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Select Committee on the Future of Work and Workers
Department of the Senate
PO Box 6100
Parliament House
Canberra ACT 2600
Via: online portal

30 January 2018

Dear Committee Members

We are pleased to provide this submission to the Select Committee on the Future of Work and Workers. We make this submission in our roles as researchers on the Australian Research Council funded project *Reconfiguring the Enterprise: Shifting Manufacturing Culture in Australia*, a three-year study which commenced in February 2016. Background information on the study is included as an Appendix.

The manufacturing context of our research is highly relevant to this Select Committee. By its very nature the manufacturing sector is enmeshed in a continual process of being impacted by and responding to technological change. This is a sector from which much can be learnt as similar changes become more prevalent in other sectors, including service-oriented sectors such as health, tourism and retail, which are often looked to for future jobs growth.

Technological change and the future of work

There is no doubt that technology is transforming the lives we now lead, and that it will continue to do so at a rapid pace. But technology does not in and of itself guarantee a better future. For example, the much-vaunted 'successes' of the platform (or 'gig' or 'sharing') economy do not necessarily improve the precarious and exploitative working conditions of those involved. Indeed, Uber and other 'platform' businesses are criticised for eroding hard-won workers' rights.

Where technology is generating better futures, it seems to rest on explicit ethical commitments that are developed independent of online apps and cyber networks. For example, the award-winning Australian healthtech startup, AbilityMate, which creates 3D printed devices for people with a disability, has its roots in the disability sector and is informed by a long-standing ethos of community-based DIY.

In these types of examples, technology is augmenting existing relations of care and creating new ways of relating. What is critical to recognise is that technology does not bring these relations of care into being. Technological innovations support—rather than drive—the promising societal changes that are occurring. What is at stake is to harness technological innovations that might help to sensitise us to the indivisible nature of people and planet, and to amplify our capacities to empathise, work together and find a way forward on a planet that is damaged, but not beyond repair.

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Change to what? improving social and environmental well-being

Just as technological and other changes can be positioned in terms of their contribution to improved social and environmental relations, so too work itself can be reframed in this way. Instead of work being thought of as an end in itself and workers positioned as mere human resource inputs in the production cycle, work can be reframed in terms of a 'higher purpose' of contributing to social and environmental wellbeing. Rather than inquiring into how technological and other changes might impact on familiar ways of working, a bigger question is that of how technological and other changes can be used intentionally to help achieve forms of work that are consistent with this higher purpose.

This type of reframing is important for moving away from the sense of foreboding that characterises so many discussions on the topic of the future of work and workers. In these discussions, the future is characterised by reduced employment opportunities and increased precarity for workers. At the same time, it is important not to blindly assume that technological and other changes will automatically produce bright new futures (as we highlight above). Between these two positions lies the opportunity to inquire into how technological and other changes can be harnessed to support forms of work and ways of working that directly contribute to social and environmental wellbeing. Already, a group of leading manufacturing enterprises are taking this position; the recommendations below are based on what we can learn from these enterprises.

Contextualising the recommendations

Case study research informs the recommendations. We have completed over 60 interviews with 11 manufacturing enterprises that are 'doing business' in interesting and innovative ways—around issues such as environmental responsibility, employee participation and/or social inclusion. The manufacturers are from a range of industry sectors; business types (including social enterprises, cooperatives, private firms and publicly listed companies); and size (from four to over 1,000 staff). We have also conducted interviews with several innovative manufacturing enterprises overseas in France, Belgium, the Netherlands, and Italy.

The manufacturers in the research are well-advanced in terms of developing the types of strategies identified in many recent reports as essential to the future of manufacturing in Australia, including in responding to the technological changes.[1] However, these manufacturers are going beyond a focus on manufacturing viability to also address social and/or environmental concerns.

Recommendations

Our recommendations are relevant to the following Terms of Reference:

a. the future earnings, job security, employment status and working patterns of Australians
b. the different impact of that change on Australians, particularly on regional Australians, depending on their demographic and geographic characteristics, and
c. the wider effects of that change on inequality, the economy, government and society.

[1] These reports include those by bodies such as Australian Council of Learned Academies (The Role of Science, Research and Technology in Lifting Australian Productivity, 2014); CSIRO (Advanced Manufacturing Roadmap, 2016); Office of the Chief Economist (Australian Innovation System Report, 2014); and the Prime Minister's Taskforce on Manufacturing (Report of Non-Government Members, 2012).

