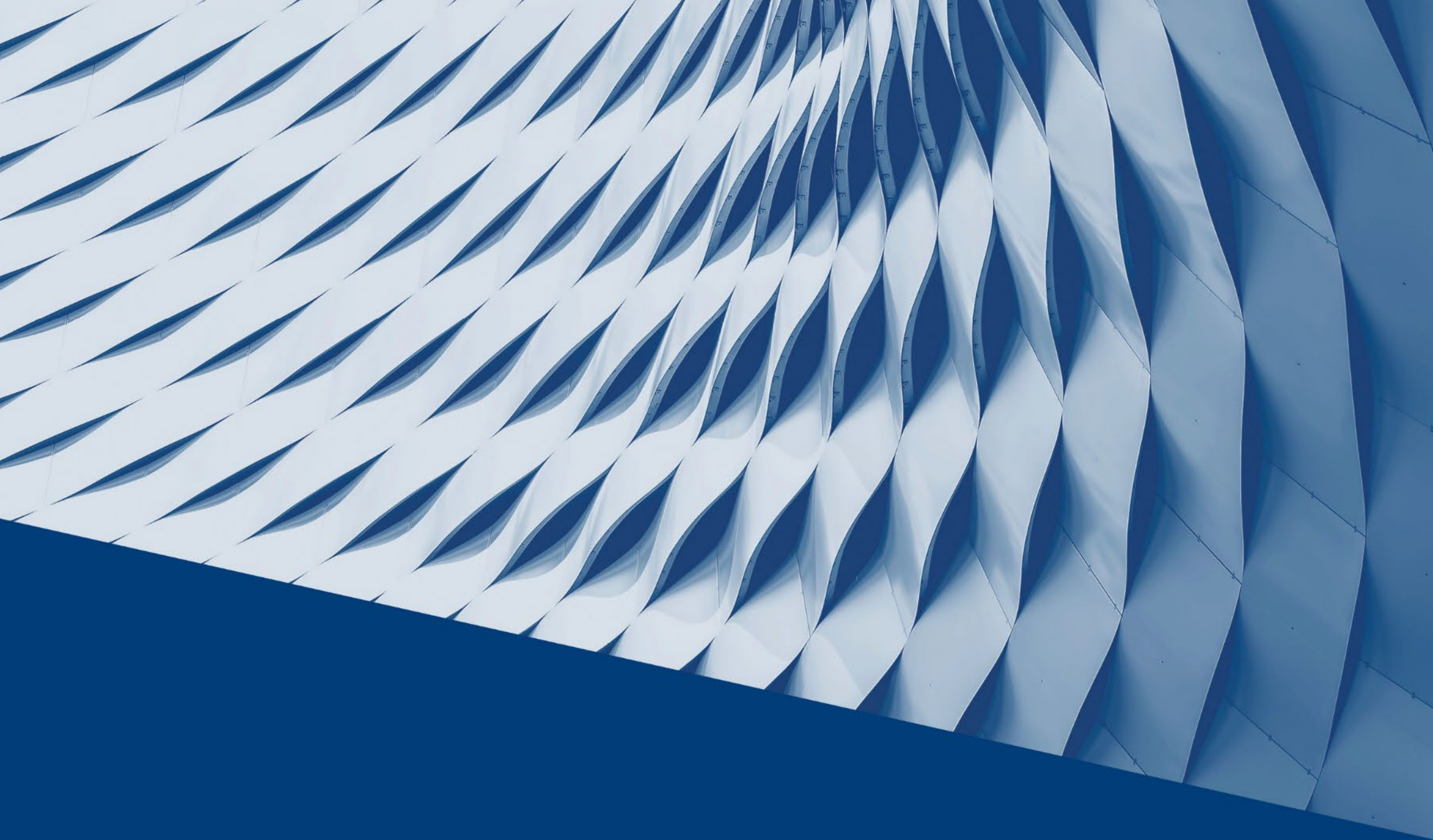

Productivity Commission 5 Pillars Inquiry

ACTU Submission
15 September, 2025
ACTU D No. 31/2025

australian council of trade unions

Contents

Introduction

Formed in 1927, the Australian Council of Trade Unions ("**the ACTU**") is the national peak trade union body, consisting of 35 affiliated trade unions with nearly 2 million members. As the representatives of working people, the ACTU welcomes the opportunity to provide a submission in response to the interim reports released by the Commission.

Productivity growth in Australia has been slow because corporations have prioritised profits and executive bonuses rather than investing in capital, research and people. Previous Governments have also underinvested in education, skills and research. Market concentration and our lack of economic complexity has also stifled productivity growth.

Further, productivity growth can support rising living standards but since 2000, productivity has grown four times as fast as real wages (measured relative to consumer prices). Average earnings are now $18,000 per year lower than they would be if they had fully kept pace with productivity. And the "productivity debt" accumulated due to the gap between wages and productivity since then is as much as $200,000 per worker.[1]

We need equal effort put into both improving productivity and ensuring that the gains of it are fairly shared, if rising living standards are our shared goal. Our living standards are underpinned by affordable housing, quality health care, aged and childcare and our education system. That is why we need to reform the tax system to make it fairer and to ensure that there is enough revenue to support our living standards, and to ensure that basics necessities, from housing to food to energy, are within reach of all workers.

The interim reports produced by the Productivity Commission for its "5 pillars" inquiry, do not adequately grapple with these challenges outlined above, producing a series of recommendations that are, at best, mixed.

In summary, the first report on *Creating a More Dynamic and Resilient Economy* proposes reforms to corporate taxation that are an interesting attempt to incentivise business investment. But the ideas need careful scrutiny. Its recommendations on reducing or simplifying regulation run the serious risk of undermining worthy social and environmental goals.

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[1] Jim Stanford, 'Productivity in the Real World', *The Centre for Future Work*, 2025.

The second report on *Investing in Cheaper, Cleaner Energy and the Net Zero Transformation,* does contain some useful proposals on effective ways to reduce emissions. For example, reducing the fuel tax credit scheme and reinvesting the savings to support fleet decarbonisation would be welcome. The need to speed up renewable energy approval processes is also welcome, but the PC ignores the critical need to secure social license to build community support which underpins a faster process. Its consideration of the need for greater investments in adaptation and resilience is significantly undercooked.

The third report on *Harnessing Data and Digital Technology* badly suffers from a “let it rip” approach to the adoption of AI. It nearly entirely ignores the need for worker voice to be central to the effective and fair uptake of AI, as well as the sensible safeguards needed to ensure its responsible use.

