



NZALPA Submissions

on

Productivity Commission Report on Technological Change and the Future of Work

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Introduction

1. The New Zealand Air Line Pilots' Association (**NZALPA**) appreciates the opportunity to make submissions on the Productivity Commission Study on Technological Change and the Future of Work (**the Study**) and provide comments on any proposed legislative changes, including to the Employment Relations Act 2000 (**ER Act**).
2. NZALPA understands that the Productivity Commission is seeking submissions on the FPA Proposal before 17 February 2020.
3. NZALPA makes the following submissions on a without prejudice basis.

Executive Summary

4. NZALPA views the Study as a fundamental and necessary examination of the relationships between labour, technology usage, capital and education in the New Zealand economy.
5. NZALPA endorses the aims of the Productivity Commission to better understand how to maximise the opportunities of technology while managing its disruptive risks. A healthy relationship between capital and labour is fundamental to good industrial relations. While technology is not the only type of capital, nevertheless it is one of the most disruptive types of capital and has as one of its characteristics a tendency to be more accessible to employers than employees.
6. The aviation industry is marked by highly developed technology and accompanying technical requirements. In fact, workers in our industry frequently find themselves confronting technology designed to reduce reliance on human factors through greater dependency on automation. It should go without saying that in our industry safety is often the first casualty of incorrect management of the interface between disruptive technology and employees. Having said that, technology, when correctly developed and accompanied by proper training and implementation can create huge safety improvements and introduce efficiencies. NZALPA acknowledges that the safety implications of the relationship between technology and the workforce may be greater in the aviation industry than in some other industries. Therefore, NZALPA's approach to the Study and the topics it covers is coloured by the importance of safety in managing the risks of disruptive technological change.
7. Despite identifying a need, NZALPA is concerned that the Study has not considered with sufficient depth the reasons productive firms find it hard to access capital. Capital access is necessary for the long-term investment that productivity requires. The Study was tasked with inquiring how Government can better position New Zealand to take advantage of innovation and technological change in terms of productivity. We consider it would have been helpful to consider how Government can act to encourage technology innovation and uptake through enhancing access to capital. There are a number of other details where NZALPA diverges from the emphasis or findings of the Study.
8. NZALPA shares the Study's concern around a lack of funding for students who do not intend to pursue full qualifications and the specifications that limit funding available for students of short courses. NZALPA encourages Government to go further and explore more proactively means by which income smoothing-measures can provide for the majority of retraining required mid-career.
9. NZALPA suggests that further and more specific research now be carried out on capital access, enhancing flexibility and good practice in the education sector and the opportunities and risks of flexicurity.

About NZALPA

10. Established in 1945, NZALPA is an independent member-driven aviation professional association for New Zealand pilots, air traffic controllers and flight service operators. Our diverse membership includes general aviation and commercial pilots, flight instructors, air traffic controllers and flight service operators. Our members are employed by a variety of entities, including small and medium businesses, not-for-profit organisations, stock-exchange listed companies, companies with offshore holding companies and government agents.
11. NZALPA represents more than 90% of unionised pilots and 99% of unionised air traffic controllers in New Zealand. NZALPA monitors and influences a wide range of technical, safety, medical and industrial issues within the NZ aviation industry.
12. NZALPA is affiliated with, and a founding member of the International Federation of Air Line Pilots' Associations (**IFALPA**), an organisation founded to represent the interests of over 100,000 pilots worldwide. NZALPA is also affiliated with the International Federation of Air Traffic Controllers' Associations (**IFATCA**), which represents 50,000 air traffic controllers worldwide.

