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Select Committee on the Future of Work and Workers
Department of the Senate
PO Box 6100
Canberra ACT 2600

30 January 2018

To the committee,

Submission in response to the *Future of Work and Workers Senate Enquiry*

Thank you for the opportunity to respond to the *Future of Work and Workers Senate Enquiry*. We are delighted to contribute as the voice of young Australians.

Global Voices is a not-for profit that identifies and develops the next generation of Australian leaders by providing practical experience in foreign policy and international relations at home and abroad. The following submission was completed by Gulandam Khan, who attended the OECD Forum as a Global Voices delegate in 2017.

The submission will highlight the impact of emerging and disruptive technologies on female workforce participation and provide recommendations on how Australia can embrace innovation while improving gender equality. There are four suggested priority areas:

1. Commitment to shared values through public-private partnerships
2. Promotion of workforce transition through social protection and skill development
3. Improvement of employment agreements across educational institutions and corporations
4. Ensure gains from automation are broadly distributed

If at any time during the Enquiry you require further engagement with other young Australians, we invite you to contact us.

Sincerest regards,

Gulandam Khan
Scholar and Research Fellow
Global Voices

Amelia Rhodes
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Connecting young Australians with the world...

Background

The world of work is on the brink of a new automation age in which machines, robots, and artificial intelligence will master routine tasks and advance to new activities which require higher level cognition.¹ The fourth industrial revolution will be defined by rapid technological change.

After a sustained period of economic prosperity, Australia is now facing slowing growth, declining real wages and falling productivity rates.³ The boom between 1991 and 2015 was one the longest and continuous economic expansions of any developed country but the current rate of technological advancements has the potential to put our economic prosperity at risk.³

Building on work undertaken at Oxford University, new analysis by PwC shows that over the next twenty years, 44% (5.1 million) of current Australian jobs will be at risk of automation.³ We face significant circumstantial and structural challenges, slower GDP growth, declining real incomes, low productivity growth, declining employment, sluggish global growth, and rising shortfalls in tax revenue.³

However, the future is not all grim. Australia's economic outlook has, for the most part, prepared itself to embrace rapid technological advancement.⁹ However, the rate of policy creation is outpaced by technological advancement and therefore not providing the necessary social protection that is required of Governments.

Whilst Australia is prepared for the many expected drivers of technological change, the reality is that if policy changes cannot keep up with the rate of technological advancement, Australia will not be prepared to combat the adverse impacts that come with this new era. One of the most significant adverse impacts of the future of work that the nation could see is that on the inclusion of women in the workforce.

This submission response will highlight some of the broader predicted impacts of the future of work, and provide a particular focus on the adverse impacts on women in Australia. It will address ramifications ranging from higher comparative rates of job losses, stagnated rates of reskilling, to reentry into growth jobs of the future economy. It will also provide recommendations on how Australia can better prepare itself in order to make the fourth industrial revolution work for everyone.⁴

How automation will widen the gender divide already existing in Australian workforces

The excitement and allure of the rate of technological advancement we're witnessing today must be caveated with a common risk. The risk that automation will in turn accelerate the already widening economic inequality around the world.⁵ Globally, and in Australia, this couldn't be truer of our widening gender gaps as a result.

The effects of automation might be slow at a macro level, within entire sectors or economies, but accelerated at a micro level. It is apparent that predominately women based economic activities are automating at a rate more rapid than women are being reskilled or retrained for.¹⁰

Research from the World Economic Forum predicts two-thirds of the expected 7.1 million job losses over the next five years will occur in roles where women statistically outnumber men by a large margin, such as in office and administration areas.⁴

Whilst men will face nearly 4 million jobs lost to automation, they will gain 1.4 million more.⁴ For men, the statistic is one job gained for every three jobs lost.⁴ For women, it is more than five jobs lost for every job gained, creating an entirely new gender gap in the future workplace.⁴

For Australia alone, the occupations most at risk of automation in the next ten years are composed of 70 percent of women each.¹¹ Current Australian Bureau of Statistics data depicts the highest ratio of women's employment is in clerical and administrative jobs (76 percent female), followed by community and personal services (68 percent female) then sales workers (64 percent female).¹¹

As we see disruptive change affecting business models, these jobs are being increasingly displaced. Whilst simultaneously a new labour market starts materializing. How Australia responds will be critical in determining how these new markets and new growth opportunities will advance the economic empowerment of women.

Governments and Corporations can outpace the adverse impacts of automation by creating new inclusive markets - but who should be accountable to take the lead?

Despite the fear of potential mass employment, the embrace of technological advancement is unavoidable. In the future economy, people will need to continue to work in synergy within technologically advanced new ways to produce the growth in per capita GDP to which countries around the world aspire.¹⁰

Australia needs to be fast and smart about what these new jobs will be, and appropriately re-skill those displaced in the labour force, particularly women.¹⁰

This transition from job losses to productivity gains will be key to closing gaps in inequality and increasing Australia's economic prosperity. But the question remains, who steps up to take the lead? Is it a responsibility of Governments and preventative policy, or an issue of corporate social responsibility?

