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Jobs anxiety ‘hampering policy’

By JACKSON HEWETT

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“Catastrophising” over a future job market where machines threaten many types of employment is getting in the way of good public policy, according to a panel of experts at *The Australian’s* Enterprise Series lunch, held in partnership with TAFE NSW.

With predictions that up to 50 per cent of jobs could disappear in the next 15 years, 2018 could be seen as the “year of peak of automation anxiety”, according to Andrew Charlton, chief executive of consulting firm AlphaBeta and a former economic adviser to prime minister Kevin Rudd.

“This catastrophising has real costs,” he said. “One of the main reasons why Malcolm Turnbull’s innovation agenda floundered wasn’t so much the quality of the agenda as the negative reaction it had in the public. Part of that was people fearing the implications for their livelihood, and this has a really negative impact on dynamic policy, on the ability of businesses to evolve their business models and probably on individuals themselves as they make choices about education and career progression.”

University of Melbourne sociology and social policy professor Lyn Craig said concerns about automation were overblown and suggested fears of the unknown was one part of the problem.

Perhaps more worrying for people, she said, was the way work was organised in an automated future. The conditions of work were a key issue.

We look at technology as a huge enabler

“About how we’re employed — whether we’re employed by task or on a continuous contract,” she said. “It’s more that it’s difficult to see exactly the path ahead, rather than that the path will be completely obliterated. A lot has devolved back on to individuals to make their own way, and that’s a stressful and demanding thing that some people feel more capable of than others.”

UBS head of marketing and corporate communications Caroline Gurney said that rather than a 50 per cent decline in available jobs, the bank was predicting a 12 to 14 per cent fall in the next 30 years. The bank predicted, however, that the loss of jobs would be offset by ageing Boomers leaving the workforce. For the bank, with its highly educated, high-performing workforce, the technological change was welcome, Ms Gurney said.

“Over the next three years we’re going to spend an extra 1 billion Swiss Francs (\$1.36bn) making sure that our interface with our clients is getting better and better,” she said. “From a corporate point of view what we’re trying to do is make sure we re-educate people along the way and we look at technology as a huge enabler.”

What’s different today is the type of job being lost is different — it’s jobs in the service sector

Mr Charlton said AlphaBeta had conducted research for Google into 50 years of technological advances and found that the rate of job loss today was no faster than when agriculture became mechanised in the 1950s, or when robots were introduced into manufacturing in the 1980s and ’90s.

Over the past 20 years, he said, the economy had lost about 200,000 administrative jobs, 100,000 labouring jobs and 150,000 machinists. But on the flip side, it had gained nearly 800,000 jobs in personal and community services and 400,000 jobs in professional services.

“What’s different today is the type of job being lost is different — it’s jobs in the service sector,” he said. “The second change is a big change at the level of task. Most of the change is about doing the jobs that we all have differently, and that is

one of the biggest adaptations we need to make as we adjust to the future of work.”

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Mr Charlton said employees would need to focus on retraining to ensure they were able to work with machines, not against them and on soft skills like creativity, empathy, collaboration and critical thinking.

Dr Craig was worried that our education system was not preparing young people properly.

“We have moved our young people too far into university and we have probably the most highly educated young cohort in Australian history,” she said. “When nearly 50 per cent of young people have a bachelor’s degree — it’s not a differentiator like it used to be. So the idea that a university education necessarily means that you will have higher lifetime earnings, that is not true for everybody.”

We’re seeing unemployment get very low and wages not rising rapidly

While the looming loss of jobs had grabbed attention, just as significant an issue was the impact on wages, Mr Charlton said.

“The impact of the future of work on wages and inequality is in some areas more important,” he said. “The Phillips curve says that, when unemployment falls, wages go up but in Australia and many other countries around the world, we’re seeing unemployment get very low and wages not rising rapidly. One of the (factors) people point to is the changes in the way we work.”

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Dr Craig agreed the shift from unionised jobs meant people were less likely to get pay rises, unless they could prove their skills.

“You’ve got individually employed workers competing with each other within and across organisations,” Dr Craig said.

“You can only really negotiate with an employer for more wages if you are a person who has got sought-after skills that are wanted by that employer and they need to keep you. If you were just one of many, all of whom are underpaid, then the chances of getting that change are much lower, unless you can join together.”