



MTA Submissions

NZ Productivity Commission on Technological change and the future of work

05 June 2019

Dear Sir / Madam

Submission: Technological change and the future of work

This submission is from:

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Thank you for the opportunity for MTA to provide comment on Technological change and the future of work regarding the views of and its effect on the automotive industry.

Yours sincerely



Greig Epps
Advocacy & Strategy Manager

Introduction

The Motor Trade Association (Inc) (MTA) was founded in 1917 and in 2017 celebrated 100 years of trust with the NZ motoring community. MTA currently represents approximately 3,600 businesses within the New Zealand automotive industry and its allied services. Members of our Association also operate businesses including automotive repairers (both heavy and light vehicle), collision repair, service stations, vehicle importers and distributors and vehicle sales. The automotive industry employs 57,000 New Zealanders and contributes around \$3.7 billion to the New Zealand economy.

We appreciate the opportunity to comment on Technological change and the future of work and have the following comments to make on behalf of the automotive industry.

Submission

After some initial general comments, we will address specific questions posed by the Issues Paper.

The motor industry is undoubtedly going to face changes in the coming years. Automation of previously manual tasks will change how workers interact with technology, vehicles, customers and each other.

Automation suits repetitive tasks. Some member organisations, particularly service stations, are likely to face significant automation, but not all members will. In the collision repair and general repair sectors, while a change in skill sets will be required, it does not seem as though we are looking at the wholesale automation of the sector. Staff members will need to be tech savvy to be able to work with the aspects of the job which are automated.

The New Zealand fleet is over 3 million and it is growing every year. These vehicles need to be serviced and maintained, and since there is no “one size fits all” approach to servicing and maintaining vehicles, it would be difficult to automate this process.

One thing we know is that the workplace of the future will be data driven, and increased access to data should lead to efficiency and productivity gains. Customers will still need to discuss what’s going on with their vehicles with their repairer. Communication and other similar soft skills will be vital. Members of the motor industry will need to think critically and ask questions.

