Executive Director, Strategic Policy, TAFE Queensland, *Committee Hansard*, 20 February 2018, p. 51.

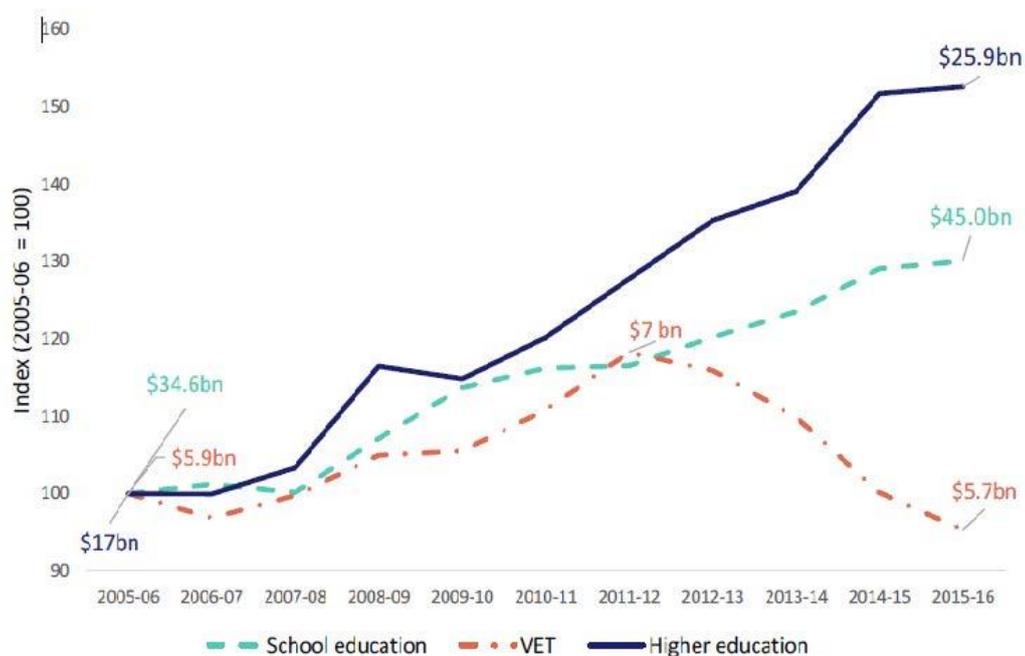
46 The Kangan Review of Technical and Further Education, 1974.

47 Mr Andrew Dettmer, National President, Australian Manufacturing Workers' Union, *Committee Hansard*, 20 February 2018, p. 66.

48 Ms Jenny Lambert, Director, Employment, Education and Training, Australian Chamber of Commerce and Industry, *Committee Hansard*, 20 February 2018, pp. 16–17.

terms (see Figure 5.2). These results are particularly stark when compared with relative funding levels for school education and higher education.

**Figure 5.2 Expenditure on education by sector 2005-06 to 2015-16**



*Expenditure on education by sector 2005-06 to 2015-16 (base year 2005-06 = 100)*

*Source: Mitchell Institute analysis of Australian Bureau of Statistics data (custom request)<sup>49</sup>*

5.45 The Reserve Bank Governor has also made the point that employers as a group are currently not investing in skills development to the degree that is required:

One explanation for why firms are reporting that it is hard to find workers with the necessary skills is that the very high focus on cost control over recent times has led to reduced work-related training.<sup>50</sup>

5.46 This can be seen in the decline in trade apprenticeships that started in 2013 and continue to worsen. Australia currently has the lowest trade training rate in more than a decade.<sup>51</sup>

### *The importance of TAFE*

5.47 Witnesses were also generally critical of the privatisation of the VET sector and the impact that this had on public provision by TAFE. For instance, Dr James Stanford, the Economist and Director of the Centre for Future Work submitted:

...the failures of Australia's vocational education and training system in particular are abysmal and we need to modernise, reinvest in and reorient

49 Mitchell Institute, [www.mitchellinstitute.org.au/wp-content/uploads/2017/12/Expenditure-on-education-and-training-in-Australia-2017.pdf](http://www.mitchellinstitute.org.au/wp-content/uploads/2017/12/Expenditure-on-education-and-training-in-Australia-2017.pdf) (accessed 10 September 2018).

50 Mr Phillip Lowe, Governor of the Reserve Bank of Australia, Speech to Australian Industry Group, 13 June 2018.

51 National Centre for Vocational Education Research, *Historical time series of Apprenticeships and Traineeships in Australia*, December 2017.

the vocational training system away from these fly-by-night operators who see a quick buck in basically misleading people into thinking, 'If I give them money, I'm going to get a job at the end' into something that's higher quality, more stable and more publicly accountable.<sup>52</sup>

5.48 The AMWU's submission was also critical of privatisation, urging the government to create 'good' jobs including by '[m]aking training and education once more a public good rather than an opportunity for rent seeking by private capital'.<sup>53</sup>

5.49 Similar sentiments about the flawed privatisation of the VET sector were echoed by Mr Tim Lyons, a Research Fellow at Per Capita:

I think that the key to it really is to have a proper publicly controlled TAFE system, frankly. That's got to be the anchor. I'm not saying that would be the only way—or the only provider—but if you have the government acting as an anchor provider then the market operates around an ethical, quality provider, and you avoid some of the kind of free-for-all circumstances. If you just had people put this money into a barely supervised market of vocational education providers, I think you'd see the potential for some bad outcomes. But I think this is an opportunity to revisit the failed policy of the marketisation of the TAFE sector in all states and part of a way of being able to provide a funding base for that, and also to have a slightly broader conception of what technical and further education looks like—not just the traditional trades, I suppose.<sup>54</sup>

#### *The need for cohesion in vocational education and training*

5.50 The fragmentation of VET qualifications into narrow occupations and pieces has been observed by Australian VET researchers for some time. There is also a large body of international work that describes the on-going tension in vocational education whereby employers are inclined to train for the immediate needs of the enterprise rather than the future and long term needs of an industry.<sup>55</sup>

5.51 In his verbal submission Professor Buchanan warned against the disaggregation of education into fragments, noting the recent push for modularised learning from some quarters, and how the breaking down of education would jeopardise people's capacity to gain deep and transferrable skills and knowledge to enable them to move between jobs:

The Business Council of Australia, for example, has been saying that it looks forward to the day when every person in Australia has their own qualification. Think about it. Qualifications mean nothing then. I think maintaining the coherence in your education system and your qualifications framework is very important. The interesting question – and this is the question I think your committee should reflect on – is: what are

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52 Dr James Stanford, Economist and Director, Centre for Future Work, Australia Institute, *Committee Hansard*, 21 February 2018, p. 33.

53 AMWU, *Submission 77*, [p. 7].

54 Mr Tim Lyons, Research Fellow, Per Capita, *Committee Hansard*, 13 March 2018, p. 6.

55 Professor Ewart, *Keep Opening the 'Black Box' – the increasing importance of a public policy focus on what happens in the workplace*, A report for Skills Development Scotland, April 2013.

the domains of expertise we should be developing now that can equip people with the capacity to adapt to a rapidly changing future?<sup>56</sup>

5.52 Professor Buchanan suggested that the design of the system, at its heart, should seek to nurture productive and flourishing citizens rather than ultra-flexible workers.<sup>57</sup> This requires an education and qualification system that prepares people with broad, deep and transferrable skills and knowledge, and not a system that requires individuals to undertake constant and fragmented training.

5.53 The submission from the National Centre for Vocational Education Research (NCVER) describes the current use of 'skill sets' in the vocational education and training system and that they are gaining popularity. NCVER echo the point made by Professor Buchanan that they should not displace full qualifications:

Skill sets should be seen as complementary to a system focused on the achievement of full qualifications (Mills et al, 2012). The training solutions that are developed need to allow for the expanded scope of tasks in existing roles, allowing existing worker up-skilling and use of new technologies (Seet et al 2018).<sup>58</sup>

5.54 The NCVER also highlights the need to ensure vocational education provides broad and transferrable skills which is increasingly important in an environment where the specific skill needs of the future are uncertain:

In a future economy with frequent work dislocation and differing skills needs in emerging jobs (Snell et al 2016:2), the prevailing VET institutions must deliver transferable skills. It is important to move beyond thinking about training for 'jobs' toward acquiring skills and clusters of skills which are portable across multiple jobs and which opens up a range of different potential work prospects.<sup>59</sup>

5.55 Research work referred to by NCVER above, proposes the use of 'vocational streams' as a set of linked occupations with related skills within a broad field of practice, as a potentially better means of organising vocational education to prepare the workforce for careers, rather than narrow occupations and pieces of qualifications.<sup>60</sup>

#### *Linkages between VET and higher education sectors*

5.56 Submitters observed that there are longer-term challenges that will require a fundamental rethinking of the way we structure our entire education system, particularly post-school. Increasingly, Australians are moving in and out of education and training and the labour market more regularly throughout their lives, as they

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56 Professor John Buchanan, private capacity, *Committee Hansard*, 4 May 2018, p. 25.

57 Professor John Buchanan, private capacity, *Committee Hansard*, 4 May 2018, p. 24.

58 National Centre for Vocational Education Research, *Submission 129*, p. 2.

59 National Centre for Vocational Education Research, *Submission 129*, p. 4.

60 Yu, S, Bretherton, T & Buchanan, J, *Defining vocational streams: insights from the engineering, finance, agriculture and care sectors*, NCVER, 2013, [www.ncver.edu.au/publications/publications/all-publications/defining-vocational-streams-insights-from-the-engineering,-finance,-agriculture-and-care-sectors](http://www.ncver.edu.au/publications/publications/all-publications/defining-vocational-streams-insights-from-the-engineering,-finance,-agriculture-and-care-sectors) (accessed 18 September 2018).

change jobs, take on caring responsibilities and then return to work, or seek to reskill or update their current qualifications.

5.57 This means we need an education and training system that allows for seamless transitions throughout a lifetime of learning. To achieve this, Australia's post-secondary education systems should work together more effectively so that:

- Students can move flexibly between institutions and qualifications;
- Re-entry into education and training is easier, and prior qualifications are recognised as a starting point; and
- Funding arrangements across sectors and types of qualifications are fair and equitable.

5.58 Currently however, boundaries between VET and higher education in Australia remain confused and contested as a consequence of policy and funding reforms that have travelled along 'different tracks' over many years. This would need to change if we are to achieve the goal of greater connectivity and collaboration across our education sectors.

5.59 Witnesses highlighted the current lack of connectivity between our VET and higher education sectors. The head of business analytics at the University of Sydney Business School, Professor John Buchanan, who appeared in a private capacity, urged a rethink of the pedagogical distinctions between the two main post-school education providers:

We've got to rethink the relationship between academic and vocational knowledge. The current ways in which we conceive of the academic and the current ways in which we conceive of the vocational are narrow and unhelpful, and we've got to think about how we bring the domain of practice more into the academic sphere and how we bring the domain of underpinning knowledge and abstraction into the vocational sphere. We've got to think about the actual bodies of knowledge we're working with, and that's already happening. In the best vocational education system, the best educators are already bringing in underpinning knowledge. In the higher education sector there's a growing interest in work-integrated learning and the like. But a lot of this is ad hoc and on the margins of the system and hasn't been fully thought through as a way of structuring the system.<sup>61</sup>

5.60 Professor Attila Brungs, the Vice-Chancellor and President of the University of Technology Sydney, broadened calls for better connections across the entire education system:

...it is about the whole integrated system—everything from early childhood all the way through to what we call an integrated tertiary sector of VET, school, university, TAFE and so forth. To make sure that this all

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61 Professor John Buchanan, private capacity, *Committee Hansard*, 4 May 2018, p. 25.

lines up is absolutely critical for us to meet the challenges of what we're going to need in terms of the future workforce.<sup>62</sup>

- 5.61 Other stakeholders concurred, calling for a more integrated education system which would focus education—from early childhood, to school and tertiary education—on

[E]verything from early childhood all the way through to what we call an integrated tertiary sector of VET, school, university, TAFE and so forth. To make sure that this all lines up is absolutely critical for us to meet the challenges of what we're going to need in terms of the future workforce.<sup>63</sup>

- 5.62 Professor Buchanan made a related observation about the lack of investment by the business sector in education and training, calling for greater partnerships between industry and educators:

We need to think about partnerships in education, but it's about what role the employers are going to play. It's not about how educators can become more magically attuned to the whimsical needs of business; it's how business can step up to the plate and actually use the increased proportion of GDP factor shares that it now controls. Just as a simple fact, profit's share of GDP has increased by 50 per cent over the last 30 years. Business now controls 10 per cent of GDP that it didn't control 30 years ago. What's it done with it? It's delivered a GFC and a corrupt banking sector. So there are other ways of thinking about how you use those resources. I think that, when we're thinking about partnerships, it's not about how educators can bend over backwards and give the employers everything they want. It's about how we can have a collection of stakeholders thinking about the challenges coming forward and deploying resources where they're needed.<sup>64</sup>

- 5.63 Professor, Pi-Shen Seet, the Director of the Centre for Work and Organisational Performance, who appeared in a private capacity, described recent improvements in the collaboration between business interests and VET:

I think that the solution that TAFE has taken is to set up this, to really enhance the collaboration between employers and the VET sector. In the last year, the Australian industry skills committees have actually taken on a much more active role in changing the training packages and trying to make them more responsive to some of these things.<sup>65</sup>

- 5.64 However he also noted areas for improvement and highlighted the German model of engagement through Industrie 4.0 as the international benchmark:

But what has happened is that it's still a national approach and it's still an industry-specific approach and there's not, in my opinion, enough room for experimentation. If you take the previous question you asked—'Which

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62 Professor Attila Brungs, Vice-Chancellor and President, University of Technology Sydney, *Committee Hansard*, 21 February 2018, p. 76.

63 Professor Attila Brungs, Vice-Chancellor and President, University of Technology Sydney, *Committee Hansard*, 18 May 2018, p. 76.

64 Professor John Buchanan, private capacity, *Committee Hansard*, 4 May 2018, p. 25.

65 Professor, Pi-Shen Seet, private capacity, *Committee Hansard*, 12 March 2018, p. 52.

countries are doing it well, in all?—in our report, most of our literature is from Germany, because the Germans are studying this with intense fervour. They really want to understand how they're going to structure their training 20 years down the road.