New Zealand, technology and productivity

13. Preparing for an uncertain future – Chapter 4

- 13.1. NZALPA agrees with the finding that monitoring statistics from the labour market and businesses can assist with identifying trends. NZALPA encourages the study of overseas labour market and productivity statistics but recommends a more comprehensive study of countries in the Asia-Pacific region, including South-East and East Asia. Statistics from our neighbours and trading partners are important for understanding the context within which New Zealand businesses compete and trade.
- 13.2. Government should consider the opportunities for making such statistics available under the Open Government Data Programme where possible and in a variety of formats (including interactive) at no cost. Access to reliable information is often a prerequisite to successful innovation.
- 13.3. NZALPA concurs that there is a need to better support workers and others adversely affected by technological change. We will later set out why we disagree with some of the aspects of how the Study proposes this be done. However, we note that workers are best protected by ensuring that those who profit from their labour take responsibility for ensuring their ongoing professional development and wellbeing.
- 13.4. Another fundamental aspect of supporting workers is ensuring that workers also have access to the information that they require to make decisions about their career options and economic sustainability. Access to information begins in the education system but extends beyond to on-the-job professional development, financial literacy and retirement planning.
- 13.5. The Study also helpfully identifies the need to support the efficient allocation of capital. The provision of reliable and current statistics may assist in this area. However, further study on what Government can do to encourage capital access and efficient allocation would be helpful. Such a study could consider how financial, insurance, tax and Kiwisaver regulation might assist capital access and possibly more direct roles for Government-related entities like Kiwibank.

Employment, labour markets and income

14. Technology and the New Zealand labour market – Chapter 1

- 14.1. It is helpful to recognise that policies supporting workers adversely affected by labour-market change should treat those affected by technology no differently. The focus of industrial relations law should remain on the relationship between workers and those who receive the profit of their labour. The introduction of policies focused on the means of production rather than those who manage those means would create unhelpful confusion about the purpose of labour market policy.
- 14.2. The Study correctly identifies the collective failure to understand immigration within the context of the labour force. Government should consider more proactive attempts to fill skills shortages through education and, where genuinely needed, immigration marketing targeted at workers with the skills the labour market requires.
- 14.3. While the Study has identified under-employment as low, it is important to ensure that this remains so. We are concerned that several of the recommendations of the Study would encourage growth in under-employment. It is important to ensure that greater flexibility to workers in how they choose to structure their relationship with those who benefit from their labour can often lead to under-employment and lower living standards for some vulnerable workers.
- 14.4. We do not believe that it would be right to encourage the Government to resist policies that protect existing workers or that such policies tend to discourage technology adoption (see F1.8). We realise that this finding is probably focused on protecting existing firms and to that extent the finding is not incorrect. However, there is a need to distinguish between policies intended to protect firms and policies intended to protect workers. It would have been helpful if the Study had provided further detail on what policies it perceives might be intended to mitigate costs to firms, workers and households. While it is important to ensure that unproductive firms are exposed to the full effects of market forces, the responsibilities of such firms (and their directors and shareholders) to workers are key to ensuring that the effects of market forces impact all firms equally. Firms wishing to reduce the costs of meeting employment standards so that they can invest capital in technological adoption are perpetuating the unlevel playing field.

15. *Digital platforms, gig work and employment relationships – Chapter 2*

- 15.1. While it is correct that policies should not target the technology that underlies digital labour platforms, the statement that policies should not target digital labour platforms confuses the issue. Provision of a platform to businesses as a medium for market access and communications is not problematic. However, some digital labour platforms step into relationships with workers that provide for those platforms to place obligations on workers that are analogous to employment obligations. This is distinctly different from simply supplying technology or a platform and should be treated differently. All cases of breaches of employment rights need to be treated as such and where a platform obligates ostensible contractors with employment obligations, the consequences of these should not be avoided.
- 15.2. It is important that the distinction between contracting and employment not be blurred. The two concepts have different foundations and while workers have a right to choose not to be employees, this is more than a matter of form and where the substance of a relationship is that of employment, the law should continue to recognise this.
- 15.3. While it is preferable to encourage market forces to have their full impact on digital labour-platform operators, it is important to continue to bear in mind that minimum employment standards are not the same thing as prescriptive regulation of platform business models and rules. Where a platform operator substantively employs workers, minimum employment standards should continue to regulate the behaviour of operators towards workers.
- 15.4. There is sufficient room within the law as it is currently to allow for workers to choose to participate in “gig work” for supplementary income with the freedom that contract law provides. However, there is the need to preserve the current legal settings and ensure that they are ready to cover situations where a platform operator might take such a relationship beyond the boundaries of contract law into obligations of employment law. New Zealand contract law may

need to be more clearly stated so that it is easier for workers to understand when those boundaries have been crossed.