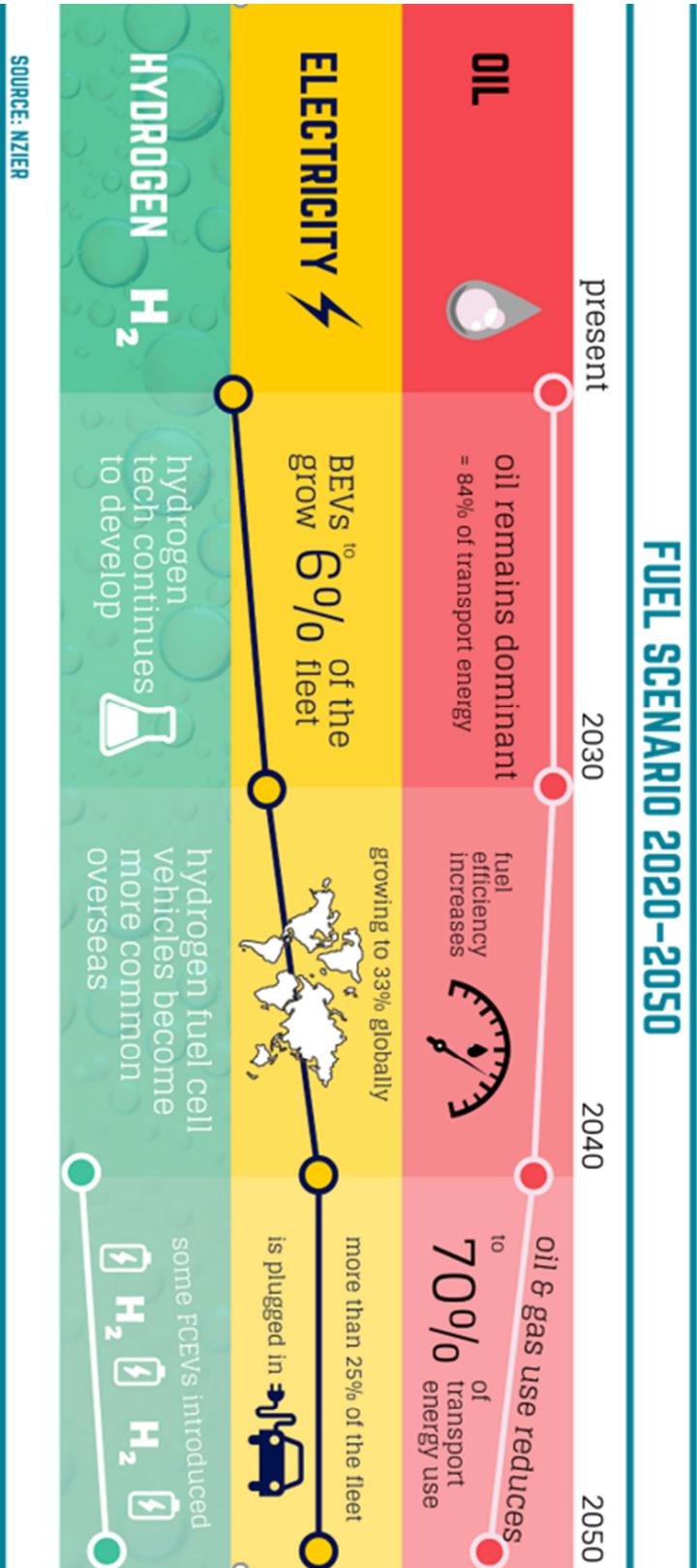


Figure 1, Fuel Scenario 2020-2050, NZIER, April 2019

The above infographic, prepared for MTA by NZIER, predicts that battery electric vehicles will make up approximately 25% of the fleet by 2050. The majority of vehicles will have Internal Combustion Engines and will continue to require practical skills to maintain them. Electric vehicles still need maintenance. Because an iPad can't hammer a nail, we expect that motor vehicle technicians will continue to be in demand, albeit with a more technology-heavy diagnostic process.

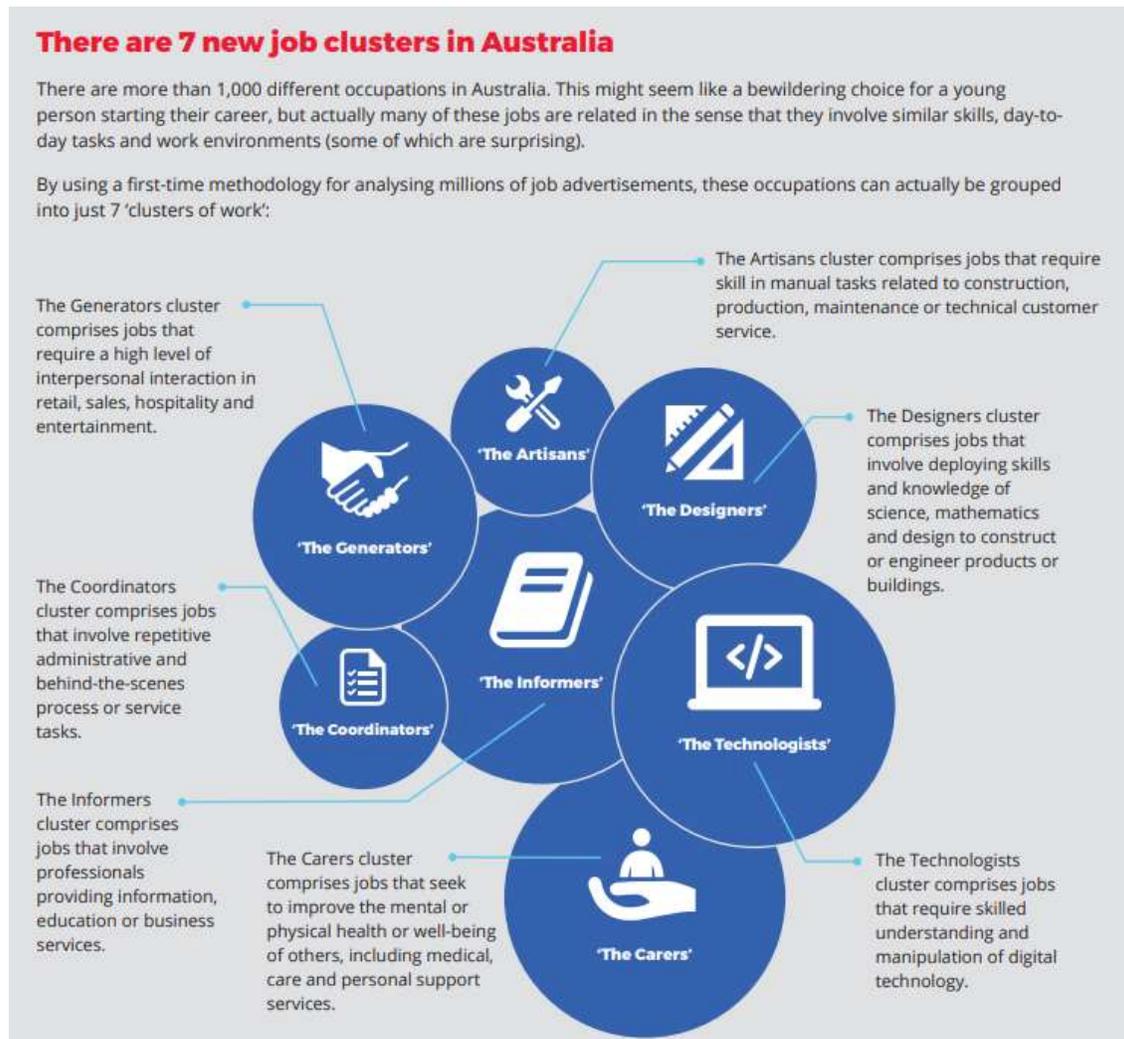


Figure 2, *The New Work Mindset*, Foundation for Young Australians, 2017

In the above job cluster diagram from The Foundation for Young Australians, we see that many MTA members will fall into a combination of “The Artisans” and “The Technologists” cluster¹. Despite automation many workers in the motor trade will retain jobs the same or similar to what they are currently employed as. We expect that future job preparedness will

¹ The Foundation for Young Australians, *The New Work Mindset*, 2017, p7, accessed 29/05/2019 <https://www.fya.org.au/wp-content/uploads/2016/11/The-New-Work-Mindset.pdf>

require employers and employees to identify current skills that can be continued, and what new skills need to be added.