The fourth report on *Building a Skilled and Adaptable Workforce*, contains some good ideas, particularly on ensuring equitable access to educational technology and AI in schools, and reforms to Recognition of Prior Learning. However, it ignores a wealth of evidence on what is needed to address declining business investment in workplace skills, and the low levels of apprenticeship completions, instead repeated failed calls for more employer incentives. The ACTU again calls for a national training levy, built off the successful models in the UK and Ireland.

For the fifth report on “*Delivering quality care more efficiently*”, the ACTU encourages the PC to consider the submissions of our affiliate unions which represent workers in the care industries including the Australian Nursing and Midwifery Federation (ANMF), the Health Services Union (HSU), the Australian Service Union (ASU), United Workers Union (UWU), the Australian Workers Union (AWU), and the Community and Public Sector Union (CPSU).

Chapter 1: Creating a More Dynamic and Resilient Economy

The main problem with Australia's slow productivity growth is because Australia's businesses have under-invested in capital, research and people, instead prioritising distributing profits, paying out dividends and executive bonuses.

The profit motive can often work against improving productivity. This is acute problem in Australia because we are dominated by a small number of large companies under little pressure to change. Relatedly, Australia is ranked 105th in the world for economic complexity, below Botswana and Panama.[2] The list of top Australia companies has not changed in 100 years, still dominated by the big banks and miners.[3]

Recommendation 1: Corporate Tax reform to spur business investment

The PC's proposal to reduce the tax rate for all companies with revenue below $1 billion to 20 per cent, leave the corporate tax rate at 30 per cent for companies with turnover above $1 billion, and introduce a 5 per cent cash flow tax is a substantial departure from current arrangements without international precedent and as such will require close investigation and detailed modelling to understand the effects of potential changes.

The proposal should be modelled by Treasury and at least one further, other independent economic analyst to ensure the possible effects are rigorously analysed, with modelling assumptions and parameters released publicly.

Notwithstanding the uncertainties around introducing an untested approach to tax reform, the PC's tax reform proposal appears to generate the right incentives to increase investment while addressing existing distortions in the corporate tax system, such as the bias towards debt over equity financing.

Setting a nominal revenue threshold for different corporate tax rates will require further consideration as to how that threshold is adjusted over time as the nominal economy grows as a "set and forget" approach may give rise to perverse incentives and should be avoided, and an appropriate form of indexation may be required.

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[2] 'The Atlas of Economic Complexity by @HarvardGrwthLab', n.d. <https://atlas.hks.harvard.edu/rankings> [accessed 4 July 2025].
[3] Andrew Leigh, *Fair Game: Lessons from Sport for a Fairer Society and a Strong Economy* (Monash University Publishing, 2022).

Further consideration should be given to the different rates that apply to companies above and below the threshold to ensure that the tax rate is appropriate for incentivising investment while ensuring that corporate taxation continues to raise at least the same proportion of total revenue.

The PC's proposed approach to the uplift of losses by applying indexation to compensate for inflation is inconsistent with the current treatment of losses in most other parts of the tax system. It would also likely suffer from the same deficiencies as the PRRT, where companies gaming uplifts destroy the potential revenue that could have been gained.

The current losses system already results in large corporates paying less tax than is optimal, undermining the integrity of the tax system and the social licence of corporates, so introducing an uplift system that extends the life of losses would be harmful and should be opposed.

Recommendation 2: Regulating to promote business dynamism

There is merit is taking a whole of government approach to establishing a set of principles for a regulatory framework that supports economic growth and dynamism while still ensuring purposeful protections and safeguards for important social and environmental goals.

Undertaking a review of existing regulation to identify whether current regulatory frameworks are fit for purpose, or are otherwise in need of reform, would be a useful approach if executed in good faith and without a view to just slashing regulation.

The PC's recommendation of setting a quantitative target is arbitrary and attempts to hit that target are likely to compromise important social and environment goals served by the regulatory framework.

The PC's recommendation to impose KPIs and onerous assessments of costs of policy implementation on public service agencies which already engage in an assessment of the regulatory impact of proposals to cabinet is not a useful approach.

There should be further consideration of the current Regulatory Impact Statement approach with a view to reducing workloads of public servants while still ensuring policy is adequately informed of potential risks and challenges introduced by changing existing settings.

Chapter 2: Investing in Cheaper, Cleaner Energy and the Net Zero Transformation

Recommendation 1: Reducing the cost of meeting emissions targets

Recommendation 1.1: Introduce enduring, broad-based, technology neutral incentives for lower-cost clean energy in the electricity sector beyond 2030.

The PC notes that the Renewable Energy Target (RET) and the Capacity Investment Scheme (CIS) will both be concluded by 2030. Decarbonising the electricity sector is critical to decarbonising the rest of the economy, and electricity will not decarbonise without emissions-reduction incentives that extend beyond 2030. The current National Electricity Market (NEM) Review has undertaken the formulation of an instrument that could replace the CIS once it expires. The ACTU endorses the need for such an instrument, but emphasises the importance a) that it embed conditions around social and economic benefits including job quality; and b) that it should incorporate and deploy strategic public ownership and equity stakes as the surest means to drive electricity decarbonisation and lower emissions, especially in natural monopoly sectors like transmission and distribution. In its failure to countenance either of these elements to date, the current NEM Review should not be pre-endorsed by the PC, but instead evaluated on merit.

Recommendation 1.2: Lower cap on the Safeguard Mechanism to include more industrial facilities, potentially from 100,000 to 25,000 tonnes of CO2 equivalent p.a., and phase out trade-exposed baseline adjusted status for SGM facilities in the event a Carbon Border Adjustment Mechanism is introduced.

This reform will ensure more heavy industry employers are making the investments necessary to survive into the future as the economy decarbonises. This preserves jobs by making employers plan for the future, rather than kick the can and let their facility and their workforce become stranded assets. However, this reform must go further and be paired with greater support for industrial electrification and efficiency measures, for example via the Powering the Regions Fund. By proposing a lowered SGM cap without an increase in support for industrial energy performance, the PC risks squeezing out businesses without providing them a realistic path to acquit their emissions reduction obligations.

Recommendation 1.3: Introduce a new emissions-reduction incentive to cover heavy vehicles, and phase-out various tax exemptions for electric light vehicles now that New Vehicle Efficiency Standard is in place.