- 15.5. There is an important disadvantage to contracting and self-employment in the obligation for the self-employed and contractors to be responsible for their own decision-making, including tax records and contractual obligations. This does not seem to have been identified by the Study and forms one of the ongoing reasons why employment relationships are distinct from contractual relationships.
- 15.6. NZALPA is concerned by finding 2.7. We believe this does not accurately portray the current position. Furthermore, we consider that the provision of a “safe harbour” will not clarify the law but will tend instead to further confuse the distinct relationship between employment and contract relationships. We would prefer, as noted above, a clearer statement of the distinctive features of contract law that builds on the bullet points set out on p 44 of this report. For the purposes of clarity, we do not endorse the accompanying proposal for a certification regime. We are concerned that the creation of any ‘grey zone’ between employment and contracting will only encourage arbitrage and exploitation of weaker contracting parties by stronger ones.
- 15.7. We agree with finding 2.8. We believe that workers are best protected when their rights are clear and easy to understand.
- 15.8. We consider that if further research is to be done on the legal tests for employment status this would be best carried out by the Law Commission. The concepts of employment law and contract law are fundamental to the civil justice system in New Zealand and require expert analysis. We consider any attempt to reduce access to legal challenge to employment status as likely to impinge upon access to justice and associated human rights.

16. *Income smoothing for workers – Chapter 3*

- 16.1. NZALPA supports further research into the phenomenon of income scarring. This is a significant concern for many of our members. Often it can be very hard for any of our members who lose their jobs to find employment at a comparable pay rate in another industry.
- 16.2. Income-smoothing measures should enable the pooling of risk so that workers are not disadvantaged and there is little reduction in net disposable income.

17. *Labour-market programmes – Chapter 4*

- 17.1. There is a need to develop better active labour-market policies that are not linked to income support. Over time it is likely that ALMPs are likely to be required by a larger proportion of the population than require income support.
- 17.2. It is worth considering the possibilities of developing ALMPs that identify what skills workers have and what gaps exist in the marketplace for similar skills. As the Study points out, any new or expanded ALMPs should be preceded by careful research and consultation.

18. *A labour market that encourages technology adoption – Chapter 5*

- 18.1. There is not enough detail in sections 5.3 and 5.4. The models used are not sufficiently explained and would appear to lack comprehensiveness. It is unhelpful to make a decision as to where to group New Zealand without the provision of much more detail and without the focus on ‘Western’ countries. It might be said that the approaches of these countries represent what has been tried before and to some extent the “Anglosphere” model is already a compromise between the Southern and Northern models. The Study would have done well to further explore the variables and also examine how developing and recently-developed countries have addressed the balance of these variables.
- 18.2. Q5.2: Many New Zealand firms do not sufficiently budget for the professional development of their staff. One unfortunate result of this is that workers can develop an aversion to new technology because they do not have enough time to spend understanding and learning how to

use it. Encouraging investment in professional development by firms is likely to lead to a measurable improvement in technology adoption. One way to encourage investment in professional development would be to require employers to provide employees with professional development pathway options that would demonstrate what skills an employer can help an employee attain and how they would be developed over time. Employers might be provided with tax relief as a form of incentive.

18.3. Q5.3:

18.3.1. Upskilling existing workers: The major obstacle to upskilling existing workers is an unwillingness by employers to invest in individual professional development. While there are significant short-term costs to good professional development the long-term benefits largely outweigh the costs. One area of potential vulnerability for employers is the risk that employees may move to another employer before the employer can take advantage of its investment in professional development. It is worth considering legislation to govern the provision of education loans and grants to employees by employers.

18.3.2. Hiring new workers: Employment protection legislation allows the hiring of new workers in a way that protects income security and provides clarity to employers that limits potential litigation around employment status.

18.3.3. Changing the work performed by existing workers: Current employment protection legislation does not limit the ability to change the work performed by existing workers. What limitations do exist in this area are often contained in employment relationship agreements that are enforced under the legislation. This is, to some extent, magnified by the high level of standardisation seen in some employment relationship agreements (due to the range of free templates that are available and how clauses in those templates have been drafted). A broader approach to individual and collective employment agreement negotiation and drafting could lead to a simple solution to problems faced by employers in this area.