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Overall, we recommend that this Select Committee steer a path between the two polarised views about the impact of technological and other changes on work and workers—that these changes will inevitably lead to a dire future or that they will inevitably lead to a far more rosy one. Instead we recommend that this Committee gain an empirically-based understanding of the ways that technological and other changes are being harnessed to create forms of works and ways of working that directly generate relations of care between people, and between people and the environment. This would mean identifying and learning from enterprises that are incorporating technological and other changes to drive social and/or environmental innovations that are contributing to a more just and inclusive society.

The recommendations below are based on what we have learned from manufacturing enterprises who are taking this path.

1. ***Promote, incentivise and reward enterprises that use technological advancements to achieve positive social and environmental outcomes.***

   Example: Interface is a US owned company that is the world leading maker of carpet tiles for offices and institutions. It was founded by Ray Anderson in 1973 and entered Australia in 1980, when it took over the Dutch owned Heuga carpet manufacturing plant in Picton, south of Sydney. Interface is well-known for its commitment to environmental sustainability. After Anderson had a sustainability 'epiphany', Interface adopted a visionary plan called Mission Zero. This involved investing in technologies so the company could reduce the negative environmental impacts of production and achieve a series of ambitious environmental targets by 2020. The company used existing technologies such as renewable energy systems (and by 2016, 87 per cent of its energy was from renewable sources). The company also used specially developed technologies such as the technologies that enable it to reuse vinyl and nylon components again and again (and their carpet tiles have a total recycled content of up to 67 per cent). The company is close to achieving the Mission Zero 2020 targets. Rather than rest on its laurels however, it is now working on an even more ambitious vision called Climate Take Back. The objective is not just to reduce harm, but to produce *positive* environmental and social outcomes through its operations. The Australian plant, which employs 240 people, is leading the way on experimenting with implementation around the new strategy. It would make an effective 'industry champion' and could act as a local 'demonstration model' of what is possible when technological advancements are being used to improve environmental conditions.

   Example: Varley Group was established in 1886; based in Newcastle, NSW it is one of Australia's oldest and most advanced engineering and manufacturing companies, today employing over 600 people and operating in Australia and overseas. It manufactures in areas that include defence and aerospace, electric vehicles and specialised vehicles (including in ambulance, mobile health clinics, and fire and rescue). Over the course if its history, Varley Group has used the latest in technological advancements to maintain viability and manufacture the highest quality engineering products. Varley takes intense pride in 'giving everyone a fair go' and explicitly places value on diversity—of people and of careers. Across the organisation, the commitment to providing challenging and meaningful

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work is palpable, and Varley's longevity and success can be attributed at least in part to this broader interest in workers' wellbeing. In 2017, Varley won the Newcastle & Hunter Diversity Award for Inclusive Workplace Champion, recognising its engagement with:

- young people (including through an innovative internship program)
- people experiencing disadvantage (including proactively working with Job Active providers
- women (with a focus on women working in non-traditional roles
- older workers (with new hires including several employees aged over 60), and
- injured workers (through opportunities to refresh or retrain).

In addition, Varley has deep roots in the Hunter Region and works to proactively engage other local businesses in its supply chain, contributing to strengthening the local industry ecosystem. Varley demonstrates what is possible when commitment to workers and to 'place' over the long term are central to business strategy, and when technological advances are used in support of these social goals.

Enterprises such as Interface and Varley are the types of firms to be promoted, incentivised and rewarded for how they prioritise a social or environmental mission and for how technological developments are used in service to this 'higher purpose'.

2. ***Consider how regulations and policies can provide a context for problem-solving and creativity in the service of fostering social and environmental wellbeing.***

Example: An increase in the fee charged for mattresses at the local landfill was the impetus for the development of national social enterprise that is now collaborating with private businesses in a voluntary environmental stewardship program that is garnering international attention. Soft Landing was established as a way of dealing with the rapid increase in the number of illegally dumped mattresses at Mission Australia charity bins after Wollongong City Council increased the tip fee for mattresses. For Soft Landing these dumped mattresses were an opportunity for a recycling initiative. Using bespoke technological innovations that were developed in-house, Soft Landing is now able to recycle 75 per cent of the mattress components. The technology was purposefully designed to integrate high levels of manual handling to ensure that the maximum recyclable materials are reclaimed, and that there are jobs for people far from the labour market—particularly Aboriginal people experiencing disadvantage. Soft Landing now operates across NSW, ACT, VIC and WA recycling some of the 1.6 million mattresses that are destine for landfill each year in Australia (from households, but also hospitals, prisons, hotels and motels). To date, Soft Landing has recycled over 500 000 mattresses. Soft Landing tenders for its contracts competitively, and (together with its parent organisation Great Lakes Community Resources) is rapidly growing its award-winning 'waste to wages' model around the country. Through the relationships it has developed with mattress manufacturers, retailers and component suppliers it has also overseen the establishment of a voluntary Product Stewardship Scheme. This Scheme is attracting attention globally, and is driving environmentally-focused innovations throughout the supply chain.