- 5.65 The committee noted that OECD analysis confirms that Germany is a forerunner in advanced skill development while Australia is lagging in comparison. The OECD Skills Outlook 2017 reports that Australia does not have the skill base needed to engage effectively in global value chains, whereas Germany's superior performance has led to increased employment and improved social outcomes.<sup>66</sup>
- 5.66 The committee also noted the former Assistant Minister for Vocational Education and Skills, the Hon Karen Andrews MP, in a prepared speech to stakeholders in July this year, despite the evidence, presented a different view, stating that the Australian vocational education and training system '...is actually better than the German system'.<sup>67</sup>
- 5.67 Business groups themselves recognised the need for deeper engagement with students at all levels. On this point ACCI submitted:

We need to ensure businesses can employ people with the skills and capabilities they need to compete and succeed. We need to get much better at ensuring that the skills and competencies of our current and future workforce align with the demands of business. There must be improved involvement from industry at all stages of students' learning journeys.<sup>68</sup>

- 5.68 Restaurant & Catering Australia (RCA) added that employers in the hospitality industry particularly were experiencing recruitment difficulties due to a shortage of skilled Australian workers coming out of the VET system:

The lack of suitably skilled VET graduates at the local level has necessitated a heavy dependence on skilled labour sourced from overseas to sustain the financial viability of businesses in the hospitality sector. The dependence on skilled migrants to fill these positions can be seen in that cooks, chefs and cafe and restaurant managers were all in the top 15 nominated occupations for primary 457 visas granted in the 2015-16 financial year, with 2,374 457 visas granted for cooks, the highest of any occupation.<sup>69</sup>

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66 See [www.oecd.org/education/oecd-skills-outlook-2017-9789264273351-en.htm](http://www.oecd.org/education/oecd-skills-outlook-2017-9789264273351-en.htm) (accessed 18 September 2018).

67 The Hon Karen Andrews MP, former Assistant Minister for Vocational Education and Skills, Speech to VET Forum, July 2018, [www.karenandrewsmp.com.au/Newsroom/Speeches/ID/1709/Australias-VET-system-building-on-the-legacy-of-the-past-securing-our-future--Australian-Vocational-Education-and-Training-Forum](http://www.karenandrewsmp.com.au/Newsroom/Speeches/ID/1709/Australias-VET-system-building-on-the-legacy-of-the-past-securing-our-future--Australian-Vocational-Education-and-Training-Forum)

68 Ms Alana Matheson, Deputy Director, Workplace Relations, Australian Chamber of Commerce and Industry, *Committee Hansard*, 21 February 2018, p. 13.

69 Mr James Coward, Policy and Public Affairs Manager, Restaurant & Catering Australia, *Committee Hansard*, 21 February 2018, p. 15.

- 5.69 Of course, there is a counter view, that recruitment difficulties in the industry arise from poor work conditions, and that skilled migration is a simplistic solution, which avoids dealing with those conditions. Asked why VET schemes were not producing sufficient numbers of graduates, RCA attributed the shortage to people's negative perceptions of VET when compared to university, at least in the hospitality sector. These perceptions, RCA added, are harmful and do not reflect the opportunities VET presents:

When you have those perceptions being held by other sectors of the community, such as parents, teachers and careers advisers, those perceptions are really negative and harmful for the future prosperity of the industry, because there just aren't enough people coming into the hospitality sector industry to start with and then those people who are coming into the hospitality sector aren't staying for very long. So they are coming in for a few years and then not continuing with a long-term career within the sector. What we want to see promoted heavily within schools and within the VET sector is the idea that hospitality sector work is something you can do over a very long period of time, there are job opportunities there, you can travel overseas and there are a number of different skills which you can develop in hospitality sector work which are then also translatable into other industries and other sectors as well.<sup>70</sup>

- 5.70 ACCI drew a link between the points made by RCA and the lack of financial investment in VET, noting that disinvestment had resulted in decreased promotion of VET to prospective students and the subsequent skills shortage in some sectors. In order to deliver optimal outcomes for sectors which are reliant on VET for future workers, ACCI called on the government to ensure that skills are developed across different sectors and forms of education:<sup>71</sup>

It's not about higher ed versus VET. It's actually about governments; looking at them collectively and asking, 'What is being delivered in skills development across all of those sectors?'<sup>72</sup>

### **STEM skills**

- 5.71 STEM education focusses on an inter-disciplinary approach to the learning of science, technology, engineering and mathematics. STEM skills are increasingly important to our economy:

STEM, as we know, underpins a differentiated and readily adaptable economy that is globally competitive. It contributes to our research and it contributes to our competitive advantage, in an economic sense, with our very near neighbours, particularly in the Asian region.<sup>73</sup>

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70 Mr James Coward, Policy and Public Affairs Manager, Restaurant & Catering Australia, *Committee Hansard*, 21 February 2018, p. 16.

71 Ms Jenny Lambert, Director, Employment, Education and Training, Australian Chamber of Commerce and Industry, *Committee Hansard*, 21 February 2018, pp. 16–17.

72 Ms Jenny Lambert, Director, Employment, Education and Training, Australian Chamber of Commerce and Industry, *Committee Hansard*, 21 February 2018, p. 17.

73 Ms Vicki Thomson, Chief Executive, Group of Eight, *Committee Hansard*, 4 June 2018, p. 15.

5.72 Some stakeholders, such as the Group of Eight, reported a rise in business asking for more STEM graduates.<sup>74</sup> Others did not share this view; the Productivity Commission, for example, submitted that Australia's current labour market was 'not strongly receptive to STEM skills'.<sup>75</sup>

5.73 Data certainly indicate that STEM graduates have amongst the highest rate of unemployment:

So we have this disconnect and a significant gap in the productive capacity of the Australian economy. By way of example, between 2007 and 2016, of the 1.9 million domestic students who graduated, more than 387,000, or roughly 20 per cent, graduated in STEM disciplines, and some 44 per cent of those came from the eight universities that I represent. A significant proportion of those STEM graduates who were in full-time work soon after completing their degree indicate that they're working in jobs that don't fully utilise their skills or their expertise.<sup>76</sup>

5.74 Ms Anne Moore, founder and Chief Executive Officer of PlanDo Human Capital, reflected on this:

Sixty per cent of graduates leaving science last year, 2017, said that their expectation of employment in the first six months of graduation would be at Coles or 7-Eleven. So that, as a simple artefact, tells us that we've not got the employability of students, and long runways and the future of work, right yet.<sup>77</sup>

5.75 The committee also heard evidence suggesting that Australian students may be falling behind in STEM disciplines. Representatives from the Productivity Commission elaborated:

We identified a number of deficits [in Australia's education system] that are all actionable now. One was that in the school system, we saw, for example, teaching out of field. A large share of people in the STEM disciplines were being taught by people who were not trained in that discipline. We saw results falling in some key areas. A 15-year-old's maths skills today or in 2015 were equivalent to that of a 14-year-old in 2000 so that's a surprising drop in skill level. The VET sector, of course, has experienced major problems in recent years. Unquestionably, everybody is aware of that and is looking for solutions.<sup>78</sup>

5.76 Taking all of this into consideration, the Productivity Commission made a stark assessment of our education system, submitting that Australia's school, VET and university system was not delivering optimal student outcomes in STEM fields.

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74 Ms Vicki Thomson, Chief Executive, Group of Eight, *Committee Hansard*, 4 June 2018, p. 15.

75 Productivity Commission, *Submission 3*, p. 4.

76 Ms Vicki Thomson, Chief Executive, Group of Eight, *Committee Hansard*, 4 June 2018, p. 15. See also Productivity Commission, *Submission 3*, p. 4.

77 Ms Anne Moore, Founder and Chief Executive Officer of PlanDo Human Capital Pty Ltd, *Committee Hansard*, 4 June 2018, p. 2.

78 Mr Ralph Lattimore, Executive Manager, Canberra, Productivity Commission, *Committee Hansard*, 4 June 2018, pp. 49–50.

5.77 Ms Moore similarly concluded that the relative lack of favourable employment outcomes for STEM graduates indicates a deficiency in how our education system translates into the employment world.<sup>79</sup>

5.78 Other submitters noted the importance of nurturing and valuing creative, as well as STEM, skills:

The Creative Industries Council (2014) suggest this can best be supported through the promotion of STEAM (science, technology, engineering, arts and mathematics) subjects, rather than focusing on STEM which exclude the arts (which encapsulate the humanities and social sciences).<sup>80</sup>

5.79 The Chamber of Arts and Culture Western Australia emphasised the importance of STEAM skills in the context of appropriate management and oversight of automation:

What we are facing now is the increased automation of manufacturing and other repetitive tasks, in which there is little level of creative or empathetic thought required. However, this will place increased responsibility on those people who develop, oversee and refine such systems to ensure that they are human friendly. Empathy and divergent thinking is becoming an essential ingredient in any scientific, technological, engineering and mathematical undertaking. Yet current government policies are pushing an increased emphasis on STEM whilst reducing the number of courses and subsidies for creative courses. In short, we are in danger of producing a generation of workers who will know the price and measurement of everything, but the human value of nothing.<sup>81</sup>

5.80 This point was echoed by other stakeholders, such as the School of Social Science and Institute for Social Science Research at the University of Queensland, which called for more importance to be placed on STEAM, rather than simply STEM:

As I said, education's going to be a key part of that, but universities, in terms of adapting to change, move at glacial speed. This morning on the radio they were again talking about the importance of STEM. If you look at STEM and the risk in terms of automation and technology, they're equally exposed in terms of their capacity to be automated by machine, so I don't think we should be pushing a STEM line. It's trendy in my parts of the university to talk about STEAM, which is adding the arts in, but certainly those arts and humanities skills in terms of people negotiation and thickening democracy in terms of civics education are things we should be thinking about when we look at universities.<sup>82</sup>

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79 Ms Anne Moore, Founder and Chief Executive Officer of PlanDo Human Capital Pty Ltd, *Committee Hansard*, 4 June 2018, p. 2.

80 Australian Industrial Transformation Institute Flinders University, *Submission 2*, p. ix.

81 Mr Henry Boston, Executive Director, Chamber of Arts and Culture Western Australia, *Committee Hansard*, 12 March 2018, p. 9.

82 Professor Greg Marston, Head of School, Social Science and Institute for Social Science Research, University of Queensland, *Committee Hansard*, 20 February 2018, p. 3.

## Learning across the life-course

5.81 Many witnesses and submitters discussed the concept of life-long education, calling for a shift in the way we conceive education. Instead of seeing education as the sole domain of the young, stakeholders instead advocated for a life-long journey which would empower workers to pursue a variety of interests and careers.<sup>83</sup> As put by the University of Technology Sydney:

- New skills sets will be required both for a large proportion of the existing workforce as well as the future workforce. Importantly, these skills need to be developed in an authentic or integrated work context, e.g. developing interpersonal skills in the context of a team working on a real life project with business/industry.
- Everyone will have to continually update and refresh their skill sets during their life - this is indeed a profound shift in the requirement for lifelong learning, it is even more critical for the Government to support continuous learning if Australia is to remain competitive.<sup>84</sup>

5.82 Life-long learning was discussed with representatives from the Productivity Commission, who stated that the concept was not easily implemented:

We looked at what is now generally called life-long learning. It's a term that tumbles off the tongue very easily but it's very hard to actually achieve for the people you might wish to participate in it.<sup>85</sup>

5.83 The Commission noted the particular importance of providing opportunities for further learning to workers in industries threatened with disruption, before that disruption occurs. When asked how best to prepare workers for change, representatives from the Commission stated that:

Well, putting a lot of money into structural adjustment after a major change has occurred is less productive than doing it as the changes are occurring. The Economist coined a nice term: learning as you earn.<sup>86</sup>

5.84 This view was echoed by the Australian Human Rights Commission, who stated that:

Most workers at mid-life need a retraining opportunity so that they can secure an available job in a growth industry. The current gap in reskilling opportunities for mid-life workers, particularly those in declining sectors like manufacturing, condemns many able and experienced workers to years of poverty on benefits.<sup>87</sup>

5.85 The Commission suggested examples of how this could be tackled to encourage workers to continue expanding their skills and knowledge in jobs they may feel drawn to:

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83 See for example University of Sydney, *Submission 79*, p. 3; the Australian National University, *Submission 12*, p. 2; University of Technology Sydney, *Submission 81*, p. 1.

84 University Of Technology Sydney, *Submission 81*, p. 1.

85 Mr Ralph Lattimore, Executive Manager, Canberra, Productivity Commission, *Committee Hansard*, 4 June 2018, p. 48.

86 Productivity Commission, *Committee Hansard*, 4 June 2018, p. 47.

87 Australian Human Rights Commission, *Submission 15*, p. 3.

We thought there were a number of things you could do to improve that—for example, low-cost, flexible access to knowledge. Currently, there are a range of initiatives in that area, mainly through portals that give people access to information. Our view is that digitalisation itself provides some avenues for low-cost access to learning through life. I'll give you an example: we, in our recent inquiry into disability—the second of the two we've done—found there to be very substantial shortages of people who are able to work in the disability sector. The disability sector is one where emotional empathy is more important than high-level skills but, nevertheless, knowing what to do in that context is quite important. Getting that sort of information across to people who may be locked into jobs that have a short life span in the Australian economy would be a useful thing to do.<sup>88</sup>

5.86 The committee also noted calls for wider policies which support people currently in the workforce to update their skills on an ongoing basis, so that they are better-placed to take advantage of emerging employment opportunities. An example provided was the existing tax deduction for self-education expenses, which at present only applies to a person's current role. Extending this to education beyond a person's current position, into a new field of work, would support workers who require additional skills to move into new roles.<sup>89</sup>

5.87 Other options were put forward for funding lifelong learning, including by Per Capita, who supported:

...the development of a program of lifelong learning accounts, along the lines of those suggested by the then-Chair of the ACTU's 2012 Independent Inquiry into Insecure Work, Brian Howe, the new portable schemes being introduced in Singapore and France, and more recent US proposals. As we have outlined earlier in this submission, business is failing to invest, including in the training and skills of its workforce. The reality is that employers and employees alike face very little incentive to invest in those with weak or uncertain labour market prospects. The comprehensive failure to address this is a policy failure that demands new thinking. Per Capita proposes that a universal system of Economic Security Accounts is established, funded through compulsory contributions from employers to portable accounts owned and managed by workers. This would give prompt all workers to consider how their skills are evolving and provide them means to manage their learning throughout working life.<sup>90</sup>

5.88 The University of Sydney concluded that equipping people to become lifelong learners in this and other ways was critical:

We must consider how to equip people to be lifelong learners and avoid putting all responsibility for this onto the individual or an approach

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88 Mr Ralph Lattimore, Executive Manager, Canberra, Productivity Commission, *Committee Hansard*, 4 June 2018, p. 48.

89 University of Sydney, *Submission 79*, p. 6.

90 Per Capita, *Submission 61*, pp. 21–22.

whereby individuals can be blamed for not “keeping up”. This may lead to increasing social exclusion and a greater digital divide. We must keep working to break down the silos that persist between the different levels of our education system and do more to encourage business to support lifelong learning for current workers, and to partner with education providers to offer substantially more work-based learning opportunities for future generations of workers.<sup>91</sup>

5.89 In this vein, the committee heard that online learning today represents a useful form of supplementary education.<sup>92</sup> Online education creates opportunities, the committee heard, for all workers, but is particularly helpful for workers in regional Australia and those from disadvantaged backgrounds.<sup>93</sup>

5.90 In its submission, SEEK advocated greater use of online delivery of education, arguing that:

While traditional bricks-and-mortar models of university education are well-suited to undergraduates straight out of secondary education, they can be impractical for workers looking to upskills or reskill. Family commitments, work pressure and other factors often dissuade a worker from committing to signing up to the regular, inflexible hours and daily travelling time further study requires.<sup>94</sup>

### **Committee view**

5.91 The committee believes that an accessible, high-quality education system integrating early childhood, school and post-secondary education providers and higher education is a crucial aspect of this challenge, and will, along with the recommendations contained in other chapters of this report, maximise the chances of a prosperous future for all Australians. To achieve this, the onus is on the policymakers and education providers to calibrate our education system to ensure that people have the right knowledge and skills as they enter and progress through the workforce.