18.3.4. Making existing workers redundant: Existing employment protection legislation suffers from the disadvantage of not having explicitly set out a test for when redundancy is justified and how a redundancy procedure should be carried out. The legal profession has developed a clear understanding of how redundancy works that is supported by case law. However, this understanding may not be shared by all employers. It would assist if the understanding that has been reached could be explicitly codified if this is a significant issue for employers.

18.4. Q5.4 & Q5.5:

18.4.1. Anecdotally, New Zealanders value teamwork and many workers focus on human factors and the internal relations of their workplace to achieve tasks. Technology adoption benefits from workers who instead of focus on external developments in their profession rather than on internal human factors. While our focus on internal human factors reflects the nature of our diverse and tolerant society it will be important for employers to develop professional development strategies for their workers.

18.4.2. When workers focus more on the development of their skills in line with that of technology their skills are likely to become more nuanced and focused. In a small country such as New Zealand there is limited demand for workers with highly focused skills. Furthermore, the difficulties faced in relocating and travelling domestically within New Zealand often mean that highly skilled workers will want to remain close to their extended family and networks. These factors can lead to an attitude that there is little to be gained from professional development and technological understanding. It is important to develop better transport infrastructure and encourage cheaper housing to ensure highly skilled workers are encouraged to travel to where their skills are needed.

18.4.3. Another aspect of New Zealand's size is that highly skilled workers will often find their skills more valued overseas. It is important to ensure that high quality communications

infrastructure is provided to reassure New Zealand firms and workers that technological adoption will not be hindered by the capacity constraints of national infrastructure.

Training New Zealand's workforce

21. The New Zealand workforce and participation in training – Chapter 2

- 21.1. While New Zealanders may have high rates of participation in work-related education there are problems with how this education is structured and the actual benefits it provides. Much professional development education in New Zealand is piecemeal and consists of many very short and potentially unrelated courses. It can be difficult for workers in such circumstances to fit together all the professional development they do into a coherent skill development plan. Furthermore, many of these courses do not produce a recognised qualification that workers can use to display their skill level and cost is perceived as unjustifiably high.
- 21.2. Falling rates of participation in tertiary education by people aged 25 years and older are concerning. Professional development through tertiary education can be one of the most meaningful methods available.
- 21.3. There is a need to consider the provision of clearer accreditation and qualification streams for industry training (including in professional occupations).
- 21.4. The Study correctly identifies some of the barriers to education and training. Concerns about relevance and quality could be addressed by a clearer system of accreditation and better communication between industry and education providers about what training is needed.

22. Improving the education and training system – Chapter 3

- 22.1. It is not correct to draw a direct connection between embedding distinctions between employees and other workers and unjustified disparities in access to education and training by employees. While it is correct that there are undue restrictions on employees accessing work-based training the correct way to address this is to recognise the distinctions while at the same time ensuring that there are parallel paths to work-based training. For example, many of the benefits of work-based training for employees are received by employers as well as employees. On the other hand, where there is no identifiable employer the benefit to the economy of the training cannot be tied to the employer. There are also important employment law considerations that are related to ensuring that employees who receive training are recognised and rewarded by their employer for the time that they spend on professional development. Employees often choose to tailor their own professional development to the needs of their employers, and this is a limit on the potential scope of their own professional development.
- 22.2. It is important to ensure that temporary work visa holders are fully eligible and resourced as best possible to access vocational education and training. To the extent that they pay New Zealand taxes and benefit from New Zealand infrastructure it is important that Government invests in ensuring that they have the right skills to benefit the New Zealand economy.
- 22.3. There is a need to remove limits on the ability of people to borrow through the student loan scheme for short courses and work-related training and education. This is a problem in the aviation sector and NZALPA would much appreciate if this were addressed. The problem occurs because the qualifications needed in this sector are very expensive and can be structured quite differently from a normal degree qualification.
- 22.4. It will be important to encourage eligibility and funding of micro-credentials. It will also be important to ensure that they can be stacked into recognised diplomas or even degrees. As the Study identifies, stacking is very important to ensure that investment in micro-credential study is valuable for workers. Better recognition of prior learning will be an important step in providing

confidence to many workers. It would also be helpful to explore cheaper ways in which overseas qualifications can be recognised in New Zealand.

