

Speaking Notes

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- There's a lot of views about the future of work, so I would like to set out a perspective from the Australian business community based on a major project we have underway.
- Many points complement the PwC findings in Jon's presentation.
- Although no one can predict changes with certainty, I think the outlook is more positive than negative.
- Every job will change, but that doesn't mean every job will disappear.
- We think the future of work will be shaped by five major forces of change.
- **One.** Artificial intelligence and robotics.

- I am not convinced that machines will rule the world.

- A couple of weeks ago Ginni Rometti, the global Chair and CEO of IBM talked about the need to replace the term artificial intelligence with augmented intelligence.
 - That is, machines and people working together, because this will be overwhelmingly be the case.

- AI and robotics can automate tasks that are routine or risky, and the remainder will be the domain of workers who can harness and augment technology.
 - These jobs will require more human interaction, a higher level of digital capability and a higher level of skill.

- **Two.** Digitisation.
 - Almost every job will have a digital component: from surveying, to human resources, to transport and distribution, to nursing.

- Not everyone will be a computer scientist, but they will need to be capable of lifelong learning to continually adapt to changes in technology.
- Microsoft and IBM have developed this notion of the digital apprentice.

- **Three.** Increasingly empowered consumers and empowered employees.
 - Empowered consumers are driving massive change to business models.
 - But these consumers are the same people who are also employees and they will demand the same level of empowerment in the workplace.
 - They will expect greater choice in when, where and how they work.

- Some of them will turn away from full time employment with one employer, and instead will assemble a work portfolio of projects, tasks and interests.

- **Four.** An ageing population.
 - Workers are going to be older.

 - Greater flexibility in the workforce will mean businesses keep engaging with their staff, long after the current point of retirement.

- **Five.** Continuing changes in global economic patterns.
 - By 2030, the disposable income of the Asia-Pacific's middle class will exceed the disposable income of the rest of the world.

 - That middle class is going to have significant purchasing power in setting trends and consumer preferences.

- For Australia to remain competitive, our workforce will need to be more global in its orientation and experience, and with more diverse backgrounds and perspectives.
- With all this change, what are the risks we should consider now?
 - We have to make sure we don't see some regions hollowed out by the utter loss of jobs.
 - We have to watch that wages keep pace with economic activity.
 - We have to be wary of being caught out by big, sudden adjustments in the labour market.
- These risks need a response from **individuals** and **businesses**, and they need a **system** – directed by government – that supports them in exercising their responsibilities.
- **Individuals** have a responsibility to consider their own career path, and proactively upskill and re-skill as needed.

- They need to consider if their careers are at risk.

- Inform themselves.

- Work actively to reskill.

- **Businesses** should own the transition of their workforces.
 - They need to understand and plan for their future workforce, through skills audits, capability assessments and workforce planning.

 - They need to be more savvy about likely skills gaps and how they work to solve that problem.

 - They need to be transparent about the impact of technology on their workforce and the impact of data on their customers.

 - They need to provide training and development of their staff.

- They need to get better at partnering with educational institutions for the skills they need.
- And we need to systematise support for workers who need assistance to transition... and coordinate across the business community and between big and small businesses.
- I hear from Business Council members that they take this responsibility seriously.
- But they need a system that works for them.
- They need governments to put in place the processes and systems that enable individuals to thrive and businesses to help.
- Those systems have a number of elements.
 - **Firstly**, we need the macroeconomic settings that will promote investment, business activity and job creation.

- In particular, that means competitive tax and regulatory systems that drive investment.

- **Second**, we need a personal tax and welfare system that rewards effort and participation.

- We could envisage in the future of work an older worker who is drawing down from super, working 1 to 2 days a week and possibly receiving a part-pension.
 - The tax and welfare system is not set up for this type of scenario and needs to be better calibrated to encourage labour market participation.

- **Third**, we need a better system of helping people into employment, or supporting their employment transition.

- We do not have a system that is responsive when a number of workforce transitions are underway at the same time.

- We rally around with big-spending packages when high-profile companies or sectors go through transition ... but my

concern is for someone working at a mid-sized company in a regional area:

- How do we inform them and prepare them for change?
 - And how do you get that into a predictable system?
- **Four**, we need an education and skills system better suited for the future world of work.
- It needs to do these things:
- The system needs to work for people with a range of different learning styles – especially for kids at school.
 - It needs to offer a range of pathways to work, and that's one of the reasons I am such a fan of IBM's PTECH schools.
 - The system needs to provide clear market information so learners are empowered to make choices and make sure their first post-school qualification is right for them.

- It needs to address the cultural bias where vocational education and training is viewed as second-class compared to university.
- It needs to be modular and encourage lifelong upskilling and re-skilling. Training needs to be dynamic, short and give people a credential.
- And it needs a funding model that achieves all those objectives, where the distorted incentives are removed.
- That is why we have proposed distributing funding through a Lifelong Skills Account for every Australian.
- An employer and employee could sit together and decide to buy a module rather than a whole degree.
- It could come from a VET provider rather than higher education.
- It would be credentialed.

- It puts the learner in charge and it forces every provider to compete for your funding and modernise their offerings for a very dynamic world.
 - We cannot maintain a system with funding and incentives that distort choices and drive everybody into university.
 - Our education and skills system needs transformational change.
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- And, on workplace relations: we can't seem to have a meaningful conversation about this.
 - In a world of rapid business model change, it is not good enough to have a system that requires companies to renegotiate complex and difficult enterprise agreements every time they need to adjust to global conditions.
 - We need to drive productivity in a way that is more about collaboration and bringing workers and managers together.

- Finally, we have to change the conversation with the community.
 - We have to encourage confidence not fear.

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