5.92 This needs to begin at the early childhood, primary and secondary school level, where curriculums should be designed to equip students with knowledge and skills that are transferrable and enable adaptability.

5.93 At the post-secondary level, this will require institutions to be aware of and responsive to the landscape of the graduate marketplace through greater industry engagement. The central coordination agency, the creation of which the committee recommends in Chapter 3 of this report, would have a role to play in bringing together these various stakeholders.

5.94 Further to this, as workplaces evolve workers will need support to continue to deepen, develop and adapt their skills for the duration of their working lives. Changing the way we think about education so that the whole population—from school-age children to people already in the workforce—is encompassed is vital. This

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91 University of Sydney, *Submission 79*, p. 5.

92 University of Sydney, *Submission 79*, p. 5.

93 Charles Sturt University, *Submission 95*, p. 12.

94 SEEK, *Submission 6*, p. 7.

requires nothing less than a shift in the way we conceive education; away from viewing education as the sole domain of the young, towards viewing and ensuring that education is provided as part of a life-long journey.

- 5.95 The committee is of the view that improved levels of lifelong learning could be achieved by legislative means, or by incentivising and rewarding businesses to invest to re-train, up-skill and redeploy their employees. The latter approach carries considerable benefits for workers, as it would ensure that they remain employable as work undergoes change, and also for employers, enabling them to retain loyal employees with valuable corporate knowledge.
- 5.96 The committee notes evidence presented by universities on the need for our education system to ensure that students are not solely prepared for specific jobs, but that they are encouraged to develop deep and transferrable knowledge and skills while nurturing a positive attitude toward learning, which will stand students in good stead to be successful in a number of careers.
- 5.97 The committee also notes that the current government has cut funding for VET dramatically, and has also sought to decrease funding for higher education, as captured by Figure 5.2. The committee is of the view that this is unacceptable and not conducive to positive education outcomes. The committee is strongly of the view that public education and training institutions must be funded to a level which will enable them to deliver high quality courses and avoid fee increases that deter students from enrolling and businesses from playing a role in education and training.
- 5.98 Failings in the current VET system are evident in:
- an overall decline in outcomes for students with dropping enrolments and low completion rates;
  - cost shifting to students via fee increases, growing limitations on access, and less government support relative to university students;
  - growth in low quality courses putting pressure on public providers and high quality private providers trying to maintain high standards, resulting in a race to the bottom and the development of a market in low quality courses;
  - employers voicing their dissatisfaction, reporting skill shortages and skill gaps;
  - Australian apprenticeships and on the job-training opportunities in a state of on-going decline;
  - a training framework that delivers qualifications that are narrow, rigid, slow to adapt, and not fit for purpose;
  - a proliferation of wasteful and rigid bureaucratic processes, that have seen the development of 17,000 units of competence and 1,400 different qualifications, many of which remain unused;
  - insufficient investment in the system including in infrastructure and teacher qualifications and teaching resources; and
  - at its very worst, the defrauding and exploitation of citizens and vulnerable Australians trying to improve their lives through gaining education and qualifications.
- 5.99 The committee notes the importance of a growing and well-resourced TAFE network for reducing inequality, particularly given the disproportionate impact of technological displacement on lower income workers, who are more likely to rely on

TAFE for their educational and training needs. As it stands 40 per cent of TAFE students are from low SES backgrounds. The proportion of low SES students in universities is 14 per cent, noting that this figure grew markedly under the demand-driven system.<sup>95</sup>

- 5.100 The committee also notes that in his independent review of regional rural and remote education conducted for the Federal Government, Professor John Halsey lamented the loss of the physical presence of TAFE campuses, courses and facilities in regional Australia saying, "TAFE has to be put back into the regions, closer to people, places and the heartland of much of Australia's productivity". He called upon the government to undertake a comprehensive review as a first step:

It is clear that the issues of adequate funding for TAFE, access to and the costs of programs for students, designing new flexible offerings and enhanced qualification scaffolding and recognition with universities must all be included in a 'root and branch' review.<sup>96</sup>

- 5.101 The committee notes that there remain significant pockets of the working age population that have low foundation skills and that as such it will be important to ensure that our post-secondary education system is designed to ensure they are not left behind in an uncertain future. Given the increasing calls from employers for high order skills, ensuring that quality literacy, numeracy and language education is accessible to the adults that need it, is critical. This reinforces the need for strongly anchored public TAFE institutions which work collaboratively with the community sector, to provide fit for purpose supports and curriculums that enable pathways into further study and/or work.
- 5.102 To this end, the committee is of the view that a major overhaul of our post-secondary education and training system is needed. Such an overhaul should focus on driving quality outcomes and greater linkages between tertiary and vocational education systems, so as to give students and workers access to the widest possible range of opportunities to learn and adapt in a changing work environment. The committee notes that such a review is already Federal Opposition policy, and that work has already commenced on such a review.
- 5.103 Finally, it is worth noting that although improving our nation's skills is an important step needed to prepare ourselves for the future of work, it is not the only step required, and nor is it more important than other steps. It is not enough to ensure that workers are adequately skilled if policymakers do not at the same time focus on ensuring that decent, quality jobs are available in Australia and that legislation to protect workers keeps up with the pace of change. It is equally important that employers take full advantage of workers' skills and knowledge through effective management practices, job design and work organisation. For this reason, the committee considers it vital that the recommendations made in this report be

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95 KPMG, *The importance of TAFE to Victoria's Prosperity*, June 2018, <https://assets.kpmg.com/content/dam/kpmg/au/pdf/2018/importance-of-tafe-to-victorias-prosperity-kpmg-final-report-june-2018.pdf> (accessed 18 September 2018).

96 Professor John Halsey, *Independent Review into Regional Rural and Remote Education Final Report*, 2018, p. 53.

implemented in entirety, as part of a considered focus on the future wellbeing and prosperity of the nation.

#### **Recommendation 18**

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**5.104** The committee recommends that the Australian Government undertake a major overhaul of our post-school education and training system, to ensure that Australians are being equipped with the knowledge and skills needed for jobs in the future.

#### **Recommendation 19**

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**5.105** The committee recommends that the Australian Government consider how best to ensure that its policies support Australians to engage in lifelong learning throughout their formative education and working life.

#### **Recommendation 20**

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**5.106** The committee recommends that the Australian Government encourage better links between industry, education providers and unions, with a focus on tailoring courses to suit future jobs growth and improving the quality of job forecasting data available. The committee sees a role in this context for the new, central agency described in Chapter 3 of this report.

#### **Recommendation 21**

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**5.107** The committee recommends that the Australian Government, in considering a future reform agenda, work to improve links between the VET and tertiary education sectors, and modify the school curriculum to ensure a better-integrated education system.

#### **Recommendation 22**

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**5.108** The committee recommends that the Australian Government commit to reversing recent funding cuts to achieve sustainable funding of the VET and higher education sectors.

## Chapter 6

# Our social security system

- 6.1 Much of the focus when thinking about the future of work is on skills, technology, training and the legislation required to protect and balance the rights and responsibilities of workers and employers alike.
- 6.2 It is important to remember, however, that there will be people who are—for a variety of reasons—not employed and who need specialist services and support, and any planning for the future must also ensure that a robust social safety net is in place. Our social security system is there, in part, to ensure these people are not left behind. As put by the Western Australian Council of Social Service (WACOSS):
- Australia’s social security safety net is based on a strong social compact between our nation and its citizenry – we pay our taxes with the expectation that, if and when we are unable to work, we will be supported. This is in recognition of the fact that any one of us could someday find ourselves unemployed.<sup>1</sup>
- 6.3 This next section looks at how the system meets its challenges. It begins by setting out the current situation regarding job availability and poverty in Australia, before considering changes needed for the future.

### **Job availability**

- 6.4 Official unemployment figures only account for people who do not work for income. A person working one single hour per week is for all intents and purposes considered to be employed.<sup>2</sup>
- 6.5 In Australia there are people willing and able to work who face significant barriers to employment. Anglicare Australia provided the committee with data from its Jobs Availability Snapshot (JAS), which looks at the job market through the lens of people who face the most significant barriers to work, such as those re-entering the workforce after an extended break, those without qualifications or experience, and those living in remote and regional areas. Using government data collated in a series of tables, the snapshot looks at the situation facing 'Stream C' job seekers—that is, people who are legally obliged to move off benefits and into employment, but have limited skills and qualifications and face recognised barriers to employment.
- 6.6 The first table provided gives nationwide numbers for people seeking work:

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1 WA Council of Social Service, *Submission 128*, p. 16.

2 Australian Council of Social Services (ACOSS), *Submission 100*, p. 2.

**Figure 6.1 National totals for people seeking work**

People seeking work	National total
Number of people unemployed	711,900
Number of people underemployed	1,120,000
Jobactive caseload	739,153
Stream C Jobactive caseload	124,385

Sources: ABS Labour Market Figures Seasonally Adjusted May 2017 and the Labour Market Information Portal May 2017

Source: Anglicare Australia, Submission 24, attachment 2, p. 10

- 6.7 The second table indicates numbers of jobs available broken down into skill levels 1–5, with levels four and five being the lowest skill levels and therefore pertinent to Anglicare's JAS:

**Figure 6.2 Number of jobs advertised by skill level**

Vacancy skill level	National total	National percent
Level 1	64,507	37%
Level 2	15,006	9%
Level 3	19,947	12%
Level 4	46,105	27%
Level 5	25,979	15%
All vacancies total	171,544	100%

Source: Internet Job Vacancy Index, data for May 2017

Source: Anglicare Australia, Submission 24, attachment 2, p. 10

- 6.8 Using the figures from the tables above, which give the number of Stream C job seekers and the number of jobs available for them to apply for, Anglicare then calculated the ratio of jobseekers to available jobs specifically within the two lowest job skill levels. The resulting figures indicate that Stream C job seekers outnumber the relevant jobs available in every jurisdiction nationwide:

**Figure 6.3 Ratios of Stream C jobseekers to vacancies 2017**

Jurisdiction	People per job level 4 and 5	People per job level 5
ACT	0.8	2.3
NSW	1.4	4.1
NT	1.1	3
QLD	2.1	5.5
SA	3.6	7.5
TAS	5	10.7
VIC	1.4	3.8
WA	2.3	6.9
AUSTRALIA	1.8	4.8

Source: Anglicare Australia, Submission 24, attachment 2, p. 11

- 6.9 Anglicare concludes that Australia has a significant cohort of people being left behind by the system, people who want to work but cannot because jobs are not available.<sup>3</sup>

### Poverty in Australia

- 6.10 WACOSS submitted that people whose level of household income is not sufficient to achieve an acceptable standard of living can be described as living in poverty. In Western Australia, the proportion of people living in poverty is not low:

Using the standard Henderson poverty line of less than 50 per cent of median income, we can see that in Western Australia there are around 17.6 per cent or 360,000 Western Australians living poverty. Further analysis shows that an additional 150,000 Western Australians are at risk of financial hardship should they face an unforeseen crisis.<sup>4</sup>

- 6.11 The figures for the rest of the country are not much better. A 2016 report from the Australian Council of Social Security (ACOSS) reveals that, using internationally accepted measures, almost three million Australians live below the poverty line. As at 2016, that was 13.3 per cent of the population, over one in ten Australians.<sup>5</sup>
- 6.12 Looking at Australian children, the numbers are even more confronting, with one in six children, or 17.4 per cent of all Australian children under the age of 15, living below the internationally accepted poverty line.<sup>6</sup>
- 6.13 Poverty is a known social determinant of physical and psychological health. It also places people's financial resilience under stress, meaning that a single emergency or crisis—health, employment or housing related—can leave individuals in severe financial shock.<sup>7</sup>
- 6.14 Poverty is also strongly linked to workforce responsiveness; those with few financial resources have lower capacity for weathering periods of under- or unemployment, and they often lack the financial resources required to effectively look for employment.<sup>8</sup>
- 6.15 An effective social security system can therefore be a critical determinant of people's employment future.

### Australia's social security system

- 6.16 Australia's social security system is comprised of a range of programmes, legislated provisions and mechanisms designed to protect people from 'predictable life course risks,' including dependency in childhood, retirement and frailty in old age. As well as these predictable times of need, the system is designed to protect people from unpredictable risk, such as sickness, temporary or long-term disability, job loss and

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3 Ms Imogen Ebsworth, Director of Policy and Research, Anglicare Australia, *Committee Hansard*, 13 March 2018, p. 19.

4 WACOSS, *Submission 128*, p. 11.

5 *Poverty in Australia 2016*, Australian Council of Social Service, [www.acoss.org.au/poverty/](http://www.acoss.org.au/poverty/) (accessed 29 August 2018).

6 *Poverty in Australia 2016*, Australian Council of Social Service, [www.acoss.org.au/poverty/](http://www.acoss.org.au/poverty/) (accessed 29 August 2018).

7 WACOSS, *Submission 128*, p. 13.

8 WACOSS, *Submission 128*, p. 13.

accidents at work. The latter are risks associated with drops in income and/or additional expenses, the effects of which our social security system is designed to be a buffer against, enabling people to return to work or other productive activity.<sup>9</sup> In other words, our social security system was designed with the intention of keeping people out of poverty if they lost their job, while they looked for other work.

6.17 As is the case with most analogous, high-income countries, Australia's social security system, including the age pension, accounts for more than half of total government spending. The reasons for this are two-fold:

High-income countries have social protection programmes in part because they are high income and can afford these programmes. Governments also recognise that social protection both promotes economic efficiency and productivity and supports high levels of participation in paid labour markets and promotes a socially inclusive and more equal society.<sup>10</sup>

6.18 In many other countries, however, social security systems are contributory, that is, they are predicated on workers satisfying contribution conditions—spending approximately 40 years working full-time in order to qualify for age pensions. This is not the case in Australia, with our social security system financed through general government revenue instead.<sup>11</sup> While our system is based on different principles and is not predicated on contributions, it still contains many features which require employment as a basis for having access to a range of social protections, including paid sick, carers' and parental leave, superannuation, and workers' compensation.<sup>12</sup>

6.19 This being the case, Australia's social security system relies on appropriate levels of taxation. And in turn, revenue collection is reliant on people working, and being taxed on their income.<sup>13</sup> As put by Professor Whiteford, 'the extent that changes in future work patters undermine revenue collection, social protection may be put at risk.'<sup>14</sup>

### **Newstart Allowance**

6.20 Many people will need to turn to government assistance when unemployed and looking for work. The main income support payment for Australian residents who are unemployed and looking for work is Newstart Allowance.

6.21 The allowance averages around \$545, paid fortnightly, for a single person. To be eligible, applicants must:

- be at least 22 years old and not at age pension age (65 to 67);
- meet residence requirements;
- be unemployed, with income or assets below a specified amount;
- prove they are actively looking for work; and

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9 Professor Peter Whiteford, *Submission 155*, p. 1.