- 22.5. There is a definite need for better innovation and responsiveness from tertiary education providers. The failure of many providers to ensure that students understand a career pipeline that begins with their tertiary education is a key driver in the development of skills mismatch in NZ.
- 22.6. The Study is correct – despite the inappropriate phrasing of F3.1 – that Government should widen access to work-based education and training to all people in the workforce and to volunteers. While distinctions between employees and other workers are important, it is also important to ensure that all workers regardless of the distinction are provided an opportunity to train. The distinction relates to the relationship between labour and capital, it is not relevant to training provided by Government. Because apprenticeships or other training programmes sometimes need long-term ongoing relationships between trainees and their work-based supervisors it is important to ensure that the definitions of employment status are codified in the ER Act so that education providers can make an informed decision about whether to structure course provision in a way that allows the trainee to become an employee or not. It is important to remember that where the benefit of the labour is received by the education provider (in a manner that the education provider can then market to a third party) the trainee should be rightly treated as an employee.
- 22.7. We support the other recommendations of this chapter of the Study as set out above.

Educating New Zealand's future workforce

25. Education for the future of work – Chapter 1

- 25.1. The Study's statement of desirable characteristics of an education system for the future of work is clear, concise and very well crafted. The statement could form the basis of future more detailed research.

26. Challenges facing the education system for the future of work – Chapter 2

- 26.1. The growing divergence between high and low educational achievement is a major problem for productivity in New Zealand. The failure of the education system to fully and comprehensively implement the curriculum is a serious systematic discrimination against those who are socio-economically disadvantaged. There is a need for more rigorous and concentrated oversight to ensure that the education system is required to achieve key performance indicators. Major barriers to this are the unhealthy relationship between employers and unions in the sector, inability to source and retain teaching professionals, deficiencies in teacher training and the failure to properly resource schools. The ongoing inability of successive governments to address this problem suggests that there may be a need to review how secondary education is provided in New Zealand.
- 26.2. Several other countries have developed parallel secondary education pathways for students not interested in University Entrance. New Zealand should consider the costs and benefits of doing likewise.
- 26.3. It is important to ensure that students are provided with higher-quality career advice at a much earlier stage of their education. Hopefully, this will give them more time during secondary education to consider their choices and change their preferences before they enter the tertiary education system. Provision of higher-quality career advice will require better resourcing of career advisers including careful study of what qualifications and skills employers in every sector are seeking in job candidates so that this information can be accurately provided to students.

Technology adoption by firms

27. *Firms' decision-making, technology adoption and productivity – Chapter 2*

- 27.1. Management capability is a huge factor in business development. New Zealand faces particular problems in that highly capable individuals are usually attracted to overseas employment and find it relatively easy to relocate. It would be helpful if Government were to consider ways of developing management capability in New Zealand. New Zealand businesses suffer an unfair disadvantage due to our size comparative to other economies. Government should help businesses overcome this by contributing to upskilling management capability.
- 27.2. While connections with high-performing firms can be hugely valuable for raising management capability there are significant barriers to small firms in gaining access to such connections. It would be worth investigating what Government might be able to do to further encourage business networking in New Zealand.
- 27.3. It would also help if Government could encourage better investment in supply chain and transport infrastructure that enhances access to international markets. Much of our international facing infrastructure needs investment and better planning. While key assets are owned privately, this should not limit Government's ability to work with the owners of those assets to structure legislative and policy approaches to help those owners develop their infrastructure. Ensuring that our country's international facing companies and non-government organisations are well resourced and supported by both policy and legislation is one of the best things government can do to encourage adoption of overseas-developed technology in New Zealand.