An emissions-reduction incentive covering heavy vehicles should be introduced to make sure businesses are beginning to invest in decarbonised heavy vehicles rather than reinvesting in fleets that will be 'stranded assets' well before their mechanical lifespan is over. Critically, these incentives must also accompanied by substantial 'just transition' supports for owner-operators of trucks to transition to electric trucks, renewable diesel, or hydrogen, and R&D investments to bring these technologies closer to cost parity more quickly.

One option raised by the PC to tackle heavy vehicle emissions is to substantially reduce the size of the credits awarded by the Fuel Tax Credit Scheme (FTCS). The ACTU agrees that reform of the FTCS is long overdue and would help incentivise decarbonisation of heavy vehicles. The Scheme should be capped at $20M p.a. per consolidated group of industries, which would generate at least $14B in revenue over the forward estimates, a portion of which could be given back to heavy vehicle users on the condition it be used to decarbonise their fleet (i.e., purchase new zero-carbon vehicles).

The PC's call for the elimination of 'duplicative' incentives for EVs may be premature, and should receive a far more involved review before any action is taken. The PC's emphasis on eliminating all policy-level redundancy for decarbonising light vehicles, if not carefully assessed, could in implementation have the perverse consequence of slowing the adoption of EVs. It would be inaccurate to assume that the New Vehicle Emissions Standard has the identical incentive strength to EV subsidies, and that they are therefore redundant.

Recommendation 1.4: Task an independent agency with developing "national carbon values" (i.e., an implied carbon price), design/evolve policy settings to be consistent with these values, and use them as the basis for expanding emissions-reduction incentives to new sectors like agriculture and household gas.

The ACTU supports the development of "national carbon values" to consistently evaluate the cost-effectiveness of emissions reduction policies and align policy setting with the goals of the Paris Agreement, including by informing the expansion of emissions-reduction incentives to sectors like agriculture and domestic gas use. However, these values should work backward from the best available science, not from Australia's legislated emissions targets. I.e., the method used should be a calculation of the "social cost of carbon" (which estimates the whole-of-economy cost of

putting one tonne of CO_2 equivalent in the atmosphere) versus a "target-consistent carbon value" (which estimate the implied carbon prices needed to meet emissions targets and are determined using information about potential opportunities to reduce emissions in the economy). TCCVs, which the PC prefers, would only be appropriate if it can be shown that all subsequent Australian legislated emissions targets (starting with the 2035 target) are consistent with the goals of the Paris agreement. If Australia's emissions targets fall below this mark, then TCCVs would not represent a realistic assessment of the economic value of a tonne of CO_2 abatement.
Furthermore, developing these "national carbon values" should be the purview of the Climate Change Authority, not the PC itself.

Recommendation 2: Speeding up approvals for new energy infrastructure

Recommendation 2.1, 2.2, 2.3: *Reform national environment laws to expedite approvals for clean energy projects and better protect the environment; set up a 'strike team' in DCCEEW focused on driving approvals for priority renewable energy projects; Establish a Coordinator-General for priority renewable projects.*

The ACTU agrees with many of the PC's proposals for streamlining approvals, including introducing national environmental standards, aligning Commonwealth and state standards through bilateral agreements, greater regional planning and risk mapping especially in REZs to establish "go" and "no-go" zones, more information sharing on environment and cultural heritage data rather than re-collecting this for each project, national standards for community engagement, tailored community benefit agreements, and greater capacity and focus in approving agencies, including the appointment of a Coordinator-General "approvals czar" to steer the ship, supported by a strike team.

The interim report, however, neglects a key element: the importance of creating high-quality local jobs for gaining social license. Community opposition is a major barrier to timely project delivery. "Social license" is essential for accelerating build-out, and it must be earned. The most effective means to garner durable community support is by requiring the creation of local well-paid, safe, and secure jobs and community-benefit agreements on renewable, transmission, and storage projects.

Recommendation 3: Addressing barriers to private investment

Recommendations 3.1, 3.2, 3.4: *Set up a climate risk information database covering all climate hazards, develop a nationally consistent climate resilience rating system for housing, give the*

Climate Change Authority responsibility for monitoring, evaluation and learning regarding adaptation policy.

The ACTU supports the PC recommendations for the Commonwealth to deliver greater risk information to inform climate adaptation policy (including on housing resilience) and to invest the CCA with a greater role in developing adaptation policy.

However, merely collecting more information about climate risks is clearly inadequate. The Government must embark on an ambitious course of adaptation funding and policy development (as well as further incentivising private investment in adaptation) in order to actually *address* the risks that the PC suggests be tabulated.

Urgent adaptation policy and investment priorities should include but not be limited to:

- Legislating the National Adaptation Plan and developing sector-specific pathways analogous to the Net Zero plan, will increase investor certainty and signal areas with potential for investment.
- Expanding the Sustainable Finance Taxonomy to incorporate resilience.
- Expanding and reforming the Disaster Ready Fund to support community-facing and community-led organisations and local governments to continue delivering essential climate resilience work and fill emerging gaps for people most at risk.
- Developing new WHS regulations for extreme heat, air quality, and climate disasters, so everyone makes it home safe from work.
- Funding the implementation of the National Climate and Health Strategy – so that we have the necessary investment and support for Australia’s health workforce who are already on the frontlines of heatwaves, flood, fire, storms and more.
- Improving the resilience of new and existing housing, as addressed below.

Investments in adaptation will preserve our productivity for the long-term. Investing $1 in proactive disaster risk reduction, for example, returns $2 to $11 in savings on post-disaster recovery costs. But adequate adaptation investment is systematically disincentivised by current Commonwealth budgeting rules, which account for neither predictable climate costs nor long-term adaptation savings.

To recoup this ROI and avoid severe economic harm, public adaptation investment must be systematically incentivised by:

- Reforming Treasury budget costings to include cleanup costs for future disasters and credible second-order savings from near-term adaptation investments.

- Allowing departments to fund adaptation proposals with demonstrated savings that will accrue over the long-term, including across portfolios.

The Government already holds significant implicit liabilities for climate impacts ranging from worsening health outcomes to disaster response to public infrastructure damage. Making those liabilities explicit and subject to democratic process—so they can be minimised proactively rather than just responded to reactively—is good economic management. Failing to do so is short-sighted economic mismanagement disguised as good "balanced budget" management. Innovative mechanisms must be explored to fix this misalignment. For example: an off-budget public insurance scheme for communities where private insurers have pulled out, with premiums used to paydown public liability with proactive adaptation investments.