10 Professor Peter Whiteford, *Submission 155*, p. 1.

11 Professor Peter Whiteford, *Submission 155*, p. 1.

12 See Professor Peter Whiteford, private capacity, *Committee Hansard*, 4 June 2018, p. 35.

13 In 2016-17, taxes on income represented 57.6 per cent of total taxation income for all levels of government. See 'Taxation revenue key figures', [www.abs.gov.au/ausstats/abs@nsf/mf/5506.0](http://www.abs.gov.au/ausstats/abs@nsf/mf/5506.0) (accessed 11 September 2018).

14 Professor Peter Whiteford, *Submission 155*, p. 1.

- not be on strike.<sup>15</sup>
- 6.22 ACOSS submitted that Newstart Allowance has not seen a significant increase in more than twenty years. This, ACOSS stated, means that the value of Newstart Allowance has decreased in real terms and has not kept up with the cost of living:

Our unemployment payment is well below the poverty line and has not been increased in real terms since 1994, when it rose by \$2.95 per week. The latest budget standards work by the University of New South Wales shows that Newstart and Commonwealth Rent Assistance fall \$96 per week short of what is required to meet basic living costs. With 70% of recipients spending more than 12 months on the payment, Newstart (and related payments) are entrenching people in poverty, making it near impossible to prepare for re-entry into paid work.<sup>16</sup>

- 6.23 Other submitters concurred, submitting that, far from being the safety net it is intended to be and assisting people to get back on their feet, our social security system is instead 'a poverty trap'<sup>17</sup> and an active impediment to finding work:

Pertinent to this inquiry is the recognition that rates of Newstart are now so low they prevent people from finding work. No consideration of the future of work can be complete without serious engagement with these issues and recommendations to repair our social security system.<sup>18</sup>

- 6.24 Dr Elise Klein, whose research centres on economic rights and growing economic inequality both domestically and globally, agreed. Dr Klein pointed out that Australia's social security system was designed to prevent poverty, but that evidence strongly suggested quite a different effect in practice. Dr Klein specifically linked this to the government's work-for-the-dole scheme:

As you just heard from my colleague, Jon Altman, and from his submission with Francis Markham, there are disastrous impacts of the current work-for-the-dole scheme CDP. This trend is unfortunate, because the social security system that was set up to help people avoid poverty is, actually, now driving poverty.<sup>19</sup>

- 6.25 Professor Greg Marston, head of the School of Social Science and Institute for Social Science Research at the University of Queensland, concurred and expanded on this:

In my address last week I said that over 30 years was the road to hell paved with good intentions—a brief history of social security. What I was talking about there is how we've increased the conditionality, particularly around the workforce payments, and how that's in a way led to some instances where government policy itself is driving poverty. Many people get caught not just in poverty traps but in inadvertently reporting net

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15 Department of Human Services, Newstart Allowance website, [www.humanservices.gov.au/individuals/services/centrelink/newstart-allowance](http://www.humanservices.gov.au/individuals/services/centrelink/newstart-allowance) (accessed 30 August 2018).

16 ACOSS, *Submission 100*, pp. 2–3.

17 See for example Anglicare Australia, *Submission 24*, p. 2.

18 Anglicare Australia, *Submission 24*, p. 2.

19 Dr Elise Klein, private capacity, *Committee Hansard*, 13 March 2018, p. 69.

income rather than gross income to Centrelink and suddenly find themselves with a considerable debt. They then might find themselves in front of the courts and getting fines or, in some cases, prison terms. So there are a lot of ways in which not just the adequacy of the payments but the laws around social security are more harmful than beneficial, so it absolutely needs a refresh.<sup>20</sup>

6.26 Professor John Altman, speaking to the committee in a private capacity, similarly described Australia's social security system as "punitive", calling for an end to this approach and 'a return to the time when income support was a citizenship entitlement.'<sup>21</sup>

6.27 To address the problem, ACOSS called for the single rate of Newstart Allowance and related payments to be increased by \$75 per week as a first step towards enabling recipients to return to work.<sup>22</sup>

6.28 Calls for Newstart to be increased were not limited to welfare groups, however. The Business Council of Australia (BCA), an industry association representing Australia's largest companies, also supports calls for an increase to the allowance,<sup>23</sup> as does Deloitte Access Economics senior partner Chris Richardson, who has described Australia's unemployment benefits as 'our standout failure as a nation'.<sup>24</sup> A media release for Deloitte's Budget Monitor, published in April 2018, states:

But there's more to reform than taxes. In a Canberra which has lost the art of compromise, there's one thing that we'd heartily applaud – a lift in unemployment benefits. Newstart hasn't kept up with national living standards for more than a quarter of a century, shrinking sharply as a share of average and minimum wages, and relative to the age pension.... On that latter front, if we had to nominate the single standout fairness failure in Australia in 2018, it is undoubtedly our embarrassingly inadequate unemployment benefits...As a nation, we can and should do better. History will judge us harshly if we don't.<sup>25</sup>

6.29 Furthermore, providing adequately for work-capable Australians currently excluded from employment would also be economically sound, WACOSS concluded. This is already understood by other countries which place greater emphasis on better participation rates and the impact these have on productivity and the economy:

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20 Professor Greg Marston, Head of the School of Social Science and Institute for Social Science Research at the University of Queensland, *Committee Hansard*, 20 February 2018, p. 4.

21 Professor John Altman, private capacity, *Committee Hansard*, 13 March 2018, p. 68.

22 ACOSS, *Submission 100*, p. 3.

23 See Ms Jennifer Westacott, Business Council of Australia, interview with *Today*, [www.bca.com.au/media/jennifer-westacott---interview-with-today/view-all-related-publications](http://www.bca.com.au/media/jennifer-westacott---interview-with-today/view-all-related-publications) (accessed 30 August 2018).

24 Mr Chris Richardson, senior partner, Deloitte Access Economics, quoted in 'Budget repair less urgent than raising dole payments, leading economist Chris Richardson says, *ABC News Online*, [www.abc.net.au/news/2018-05-02/budget-repair-less-urgent-than-raising-dole-economist-says/9717140](http://www.abc.net.au/news/2018-05-02/budget-repair-less-urgent-than-raising-dole-economist-says/9717140) (accessed 11 September 2018).

25 Deloitte, Budget Monitor April 2018, media release, [www2.deloitte.com/au/en/pages/media-releases/articles/budget-monitor.html](http://www2.deloitte.com/au/en/pages/media-releases/articles/budget-monitor.html) (accessed 11 September 2018).

An evidence-based approach to workforce preparedness, resilience and flexibility that takes its lead from best practice in other jurisdictions with more developed and diversified knowledge and service economies will result in a modern and progressive social security safety net that makes us forwardly competitive in a rapidly changing world and better able to respond to innovation and opportunity. Arguably our failure to provide opportunities to those currently marginalised or excluded from our workforce puts us at a competitive disadvantage with our trading partners. Conversely, enabling their effective participation and actualisation is likely to provide a greater boost to our productivity and the health of our economy than other stimulus measures.<sup>26</sup>

- 6.30 The committee noted that a Deloitte Access Economics reported that increasing Newstart could help boost the economy by lifting the purchasing power of recipients, with economist Chris Richardson stating:

What our modelling shows is ... if you give a bit over \$3 billion to people who spend it, that flows through the economy, you get a bigger economy as a result.<sup>27</sup>

- 6.31 The committee also heard evidence on the interaction between Australia's social security system and the increase in non-standard work described in this report. Professor Greg Marston noted that the social security system was not designed with current trends in employment in mind:

Certainly the changing nature of employment and, in some quarters, particularly at the low-income end, increasing precarity is something that the social security system is showing signs of its incapacity to respond to, particularly with respect to casualisation. Lots of those policies, particularly income support, were designed in the second half of the 20th century. Work has changed a lot since then, and we still have anomalies between pensions and allowances that create deepening and entrenching poverty.<sup>28</sup>

- 6.32 The committee sought to explore whether Australia's social security system adequately acknowledges modern realities of work with the Department of Social Services, however noted that departmental officials are not able to offer opinions on matters of policy.<sup>29</sup>
- 6.33 Professor Peter Whiteford noted that significant debate on the impact of technological and other change on work is taking place internationally, and that there were consequences of demographic changes and changes in work patterns for our social

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26 WACOSS, *Submission 128*, pp. 16–17.

27 ABC Online, *Report shows lifting weekly Newstart allowance by \$75 could help boost the economy*, [www.abc.net.au/news/2018-09-17/calls-to-boost-newstart-payments/10257272](http://www.abc.net.au/news/2018-09-17/calls-to-boost-newstart-payments/10257272) (accessed 18 September 2018).

28 Professor Greg Marston, Head of the School of Social Science and Institute for Social Science Research at the University of Queensland, *Committee Hansard*, 20 February 2018, p. 2.

29 See discussion with Ms Allyson Essex, Acting Group Manager, Welfare and Housing Policy, Department of Social Services, *Committee Hansard*, 4 June 2018, p. 31.

security system.<sup>30</sup> Increasing participation in non-standard forms of employment such as the gig economy, for example, represents a challenge for Australia's income-tested social security system:

As noted, the evidence suggests that total employment derived from these platforms is a relatively small, but to the extent that they grow in future, they will potentially have an impact across a wide range of areas of social protection.<sup>31</sup>

6.34 However, the nature of the best policy response to this is open to debate, the committee heard:

There is a very fundamental issue to be considered before deciding whether further reforms are needed to social security arrangements. That is whether it is desirable to adjust the benefit system to deal with irregular work or whether the prevalence of irregular work should be limited through regulation of working conditions - or what is the best middle ground between these approaches. Reforming the social security system to deal with greater instability in working hours or to support temporary workers in times when they are between contracts can be regarded as supporting risk-shifting from employers to government and taxpayers.<sup>32</sup>

6.35 The committee examines this further later in this chapter.

#### *Connecting unemployed workers with jobs*

6.36 The committee heard that a lack of connection exists between the jobs needing to be filled and the unemployed workers available to fill them. Witnesses informed the committee that work was being done by the Brotherhood of St Laurence which focused on the skills, circumstances and aspirations of individuals, rather than focusing on enforcing a mandatory number of hours job applicants had to spend looking for work.<sup>33</sup>

6.37 Similarly, while the government resources and the emphasis placed on training were positive, Anglicare Australia told the committee that this was not enough. While people who face barriers to employment can find work with help, this may be a short-sighted approach which falls short in the long run:

At the moment there is a really laudable focus on training. We have seen the current government put significantly more money on the table for training and we really welcome that, but it's not looking at—as we know from previous experience—the fact that, when people have significant barriers to work, they can take up existing job opportunities if they are helped, but it needs to be more than just training. There needs to be ongoing mentoring and troubleshooting often for a year or two afterwards. That investment pays off, because they stay in employment—they get a far

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30 Professor Peter Whiteford, private capacity, *Committee Hansard*, 4 June 2018, pp. 35–36.

31 Professor Peter Whiteford, *Submission 155*, p. 5.

32 Professor Peter Whiteford, *Submission 155*, p. 13.

33 See discussion with Anglicare Australia, *Committee Hansard*, 13 March 2018, pp. 19–20.

better outcome, the business gets a great outcome and society gets much better outcome.

The disconnect seems to me to be that we are hoping the market will solve this problem—if we just train people and hurl them out there, then jobs will appear. But it's not quite that simple; we need to go back to a people-centred approach.<sup>34</sup>

- 6.38 Jobs Australia, a not-for-profit agency primarily concerned with long-term unemployed people and unemployed people who are at the entry level of the labour market, described longstanding concern about the effectiveness of employment services currently in place. Speaking on behalf of Jobs Australia, Dr Simone Casey indicated that employment services help people get jobs, but that this assistance may not translate into effective, long-term benefit:

You mentioned the word 'churn' before, quite a lot of the unemployed people who are exposed to employment services who are at that contingent level do form that labour market churn. They're in and out of employment quite a lot. Our interest in the reform of employment services will be to invest more in the long-term unemployed and the people who are being left behind in the labour market.<sup>35</sup>

- 6.39 The committee noted calls for greater emphasis to be placed on on-the-job skilling or, as put by Jobs Australia, a 'place and train' rather than 'train and place' approach.<sup>36</sup>

### **Sporadic employment and social security**

- 6.40 The lack of skill-appropriate jobs drives underemployment as well as unemployment, the latter pertaining to the category of people who, as noted in Chapter 3 of this report, would like more work than they are able to access:

Australian official unemployment numbers are too high – but that's just the tip of the iceberg. Counting underemployed workers, those who have given up looking, and those who would gladly join the labour market if work was available, over 3 million Australian workers are underutilised.<sup>37</sup>

- 6.41 This is in large part due to growth in non-standard work, with increasing numbers of people—particularly young people—juggling multiple casual and temporary jobs which provide them with sporadic, unpredictable income.
- 6.42 This point was echoed by stakeholders in the welfare sector, such as WACOSS, which commented on the difficulties of navigating the social system people in precarious, non-standard employment arrangements face because they are not always able to foresee periods of underemployment or reliably forecast income levels.<sup>38</sup> It also has

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34 Ms Imogen Ebsworth, Director of Policy and Research, Anglicare Australia, *Committee Hansard*, 13 March 2018, p. 20.

35 Dr Simone Casey, Policy Analyst, Jobs Australia, *Committee Hansard*, 18 May 2018, p. 35.

36 Dr Simone Casey, Policy Analyst, Jobs Australia, *Committee Hansard*, 18 May 2018, p. 35.

37 Centre for Future Work, *Submission 57*, p. 5.

38 See discussion with Mr Chris Twomey, Leader of Policy Development and Research, Western Australian Council of Social Service, *Committee Hansard*, 12 March 2018, p. 21.

repercussions for the social security system, which, the Centre for Future Work submitted, has not kept up with these employment trends.<sup>39</sup>

- 6.43 ACOSS discussed workers who do not have a steady, reliable income, and their interaction with the social security system:

For example, under the present system if you get a casual job you have to report it to Centrelink, and that's complicated. One of the main reasons for the robodebt fiasco was that a whole lot of people are in and out of casual work, and the system makes it difficult to report their income and to adjust their payment—and Centrelink very, very often gets it wrong. One of the reasons is that you can report that your wage has fallen or increased or that you're expecting it to, but until your wage actually changes up or down Centrelink won't make the adjustment. That is presumably intended to avoid employees and employers jointly gaming the social security system, but it creates a lot of problems for people who are on that merry-go-round of short bursts of casual employment.<sup>40</sup>

### **Social security and independent contracting**

- 6.44 Evidence provided to the committee underlined a need for simplification of income reporting processes for independent contractors.