28. *Firm dynamics and the business environment – Chapter 3*

- 28.1. It is important to incentivise the growth of strong firms. While this is done it is important to ensure that firms which already have a large market share remain productive. If a market is dominated by a large firm and that firm fails to remain innovative it can still take a very long time for strong competitors to emerge. Despite that, it is important that there are organisations that are committed to ensuring that firms behave in an innovative and productive manner on an ongoing basis. NZALPA is proud of its long-standing and productive relationship with New Zealand aviation industry employers that revolves around interest-based problem solving and high engagement relationships. We believe that a strong trade union committed to interest-based problem solving and high engagement can be one of the best factors in ensuring that large firms remain focused on innovation, productivity and wellbeing.
- 28.2. While the creation of new firms can incentivise job growth many new firms lack sufficient resources and management capability to be fluent technology adopters. Therefore, there can be benefits to lifting the performance of large weak firms through enabling industry-focused organisations, such as trade unions, to hold them to account.
- 28.3. Capital access is one of the major problems with technology adoption in New Zealand. Both small and large firms can find it hard to access capital when so much of bank lending is prioritised towards housing and land-based assets. Recently it has been encouraging to see the Reserve Bank beginning to consider the wider implications of its role in encouraging New Zealand business. However, there is a need for Government to further consider the implications of how the banking sector in New Zealand is structured and owned. Current lending practices do not sufficiently help businesses with limited land portfolios. Many small unproductive firms have access to – or can cross-collateralize their lending to – real property assets that can create artificial incentives for banks to lend to such firms.
- 28.4. Further study should be commissioned into capital access. This could consider the effects of the valuation of non-tangible assets and businesses by lenders, access to alternative financing options, the funding and resourcing of Kiwibank, and the Government's bank of choice.

29. *Implications for Government policy and action – Chapter 4*

- 29.1. This chapter sets out a number of points that are worth more detailed development and consideration. For example, much of the discussion about enhancing flexibility for firms seems targeted at employment legislation. NZALPA believes that making redundancy and termination easier will not have productive results for the economy. In so far as consumers (mainly workers) need stability in order to stimulate spending, it is important that there is stability in terms of disposable income. Many of the income smoothing measures are unlikely to provide sufficiently secure stability of disposable income without a continuing commitment in employment law to rights of employees against arbitrary redundancy and termination.
- 29.2. The Study also neglects to reflect on the impact of New Zealand's contract and commercial legal settings on flexibility. In the medium term it may be worth scheduling a review of the Contract and Commercial Law Act and related consumer protection legislation to provide a more concise and easy to access codification of contract, commercial, consumer protection and competition law. We note that the Study has touched on the need to review the Commerce Act 1986 and the Fair Trading Act 1986, however it would be helpful to consider a broader review of commercial law.
- 29.3. It is important that the business environment remains open to the flow of goods, services, data and ideas. A key driver to ensuring that this occurs is the regular review of infrastructure spending with measurable commitments to ensuring the renewal of all existing assets and development of new assets. Government should not shy away from ensuring that such a review provides for the renewal of both publicly, locally and privately-owned assets. While there may not be a place for Government to dictate to private and local entities, there is still room for Government to listen and proactively legislate to assist key asset owners.
- 29.4. The Study suggests an increase in emissions prices. The Study also points out that uncertainty about future climate change policy settings has discouraged investments in carbon-reducing technology. If Government wishes to act in the area of increasing emissions prices it will need to be aware that the need for certainty will likely require consensus between the major political parties about the way forward. Emissions pricing legislation that does not have the confidence of both sides of the House of Parliament is likely to be viewed with hostility and uncertainty. Furthermore, there is a need to ensure that large NZ companies in the aviation and maritime industries are sufficiently financially supported to ensure that increased emissions prices do not disadvantage them in the international market. Where firms are competing internationally it is not helpful for domestic legislation to place constraints on their growth that their foreign competitors do not face without adequately resourcing those companies to meet those domestic constraints.
- 29.5. There is significant discussion in this chapter on protecting workers and not jobs. While the distinction between workers and jobs may be relevant to decisions made with regard to particular industries and firms there should not be a place for liberalisation of New Zealand employment law standards. It is important for policy professionals to understand that labour standards – just like environmental standards – are an aspect of open market forces. Security of disposable income is an important aspect of wellbeing that encourages consumer confidence and affects productivity positively. The removal of employment protections would likely lead to more legal disputes in this area and reduce the ability of workers to work productively.
- 29.6. Unduly restrictive land use regulation is a significant issue for the economy more generally but does also impact on technology adoption. There is a correlation between house prices and labour mobility. There is also a connection between consumer confidence and house and rent prices. The length of time taken to prepare for and process building and resource consents and related documentation also has an impact on business confidence and the ability of business to attract capital.
- 29.7. Transport-related costs have a similarly profound impact on technology adoption. However, the potential for infrastructure investment in New Zealand goes beyond transport infrastructure. There is a need to assess how telecommunications and data infrastructure can be improved to facilitate the flow of services, data and ideas into the country. This will require an

assessment of how Government might be able to assist in gathering ideas and data abroad and distributing domestically.