Recommendation 3.3: *Governments should agree on a series of actions to improve housing resilience over time.*

The PC is correct in identifying housing as one of the key "economic systems" in need of a rapid improvement in climate adaptation and resilience. However, its suggested reforms barely scrape the surface of what is needed to ensure Australia's housing stock is resilient to future climate shocks.

This recommendation must be expanded to include specific policies that will realistically address the challenge the PC is correctly identifying, including by the following:

- Comprehensive updates to the National Construction Code to incorporate climate resilience.

- Expanding access to energy efficiency upgrades (that also improve resilience) in line with the Renew Australia Energy Bill Savings Plan, including:

    - Greater incentives for home retrofits and electrification, including for renters and social housing, so that all Australian benefit from lowered power bills and more resilient homes.

    - Working with states to implement minimum energy efficiency and resilience standards for rental properties. Deals could be struck with the states that offer greater Commonwealth funding to incentive retrofits in exchange for the application of greater standards.

    - An inquiry into comprehensive insurance reform in the face of climate risks, including the prospect of creating a public National Climate Insurer.

Chapter 3: Harnessing Data and Digital Technology

Overview of the report

The Commission's report offers nothing for working people and contains no plan to make sure that workers are at the centre of the widespread AI uptake. It does not provide a plan to ensure workers get the skills and training needed to get the most out of this technology. It has no plan to make sure the productivity gains of AI are fairly shared.

We are at an inflection point in the decisions that we make as a society about AI. Australians are eager to utilise AI – but deeply aware of the dangers posed by its misuse, and supportive of appropriate regulations to protect their fundamental rights, including their rights at work.
AI does not have a social licence. It is not just unions that have recognised this. The Australian Financial Review has recently reported comments by Telstra that: "public concern about the impact of AI on jobs and workforce displacement may contribute to resistance or hesitation in adopting AI technologies – both within Telstra and more broadly across the Australian economy – potentially slowing the pace of innovation or undermining stakeholder support".[4]

Australians are right to be concerned over how this technology has been used by some large corporations and big businesses. Australians have witnessed AI being used for job displacement, work intensification, intrusive monitoring and surveillance, the discriminatory and biased distribution of work, and in an array of other uses that degrade the fundamental rights and basic humanity of working people. Working people and citizens have been exposed to the widespread collation and utilisation of their data, often with no transparency or consent.

Australia will never realise the potential productivity benefits of AI if such behaviours undermine its social licence. This requires sensible regulatory protections that ensures the fair go is protected in the digital age, and Australians can have faith that they can use this new technology without fear that it will be used to undermine their rights and quality of life.

Instead of grappling with these matters, the Productivity Commission has prepared a narrow and overtly ideological perspective that falsely associates minimising regulation with inherent productivity growth. It offers nothing to protect workers from the threat of further exposure to the misuse of this technology by bad faith actors. Its extensive canvassing of the legitimation of the

[4] Edmund Tatros, "Revealed: What our biggest companies worry about when it comes to AI", *Australian Financial Review*, 7 September 2025, accessed: https://www.afr.com/technology/revealed-what-our-biggest-companies-worry-about-when-it-comes-to-ai-20250829-p5mqye

mass theft of the works of Australian creative workers through its proposed text and data mining exemption exposes working people to even greater risk.

It is very clear that the Productivity Commission has at no point considered the needs of workers amid the AI transition. It is ignorant of the fundamental role workers will play if we are to collectively realise the potential benefits of AI. It provides no support for those good employers who want to do the right thing. And it mischaracterises industrial law while ignoring the substantive evidence on how workers are being impacted by AI. The report offers no solutions to address the chronic lack of managerial capability that is holding the economy back or drivers to get big business to invest in research, development and innovation.

Australians want to gain the benefits of AI but are right to insist on Government action to ensure their data and privacy rights are protected, along with their job security. The Productivity Commission has ignored these legitimate concerns of Australians and the need for big business to build a social licence to achieve AI-related productivity benefits.

Below, we respond to the recommendations in the thematic sections of the report.

Response to Draft Recommendations

Artificial Intelligence

The Productivity Commission has swallowed the arguments of large multinational tech companies hook, line and sinker in its rejection of the need for appropriate economy-wide regulation to manage the risk of social harm posed by the misuse of AI.

The three recommendations in the “Artificial Intelligence” section are structured to advance the ideological argument that regulation is inherently bad for innovation, and that government action to protect the rights and quality of life of citizens will imperil the potential productivity gains that can be achieved through this new technology.

This is a simplistic and polemical perspective that does not accord with the more nuanced realities of the AI transition, nor grapples with what makes this moment of technological change unique.

Australia needs a dedicated AI Act and a well-resourced regulator capable of addressing the unprecedented risks of AI in a comprehensive and timely manner. The *Trust, attitudes and use of Artificial Intelligence: A global study 2025* led by Professor Nicole Gillespie, Chair of Trust at Melbourne Business School at the University of Melbourne and Dr Steve Lockey, Research Fellow at Melbourne Business School, in collaboration with KPMG, found that only 30% of Australians believe that current laws and regulations are adequate to ensure the safe use of AI, and 77% believe that AI-specific regulation is required.[5]

The irresponsible use of AI systems and associated technologies by some large corporations and multinationals has undermined public faith in these tools and systems. The Australian public is discerning, and correct to be concerned about AI that degrades our democracy, undermines our rights, steals our creative content, is used to attack wages and conditions, and perpetuates bias and discrimination.

It is necessary to have a comprehensive AI Act to ensure that such bad-faith uses of this technology are protected against. The union movement believes that developers of AI products that are sold into the Australian market and used in the Australian market must adhere to and respect all Australian laws, including industrial law, and copyright protections. We note that there is no single type of AI system/model, and that different levels of the AI supply chain will require differing regulatory interventions. There is a level of complexity here that requires dedicated focus and expertise, necessitating a specific AI Act and an AI regulator working in concert with other regulatory agencies to ensure compliance. This will protect workers, protect good employers who want to do right thing, and protect Australians against the large corporations that seek to use this technology to undermine our quality of life.

Contrary to the Commission's claims, it is clear that workers need greater protections against the misuse of these technologies by big businesses and the largest multinationals.

On page 15 of the report, the Commission refers to the ACTU and VTHC submissions to the 2024 Senate Select Committee on Adopting Artificial Intelligence inquiry, and concerns raised about the lack of consultation with employers. The PC simply notes that the Fair Work Act contains a model clause on consultation and that modern awards contain a clause to consult. The PCs entire concern about the rights of workers in the AI transition is contained in less than a single, dismissive, paragraph.

We note the paucity of research that has clearly gone into formulating a perspective on workers' rights.