We note a comment made at the Just Transitions conference recently held in New Plymouth, where a panellist on the Future of Work panel said that it was two and a half times more expensive to let someone go and hire someone new than to retrain someone who was already in the position. Bearing this in mind, we do not envision the wholesale shut down of the motor trade. Rather, we think that there must be a stocktake of existing industry and then small skill gaps will need to be identified and filled.

The clusters identified by The Foundation for Young Australians may well need review as we get a better understanding of what jobs and technology we will be dealing with.

The industry training regime needs to train industry as a whole, not just apprentices. It is not just people at the beginning of their automotive career who will be affected by a changing work landscape.

Answers to specific questions

Question 17: *How well do the current outcomes from the education and skills system position New Zealand to respond to changing technology and different future scenarios?*

It might be more helpful to look at outputs (how we have come to where we are) than outcomes (results).

New Zealand requires graduates who can adapt and adopt new technology. They need to be agile and responsive. It can take a long time to develop and establish training for a new skill using our current outputs, which is mostly lengthy course-based work. Further to this, it can take a long time for a training organisation to develop the training course in the first place. Given the time it takes to do this, we must ask ourselves whether New Zealand has been passed by in the meantime. If the skill has changed, then the time spent developing the course is wasted. Perhaps the development of less-intensive micro credentials would add to our agility.

Question 18: *What changes to immigration policy to address skills needs might be required under different future scenarios?*

Overall, we need to be flexible and open. The current mindset for valuing and assessing skills focusses on remuneration rather than skillset required by a specific industry to succeed. Emphasis should be placed on resources needed by individual sectors rather than an overarching template of what “high value high skill” means.

The current proposal for reform of immigration settings do not appear to provide a system that adapts to the surrounding market context. Currently, New Zealand has low unemployment, a low rate of engagement with education, and a low birth replacement rate. In the future, we may struggle to have enough skilled employees to complete required tasks. And yet, immigration settings are making it increasingly harder to bring people in from outside New Zealand. For the most part, New Zealand is a technological adopter. We need access to overseas skills, qualifications and experience.

Question 24: *How well does New Zealand’s education and training system reflect the changing skill needs of industry? Is the education and training system able to effectively respond to changing technology and different future scenarios?*

The comment made by the issues paper that “despite ... mechanisms to facilitate employer input into the education system, there is a long-standing perception that many parts of the tertiary education system are poorly connected to industry” is one that MTA agrees with. However, the reasoning for this being that “employers had “muted” incentives to engage with education providers, because of relatively easy access to skilled migrants (in recent years, immigration has been a much larger source of new skills to the labour market than local population growth)” we do not agree with. In the motor trade we have found that talent must come from multiple avenues. It is vital to train our own apprentices, but there is also need in the industry for staff who have already qualified, and that is where skilled overseas labour can work in the interim.

The recent review of Employer Assisted Work Visas also proposes to make it more difficult for employers to employ migrant workers. MTA made the comment in our introduction that “the proposals appear to be based on an assumption that businesses are not first seeking to hire from within New Zealand and/or to train New Zealanders first – this assumption is critically flawed”. MBIE’s proposal highlights the lack of coordination between Immigration Policy, Ministry of Social Development and Ministry of Education to target sectors that are suffering skills shortages.

Question 25: *What programmes exist to support people to retrain, upskill or adapt to changing technology, and how effective are they?*

Without naming specifics, we know that there exists ad hoc training, for example for aging people in the workforce who retrain to move from manual labour (e.g. motor mechanic) to more sedentary labour (e.g. service manager). This is a natural part of a person’s work cycle, and of course because there are only so many manager jobs available, many workers will already have to retrain altogether. Advantage could be taken of in-house processes for an aging workforce and lessons learned here could help upskilling, retraining and adapting.

We note the current MITO level 5 Electric Vehicle qualification, which is looking ahead to more EVs. The industry is already preparing for future change.

Question 26: *How well equipped is New Zealand’s education and skills system to support people to adapt to technological change over the course of their careers?*

To a large extent technology comes naturally to the younger generation. It is the older generation that will have to make the changes to keep up with the changing face of the industry. As we have already mentioned, micro credentials could be a good way to support people to adapt to technological change because it would allow them to learn small transferable skills in a short amount of time.

Question 28: *What changes are needed to provide prospective students, including adults and those already part-way through a career, with the skills needed to make informed decisions about education and careers?*

We have long thought that prospective students are being encouraged to solely go to university. While university is right for some people, it is not for everyone. The trades need to be encouraged as an “earn while you learn” option.



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