- 6.45 As is, independent contractors are required to complete business planning forecasts every six months. These profit and loss statements must include calculations on projected income from contract work, required in order to continue receiving social security benefits and used to calculate benefit entitlements. Jobs Australia submitted that the system places independent contractors at a disadvantage relative to job seekers due to the complexity of income reporting:

They are disadvantaged relative to job seekers reporting income from casual or permanent work where the income they earn is spread only across the fortnight in which the earnings were earned...The interaction between the methodology for independent contractors to report earnings while in receipt of social security payments needs to be reviewed for fairness and with a view to simplification of the process.<sup>41</sup>

- 6.46 This, Jobs Australia concluded, is because existing reporting processes may have a negative effect on how income is reported or getting contract work due to the complexity involved.<sup>42</sup>

### **Evidence for and against a universal basic income**

- 6.47 One idea often mooted to deal with the growth in more sporadic work is the 'universal basic income' (UBI). The principal idea behind the UBI has been around for decades. Although several iterations of the UBI exist, the most widely accepted and

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39 Centre for Future Work, *Submission 57*, p. 5.

40 Mr Peter Davidson, Senior Adviser, Australian Council of Social Service, *Committee Hansard*, 18 May 2018, p. 24.

41 Jobs Australia, *Submission 92*, p. 3.

42 Jobs Australia, *Submission 92*, p. 3.

supported concept sees UBI as an income provided to everyone in the community, without means-testing:

Some models would have those recipients with a reciprocal obligation to do volunteer work in the community—which would be my favoured model. Other models say you get it regardless of whether you contribute.<sup>43</sup>

- 6.48 Professor John Quiggin, giving evidence in a private capacity, noted the versions of the scheme which exist:

Firstly, there are a great many versions of this scheme, and, in an important sense, they're all quite similar. For example, Milton Friedman, the great Chicago economist, advocated negative income tax. We could think of a universal base of income where everybody received money, but people like ourselves who had an income paid all of that and more back in high taxes, in effect. Or we could think of an approach, which I'll refer to as a guaranteed minimum income, where we ensure that there is a guaranteed minimum available to everybody, gradually expanding. That's the version I've advocated. That would start, essentially, at the old-age pension. The old-age pension in Australia works well. It's an adequate income to live on, unlike if we go back 30 years where unemployment benefits and other benefits were equal to the old-age pension. They're now a long way below that.

The program I would be looking at would be gradually raising other benefits to the level of the old-age pension and then, as Dr Tuffley suggests, expanding access by allowing what's been called a participation income where, rather than seeking paid market work, you made a suitable voluntary contribution to the economy.<sup>44</sup>

- 6.49 The concept has been trialled in a number of countries, including Finland, Canada, Switzerland and India. Indirect benefits seen have included lower crime rates and better health, resulting in savings in healthcare and corrective services costs.<sup>45</sup>
- 6.50 The drawbacks of the UBI concept are, however, numerous. The question of how a UBI is paid for is a significant impediment, as its introduction would likely place a higher demand on the public purse than the current welfare system.<sup>46</sup> Dr Ben Spies-Butcher, representing Macquarie University, noted:

[I]f this payment is used to effectively cash out the existing universal service provision, it's going to be completely unaffordable.<sup>47</sup>

- 6.51 Asked how a UBI-like scheme might be paid for, Professor Quiggin told the committee that higher rates of tax on people working in the market economy would be needed. However, Professor Quiggin added that the ideas involved merited conversation in the context of the future of work and our society:

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43 Dr John Tuffley, private capacity, *Committee Hansard*, 20 February 2018, p. 20.

44 Professor John Quiggin, private capacity, *Committee Hansard*, 20 February 2018, p. 21.

45 Dr John Tuffley, private capacity, *Committee Hansard*, 20 February 2018, p. 20.

46 Dr John Tuffley, private capacity, *Committee Hansard*, 20 February 2018, p. 20.

47 Dr Ben Spies-Butcher, Macquarie University, *Committee Hansard*, 21 February 2018, p. 8.

Certainly the effect would be, for people working in the market economy, that rates of tax would be higher. The effective tax contribution would be higher. You can do very scary sums if you look at how much you would need to do if we simply gave everybody the old age pension, particularly on top of the existing benefits. You can produce appalling sums. We would certainly need a significant increase in the ratio of taxation to total income, but not one that's outside the realm of possibility in terms of the range of things we've seen. So that's a conversation that I think, as Dr Tuffley says, we're going to need to have over a long period to decide essentially what kind of society we like and how, in the future, we're going to take those benefits of technological progress.<sup>48</sup>

- 6.52 As well as the considerable cost of a UBI scheme, also of note is some evidence that individuals view themselves and other people very differently when it comes to how they might respond if provided with a UBI:

Very briefly, one commentator on this did a survey and asked hundreds of people what they would do with a UBI. Almost everybody said, 'I'd find it very good. I'd do something useful with it. I'd have some pretty good ideas to put into practice. It'd be a good thing for me.' Then they were asked, 'What do you think other people would do?' and almost exclusively they said, 'I think they'd just fritter it away and wouldn't contribute very much.' So people have a high opinion of themselves but not a terribly high opinion of other people. Collectively, most people said they would do something constructive, in their own case.<sup>49</sup>

- 6.53 The above suggests that people are understandably reluctant to provide income to those who will not contribute to society in return, or those who are already wealthy, as a non-means-tested scheme would do.<sup>50</sup>
- 6.54 The committee also heard evidence on another element of risk, were a UBI to be introduced in Australia. In the context of trends in employment which—whether due to technological or other change, such as the increase in non-standard work—such a system would take the emphasis away from the need to ensure that decent, secure work exists for all Australians who want to work. As put by Professor Whiteford, introducing a UBI in this context arguably amounts to shifting risk away from employers and onto government and taxpayers, allowing businesses to reduce people's working hours with impunity. This shifting of responsibility, the committee noted, 'seems to be the attraction of UBI to some of its Silicon Valley proponents.'<sup>51</sup>
- 6.55 Professor Whiteford also questioned whether a UBI would appropriately address the specific challenges created by irregular work:

A UBI is usually seen as platform below which no one can fall and is sometimes justified as supporting people to be more entrepreneurial. While a UBI would certainly provide an income floor, it would not have

48 Professor John Quiggin, private capacity, *Committee Hansard*, 20 February 2018, p. 21.

49 Dr John Tuffley, private capacity, *Committee Hansard*, 20 February 2018, p. 20.

50 See *Committee Hansard*, 21 February 2018, p. 6.

51 Professor Peter Whiteford, *Submission 155*, p. 13.

the counter-cyclical nature of existing income-tested payments. Under our existing system of social security and family payments benefits rise when income falls, partly compensating for income losses, and benefits fall when income rises. This counter-cyclical feature of our current system would be foregone with a UBI.<sup>52</sup>

- 6.56 Given this evidence, the committee considered the concept of the UBI specifically in the context of Australia's social security system. The committee noted that reviewing the current rate of unemployment benefits, notably Newstart Allowance, could address the problems which are currently the chief arguments put forward by advocates of a UBI.<sup>53</sup> Furthermore, it is worth noting that, although a UBI would increase the disposable income of working-age benefits recipients, it would not raise the incomes of people receiving the Age Pension, Disability Support Pension or Carer's payments.<sup>54</sup>
- 6.57 In this context, the committee noted evidence indicating that reforms to our social security system could embody some of the underlying principles of UBI, namely that it is intended to be universal. It may, Professor Whiteford noted, be advantageous to increase the degree of universality in our existing social security system. In practice this could mean providing non-income-tested payments for children, as is the case in many European countries, and/or for older people, as is the case in New Zealand. Such a reform would require careful consideration in order to benefit lower-income people.<sup>55</sup>

### Superannuation

- 6.58 Compulsory superannuation as an entitlement of employment was introduced in Australia in 1992. Two key exemptions exist: first, there is a qualifying minimum threshold of \$450 monthly earnings, below which employees do not receive superannuation. Second, self-employed people are exempt from superannuation.<sup>56</sup>
- 6.59 Plainly, Australia's superannuation system was designed in a different contextual setting, predicated on 'a landscape of continuous employment and full-time work'.<sup>57</sup>
- 6.60 Growth in non-traditional employment—contracting, casual work, gig work and so forth—risks larger numbers of Australians not receiving superannuation. The committee received considerable evidence on the prevalence and rise of such employment practices. This is covered in depth in Chapter 4 of this report.
- 6.61 Non-payment of superannuation contributions is a significant problem that undermines the efficacy of Australia's retirement incomes policies. In September 2017, the ATO estimated that non-compliance with Superannuation Guarantee

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52 Professor Peter Whiteford, *Submission 155*, p. 13.

53 See discussion, *Committee Hansard*, 20 February 2018, pp. 21–22.

54 Professor Peter Whiteford, *Submission 155*, p. 13.

55 Professor Peter Whiteford, *Submission 155*, p. 13.

56 Ms Louise du Pre-alba, Strategic Policy Advocate, AustralianSuper, *Committee Hansard*, 14 May 2018, p. 32.

57 Ms Louise du Pre-alba, Strategic Policy Advocate, AustralianSuper, *Committee Hansard*, 14 May 2018, p. 32.

Contributions had reached \$2.85 billion per annum or 5.2 per cent of all contributions due.<sup>58</sup>

- 6.62 In the labour hire arena, similarly, the committee received evidence on 'dodgy labour hire firms' which effectively operate in the black market and do not provide employees with superannuation:

This is employers who tend to operate outside the system. It's often employing people cash in hand, most often below award conditions, not paying penalty rates, not paying loadings, not paying workers comp insurance, not paying superannuation, no payslips, very much a black-market operation.<sup>59</sup>

- 6.63 The consequences for retirement earnings of workers who rely on income from non-standard employment are significant, as superannuation is the bedrock of working Australians' retirement. These workers risk retiring with inadequate levels of superannuation to support a decent quality of life in retirement:

As I alluded to before...the emergence of a contingent workforce in the gig economy is disrupting traditional employment patterns, and they are often achieved at the expense of lowly-paid contractors. This can result in a gradual erosion of workers' rights. If this continues, we believe that the benefits of technological advancement will not be shared equitably. I ask you to consider for a moment what that might mean—casualisation—in terms of retirement savings going forward if we start to deplete the very important pool of superannuation savings that are required to ensure that we have fair, equitable and safe retirements in the future.<sup>60</sup>

- 6.64 The consequences are also considerable for the community, as swathes of workers retiring with inadequate superannuation results in pressure placed on the social security budget. With an ageing population, it is of particular importance that Australians remain capable of accumulating enough superannuation to retire in comfort:

If you're an independent contractor, then, of course, you're not getting superannuation paid on your behalf by the employer. That puts additional pressure on our pension system. It means that government will have to pick up the tab in retirement. If you couple that with everything we know about our ageing population—I don't have the figures here with me, but, from memory, the 2010 Intergenerational report said that in a very short period of time we will have two people in the workforce supporting every five people who are not in the workforce. If you then overlay that with the trends we're seeing now, where those two people in the workforce may be in precarious forms of employment and may themselves not be getting

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58 Australian Taxation Office, *ATO releases Super Guarantee gap estimate*, [www.ato.gov.au/Media-centre/Media-releases/ATO-releases-Super-Guarantee-gap-estimate/](http://www.ato.gov.au/Media-centre/Media-releases/ATO-releases-Super-Guarantee-gap-estimate/) (accessed 18 September 2018).

59 Mr Michael Clifford, Assistant General Secretary, Queensland Council of Unions, *Committee Hansard*, 20 February 2018, p. 27.

60 Ms Melina Morrison, Chief Executive Officer, Business Council of Co-operatives and Mutuals, *Committee Hansard*, 21 February 2018, p. 37.

superannuation, that has serious consequences for our pension system in the context of an ageing population. On top of that, there are a range of societal problems that come with forms of precarious employment.<sup>61</sup>

- 6.65 The question of superannuation adequacy similarly applies to workers who are engaged in part-time work for significant chunks of their working lives, such as workers with young families. The committee notes that women are overrepresented in this cohort and generally retire with lower superannuation balances than men. This has tangible consequences, as put by Ms Meagan Lawson, Chief Executive Officer of the Council on the Ageing New South Wales:

[I]f you look at people who have phases in and out of work, and that is predominantly women, they have much lower superannuation balances than other people, which means, in the end, that they are forced to rely on pensions. And for someone like that in a rental market like Sydney – there was the Anglicare report earlier this week that found there were something like four houses available to rent at a reasonable rate for people on a pension – it just isn't enough money.<sup>62</sup>

- 6.66 The low superannuation balances of women and potential solutions to this was explored in depth by the Senate Economics References Committee in its 2015 report *A husband is not a retirement plan: achieving economic security for women in retirement*.<sup>63</sup>
- 6.67 All of these questions regarding the future of superannuation must be considered in the context of the impact of automation on jobs. If unchecked, automation of jobs may result in a reduction in tax receipts from workers. Combined with increased numbers of people retiring without adequate levels of superannuation, this is a serious consideration policymakers must address.
- 6.68 The committee explored options for improving retirement outcomes for Australians engaged in non-standard employment arrangements, for example by widening the range of workers who qualify for superannuation. To achieve this, AustralianSuper suggested removing the existing \$450 earnings threshold, thereby allowing the increasing numbers of workers who are intermittently employed to have access to superannuation. The threshold was originally introduced to reduce the burden on employers arising from super guarantee changes, the committee heard. However, given the changing nature of work there are now increasing numbers of workers who are intermittently employed, and technology has improved cost-effectiveness for employers paying small amounts. This being the case, AustralianSuper stated, the exemption was no longer justified, and its removal would benefit many workers:

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61 Mr Michael Clifford, Assistant General Secretary, Queensland Council of Unions, *Committee Hansard*, 20 February 2018, p. 28. See also discussion with Mr Daniel Gschwind, Chief Executive, Queensland Tourism Industry Council, *Committee Hansard*, 20 February 2018, p. 60.

62 Ms Meagan Lawson, Chief Executive Officer of the Council on the Ageing New South Wales, *Committee Hansard*, 4 May 2018, p. 46.

63 See Senate Economics References Committee, *A husband is not a retirement plan: achieving economic security for women in retirement*, April 2015, [www.aph.gov.au/Parliamentary\\_Business/Committees/Senate/Economics/Economic\\_security\\_for\\_women\\_in\\_retirement/Report](http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Economics/Economic_security_for_women_in_retirement/Report) (accessed 18 September 2018).