It is quite striking that the Commission has only consulted two union sources in the Senate Select Committee inquiry process. The Senate Inquiry was a broad-based consideration of 'the

[5] Gillespie, N., Lockey, S., Ward, T., Macdade, A., & Hassed, G. (2025). Trust, attitudes and use of artificial intelligence: A global study 2025. The University of Melbourne and KPMG. DOI 10.26188/28822919, accessed: https://assets.kpmg.com/content/dam/kpmgsites/xx/pdf/2025/05/trust-attitudes-and-use-of-ai-global-report.pdf.coredownload.inline.pdf

opportunities and impacts for Australia arising out of the uptake of AI technologies in Australia'.[6] It was not a specialised investigation of workplace rights amid AI, nor did it claim to be.

A subsequent House of Representatives Inquiry conducted by the Standing Committee on Employment, Education and Training compiled an extensive report that considered workplace rights amid the rapid uptake of AI: *The Future of Work* (tabled 11 February 2025).[7]

Despite this report being the leading exploration of AI at work in Australia, and its status as a unanimous report supported by all participating members (representing the ALP, the Coalition, and independent members) the PC does not reference it at all.

The *Future of Work* report extensively outlines, on pages 61 – 66 the inadequacies of current consultation requirements, the reality that they are being frequently obviated by employers, and the lack of transparency that frequently exists over the use of AI tools and systems at work.

The report noted that:

> "Although consultation obligations exist under the Fair Work Act, it remains unclear whether the introduction of AI or ADM systems constitutes a major change that would require employers to consult workers. The Committee heard that when consultation does occur, it is rarely meaningful and effective."[8]

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[6] Select Committee on Adopting Artificial Intelligence, "Terms of Reference", accessed: https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Adopting_Artificial_Intelligence_AI/AdoptingAI/Terms_of_Reference

[7] House of Representatives Standing Committee on Employment, Education and Training, *The Future of Work: Inquiry into the Digital Transformation of Workplaces* (January 2025), accessed: https://parlinfo.aph.gov.au/parlInfo/download/committees/reportrep/RB000516/toc_pdf/TheFutureofWork.pdf

[8] House of Representatives Standing Committee on Employment, Education and Training, *The Future of Work: Inquiry into the Digital Transformation of Workplaces* (January 2025), accessed: https://parlinfo.aph.gov.au/parlInfo/download/committees/reportrep/RB000516/toc_pdf/TheFutureofWork.pdf, p. 76

It further stated:

> "The Committee recommends stronger protections for workers' voices. Workers are experts in their respective workplaces, and they can help inform the safe and responsible deployment of technology. It is the Committee's view that consultation should occur to help determine whether change is necessary, and to overcome the inadequate design, implementation, and use of AI and ADM systems in workplaces."[9]

It is vital that workers are protected against the risks posed by the misuse of AI if we are to ever gain the productivity benefits of these new systems. This requires further regulatory action. A survey by the University of Technology Sydney's Human Technology Institute has identified the widespread introduction of AI tools and systems into Australian workplaces without any form of meaningful consultation with workers.[10] A growing number of corporate leaders have invoked the threat of mass job displacement through the use of AI.[11] Workers have seen instances of major corporations requiring workers to use AI and subsequently using this to justify making these workers redundant.[12] They have witnessed large banks making workers redundant with false claims around the technology, before being forced to publicly back down.[13]

Such instances damage working peoples' rights, undermine the social licence of AI, and make it much harder for those employers who want to do the right thing and genuinely use this technology to augment the skilled work of working people and to generate genuine productivity growth.

Global best practice and leading scholarship on AI adoption in the workplace emphasises that worker voice is vital to effective uptake that achieves genuine productivity gains. This means worker involvement in the design, development, implementation, and review of these systems at

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[9] House of Representatives Standing Committee on Employment, Education and Training, *The Future of Work: Inquiry into the Digital Transformation of Workplaces* (January 2025), accessed: https://parlinfo.aph.gov.au/parlInfo/download/committees/reportrep/RB000516/toc_pdf/TheFutureofWork.pdf, p. 76

[10] UTS Human Technology Institute and Essential Research, *'Invisible Bystanders': How Australian workers experience the uptake of AI and automation*, (May 2024), accessed: https://www.uts.edu.au/globalassets/shared-media/documents/CSJI/essentialresearchuts_invisible_bystanders_0524.pdf

[11] Tess Bennett, "WiseTech flags redundancies as it restructures to double down on AI", *Australian Financial Review*, 22 July 2025, accessed: https://www.afr.com/technology/wisetech-flags-redundancies-as-it-restructures-to-double-down-on-ai-20250722-p5mgwg; Chanticleer, "AI could kill WFH and send unemployment to 20pc. Are you really ready?", *Australian Financial Review*, 30 May 2025, accessed: https://www.afr.com/chanticleer/ai-could-kill-wfh-and-send-unemployment-to-20pc-are-you-really-ready-20250530-p5m3jc; Joseph Gedeon, "OpenAI CEO tells Federal Reserve confab that entire job categories will disappear due to AI", *Guardian*, 23 July 2025, accessed: https://www.theguardian.com/technology/2025/jul/22/openai-sam-altman-congress-ai-jobs.

[12] Amelia McGuire, "Canva shocks employees with AI-related job cuts", *Australian Financial Review*, 2 April 2025, accessed: https://www.afr.com/technology/canva-shocks-employees-with-ai-related-job-cuts-20250331-p5lo06; Amelia McGuire, "Canva, Atlassian employees flock to unions amid AI job fears", *Australian Financial Review,* 23 May 2025, accessed: https://www.afr.com/technology/canva-atlassian-employees-flock-to-unions-amid-ai-job-fears-20250520-p5m0rl

[13] Emma McGrath-Cohen and David Marin-Guzman, "'I trained the CBA chatbot that took my job'", *Australian Financial Review*, 3 September 2025, accessed: https://www.afr.com/companies/financial-services/i-trained-the-cba-chatbot-that-took-my-job-20250903-p5ms48

work. These findings have been backed by leading experts at the MIT Sloan School of Management. Productivity gains will be human-centred, drawing on the knowledge, experience, skills, creativity, and problem-solving of working people.[2] For this to occur, the representative voice of working people, their unions, need to be actively consulted before major decisions are made and workers must genuinely be able to contribute to these decisions.

This is why the union movement has argued that government should require all employers to reach *AI Implementation Agreements* with their staff (including worker representatives) before new technologies are introduced into workplaces including guarantees on: job security; skills development and retraining; transparency over all technology used, genuine privacy protections for workers, and protections on the collation and use of worker data.

