



26 March 2018

Senator Murray Watt
Chair of the Select Committee on the Future of Work and Workers
Department of the Senate
PO Box 6100
Parliament House
CANBERRA ACT 2600

Dear Senator

The Business Council commends the Senate for establishing the Select Committee on the Future of Work and Workers. We consider the matters raised by the Committee to be of utmost importance to the future prosperity and quality of life of Australians.

Business Council members are currently undertaking a significant project and serious piece of work on the 'future of work'. The project is assessing likely changes to the workplace due to technology, globalisation and demography and is identifying what businesses, individuals and governments need to do to adapt to, and benefit from, change.

The findings from our project to date provide two instructive recommendations for how the Select Committee should approach its task of considering the future of work.

1. The Select Committee can help set a positive tone for the debate about the future of work by undertaking a reasoned and evidence-based consideration of likely changes.

We encourage the Select Committee to be careful and clear in how it presents change to the community. If we can adapt and manage change well, the future of work holds the promise of higher living standards and more meaningful work. We should focus on the policy settings that will help us adapt to change, not try to hold it back.

A debate marked by fear and anxiety could lead us to adopt policy settings that will hold us back and diminish our capacity to adapt. Any attempt to stop or slow the adoption of technology will diminish living standards and the competitiveness of our economy.

2. The Select Committee's final report should recognise that businesses know change is coming, and accept their responsibility to support their workforces to transition.

They do, however, need a wider 'system' – primarily shaped by governments – that supports them in exercising their responsibility.

The Select Committee should examine the artificial barriers imposed by the system that make it more difficult for people and individuals to transition to the future of work.

I have provided some further detailed findings below and in the attached recent remarks to the AFR Business Summit (in **Attachment 1**).

Forces of change

We anticipate that the future of work will be primarily shaped by five major forces of change:

1. Artificial intelligence and robotics. Routine tasks (including cognitive routine tasks) are now vulnerable to automation and robotics. There will be a strong component of people interacting with machines (ie. “augmented intelligence”).
2. Digitisation. Business models are changing and smaller companies can rapidly upend incumbents. Digitisation also changes how companies are organised and how work is performed.
3. Increasingly empowered consumers and employees. Increasingly empowered consumers are already driving change to business models and are benefitting from greater competition and wider service offerings. These empowered consumers are, in the main, also employees who will demand different ways of working from their employers.
4. An ageing population. Older people will make up a much greater proportion of the Australian, and world, population, with potential implications for workforce participation and productivity growth.
5. Continuing changes in global economic patterns. The continuing growth of the middle class in Asia will continue to re-shape the global economy.

There is significant debate about the likely cumulative impact of the forces for change on employment (with estimates varying between 5 per cent and 70 per cent of jobs lost). No one can predict the outcomes with certainty. However, there is no doubt that the *tasks and skills* required in each job will change significantly and, if Australia is well-prepared for change, we should be able to adapt with minimal displacement of the labour force.

There is, however, a risk that – if we do not adapt to these major global forces of change – our economy may be less competitive or there may be large and sudden adjustments in the labour market.

A framework for managing the ‘future of work’

The Business Council believes the best framework for considering how to prepare for the future of work is to outline the responsibilities of **individuals** and **businesses**, and then the **system** (directed by government) that they need to support them in exercising their responsibilities.

Under our framework, **individuals** are responsible for:

- considering their own career path, and what work would best suit their strengths and interests
- informing themselves and identifying if their careers are likely to significantly change
- working actively to upskill, re-skill or undertake self-development throughout their career. This may be done in consultation with their employer.

Businesses are responsible for:

- understanding and planning for their future workforce, through skills audits, capability assessments and workforce planning
- identifying possible future skills needs and partnering with educational institutions for the skills they need
- being transparent about the impact of technology on their workforce, and the impact of data on their customers
- providing learning and development opportunities for their staff, and responding to their workforce’s working preferences

- providing support for workers who may need assistance in adapting to forces of change
- providing workforces that encourage diversity and support the wellbeing of workers
- running well-managed, profitable businesses that are well-placed to adapt to change.

To exercise their responsibilities, individuals and businesses need to operate within a system that allows them to exercise their responsibilities. When we refer to the system, we mean the collective actions of government, businesses, unions and not-for-profits that set a framework for work and employment. This **system** needs:

- macroeconomic settings that promote investment, economic activity and job creation. This includes competitive tax and regulatory systems
- a personal tax and welfare system that rewards effort and participation
- the ability to support people into employment, or those who need assistance in adjusting to change
- a modern education and skills system that equips Australians for the world of work (a series of initial draft recommendations are detailed more in the report provided at **Attachment 2** or also available at <http://www.bca.com.au/publications/future-proof-protecting-australians-through-education-and-skills>)
- a workplace relations framework that encourages collaboration and productivity.

The future of work is a critical topic and the Business Council will have more to say about it in 2018.

Thank you for your consideration of the points I have outlined in this letter and in the attached remarks. The Business Council will be happy to provide any additional information. Please contact Mr Josh Machin, Manager, Policy at josh.machin@bca.com.au or 03 8664 2601 to discuss.

Yours sincerely



Jennifer A. Westacott
Chief Executive

Attachment/s:

Attachment 1: Jennifer Westacott remarks to the Australian Financial Review Business Summit

Attachment 2: Future Proof: Protecting Australia Through Education and Skills discussion paper