Workers who are brought back into the system could benefit by up to \$513 per annum in super contributions if they have more than one job where they earn less than \$450 a month. That would be more in itself. It would also be more because they would attract the rebates under the LISTO—the low-income superannuation tax offset. The combined effect of these is that they would end up with, we estimate, an additional \$70,000 in retirement over a period of 40-years of working life.<sup>64</sup>

- 6.69 Another option the committee noted would be to apply super guarantee payments to contractors:

In the current contractor tests, one is a contractor for labour, which is an employee, versus a contractor for services, which is a self-employed contracting arrangement. We believe that those distinctions no longer reflect all working arrangements currently classed as contracting, especially those enabled by technology platforms. There's been a rapid expansion of new contractor models where most aspects of work are controlled by the platform owner. In that circumstance, a contractor has no power and is not genuinely self-employed.<sup>65</sup>

- 6.70 The committee heard that implementing this reform would give contractors an average \$3800 per annum in superannuation contributions for their primary job, and an additional average of \$2000 per annum for second jobs. After five years this would boost their superannuation level by \$20 000, and after ten years by \$72 000.<sup>66</sup>

- 6.71 AustralianSuper also questioned whether the exemption for self-employed people was warranted. The exemption assumes that self-employed people invest money in their business, which they can sell to fund retirement needs. Although capital gains tax (CGT) concessions are in place in such circumstances, AustralianSuper stated that these were not having the desired effect:

Fewer than 4,000 taxpayers access small-business CGT concessions annually and only 1,000 of those utilise the CGT retirement exemptions by directing part or all of those proceeds to super. Around 9,000 individual member accounts receive some benefit from small-business disposals each year, and this only represents about one per cent of the self-employed population. The self-employed do accumulate higher non-super savings than typical super fund members, but only around \$60,000 on average. That's not enough to make up super shortfalls in the absence of a business realisation.<sup>67</sup>

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64 Ms Louise du Pre-alba, Strategic Policy Advocate, AustralianSuper, *Committee Hansard*, 14 May 2018, p. 33.

65 Ms Louise du Pre-alba, Strategic Policy Advocate, AustralianSuper, *Committee Hansard*, 14 May 2018, p. 33.

66 Ms Louise du Pre-alba, Strategic Policy Advocate, AustralianSuper, *Committee Hansard*, 14 May 2018, p. 33.

67 Ms Louise du Pre-alba, Strategic Policy Advocate, AustralianSuper, *Committee Hansard*, 14 May 2018, p. 33.

- 6.72 The committee noted similar calls for changes to Australia's superannuation system which, representatives of the Council on Ageing New South Wales stated, was designed in a different contextual setting and is no longer fit for purpose:

I think we need to be reviewing things like superannuation and how people can contribute to that. I think part of that is about removing some really easy barriers, like the \$450 a month limit. I think some of it is about looking at how you keep superannuation payments going while people are out of the workforce on maternity leave or carers leave. A lot of these structures are actually not fit for purpose in the world that we live in now. They were made at a time when jobs were a lot more secure and they were full time and they were done by men. I think we really do need to be reviewing a lot of those structures.<sup>68</sup>

### **Committee view**

- 6.73 The committee notes the evidence around Australia's social security system and is sympathetic to the view that it may not allow for the complexities of today's employment environment, where a decreasing number of people are working in a traditional, full-time manner.
- 6.74 It is true to say that the targeted nature of our social security system was designed to prevent and alleviate poverty, and to help newly unemployed people while they looked for new full-time work, rather than to ensure income maintenance. But evidence shows that the system has not kept pace with the growing number of people with multiple, short-term jobs, those workers who have a disability, those who have caring responsibilities or those who are underemployed. The committee therefore supports calls for a review of the system to ensure it is fit for purpose.
- 6.75 Furthermore, the growth of non-standard work does have bearing on our social security system. There is, and will continue to be, inevitable fallout from technological change and other changes in how people work. In the committee's view business cannot simply outsource this fallout to the community in the form of higher social security payments. The only way to avoid a large increase in social security expenditure is for steps to be taken to ensure that reasonable levels of paid work are available and maintained for all Australians.
- 6.76 The committee believes that Australia is ready to take on the challenge of designing work and workplaces in a manner which provides reasonable amounts of work for all Australians who want it.
- 6.77 The committee does not concur with the view that UBI is an inevitable response to changing working patterns, nor does the committee believe it is wise to accept without question the notion that technological and similar change will result in ever-growing numbers of unemployed and underemployed Australians.
- 6.78 In the committee's view, the real test of responsible policymaking will be ensuring that people have access to paid employment and strong industrial and social protections. Losing sight of this and focusing instead on schemes such as the UBI

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68 Ms Meagan Lawson, Chief Executive Officer, Council on the Ageing New South Wales, *Committee Hansard*, 4 May 2018, p. 46.

would not be conducive to protecting and maintaining Australians' right to meaningful, decent work.

### **Recommendation 23**

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**6.79** The committee recommends that the government review Australia's working-age social security payment—Newstart—to ensure that it is fit for purpose in an environment where a decreasing number of Australians are in traditional, full-time employment. Such a review should consider matters including:

- the financial adequacy of Newstart and related allowances and supports and how to pay for any increase;
- whether assumptions of the system, such as that payments are designed to support people experiencing short-term periods of unemployment between full-time work, remain effective in the current labour market; and
- whether features such as income smoothing and taper rate are working for the large number of Australians experiencing non-standard work.

### **Recommendation 24**

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**6.80** The committee recommends that the government reform Australia's superannuation system to ensure it remains strong in light of emerging labour market trends, with specific reference to gender equity and workers engaged in non-standard employment arrangements. Specific elements of this reform should include abolishing the \$450 minimum threshold for Superannuation Guarantee Contribution eligibility.

**Senator Murray Watt**  
Chair

**Senator Rex Patrick**  
Deputy Chair

**Senator Anthony Chisholm**  
Member

**Senator Jordon Steele-John**  
Member

# Liberal National Senators' Dissenting Report: A missed opportunity

- 1.1 This dissenting report has been produced in response to the Chair's draft report that was circulated to committee members on Thursday 13 September 2018.
- 1.2 A subsequent and final Chair's draft report was circulated in two parts on Tuesday 18 September (the second part at 8pm) prior to a meeting to adopt the report at 9am on Wednesday 19 September. Liberal National Senators were provided only 12 hours overnight to review significant changes to the 82 page chapters 4–6 of the Chair's draft report. That is physical impossibility and as such, this response does not comment on many of the subsequent changes.
- 1.3 And this action by the majority Labor members of the committee sadly reflects the way the majority used what could have been a good bipartisan investigation into a serious and important topic, into another pre-election partisan political game.
- 1.4 What is clear is that the Chair's draft report has neglected to mention a substantial amount of evidence that was provided to the committee that focused on the opportunities inherent in changes to work practices that include automation and disruption.
- 1.5 Rather than focusing on this more positive and aspirational narrative, the Chair's report is focused on industrial relations and labour hire practices. This would seem to miss the point, and seems to be a political exercise by the union movement.
- 1.6 Liberal National Senators recognise the importance of engaging in a constructive and thoughtful consideration of the future of work and the role for Government in ensuring that Australia is well placed to take advantage of the once in a generation opportunities that our transitioning economy offers.
- 1.7 However, Liberal National Senators believe this needs to be centred on an evidence-based understanding of the labour market rather than on evidence-free claims made by the union movement and accepted without question by Australian Labor Party (Labor) Senators.
- 1.8 The report fails to recognise the credible evidence that was presented to the committee which show that inequality is not rising; the share of casual work has been relatively stable since the 1990s,<sup>1</sup> and that dismissal rates have more than halved since 1975.<sup>2</sup>

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1 See Natasha Cassidy & Stephanie Parsons (2017) "The Rising Share of Part-time Employment", RBA Bulletin, September Quarter 2017, p.20.

2 Melbourne Institute of Applied Economic and Social Research, *Submission 36*, p. 3.

- 1.9 The Melbourne Institute of Applied Economic and Social Research submission also states that data from the Household, Income and Labour Dynamics in Australia survey suggest that those working second jobs fell from 8.3 per cent of total workers in 2001 to 7.9 per cent in 2015.<sup>3</sup>
- 1.10 Liberal and National Senators also note that labour force participation is at a near record high, while the total number of people employed and the number of people working full-time are at an all-time high.<sup>4</sup>
- 1.11 How we can harness these realities and work toward a future of work that benefits all Australians is ignored.
- 1.12 Instead, disappointingly, a number of the recommendations in the Chair's report simply regurgitate the usual union wish list.

### **Casualisation**

- 1.13 Casual and part-time work is a genuine and fulfilling choice for many people—particularly those balancing work with studying or caring responsibilities.
- 1.14 Liberal National Senators recognise that the potential growth of the gig economy in Australia presents opportunities for flexibility and innovation, which can enhance the economy, but which also present challenges to the status quo which must be addressed.
- 1.15 We are of the view that regulation should not come at the cost of innovation and worker flexibility and access to opportunities.
- 1.16 We also note Labor's lack of consistency on the gig economy. Back in 2015, when Uber was first regulated in Canberra, Labor boasted about being the ones who were leading innovation.
- 1.17 Labor has gone from embracing the gig economy, pretending that they were in fact the party who supported it, to now openly opposing it.
- 1.18 Labor's hostility to gig opportunities seems to be at the direction of the increasingly irrelevant union movement, who appear incapable of embracing a non-unionised, flexible workforce.
- 1.19 Liberal National Senators support a more thoughtful and nuanced debate on the appropriate safeguards required to support and foster a vibrant innovative economy.

### **Sham contracting**

- 1.20 Liberal National Senators note that 'sham contracting'—where employers knowingly or recklessly misrepresenting an employment relationship to avoid statutory obligations—is already against the law.
- 1.21 There are clear protections against sham contracting in the Fair Work Act, which provides serious penalties for contraventions of these provisions.<sup>5</sup>

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3 Melbourne Institute of Applied Economic and Social Research, *Submission 36*, p. 3.

4 Australian Bureau of Statistics, *Labour Force, Australia, August 2018*, (cat. no. 6202.0), *seasonally adjusted data*, [www.abs.gov.au/ausstats/abs@.nsf/mf/6202.0](http://www.abs.gov.au/ausstats/abs@.nsf/mf/6202.0) (accessed 19 September 2018).

5 Up to \$12,600 for an individual and \$63,000 for a body corporate.

- 1.22 There are also clear provisions and a vast body of jurisprudence demonstrating the difference between independent contractors and employees.
- 1.23 All businesses that treat workers as independent contractors must take great care to ensure that they have categorised those workers correctly.
- 1.24 The Fair Work Ombudsman (FWO) and other agencies provide guidance for workers about the differences between employees and independent contractors so that people are aware of their rights and obligations.
- 1.25 The FWO has responsibility for investigating cases of potential sham contracting and takes the most serious instances of non-compliance to court.
- 1.26 This can occur when the FWO finds cases of sham contracting which are exploitative, involving deliberate and systemic behaviour used to avoid responsibility for paying legal entitlements to employees, and to gain an advantage over competitors.

### **Superannuation**

- 1.27 Liberal National Senators note that the government has already legislated a suite of improvements to the superannuation system which are of tremendous benefit to those engaged in non-standard, salary and wage earning work.
- 1.28 In particular, the government has increased flexibility by removing previous restrictions on making deductible personal superannuation contributions, no matter how one makes their living.
- 1.29 The government has also introduced 'catch-up' contributions that will allow individuals to roll-over their annual concessional contribution caps for a period of five years, allowing them to make additional contributions when they have, for instance, received a windfall gain in a particular year (perhaps as a result of a returning to work after caring for a child, or deciding to work intermittently).
- 1.30 Liberal National Senators also note that the government already has an ambitious superannuation reform agenda before Parliament. One which seeks to place at its heart the most important stakeholders in the superannuation system—the members.
- 1.31 The government's reforms will:
  - strengthen accountability, governance and oversight of the superannuation sector;
  - provide around one million employees with proper choice of superannuation fund for the first time;
  - protect workers from superannuation theft by increasing penalties associated with the Superannuation Guarantee regime;
  - abolish a range of fees and charges that disproportionately erode the superannuation balances of the young and vulnerable; and
  - for the first time, provide the Australian Taxation Office with the power to proactively reunite lost, inactive accounts with their rightful owners.
- 1.32 Liberal National Senators urge the Opposition to support the passage of these sensible, vitally important reforms through the Senate as soon as possible.
- 1.33 Only after these important consumer protections have been enacted, should any further changes to the superannuation system be considered.

**Conclusion**

1.34 This inquiry represented a unique opportunity for the Parliament to engage productively on what is both one of the greatest opportunities and one of the greatest challenges facing Australia. Regrettably the majority of the committee negated this opportunity and simply turned the inquiry into a union directed Labor election campaign exercise.

**Senator the Hon Ian Macdonald**  
**Member**

**Senator Amanda Stoker**  
**Member**

# Australian Greens Senators' Additional Comments

## Overview

- 1.1 For 25 years, both Coalition and Labor governments have been willing and active participants in a process of so-called labour market deregulation that has seen the Australian employment landscape drastically changed. Though not all of these changes have been negative, the net result is clear: the balance of power between employer and employee has shifted decisively in favour of the former to the detriment of the latter. The result of this shift is a social landscape increasingly dominated by insecure work, stagnating wages, inadequate training opportunities, diminished collective bargaining power, and unpaid labour, within a broader setting of rising economic inequality and an ever more threadbare social safety net.
- 1.2 It is against this stark backdrop that the committee has endeavoured to explore the future of work in Australia. Over the course of this inquiry, the committee heard from representatives from the union movement, social services, business, tech and education sectors, academia, and directly from affected workers and businesses. From this great fountain of information and lived experience sprang one clear message: the future of work will be what we make of it.
- 1.3 Australian policy makers are faced now with a choice. Do we step back, avert our eyes, and allow gathering tides like automation, 'gig' work, the services boom, and an ill-fitting education system to crash unimpeded against a population that is already bearing the brunt of a deregulated and skewed employment market? Or do we confront the challenges before us, seize the opportunities therein, and set a course to fundamentally re-imagine the nature of work and its role in society? The Australian Greens believe we should be taking this latter course.
- 1.4 The Greens agree with many of the observations and recommendations made within the Majority Report. However, in our view it fails to fully come to terms with challenges that will face both workers and the social services system designed to support them over the next quarter century. Central to this failing is the committee's unwillingness to view trends such as automation as an opportunity to be utilised, rather than a threat to be neutralised. Whether in the next 25 or 50 years, the nature of paid work will inevitably change and automation will be a significant part of that change. The question of the impact of this change will not be decided by the strenuousness with which it is resisted by government, but by the willingness of those in government to recognise that the dignity of individuals is inherent to them as human beings, rather than a by-product of their engagement in paid work.
- 1.5 The myth that dignity is an automatic by-product of paid work is celebrated and propagated by both sides of politics. It forms the foundation of some of the worst employment abuses in modern day Australia, particularly among young people and

disabled people. It relegates, as secondary, the contributions of the countless millions (still overwhelmingly women) who engage daily in the unpaid work that constitutes the bedrock of our economy and our society. If the future of work is to be a future for all of us, then this myth has no place. We must move beyond this world view, and work to create an Australia where your ability to feed your family and put a roof over your head is no longer tied to whether or not you are able to exchange your labour for currency. We must move towards a future where paid work must sit equally alongside all the many and varied forms of human endeavour that come together to make our communities worth living in, where economic output is no longer a yardstick of moral worth, and every Australian can pursue their aspirations, regardless of the economic value that might be assigned to them. This future is possible, the policy solutions exist today. Creating this future will take time, careful planning and innovative policy solutions, but we can and must start now.