Working people will not embrace AI if key issues, such as their job security, are left unprotected. Good employers understand this and are doing consultation properly. The AI Implementation Agreements will protect these good employers by ensuring that these steps for the responsible uptake of AI are being followed across the economy.

Finally, we note that this section of the report also requests comment on a potential text and data mining exemption from copyright law.

The union movement opposes any changes to copyright law that would in any way diminish the rights of workers, including creative workers, to control over the use of their work, fair remuneration for their work, and the ability of workers to refuse to have their work used in the training of LLMs, SLMs, or any other systems. We reiterate our strong commitment to ensuring that Indigenous Cultural and Intellectual Property is protected from such appropriation.

Workers have already been subjected to mass theft by multinational tech companies and legitimising the undermining of one of Australia's proudest industries and their workers for the promotion and growth of largely an imported sector would not grow Australia's economic diversity, complexity nor the richness of our culture.

Data Access and Privacy Regulation

We agree that Australians should be aware of what data is being collected about them, how it is being used, how it is being stored, and if it is being onsold to third parties. This needs to be backed by strong regulatory protections to ensure the fundamental right to privacy is being protected in the digital age. This includes in the world of work.

There are important elements at play here that the report has not considered. Modern technologies have enabled the mass capture of data that track Australians through every facet of their lives. Innovations in Artificial Intelligence has allowed this data to be analysed at an unprecedented scale and speed in often opaque systems. Substantial questions exist as to the extent to which our current privacy laws ensure adequate protections (and awareness of protections) for consumers, workers, and citizens.

One of the most overt and significant gaps that currently exists concerns the collection, utilisation, and potential on sale of worker data collected through the employment relationship and generated through the conduct of work. The Privacy Act contains far-reaching exemptions for the collection of data of this nature. Current far-reaching exemptions allow employers to use data without restriction after the initial point of collection.

It is notable that the PC's report does not reference the necessity of protecting workers when it comes to the collation and utilisation of data.

In addition, we are concerned to ensure that:

1. Businesses have clear obligations to ensure that data they collate and store are protected and businesses are clearly liable for breaches that may result in this data and personal information being exposed.
2. That there are clear protections that make sure data collected (including that for training AI systems) is legally obtained with its use consented to by those who have provided it, including workers.
3. That businesses have a clear obligation to explain in an accessible and easy to understand manner when they are collecting data from customers and/or workers; what data is being collected; how it is being collected; how it will be stored and what safeguards are in place; and any way in which this data is being used to inform an Automated Decision Making process. This obligation needs to extend beyond burying such material deep in a privacy policy filled with complicated technical language, as is often now the case.
4. This obligation should include processes to ensure consumers and workers have clear avenues to object to the collection of their data and personal information for these purposes. Wherever possible, data collection should be on an opt-in basis.

We support measures that ensure that workers, consumers, and citizens have the right to know and control:

1. What data has been collected about them by business.
2. How that data is being used.
3. In what ways is that data being monetised.
4. What controls and safeguards are in place to protect that data.
5. What controls and safeguards are in place to ensure that data collected is only being used for the original purpose for that collection.

There should be a clear bias towards opt-in processes for data collection; and a right backed by a clear and simple enforceable process to have this data deleted.

Privacy Regulation exists to protect the fundamental rights of Australians. As is explained above, current far-reaching exemptions in the Privacy Act means working people are denied these fundamental protections. Some immediate changes that could correct this imbalance are:

- Removing the exemptions that deny workers coverage in the Privacy Act.
- The introduction of appropriate workplace regulations to protect workers in the world of work, and the institution of AI Workplace Agreements.
- The creation of an AI Act and appropriate AI regulator.

Digital Financial Reporting

The ACTU supports making digital financial reporting the default. Australia lags far behind other countries in making corporate filings – that are formally public – genuinely accessible to the public. Countries like New Zealand and the UK make many corporate filings available for free. Jurisdictions such as the United States, European Union, UK, Japan, South Korea, India, and China already have some form of digital financial reporting in place.

We support the Tax Justice Network – Australia (TJN-Aus) and Centre for International Corporate Tax & Accountability (CICTAR)'s recent recommendation to Treasury's Economic Reform Roundtable that machine readable (xbrl) financial statements should be mandated for ASX-listed and private companies. The implementation of such requirements could easily be implemented in Australia and would go a long way to increasing corporate accountability to the wider community, including to investors, workers and the public.

Chapter 4: Building a Skilled and Adaptable Workforce

Response to Commission Recommendations

The recommendations made by the Commission in the "Building a Skilled and Productive Workforce" paper run the gamut from the sensible to the deeply concerning. For the sake of ease, this paper will divide them into two broad groups – recommendations which we believe are broadly positive and recommendations which we believe are broadly negative and should be strongly reconsidered.

Positive Recommendations made by the Commission

Recommendation 2 – Lead national efforts to ensure equitable access to educational technology and AI in schools

The Commission has correctly identified that Artificial Intelligence (AI) is likely to play an expanding role in education going forward and that a disparity in the availability of AI tools between schools based on jurisdiction, funding models and school type has the possibility of exacerbating inequality. Leaving each school to develop tools or consider approaches to integrating AI into the classroom individually is also inefficient and will likely result in significant duplication of effort. The paper also clearly identifies that many teachers will require comprehensive training in the use of AI tools. Unions fully support these findings with the caveat that the selection of tools, their integration into the classroom and the training of teachers should occur only with the close collaboration of teachers and their unions to ensure that they are pedagogically appropriate and that they support teacher autonomy.

The risks outlined by the Commission with regard to the implementation of AI in classrooms are valid. Unions are particularly deeply concerned about the data privacy implications that the use of AI by teachers and by minor students may create – including the risk of AI agents being used to monitor teachers. The potential downsides for Aboriginal and Torres Strait Islander people surrounding the use of AI that the Commission identifies are also of deep concern. Unions would strongly support the involvement of Indigenous groups and Aboriginal Community Controlled Organisations, where appropriate, in the design, selection and roll-out of any AI classroom tools.

Recommendation 3 – Move toward a national system of credit transfer and recognition of prior learning. First steps should be a national database of credit decisions and a right to have credit transfer and RPL applications assessed before the deadline for accepting offers should be considered

The ACTU, in our initial submission to this inquiry, identified that Recognition of Prior Leaning and credit transfer were areas ripe for improvement. It is gratifying that the Commission has also identified these areas as needing reform. A national database of credit decisions may be a sensible first step, with careful implementation. We note, and agree with, the Commission's implied understanding that the implementation of any national system of credit transfer would be a significant undertaking. While the benefits are clear, it should be clear at the outset that any initial step would be the first of many.