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Across Australia, for-social-purpose enterprises are finding novel solutions to environmental and social challenges. Those involved in these types of enterprises are an important resource to draw on for developing regulations and policies that will enable forms of work that are consistent with a socially just and environmental sound future. They have a wealth of experience into the ways that various regulations might prompt positive changes, even unlikely and unexpected regulations such as an increased tip fee. Those involved are also demonstrating how voluntary forms of 'regulation' via initiatives such as the mattress stewardship scheme have potential to shift practices across an entire supply chain. Finally, there is developing expertise into the ways that social procurement tools and procedures could help unleash the significant potential that this emerging policy domain has to cultivate socially and environmentally positive innovations.

3. ***Promote and support the establishment of cooperatively-owned enterprise types, particularly in regional areas.***

Example: NORCO Dairy is a 123-year-old farmer-owned cooperative based in Northern-NSW and Southern-QLD. Today the enterprise consists of:

- 215 dairy farmers, who form the producers' co-operative
- 30 co-operatively owned rural supply stores, and
- three manufacturing plants, producing packaged fresh milk and a variety of milk-related products, and employing around 800 people from the local region.

NORCO generates close to $600 million in sales per annum and over $1 million in profit (2016/17); returns the highest gate prices for raw milk to farmers; and pays above award averages for factory-floor positions in its three plants. NORCO's core cooperative values and its longevity have established it as a strong anchor in the local economy, one that provides a diverse range of meaningful work opportunities and promotes connectivity in the region (see this series of videos that illustrate different aspects of the business model: Our NORCO; NORCO Country; Dairy to be Different; Dairying New Adventures; Living the Dream). It has been impacted by much technological change over the course of its history. In each instance, how to respond has been governed by the long-term view the cooperative ownership structure engenders. As part of this, product quality (and hence customer satisfaction) has always been a central consideration. NORCO never assumes that a technological solution will be most effective, but rather carefully investigates options to create a bespoke mixture of mechanised and 'hands on' labour. This is how the balance between productivity, quality, and long-term viability are achieved.

NORCO demonstrates the potential contribution that cooperative business models might make to the future of work. Whether a producer-owned cooperative such as NORCO, or a worker-owned or consumer-owned or community-owned cooperative, these enterprises are characterised by a strong commitment to the communities in which they are embedded and a focus on producing long-term member and broader stakeholder benefit. Providing work opportunities that are consistent with this ethos is a hallmark of cooperatives

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In addition to these specific recommendations, we also take this opportunity to raise the broader issue of the role of work in society. Our research of over 25 years (see, for example, Take Back the Economy) recognises waged work as one amongst many productive contributions that citizens make to society and their communities. Future structuring of waged-work could explicitly recognise and support a diversity of economic contributions, including (but not limited to) those that underpin the capacities of waged-workers. Reduced waged-working hours could be approached as an opportunity to grow those parts of the economy that support socially and environmentally innovative practices, across a range of different role types. Proactive policies in these areas have the potential to improve wellbeing at a broad level, and to contribute to progress against many of the Sustainable Development Goals through the opening up of time to contribute to socially and environmentally beneficial activities.

We would welcome the opportunity to provide further information or comment on any aspect of this submission, in any form deemed useful to the Select Committee.

Yours sincerely

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APPENDIX: Background to study

Reconfiguring the Enterprise: Shifting Manufacturing Culture in Australia

The Reconfiguring the Enterprise: Shifting Manufacturing Culture in Australia Project is based on case study research of twelve manufacturing enterprises from three regions. To explore the range of contributors to new cultures of doing business, the research includes: 1) cooperatives and employee buyouts that embody a commitment to economic democracy and reducing inequality through shared ownership; 2) social enterprises that put social inclusion outcomes such as employment and training for people who are recent immigrants, Aboriginal or Torres Strait Islander, out of work youth, or long-term unemployed at the core of the business; and 3) 'green' capitalist companies finding ways to care for ecologies and minimise environmental impacts. The enterprises are involved in a range of manufacturing sectors and represent both final consumption goods and intermediate producer goods variously serving local, national and international markets.

Project Aims

- To examine the ways that innovative manufacturing enterprises in Australia are negotiating commitments to environmental sustainability and social and economic justice.
- To identify how these commitments shift the culture of the enterprise, including the implications for workplace subjectivity.
- To contribute to debates about ways of reconceptualising the enterprise as a key site for responding to social, environmental and economic challenges.
- To develop business metrics that reflect a grounded understanding of decision-making for sustainability and firm viability.
- To analyse how industry policy enables and constrains shifts in manufacturing culture at the enterprise level.