- 29.8. These submissions have already touched on the need for better understanding of capital access problems. The Study correctly points out that restrictions on FDI can limit the ability of firms to access capital, expertise and networks. It is worth pointing out that this might also contribute to some of the issues these submissions have raised previously about the size of the domestic capital market.
- 29.9. The development of an organised and coherent national innovation system is a positive step. The United Kingdom has specified Science and Research as one of the categories of infrastructure in its National Infrastructure Delivery Plan 2016-2021¹. It would be helpful to develop a similar approach to science and research infrastructure in New Zealand. There may be benefits to bringing responsibility for this area of policy under one roof within Government.
- 29.10. Acceleration of open data and open banking commitments would be of significant benefit to productivity. The Study does not mention the large amount of data held by local government – usually in formats that are not digital-friendly. Government should, at least, take steps to compel local government to release data, particularly rating, valuation and consenting data, to the public in a range of digital-friendly formats. Government may need to consider resourcing this centrally. This process might prepare Government for problems that small firms are likely to encounter with open data commitments. Open banking is also likely to have major positive impacts on capital access in New Zealand.

NZALPA's Position on the Future of Work

98. NZALPA has read the Study with interest. In our experience those employers who are ready to innovate and adopt new technology are also the most responsible and engaged with their workforce. We are concerned at what may be an assumption by the Study that employment rights conflict to any degree with innovation and technology adoption. The recognition of human rights, including labour rights, is foundational to a productive and innovative society. The basis for innovation is the freedom to exercise creativity and the basis of productivity is ensuring the health and wellbeing of the workforce. We acknowledge that it is not the intention of the Study to undermine labour rights, however, it is unfortunate that in several places the Study fails to explore how clarity in labour rights and a strong and healthy labour movement can reinforce rather than compromise flexibility.
99. NZALPA makes the following general submissions:

99.1. *Government should consider how labour rights – especially the test for employment status and the process for redundancy – can be better codified and clarified to ensure maximum certainty for employers;*

99.2. *Government should consider measures to provide for better on the job training and the credentialization of industry training and professional development;*

99.3. *Government should explore possibilities for encouraging firms to invest in the professional and skills development of the workforce;*

¹ Infrastructure and Projects Authority, *National Infrastructure Delivery Plan 2016-2021*, March 2016, available at www.gov.uk/government/publications

99.4. Government should support New Zealand firms that already trade internationally so that any costs of new domestic legislation are adequately offset by Government support.

100. NZALPA is encouraged to see the Productivity Commission has considered the ongoing protection of workers in the Study.

However, it is important to note that workers are often best protected by certainty of disposable income. This certainty is usually best achieved through stable employment with an engaged and innovative employer who enables employee representatives to take part in interest-based problem solving. In the aviation industry it is this certainty that underpins safety, while more generally it supports consumer confidence.

We are also particularly encouraged to note the seriousness with which the Study has confronted issues in the New Zealand education system. Ongoing inequities between socio-economic groups and between career pathways are major systemic inequalities that demand resolution.

Putting aside this concern, many of the Study's findings and recommendations are profound and outline significant positive opportunities in policy and legislation.

We would welcome the opportunity to further discuss our concerns with the Productivity Commission.

Conclusion

101. NZALPA thanks the Productivity Commission for the opportunity to submit on the Study. While NZALPA is concerned about what appears to be a key assumption of the Study, we support the motives of the Study. We look forward to seeing what Government will make of the Study's findings and recommendations and hope that it will lead to a number of carefully considered legislative and policy proposals. New Zealand will benefit from policies that encourage technological adoption and a more flexible approach to education and training, but these must not compromise labour rights.

Please contact us if you have any questions or queries regarding this submission