

31 May 2019

New Zealand Productivity Commission
Level 15, Fujitsu Tower
141 The Terrace
PO Box 8036
Wellington 6143

Submission on the Productivity Commission's issues paper on technological change and the future of work

The Institute of Directors (IoD) appreciates the opportunity to comment on the Productivity Commission's (the Commission) [issues paper](#) on technological change and the future of work. We support the work being done by the Government and the Commission in this area. Boards play a critical role in leading and overseeing the transition into new ways of working to maintain long-term business sustainability. The future of work is one of IoD's top 5 issues for directors in 2019 and was a key theme for our membership this year featuring at IoD events and in our publications.

About the Institute of Directors

The IoD is a non-partisan voluntary membership organisation committed to driving excellence in governance. We represent a diverse membership of over 9,000 members drawn from listed issuers, large private organisations, small and medium enterprises, state sector organisations, not-for-profits and charities.

Our Chartered Membership pathway aims to raise the bar for director professionalism in New Zealand, including through continuing professional development to support good corporate governance.

Background

The Government asked the Commission to "conduct an inquiry into how New Zealand can maximise the opportunities and manage the risks of disruptive technological change and its impact on the future of work and the workforce". The inquiry Terms of Reference raise the following questions:

- what are the current and likely future impacts of technological change and disruption on the future of work, the workforce, labour markets, productivity and wellbeing?
- how can the Government better position New Zealand and New Zealanders to take advantage of innovation and technological change in terms of productivity, labour-market participation and the nature of work?

Given the difficulty in predicting how technology will develop, the issues paper sets out the following different illustrative [scenarios](#) that could eventuate in the future (rather than focusing on only one option):

- more tech, more jobs
- stagnation
- more tech, fewer jobs
- steady as.

The issues paper then outlines various policies that could address the challenges and issues associated with technological change and the future of work, and assesses them against the different scenarios.

Our comments

The issues paper raises a number of challenges that need to be considered and we strongly support the work being done in this area. In our 2018 [Director Sentiment Survey](#), 61% of directors identified a tight labour market as a top barrier to national performance (up from 46% and 54% in 2016 and 2017 respectively). Concerns about workforce skills and capability feature strongly in the survey with the largest proportion of directors (28%) identifying it as the biggest risk facing their organisation. Boards have a key role in strategic talent management and 66% of directors said their boards had discussed the impact of technology, automation and/ or artificial intelligence on their organisation, workforce and future skills needs in the last 12 months.

Key IoD publications on the future of work include the February/March 2019 edition of BoardRoom magazine and a DirectorsBrief (attached) for our members. The DirectorsBrief highlights key issues for directors to consider in preparing for the future of work including:

- being aware of the forces shaping the future of work and ensuring that management are engaging in proactive workforce planning so that organisations have the right capability and talent to remain competitive in a tight labour market. This could include retraining or upskilling workers to keep pace with new technologies and finding ways to manage the challenges of changing workplace demographics
- understanding how culture and trust play an important part in ensuring the success of a changing workforce environment. It is the board's role to lead from the top in setting the tone for organisational values, standards and culture that can assist an organisation and its workers to succeed in a period of change and uncertainty
- ensuring that they have the technology and digital capability to oversee and monitor digital strategies including the integration of new technologies into the workplace.

There are a number of national reforms/initiatives underway related to the future of work (eg those involving the Future of Work Tripartite Forum and the Prime Minister's Business Advisory Council). It is essential that there is cohesion between these reforms/initiatives, and that they led to a coherent national strategy on how New Zealand can best prepare and prosper from the future of work.

We appreciate the opportunity to comment on behalf of our members and would be happy to discuss this submission with you.

Yours sincerely



Felicity Caird
**General Manager, Governance Leadership Centre
Institute of Directors**