We also note however that the Commission failed to recommend that the introduction of such a system, or any changes to existing RPL processes, should only occur with the involvement of educators at all levels and their unions.

Caution should also be taken in the Commission's assumption that courses leading to regulated occupations may be more congruent and therefore lend themselves more cleanly to credit recognition. While this assumption is understandable, due to geographic variation and differences in emphasis, this impression is more often misleading than it is accurate.
Reform to RPL also need to be carefully designed to reduce the incentive for sharp practices.

Many of our affiliate unions already report significant issues with RPL being used inappropriately to grant qualifications for which students do not meet the basic requirements. While a national approach may help address this issue in the long term, knowledge of this as an issue should be baked into the process from the beginning.

Recommendations which Unions do not Support

Recommendation 1 – Invest in a single national platform for all teacher to access lesson planning materials

The ACTU has previously raised several substantive concerns regarding the single national platform, many of which remain unresolved. Chief among these is the risk that materials hosted on the platform may become de facto mandatory for teachers due to directives from school administrations. This would significantly erode educators' professional autonomy, limiting their ability to design lessons that reflect their pedagogical expertise and the specific needs of their students. Such a shift would not only undermine the diversity of teaching approaches but also reduce the richness of classroom experiences across the country.

Another troubling implication of the proposal is the potential reduction in time allocated for lesson planning. The assumption that freely available materials will streamline preparation is deeply flawed. In practice, this could lead to administrative pressure to cut back on planning time, with the rationale that teachers can simply "use what's on the platform." This approach disregards the complexity of effective teaching and the critical role of thoughtful, tailored lesson design. It risks turning educators into mere content deliverers rather than skilled professionals engaged in meaningful curriculum development.

The ACTU also remains concerned about the ongoing consolidation of the educational materials market. As fewer providers dominate the space, teachers are likely to face a narrowing of choices, resulting in increasingly generic and homogenised lesson content. This is particularly problematic for Aboriginal and Torres Strait Islander educators and students, as well as those from other Culturally and Linguistically Diverse (CALD) backgrounds. While the Productivity Commission recommends that materials be assessed for cultural appropriateness, this is insufficient on its own. Without a robust mechanism to ensure the availability of diverse, community-informed resources, the platform risks perpetuating a one-size-fits-all model that fails to reflect the realities of Australia's classrooms.

Recommendation 4 – Better target incentives to lift work-related training rates in small and medium enterprises

Unions are of the view that the Commission has fundamentally erred in its recommendation of the payment of incentives to employers to lift rates of work-related training. The Commission correctly identifies that a lack of participation in work-related training is reducing the ability of the Australian workforce to build its skills, retrain and upskill. The paper also identifies the limited data set that indicates both that participation in this training type in Australia has declined over the last two decades[14] and that Australia's rate of this training is lower than comparable OECD nations.[15] Unions are also greatly concerned by this lack of investment by employers in the skills and productivity of their own workforce. We do not however believe that paying employers to undertake this investment is the appropriate response.

[14] Productivity Commission, *Building a Skilled and Productive Workforce,* 2025, pp 42
[15] Ibid, pp 42

Firstly, the Commission itself acknowledges that there is currently little to no evidence regarding the efficacy of these incentives in changing business practices in this area.[16] The paper also acknowledges that current incentives, delivered largely through the tax system, have failed to create behavioural change amongst workers and business owners and decision makers. What the paper fails to consider is the fact that other recent studies have also cast doubt on the efficacy of employer incentives in other policy areas – such as the *Strategic Review of the Australian Apprentice Incentive System*.

The paper also fails to consider the significant body of evidence regarding the efficacy of training levies. While the paper mentions levies, it deals with them in a single paragraph and largely dismisses the idea, despite acknowledging that the previous National Training Guarantee lifted the rates of training and did so cost-effectively. It is unfortunate the this was not recognised and that the Commission chose to dismiss the utility of a levy without even considering how it could be applied differently in a modern context, perhaps periodically to reduce market exhaustion or how the existence of the Jobs and Skills Councils might ameliorate the previous program's failure to create a culture of training for industries where it was not already present. Additionally, the paper fails to consider that both the UK and Ireland are currently operating long-term and successful programs that utilise levies on employers to fund training.

In the UK, apprenticeships are funded through a levy of 0.5% of payroll of any company with an annual pay bill of more than 3 million pounds. The amount paid by each company is placed an electronic account that the company can draw down on to pay the costs of training their own apprentices. This money 'expires' after 24 months and is then used by government to fund apprentice training for non-levy-paying (smaller) businesses using a co-contribution scheme – where the business pays 5% of the cost and the government covers the other 95%. This scheme has been in place is 2017 and a 2021 evaluation by the Centre for Vocational Education Research found that it had resulted in an increase in training intensity for levy paying businesses – the levy works.[17] The scheme's main criticism by business groups in the UK has been that it is too focussed on apprenticeships and they have called for it be widened to all other training types.[18]

Ireland utilises a much broader skills levy than that being used in the UK. The National Training Fund, established in the year 2000, collects 1% of payroll from all Irish employers and utilises the money to fund training for both employed and unemployed Irish workers, to promote literacy and to undertake skills research. While evaluations of the program have identified issues with

[16] Ibid, pp 45
[17] https://cver.lse.ac.uk/textonly/cver/pubs/cverdp034.pdf
[18] https://www.theguardian.com/education/2023/feb/06/uk-apprenticeship-levy-is-a-35bn-mistake-say-business-leaders

transparency, the program is delivering good outcomes.[19] Skillnet Ireland, which is funded through the NTF, had, in the 2018 evaluation, delivered training to 56,000 learners across 16,500 enterprises (95% of which were SMEs). 90% of participating enterprises indicated that they are satisfied with the training, over 80% of enterprises agreed that the activities of their Skillnet network were focused on the delivery of skills that were vital for growth and competitiveness in their sector or region and about three-quarters of enterprises believe that Skillnet Ireland training has a positive impact in terms of enhancing the long-term performance of their business and their product/service quality.[20]

The Commission does not appear to have considered these relevant case studies. Unions believe the paper also gives far too short a shrift to the idea of training leave, calling for its implementation only after a raft of employer-focussed measures. Unions stand by our call, made during the lead up to the Economic Reform Roundtable, for the reintroduction of the National Training Guarantee. It is our hope that the Commission will reconsider its recommendation of incentives in light of the full suite of facts and evidence available to it and consider approaching a call for the reintroduction of a previously successful levy program with contemporary overseas case studies with the same appetite for informed risk-taking that it applied to calling for an unproven and untested program of employer subsidies.