### **Industrial Relations Laws**

1.6 Our industrial relations laws are broken. Since the 1980s, under both Labor and Coalition governments, workplace laws have cut award conditions, kept wages down, and restricted people's rights to organise. Despite decades of uninterrupted economic growth, wages growth is flat-lining and too many people, especially young people, aren't getting the hours of work they want and need to live a decent life. Insecurity is on the rise and people are in record levels of personal debt. One in four people living in poverty is working full-time<sup>1</sup> and since 2014, the government estimates that the number of adults on the minimum wage has increased by 25 per cent.<sup>2</sup> Five percent unemployment is seen as full employment and underemployment is even more prevalent. For many people, work is now insecure, unfulfilling, and low paid. This cannot be allowed to continue, we must fight for our rights at work.

1.7 We need to overhaul our industrial relations system, so that our labour laws build upon the following principles to create a more equal Australia and put workers' rights back in the centre of our workplace:

- Labour laws must reduce inequality in our society;
- Workers should be paid and treated equally for the same kind of work;
- Everyone should have the right to decent work;
- People should have greater control over their working lives, which means no more shifting of risk and insecurity onto workers and everyday people;
- Workers should be able to bargain collectively at the level they want;
- Migration laws and free trade deals should not be able to undercut local labour laws;
- The composition of the workforce must be reflective of our population;
- The government must not use the law to attack working people and their unions;
- and

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1 Australian Council of Social Service and Social Policy Research Centre, *Poverty in Australia 2016*, October 2016, pp. 25–26.

2 Australian Government Submission to the Fair Work Commission Annual Wage Review 2015, Chart 2.1: Number of employees by method of setting pay and whether they are low-paid, May 2014, p. 9.

- Union rights should be enshrined in law and there must be an independent workplace commission and an easy way of enforcing labour laws.
- 1.8 Australia must examine the many challenges facing the future of work and the impacts of the innovation to come and deliver long-term strategies for reform. The Greens therefore welcome the committee's recommendation to establish a central government body to coordinate planning for the future of work.

### Social Safety Net

- 1.9 The Australian Greens understand that a strong social safety net is the foundation of a more inclusive and productive society. No person in a country as rich as Australia should be living in poverty. Australia's social safety net has been whittled away by successive governments and transformed into a punitive, exclusionary system that hurts vulnerable people and drives more Australians into poverty. As WACOSS said in evidence to the committee, we need "to devise a system of social security more appropriate and responsive to the needs of workers moving in and out of employment and struggling with insecure and unpredictable hours and incomes."<sup>3</sup>
- 1.10 In the short term, we need to improve payments to those that are struggling to make ends meet on Newstart and Youth Allowance payments. The Greens believe that there is an urgent need to increase Newstart by \$75 per week and also increase Youth Allowance and related allowance payments.
- 1.11 In the increasingly uncertain and unreliable world of 21st century work, we urgently need a new approach. Unlike the view expressed in the Majority Report, the Greens believe that a measure such as Universal Basic Income (UBI) or Guaranteed Adequate Income needs to be considered. A UBI is a simple idea: unconditionally providing every resident (child and adult) of a particular geographic location a regular and unconditional subsistence wage.
- 1.12 The Green Institute pointed out that a UBI would help people through the changes to work which society will face in the years ahead:
- A UBI is an important mechanism for supporting people through the enormous changes to work which are coming in the decades ahead. But, more deeply, it is an enabling policy for the work life of the future which technology has made possible. It's the kind of policy we will need if we are to encourage people to retrain for a new career, to accept piecemeal and less predictable work. To step back in order to care for children or aging (SIC) parents..."<sup>4</sup>
- 1.13 More than simply responding to challenges, a UBI could be an exciting, positive opportunity for re-evaluating work and paid labour in our society. A UBI could help promote a cultural shift in the meaning of work and how productivity is defined, towards a broader definition including all forms of productive labour (e.g., unpaid care work, ecological care, community support, care of country, and artistry). Redefining work is important as currently there are many activities that people undertake that are productive and meaningful, yet are not classified and remunerated

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3 WA Council of Social Service, *Submission 128*, p. 1.

4 The Green Institute, *Submission 71*, p. 9.

as 'work'. Unpaid care work is one such example, disproportionately impacting women.

- 1.14 Women's unpaid work is estimated to contribute US\$10 trillion per year globally or 13 per cent of the global GDP.<sup>5</sup> The drastic undervaluing of women's productive work is underpinned by how work is defined, where gendered norms shape what is classified as productive and reproductive work.<sup>6</sup> The norm of "production" is not merely the production of commodities and services for sale, but also as the production of life (reproduction, child rearing, domestic duties, and care work).
- 1.15 Many First Nations peoples living remotely are also challenged by similar limitations around the definitions of work. Indeed, productive work 'on country', where First Nations peoples undertake customary (non-market) work for livelihoods is severely undervalued and often disincentivised by government policies.<sup>7</sup>
- 1.16 Professor Jon Altman and Mr Francis Markham discussed the concept of a Basic Income in remote First Nations communities in their submission to the inquiry, saying:

We were and are strong advocates for the now defunct Community Development Employment Projects (CDEP) scheme and for the urgent need to consider Basic Income (BI) options in situations where there is no or very limited mainstream labour market opportunities.<sup>8</sup>

- 1.17 A UBI could be part of a range of measures that we as a community need to take to ensure that people have a good life into the future. We disagree with the committee view in the Majority Report that a UBI would not be conducive to protecting and maintaining Australians' rights to meaningful, decent work. We should not be writing off a UBI now, but instead we should be looking further into the role it could play.

**Senator Jordon Steele-John  
Member**

**Senator Rachel Siewert  
Participating Member**

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5 See 'How Advancing Women's Equality Can Add \$12 Trillion to Global Growth', McKinsey Global Institute, available at: [www.mckinsey.com/global-themes/employment-and-growth/how-advancing-womens-equality-can-add-12-trillion-to-global-growth](http://www.mckinsey.com/global-themes/employment-and-growth/how-advancing-womens-equality-can-add-12-trillion-to-global-growth) (accessed 18 September 2018).

6 Marilyn Waring, *Counting for Nothing: What Men Value and What Women Are Worth*, Toronto University Press, Toronto, 1999; See Emma Samman, et al., *Women's Work: Mothers, Children and the Global Childcare Crisis*, Overseas Development Institute, available at: [www.odi.org/global-childcare-crisis](http://www.odi.org/global-childcare-crisis) (accessed 18 September 2018).

7 Kirrily Jordan (ed.), *Better than welfare? Work and livelihood for Indigenous Australians after CDEP*, ANU Press, Canberra, 2016.

8 Professor Jon Altman and Mr Francis Markham, *Submission 34*, p. 1.

# Appendix 1

## Submissions and Additional Information

### *Submissions*

- 1 Mr Chris Drake
- 2 Australian Industrial Transformation Institute, Flinders University
- 3 Productivity Commission
- 4 Professor George Cairns
- 5 Swinburne University of Technology
- 6 SEEK
- 7 QUT Business School Work/Industry Futures Research Program
- 8 Professor John Quiggin
- 9 Professor Toby Walsh
- 10 Dementia Australia
- 11 Shop Distributive and Allied Employees' Association
- 12 The Australian National University
- 13 Australian Bureau of Statistics
- 14 Australian Technology Network of Universities
- 15 Australian Human Rights Commission
- 16 Airbnb
- 17 Restaurant & Catering Australia (R&CA)
- 18 Speech Pathology Australia
- 19 Australian Institute of Performance Sciences
- 20 Global Voices
- 21 Department of Industry, Innovation and Science
- 22 Global Shapers Melbourne

- 23 Professor Ruth Bridgstock
- 24 Anglicare Australia
- 25 Salesforce
- 26 Dr David Tuffley
- 27 Dr Peter McIlveen
- 28 Dr Klaas Woldring
- 29 White Label Personal Clouds
- 30 Minerals Council of Australia
- 31 Queensland Nurses' and Midwives' Union
- 32 School of Social Science and Institute for Social Science Research, University of Queensland
- 33 Australian Retailers Association
- 34 Professor Jon Altman and Mr Francis Markham
- 35 Transport Workers' Union
- 36 The Melbourne Institute of Applied Economic and Social Research
- 37 Australian Democrats (Queensland Division) Incorporated
- 38 Uber
- 39 Institute of Public Affairs
- 40 Finance Sector Union of Australia
- 41 Dr Ben Spies-Butcher and Mr Troy Henderson
- 42 Queensland University of Technology
- 43 Department of Jobs and Small Business
- 44 Future Social Service Institute
- 45 Live Well Tasmania
- 46 Skills Impact
- 47 Centre for Multicultural Youth
- 48 Shifting Cultures of Manufacturing in Australia Research Project

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- 49 Dr Marina Nehme
  - 50 Galactic Co-operative
  - 51 Asia Cloud Computing Association
  - 52 Australian Chamber of Commerce and Industry
  - 53 Australian Information Industry Association
  - 54 Australian Council of Learned Academies
  - 55 Federation of Ethnic Communities' Councils of Australia
  - 56 Platform Cooperativism Australia Working Group and UNSW
  - 57 Centre for Future Work
  - 58 BlueJeans
  - 59 Australian Road Transport Industrial Organisation
  - 60 Recruitment and Consulting Services Australia
  - 61 Per Capita Australia
  - 62 National Tertiary Education Union
  - 63 Cognitive Uplift
  - 64 Volunteering Australia
  - 65 Financial Planning Association of Australia
  - 66 Mr Sebastian Vanderzeil
  - 67 AbundanceWiki
  - 68 Aged & Community Services Australia
  - 69 Construction, Forestry, Mining and Energy Union
  - 70 Climate Action Network Australia
  - 71 The Green Institute
  - 72 Employee Ownership Australia Ltd
  - 73 Google
  - 74 Diversity Council Australia
  - 75 C-Mac Industries Co-operative Ltd

- 76 Western Australian Government
- 77 Australian Manufacturing Workers' Union
- 78 United Voice
- 79 The University of Sydney
- 80 Kingsford Legal Centre at the University of New South Wales
- 81 University of Technology Sydney
- 82 Unions NSW
- 83 Business Council of Co-operatives and Mutuals
- 84 Mr James Newton-Thomas and Mr Jack Strocchi
- 85 NatRoad
- 86 Dr Tom Barratt, Dr Caleb Goods and Dr Alex Veen
- 87 Dellium Advisory
- 88 Australian HR Institute
- 89 Australia Council for the Arts
- 90 Australian Medical Association and the Australian Salaried Medical Officers' Federation
- 91 National Union of Workers
- 92 Jobs Australia
- 93 UnitingCare Australia
- 94 Carers NSW
- 95 Charles Sturt University
- 96 South Coast Labour Council
- 97 A.T. Kearney
- 98 Centre for Social and Business Innovation, University of Technology Sydney
- 99 National Retail Association
- 100 Australian Council of Social Service
- 101 Gooroo Ventures Limited

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- 102 University of Melbourne
- 103 Deliveroo Australia Ptd Ltd
- 104 Mr J Rob Bray PSM
- 105 The Group of Eight
- 106 Victorian Council of Social Service
- 107 Victorian Multicultural Commission
- 108 Economic Society of Australia
- 109 Australian Resources & Energy Group (AMMA)
- 110 Centre for Work and Organisational Performance, Edith Cowan University
- 111 Centre for Workplace Leadership, The University of Melbourne
- 111.1 Supplementary to submission 111
- 112 Australian Council of Trade Unions
- 112.1 Supplementary to submission 112
- 113 National Employment Services Association
- 114 Young Workers Centre
- 115 Community and Public Sector Union
- 116 Airtasker Pty Ltd
- 117 Australian Industry Group
- 118 Liberal Democrats WA
- 119 Dr Veronica Sheen
- 120 University of Wollongong
- 121 Dr Andrew Warren
- 122 The Youth Affairs Council of WA
- 123 Association of Professional Staffing Companies of Australia
- 124 La Trobe University
- 125 The Australian Psychological Society Limited
- 126 Human Super

- 127 University of Tasmania
- 128 WA Council of Social Service
- 129 National Centre for Vocational Education Research
- 130 Financial Services Council
- 131 Australia21
- 132 Queensland Government
- 133 Watermark Search International
- 134 Mr Glenn Hutchinson
- 135 Royal Australian and New Zealand College of Radiologists
- 136 Australian Robotics and Automation Association
- 137 Splend
- 138 Rail, Tram and Bus Union
- 139 Dr Jane O'Sullivan
- 140 New Beats Project
- 141 Department of Education and Training
- 142 The Women, Work and Leadership Research Group
- 143 Professor Judith Bessant
- 144 BKindred
- 145 Mr Tom Worthington
- 146 Business Council of Australia
- 147 National Australia Bank
- 148 Australian Computer Society
- 149 Tasmanian Government
- 150 Bankwest Curtin Economics Centre
- 151 Pottinger
- 152 Australian Institute of Machine Learning - University of Adelaide
- 153 Dr Paul Twomey

- 
- 154 Mr Bruce Irwin
- 155 Professor Peter Whiteford
- 156 Mr Edward Rhodes
- 157 Mr Stephen Lacaze
- 158 Universities Australia
- 159 Professor David Peetz
- 160 PlanDo
- 161 Direct Selling Australia
- 162 Ernst and Young
- 163 Mr Vic Symons

### *Additional Information*

- 1 Additional information supplied by Dr Stephen Healy on 22 February 2018.
- 2 Additional information supplied by Mr Darren Sharp on 9 March 2018 - Article - The sharing economy.
- 3 Additional information supplied by Mr Darren Sharp on 9 March 2018 - Article - Does the sharing economy increase inequality...
- 4 Additional information supplied by Mr Darren Sharp on 9 March 2018 - Article - Digital labour and development.
- 5 Additional information supplied by Mr Darren Sharp on 9 March 2018 - Article - Towards a fairer gig economy.
- 6 Additional information supplied by Mr Darren Sharp on 9 March 2018 - Article - Challenging the corporate sharing economy.
- 7 Additional information supplied by Mr Darren Sharp on 9 March 2018 - Article - Good gigs.
- 8 Additional information supplied by Mr Darren Sharp on 9 March 2018 - Article - Policies for shareable cities.
- 9 Correction of evidence by the Australian Manufacturing Workers Union, received 23 March 2018.
- 10 Additional information supplied by the National Centre for Vocational Education Research on 17 May 2018 – Report and Supporting Document – Identifying work skills: international approaches

- 11 Additional information supplied by Dementia Australia on 12 June 2018 – Report – Economic Cost of Dementia in Australia 2016-2056

*Answer to Question on Notice*

- 1 Answers to questions on notice by United Voice, asked by Senators at a public hearing in Sydney on 21 February 2018; received 8 March 2018.
- 2 Answers to questions on notice by the Financial Services Union, asked by Senator Steele-John at a public hearing in Sydney on 21 February 2018; received 8 March 2018.
- 3 Answers to questions on notice by Dr Sarah Kaine, asked by Senator Patrick at a public hearing in Sydney on 4 May 2018; received 29 May 2018.
- 4 Answers to questions on notice by the Australian Bureau of Statistics, asked by Senator Watt at a public hearing in Canberra on 4 June 2018; received 25 June 2018.
- 5 Answers to questions on notice by the Department of Industry, Innovation and Science, asked by Senator Patrick at a public hearing in Canberra on 4 June 2018; received 28 June 2018.
- 6 Answers to questions on notice by PlanDo Human Capital Pty Ltd; asked by senators at a public hearing in Canberra on 4 June 2018; received 29 June 2018.
- 7 Answers to questions on notice by the Department of Social Services, asked by senators at a public hearing in Canberra on 4 June 2018; received 5 July 2018.
- 8 Answer to question on notice by the Department of Education and Training, asked by Senator Patrick at a public hearing in Canberra on 4 June 2018; received 13 July 2018.
- 9 Answers to questions on notice from the Department of Human Services, asked by senators at a public hearing in Canberra on 4 June 2018; received 23 July 2018.