Typically, Governments establish the legal and regulatory systems that govern the operation of our economy. They provide key inputs into the economy by educating the labour force and providing the right infrastructure and services. They also negotiate (through democratic processes) and maintain (through social expenditure) an underpinning social contract with the community. The future of work necessitates, if not demands, each of these roles.⁶

At the same time, throughout the industrialized world and in many developing countries, there has been a sharp escalation in the social roles corporations are expected to play. Particularly in lieu of Government's reacting fast enough to technological advancement and change. Companies are facing new demands to engage in public-private partnerships and are under growing pressure to be accountable not only to shareholders, but also to stakeholders such as employees, consumers, suppliers, local communities, policymakers, and society-at-large.

Thus when it comes to the topic of the social impacts of automation - who, if either or if both, is responsible for ensuring technological advancement is not deepening economic and gender divides?

Can Governments, and should Governments, move fast enough to regulate Corporations?

If businesses in Australia are to play a positive role towards the societies in which they operate, then Governments also need to provide the right framework with the appropriate incentives for them to do so.³ It is clear that the role of Government includes encouraging the social responsibility amongst companies – either through heavy-handed interventions, or through supportive policies.

Ultimately, it is clear that Government bears a large responsibility for leveling the playing field and ensuring public welfare.¹³ Hence, in order for corporate social responsibility programs to work, Government and the private sector must construct a new understanding of the balance of public and private responsibility. This will entail developing new governance and business models for creating social value in the face of the the fourth industrial revolution.¹²

There have traditionally been various motivations that the Government controls, such as increased regulations, class action lawsuits, and social movements that hold firms accountable for their misdeeds.¹³

A good example of increasing regulations is South Australia's "Punters Tax" where 15 percent of South Australians' losses are payable in tax by online betting agencies, in part to assist with gambling addiction.¹³

However good initiatives should also be about more than taxes and regulation – they should be encouraged and promoted.

The question then becomes - how might Governments and Corporations create shared value through public-private partnerships in order to create new economies, markets, and ultimately social and economic prosperity for women in the future of work?

RECOMMENDATIONS

Recommendations for the fourth industrial revolution should not solely focus on the prevention of embracing the opportunities for advancement it presents. It is important to acknowledge that these technological advances have widespread economic and social benefits for many marginalized groups of society, especially women and their economic empowerment.

However, Governments and corporations must recognize the rate at which women are adversely affected by these waves of technological advances. It significantly outpaces the rate at which Australia provides opportunities and empowerment for women to counteract those adverse impacts. It is therefore recommended that the future strategy for the Future of Work and Workers include:

Committing to shared value through public-private partnerships

Government policy makers must work to put the right framework in place to ease the transition for displaced workers, whilst encouraging corporations in the private sector to establish a strategic agenda ensuring job creation, and re-skilling women for growth roles.¹

Promoting a smooth workforce transition through social protection and skill development

Past experience with structural change portrays that displaced female workers will find it difficult to secure new jobs due to circumstantial and structural barriers to entry.⁸ Government policy makers

should focus their efforts on assisting displaced workers through employment protection and reskilling for growth economies and skill shortages, in partnership models with corporations.⁹

Redefining pre and post-employment agreements across educational institutions and corporations

Government policy to date has primarily focused on dedicating resources towards helping low-skilled workers secure better jobs through training and education. Yet the demographic and workplace shift from automation and digitisation will affect workers across the employment spectrum.¹ Government policy makers need to work with private corporations and educational institutions to rethink the nature of pre-employment and post-employment training that corporations should offer to enable women to keep pace with these developments.

Ensuring that gains from automation are broadly distributed

Government policy makers must ensure the viability of the redistribution system and the social contract: e.g., the pension, tax system and welfare scheme are adapted to the impact from automation, and that the incentives are aligned.

CONCLUSION

Technological advances have widespread social and economic benefits for the prosperity of a nation. However, these benefits do not present themselves without adverse impacts that must be accounted for. Australia must see this as an opportunity to reduce the already existing economic and gender divide by upskilling and preparing women for the emerging labour market.

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[2] PwC Australia, 2015, Future-proofing Australia's workforce by growing skills in science, technology, engineering and maths (STEM)

[3] Parliamentary Papers 2003, Corporate Citizenship and the Role of Government: The Public Policy Case

[4] World Economic Forum, 2016, Women and Work in the Fourth Industrial Revolution

[5] World Economic Forum, 2016, This will be the impact of automation and AI on jobs

[6] Productivity Commission Australia, 2016, Digital Disruption: What Governments need to do?

[8] Productivity Commission Australia, 2016, Digital Disruption: What do Governments need to do?

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[10] McKinsey Global Institute, 2017, Harnessing automation for a future that works

[11] Workplace Gender Equality Agency, 2015, Gender composition of the workforce: by occupation,

[12] Harvard Kennedy School 2015, Defining Corporate Social Responsibility

[13] The Conversation, 2016, Australian corporate social responsibility reports are little better than window dressing