

We welcome the opportunity to submit on the Productivity Commission Issues Paper on the Inquiry into *Technological Change and the Future of Work*.

The illustrative scenarios approach to the Inquiry is supported. It would not be sensible to predict a single future and offer corresponding one-dimensional policy advice.

Some of the recent public debate in New Zealand predicting whether or not technology would take away jobs was not referred to in the Issues Paper. On the one hand, Infometrics had a lead piece in June 2018 *From Education to Employment: Megatrends Affecting NZ's Working Environment*, the main thesis of which was that because of the changing nature the labour market, education and training needs to adapt to meet the needs of employers and workers. However this was countered by the publication in June 2018 of the book *Don't Worry About the Robots* by Dr Jo Cribb and Professor David Glover who believe the nature of work and the labour market is changing so rapidly that formal education may not necessarily provide many of the core employable skills, such as communication, negotiation and complex analysis.

Neither of these sides of the debate are referenced in the Issues Paper References (pages 57 to 67), and the Inquiry would be well served to canvass these issues in the Draft Report. The point is that Cribb and Glover are challenging the notion that formal education is the surest path to find longer term job security in the future. The Infometrics Paper acknowledges the changing nature of education and training, in order for skills development to be more relevant for the labour market, noting their prediction that 31% of NZ jobs are at a high risk of automation. Cribb and Glover on the other hand welcome cyber automation as taking over the drudgery of work that no-one wants to do, and pointing to the new nature of work and the kind of paid labour that is truly saleable.

### **Technology and the Labour Market**

The first of the illustrative scenarios, *More tech and more jobs*, seems to be consistent with existing trends. With changing regulation towards a target of Zero Carbon by 2050 for example, opportunities abound for new and different jobs in renewable energy development, sequestration accounting, decentralised utilities, and alternative drinking water sources and grey water reuse. Although Climate Change policies are outside the scope of this Inquiry (page 13), a different regulatory regime to transition to a low-emissions economy cannot be ignored under this scenario.

*More tech and fewer jobs* seems to be the manufacturing industry scenario, as cybernetics increasingly perform routine production-line work. Fonterra's Darfield factory in Canterbury is a superb example of a highly automated production line that exports dry milk powder internationally. But this is an example of automation performing work that no-one wants to do if they didn't have to.

*Stagnation* does not seem to be a realistic scenario. At no time in New Zealand's history have communities not adapted to technological change. While there is no real analysis of the way that the instruments of modernity have changed communities, there is no doubt that adoption of new technologies are a feature of the history of New Zealand.

*Steady as is* also does not seem to be a realistic scenario. It is self-evident that the technological drivers of labour market change have been increasing exponentially over the last 200 years, and the changing nature of work makes staying within the bounds of past New Zealand experience unrealistic.

The Commission's view to keep policy options open in an uncertain future, rather than planning well-thought-through policy settings (the discussion on pages 17 and 18 refer), does not take into account clear demographic trends which can predict a reasonably certain future

so far as population dynamics are concerned. Some of the policy directions need to be set in place now, to enable governments and the community to plan for a very different future social and economic environment.

The Office of Seniors draft strategy *Better Later Life 2019 to 2034* (April 2019) for example, points to the need for employer preparedness for older people to remain and/or re-enter the workforce, as well as policies that encourage upskilling and retraining for older people. Planning workforce policies for an ageing population are not within a context of an uncertain future, and require long lead times to embed into the national workforce culture.

## **Policy Goals for Wellbeing and the Future of Work**

### **1. Resilience and Adaptability**

A strong educational base is the traditional policy response for gaining new skills in the future. But the new and different skills required for the changing nature of work are increasingly not being provided by tertiary institutions. Already the current tertiary system is struggling to keep up with industry needs and demands, and the labour market is looking for skills that are increasingly not being found in university graduates.

Rather, a wide range of learning options that reflect the needs of a diverse workforce and employer requirements requires a key policy and cultural shift as a national imperative.

### **2. Protections Against Abuse and Power Imbalances**

Worker protections are required where technology provides employers with a growing ability to monitor staff or discriminate against some people. Already employers can easily collect individual worker's mobile phone and internet use, vehicle journeys, and photocopy use. While these all have a legitimate management purpose, the ability to monitor staff is also easily open to abuse, and breaks down the contract of trust between employers and employees. Policies that balance reasonable management expectations and worker protections are needed.

### **3. Flexible Working Conditions**

Most OECD nations support flexible working conditions as a key plank in improving productivity and meeting work/life balance objectives. Although flexible working conditions are not the only hallmark of high-performance workplace practices, there is a clear correlation between these conditions and high productivity. New Zealand's low wage economy and limited use of less than 40 hour per week working weeks, are significant contributors to this nation scoring poorly in productivity compared to other OECD members.

The OECD quotation of high-performance work places (page 45) involving such elements as team work, autonomy, task discretion and flexibility in working hours, are not widely applied in New Zealand.

### **4. Low barriers to participation and mobility**

Regulatory barriers that restrict participation and mobility should be removed. For example, the lack of provision for people to take time out of work, such as for raising children, has presented both a barrier for re-entry to the work force, and reinforces public education as not much more than a child-minding system. This need to take care of children each day seriously hampers the ability of the public education system

to transmit appropriate skills in imagination, analysis and creativity for the modern work force.

#### **5. Rewarding Innovation/Just Income**

New Zealand's low-wage economy is a real impediment to an objective about incomes that allow all to participate in society. A housing affordability crises is largely averted if workers are paid properly, and there is a focus on the demand side of the equation instead of simply focusing on the supply side of housing affordability.

Thankyou for the opportunity to submit on the Issues Paper.

Yours Sincerely

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