*Tabled Documents*

- 1 Opening statement tabled by Ms Julia Angrisano, National Secretary of the Financial Sector Union at a public hearing in Sydney on 21 February 2018.
- 2 The Irish Journalist Newsletter from July 2017, tabled by Dr Penny O'Donnell at a public hearing in Sydney on 4 May 2018.
- 3 Working for less report, tabled by Dr Penny O'Donnell at a public hearing in Sydney on 4 May 2018.
- 4 Copy of presentation by Cbus and Australian Super, tabled by Ms Louise Du Pre-Alba at a public hearing in Adelaide on 14 May 2018.
- 5 PlanDo opening statement tabled by Ms Anne Moore of PlanDo at a public hearing in Canberra on 4 June 2018.
- 6 Department of Jobs and Small Business opening statement, tabled by Mr Greg Manning at a public hearing in Canberra on 4 June 2018.

## Appendix 2

# Public Hearings

*Tuesday, 20 February 2018*

Committee Room 3

Parliament of Queensland

Brisbane

*QUT Business School Work/Industry Futures Research Program*

- Dr Robyn Mayes, Senior Lecturer
- Professor Paula McDonald, Director and the Professor of Work and Organisation
- Dr Penny Williams, Post-Doctoral Research Fellow
- Dr Katherine Moore, Lecturer

*School of Social Science and Institute for Social Science Research, University of Queensland*

- Professor Greg Marston, Professor, Head of School

*Queensland Health*

- Mr Andrew Bryett, Director, Telehealth Services

*Professor John Quiggin, private capacity*

*Dr David Tuffley, private capacity*

*Queensland Council of Unions*

- Mr Michael Clifford, Assistant General Secretary
- Mr Matthew Journeaux, Secretary, Queensland Branch, Australasian Meat Industry Employees' Union
- Mr Craig Buckely, Industrial Officer, Australasian Meat Industry Employees' Union
- Mr Peter Ong, Electrical Trades Union
- Ms Amy Smith, Community and Public Sector Union

*Professor George Cairns, private capacity*

*Dr Peter McIlveen, private capacity*

*Professor David Peetz, private capacity*

*James Cook University*

- Professor Ian Atkinson, Director of eResearch Centre

*TAFE Queensland*

- Mr Robert Petherbridge, Executive Director

*Queensland Tourism Industry Council*

- Mr Daniel Gschwind, Chief Executive

*Australian Manufacturing Workers Union*

- Mr Andrew Dettmer, National President

*Wednesday, 21 February 2018*

Jubilee Room

Parliament of NSW

Sydney

*Shifting Cultures of Manufacturing in Australia Research Project*

- Dr Joanne McNeill, Research Project Manager
- Dr Stephen Healy, Chief Investigator

*Platform Cooperativism Australia Working Group and UNSW*

- Mr Darren Sharp, Convenor
- Professor Bronwen Morgan, Professor of Law
- Professor Cameron Tonkinwise, Professor of Design
- Dr Joanne McNeill, Visiting Fellow

*Professor Toby Walsh, private capacity**Dr Marina Nehme, private capacity**Dr Ben Spies-Butcher and Mr Troy Henderson, Private capacity**Australian Chamber of Commerce and Industry*

- Ms Jenny Lambert, Director - Employment, Education and Training/Tourism
- Ms Alana Matheson, Deputy Director - Workplace Relations

*Restaurant & Catering Australia*

- Mr James Coward, Policy and Public Affairs Manager

*Finance Sector Union of Australia*

- Ms Julia Angrisano, National Secretary
- Mr Nathan Rees, National Assistant Secretary
- Ms Chris Sandquist, Member
- Mr Paul Davis, Member
- Mrs Myrna Ellery, Member
- Mr Daniel Gow, Member

*Financial Planning Association of Australia*

- Mr Benjamin Marshan, Head of Policy and Government Relations

*Centre for Future Work*

- Dr James Stanford, Director and Economist

*Employee Ownership Australia Ltd*

- Mr Benjamin Morris, Chairman
- Mr Andrew Clements, Deputy Chairman

*Business Council of Coops and Mutuals*

- Ms Melina Morrison, Chief Executive Officer
- Ms Gillian McFee, Chair - Public Service Mutuals Task Force

*Unions NSW*

- Mr Mark Morey, Secretary
- Ms Kate Minter, Research Director

*Transport Workers' Union*

- Mr Michael Kaine, National Assistant Secretary

*United Voice*

- Ms Jo-anne Schofield, National Secretary
- Dr Frances Flanagan, Research Director

*Australian Human Rights Commission*

- Dr Kay Patterson, Age Discrimination Commissioner

*Diversity Council Australia*

- Ms Lisa Annese, Chief Executive Officer
- Ms Cathy Brown, Research and Policy Manager

*AlphaBeta*

- Mr Andrew Charlton, Director

*Uber*

- Mr David Rohrsheim, General Manager, Australia and New Zealand

*University of Sydney*

- Professor Philippa Pattison, Deputy Vice-Chancellor (Education)

*University of Technology Sydney*

- Professor Attila Brungs, Vice-Chancellor and President

*University of New South Wales (Kingsford Legal Centre)*

- Ms Theresa Deegan, Employment Solicitor
- Ms Fiona Duane, Employment Solicitor

*Monday, 12 March 2018*

Anglesea 2 Room  
Mercure Hotel  
10 Irwin Street  
Perth

*Royal Australian and New Zealand College of Radiologists*

- Professor John Slavotinek, Dean, Faculty of Clinical Radiology
- Ms Natalia Vukolova, Chief Executive Officer
- Mr Mark Nevin, Senior Executive Officer

*Western Australia Chamber of Culture and Arts*

- Mr Henry Boston, Executive Director

*Dr Tom Barratt, private capacity*

*Dr Caleb Goods, private capacity*

*Dr Alex Veen, private capacity*

*WA Council of Social Service*

- Mr Chris Twomey, Research and Policy Development Leader

*Bankwest Curtin Economics Centre*

- Professor Alan Duncan, Director

*Unions WA*

- Ms Meredith Hammat, Secretary
- Dr Tim Dymond, Organising and Strategic Research Officer

*Australian Manufacturing Workers' Union*

- Mr Steve McCartney, WA State Secretary

*The Youth Affairs Council of WA (YACWA)*

- Mr Ross Wortham, Chief Executive Officer
- Mr Mason Rothwell, Senior Policy and Advocacy Officer
- Mr Stefaan Bruce-Truglio, Policy and Advocacy Officer
- Miss Ming Luo, Youth Disability Advocacy Network Committee Member

*Centre for Work and Organisational Performance, Edith Cowan University*

- Professor Stephen Teo, Director
- Professor Pi-Shen Seet, Deputy Director

*University of Western Australia*

- Mr David Norman, Senior Policy Adviser

*Curtin University*

- Dr Marco Schultheis, Chief Strategy Officer

*Tuesday, 13 March 2018*

Legislative Council Committee Room  
Parliament of Victoria  
Spring Street  
Melbourne

*Per Capita*

- Ms Emma Dawson, Executive Director
- Mr Tim Lyons, Research Fellow

*Atlassian*

- Mr Michael Cannon-Brookes, Co-Chief Executive Officer and Co-Founder

*Anglicare Australia*

- Ms Imogen Ebsworth, Director of Policy and Research

*Institute of Public Affairs*

- Mr Aaron Lane, Legal Fellow
- Mr Gideon Rozner, Research Fellow

*Minerals Council of Australia*

- Mr David Byers, Interim Chief Executive
- Dr Gavin Lind, Director, Workforce and Director, Health, Safety, Environment and Communities

*Australian Council of Trade Unions*

- Mr Tom Roberts, Director of Industrial and Social Policy
- Mr Geoff Derrick, National Campaign Coordinator

*Construction, Forestry, Mining and Energy Union*

- Dr Kristy Jones, Senior Economist

*National Tertiary Education Union*

- Ms Jeannie Rea, National President
- Mr Paul Kniest, Policy and Research Coordinator

*Shop Distributive and Allied Employees' Association*

- Mr Gerard Dwyer, National Secretary and Treasurer

*Australian Robotics & Automation Association*

- Professor Denny Oetomo, President

*The Melbourne Institute of Applied Economic and Social Research*

- Professor Mark Wooden, Professorial Research Fellow and Director of the HILDA Survey

*Australian Council of Learned Academies (ACOLA)*

- Dr Angus Henderson, General Manager

*Recruitment and Consulting Services Australia*

- Mr Charles Cameron, Chief Executive Officer

*Professor Jon Altman, private capacity*

*Dr Elise Klein, private capacity*

*Centre for Workplace Leadership, The University of Melbourne*

- Dr Josh Healy, Senior Research Fellow

*Friday, 4 May 2018*

Northcott Room

Sydney Masonic Centre

66 Goulburn Street

Sydney

*Airtasker Pty Ltd*

- Mr Tim Fung, Chief Executive Officer

*The Women, Work and Leadership Research Group*

- Professor Rae Cooper, Co-Director

*Mr James Newton-Thomas and Mr Jack Strocchi, Private capacity*

*Professor John Buchanan, private capacity*

*Associate Professor Sarah Kaine, private capacity*

*Ernst & Young*

- Mrs Lucille Halloran, Managing Partner, Oceania Government and Public Sector
- Dr Juliet Andrews, Partner, People Advisory Services
- Professor Louise Rolland, Executive Director

*BKindred*

- Ms Penny Locaso, Founder

*Council of the Ageing NSW*

- Ms Meagan Lawson, Chief Executive Officer

*New Beats Project*

- Dr Penny O'Donnell, Chief Investigator

*Screen Producers Australia*

- Mr Matthew Deaner, Chief Executive Officer
- Mr James Cheatley, Director of Government Relations and Policy

*Monday, 14 May 2018*

Old Chamber Room  
Parliament of South Australia  
Adelaide

*Australian Industrial Transformation Institute, Flinders University*

- Professor John Spoehr, Director
- Dr Ann-Louise Hordacre, Senior Research Fellow
- Dr Mark Dean, Research Associate

*Austal*

- Ms Lisa Breen, Head of Human Resources

*SupaShock*

- Mr Oscar Fiorinotto, Chief Executive Officer

*Aged & Community Services Australia*

- Mr Darren Mathewson, Executive Director Strategy and Policy

*National Centre for Vocational Education Research*

- Dr James Craig Fowler, Managing Director
- Ms Genevieve Knight, National Manager for Research, Knowledge Management and Communication

*Australian Super*

- Ms Louise du Pre-Alba, Strategic Policy Advocate

*Friday, 18 May 2018*

Balmoral Room  
Stamford Plaza  
Melbourne

*Faethm*

- Mr Michael Priddis, Chief Executive Officer

*Federation of Ethnic Communities' Councils of Australia (FECCA)*

- Dr Emma Campbell, Director
- Dr Alia Imtoul, Director of Policy

*Centre for Multicultural Youth*

- Ms Carmel Guerra, Chief Executive Officer

*Mitchell Institute*

- Ms Megan O'Connell, Chief Executive Officer
- Ms Kate Torii, Policy Fellow

*Australian Council of Social Service*

- Mr Peter Davidson, Senior Advisor

*SEEK*

- Mr Simon Lusted, Group Head of Strategy
- Ms Sarah Macartney, Corporate Communications Manager
- Mr Jamie Simon, Head of Enterprise and Government, Employment Sales and Service

*Jobs Australia*

- Dr Simone Casey, Policy Analyst

*Gooroo Ventures Limited*

- Mr Greg Muller, Founder and Chief Executive Officer
- Mr Tom Brown, Chairman
- Mr Carl Joseph Sciglitano, VP Behavioural Products
- Dr Colin Benjamin

*National Employment Services Association*

- Ms Sally Sinclair, Chief Executive Officer

*Youth Affairs Council Victoria*

- Mr Leo Fieldgrass, Chief Executive Officer

*Victorian Youth Disability Advocacy Service*

- Ms Leah van Poppel, Manager

*Monday, 4 June 2018*

Committee Room 2S1

Parliament House

Canberra

*PlanDo*

- Ms Anne Moore, Chief Executive Officer

*Dementia Australia*

- Dr David Sykes, Director of the Centre for Dementia Learning
- Ms Kay Barralet, Consumer Representative

*The Group of Eight*

- Ms Vicki Thomson, Chief Executive

*Volunteering Australia*

- Ms Adrienne Picone, Chief Executive Officer
- Ms Lavanya Kala, Policy Manager

*Australian Internships*

- Ms Diana van Woerkom, Managing Director

*Department of Human Services*

- Mr Ian Fitzgerald, General Manager of People, Policy and Operations

*Department of Social Services*

- Ms Allyson Essex, Acting General Manager, Welfare and Housing Policy
- Ms Mary McLarty, Branch Manager, Payment Structures
- Mr Peter Broadhead, Branch Manager, Disability Employment Services Branch

*The Australian National University*

- Professor Brian Schmidt, Vice Chancellor and President
- Professor Michael Wesley, Dean, ANU College of Asia and the Pacific

*Professor Peter Whiteford, private capacity**Australian Information Industry Association*

- Mr Rob Fitzpatrick, Chief Executive Officer
- Ms Kim Hicks, Senior Manager, Policy and Advocacy

*Mr Tom Worthington, Private capacity**Australian Bureau of Statistics*

- Mrs Katherine Keenan, Director
- Mr Bjorn Jarvis, Program Manager

*Productivity Commission*

- Ms Nina Davidson, Head of Office
- Mr Ralph Lattimore, Executive Manager, Canberra

*Department of Jobs and Small Business*

- Mr Greg Manning, Group Manager, Youth and Programmes
- Ms Angela Hope, Acting Branch Manager, Future of Work Taskforce
- Ms Alison Durbin, Acting Group Manager, Workplace Relations Policy
- Ms Justine Ross, Acting Group Manager, Work Health and Safety Policy
- Mr Malcolm Greening, Branch Manager, Industry and International Strategies
- Mr Ian Neville, Branch Manager, Labour Market Research and Analysis
- Mr David Rushton, Principal Government Lawyer, Bargaining and Coverage Branch
- Mr Adrian Breen, Branch Manager, Work Health and Safety Policy Branch

*Department of Industry, Innovation and Science*

- Mr Wayne Calder, General Manager, Business Environment Branch
- Mr Grant Wilson, Manager of Future of Work

*Department of Education and Training*

- Mr Dom English, Group Manager, Higher Education
- Mr Bryan Palmer, Group Manager, Skills Market Group
- Ms Liz Dowd, Acting Group Manager, Improving Student Outcomes Group