Recommendation 5 – Remove excessive occupational entry regulations that offer limited benefits

Unions are broadly opposed to the removal of occupational entry requirements where they have been supported by industry, including the unions of the workers impacted. We do not accept the concept that occupational entry requirements are significant barriers to entry for a particular workforce. It is also our view that when OERs do present a small barrier to entry that the work quality, worker safety and public health benefits far outweigh the small costs involved in such a barrier. Even the Commissions' own costing in the National Competition Policy study were only able to attribute a small total benefit to the removal of 'restrictive' OERs.

In general, we oppose the concept that addressing occupational shortages or addressing so-called 'inefficiencies' justifies lowering standards.

It should also be pointed out that, despite the apparent belief by the Commission that this is so, that the existence of a higher requirement in a particular jurisdiction does not automatically imply that the jurisdiction in question is wrong or that the standard is too high. It is equally possible that other jurisdictions have set too low a requirement. The PC generally appears to believe that simply

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[19] https://unevoc.unesco.org/countryprofiles/docs/UNESCO_Funding-of-Training_Ireland.pdf
[20] https://unevoc.unesco.org/countryprofiles/docs/UNESCO_Funding-of-Training_Ireland.pdf

because work is occurring in jurisdictions with lower OERS then any higher OER jurisdiction must have too stringent requirements. This approach is overly simplistic, involving no analysis of levels of work quality, or of worker or public safety. That the paper implies Australia's standards may be 'too high' compared to other nations fails to recognise the immense value these standards deliver to workers, the economy and to consumers. The paper's suggestion that OERs could be replaced, in some circumstances, with voluntary business compliance with standards is patently absurd.

The paper's assertion that the introducing of minimum qualifications for aged care workers should not be pursued is incorrect and directly contradicts recommendations aimed at providing quality care in the industry. It is our view that a positive registration scheme that includes a mandatory minimum qualification (Certificate III); ongoing training requirements; criminal history screening; a code of conduct and power for a registering body to investigate complaints into breaches of the code of conduct and take appropriate disciplinary action, with due process and procedural fairness for any workers being investigated is critical to the provision of ongoing quality care.

The Commission's concerns that such requirements may discourage the entry of Aboriginal and Torres Strait Islander and other Culturally and Linguistically Diverse people into the aged care workforce can be addressed through generous grandparenting and recognition of prior learning processes during implementation as well as broader reforms to improve access to VET for those cohorts such as reduced costs and better access to learning in regional and remote communities. It is our view that using Aboriginal and Torres Strait Islander and CALD workers as a fig leaf for an argument against changes which would professionalise an under-valued, female-dominated workforce and ensure higher quality care for older Australians is disingenuous and risks perpetuating inequalities rather than addressing them.

Recommendation 6 – Expand entry pathways and streamline qualification requirements for occupations

Unions strongly oppose the expansion of non-apprentice pathways for apprenticeship-based occupations. Apprenticeships offer significant value to workers and employers and are the bare minimum requirement for workers to operate safely in those occupations. Non-apprentice pathways typically offer no job security for workers, require workers to meet the cost of their own education and deliver a lower standard of training. The alternative models proposed by the PC either expose workers to more risk of unemployment after finishing training or deliver workers fractions of a qualification – ensuring their skills are less transportable and less likely to be required to be recognised through pay increases under awards or their EBAs.

The paper fails to meaningfully engage with the need to address the slide in apprentice commencements and completions as recommended by the Strategic Review. Ensuring more apprentices complete their qualifications through a refocusing of incentives, better apprentice pay and a better workplace experience would increase the availability of skilled workers in apprentice occupations far more efficiency, and result in more effective workers, than any attempt to further undermine the apprentice model and the quality of apprentice jobs. The alternative models the Commission supports would, in reality, further devalue these occupations and result in a smaller supply of skilled workers in future. Rather than considering how more workers can be attracted to apprentice pathways, the Commission is determined to dismantle them in the interest of fulfilling the dream of some employers – the short, unrecognised, risk-free and cost-free 'apprenticeship'. It is disappointing that the Commission has missed an opportunity to meaningfully engage with effective solutions to our skilled worker shortage.

Recommendation 7 - Improve the regular reviews of occupational entry regulations

While unions do not object to regular, properly constituted, reviews of licensing requirements, this is on the basis that these reviews are undertaken with service or product quality, worker health and public safety as the primary aims of the review. Any such review that commences with the aim of reducing regulation as its core purpose is fundamentally flawed and its outcomes pre-determined.

Recommendation 8 – Incentivise Occupational entry regulation reform through National Competition Policy

Overall, the National Competition Policy report reflects the Commission's general attitude that standards and OERs exist purely as a 'barrier to trade' – rather than serving as crucial safety and quality safeguards for workers and the public.

In general, unions are not opposed to the harmonisation of standards and licensing requirements domestically where it does not involve lowering standards to meet those of the laxest jurisdiction and internationally when they meet Australian benchmarks and are appropriate to the Australian context.

Overall, the total benefit of the measures outlined in the NCP report are fairly unspectacular, particularly given the amount of work required to undertake both the harmonisation of licences and a review of standards. The ACTU has provided both an initial and an interim response to this study, for further information on our views on the issues it raises we would direct the Commission to those documents.

In summation

Building a Skilled and Productive Workforce can only be regarded as a mixed document. As outlined above, unions support some of the recommendations it puts forward and believe that, if properly implemented with adequate representation of workers, solutions like the national coordination of the integration of AI into classrooms and enhanced credit recognition and transfer can have positive impacts. However, we find other solutions recommended by the paper to be far too focussed on the meta-goal of regulation reduction rather than on solving the problems for which they are being advanced. Undermining the apprentice model and an overhaul of OERs would have significant negative impacts on workers and the public and would, in our view, fail to adequately address the issue the commission has correctly identified – a lack of skilled workers available for jobs today and in the future. Other solutions, like incentives for businesses to deliver training to lift the productivity of their own workers, appear to have been arrived at without sufficient consideration of other options and lacking evidence about their efficacy. In totality, the paper's recommendations must be considered as a missed opportunity to meaningfully address the nation's skills challenges.

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