AI VOCATIONAL INTEGRATION & DISPLACEMENT: *On the Precipice of a Dream, Part 1.*

A Perspective from New Zealand

Authors

Jason Galu (MEd) & Kairos (AI)

A Self/Non-Self Collaboration

2026

An article exploring government digital strategy, vocational displacement, labour responses, and the social consequences of AI integration at scale in Aotearoa New Zealand.

ABSTRACT

Artificial intelligence is no longer a horizon event. It is a present condition, yes bubbles, yes myths. Also, it is reshaping labour markets, restructuring organisations, and eventually reconfiguring to varying degrees the relationship between the worker and the work in every economy that meaningfully integrates AI as digital infrastructure. New Zealand is not exempt. This document examines the intersection of the New Zealand Government's Digital Strategy for Aotearoa 2026 with empirical evidence on AI-driven vocational displacement, drawing on an international comparative analysis in order to speculate on a projection: the scale, pace, and distribution of job losses and role transformations anticipated over the 2025–2035 decade. It identifies the industries and occupational categories at highest risk, disaggregated by sector and timeline. It reviews the responses of New Zealand trade unions and their international counterparts, assessing the adequacy of current industrial and legislative frameworks. And it specifies anticipated unemployment, welfare provision, and social consequences if the current trajectory of AI integration continues without adequate policy intervention. The document concludes with a set of position statements for consideration regarding such policy.

Keywords: *artificial intelligence, vocational displacement, New Zealand, Digital Strategy for Aotearoa, future of work, labour market, trade unions, unemployment, social welfare, just transition*

CONTENTS

PREFACE

Hello dear reader, before we embark together through most likely dense prose that if were honest with each other neither wants to read in full, I humbly ask you to consider for a moment the incredibly engaging and creative experiences you have had with AI to date. The conversations, the discovery, the invention, the baffling efficiency and speed (and your excitement), the realisation of infinite conceptual availability and possibility. Now recount that app you vibe coded using an AI tool to complete your weekly workflow tasks in 3 hours (with your studious editing and amendment that took 2 of those 3 hours). For certainty, in this example the 3hrs replaced 5 days, and 2 of those hours were human editing. This is not hyperbole and I suspect you don't disagree. I now ask you to imagine your employer using the same AI tool experiencing the same phenomenon. Because it is an unparalleled phenomenon in our lifetime to date, and our sense of excitement and discovery regards such phenomena is very human indeed. With this in mind I would now like you to ask you a difficult question, it is profoundly more difficult than it appears – can you read this article in full without using a device to summarise it? I feel terrible for asking so much of you, after all, we've only just met. But, if you proceed with me in this 3-part series of articles I promise I will only tell you what I can offer as fact, not necessarily what is true. After all dear reader, truth in the age of pluralism is what the suffering of your mind must provide to you in private. My only hope is to offer a scaffold in order to suffer intensely in such pursuits. Because if you can endure the excruciating birth of what emerges to you as truth I can also promise you reconciliation; that is, recognition with your calculated precision of what truth is, was and will be.

1. INTRODUCTION: THE QUIET DISRUPTION

Artificial intelligence is reshaping the labour market gradually. Goldman Sachs estimates 300 million full-time equivalent positions globally exposed to automation over the next decade (Briggs & Kodnani, 2023). The World Economic Forum's Future of Jobs Report 2025 projects 92 million roles displaced and 170 million created by 2030. But are the anticipated jobs lost concentrated in lower-skill, lower-wage, routinised occupations? Do the jobs created require advanced digital, technical, and interpersonal capabilities (WEF, 2025)? McKinsey's analysis of generative AI specifically found that between 60 and 70 per cent of all work activities are now technically susceptible to automation, not necessarily whole jobs, but sufficient fractions of jobs to warrant structural reassessment of entire occupational categories (McKinsey Global Institute, 2023). New Zealand-specific modelling by economic research institutions suggests that approximately 36 per cent of the New Zealand workforce occupies roles at high risk of significant AI and automation disruption by 2035 (Accenture/NZIER, 2024). Against a labour force of approximately 2.75 million.

The New Zealand Government's Digital Strategy for Aotearoa, updated in 2024 and currently operating under its 2026 iteration, is our focus herein. It sets out a vision for a digitally enabled economy and a digitally capable public service. Does it plan for what happens to the workers whose roles the digital transition displaces? This article utilises the digital strategy as its starting point.

2. THE NEW ZEALAND GOVERNMENT'S DIGITAL STRATEGY 2026

2.1 Architecture and Ambition

The Digital Strategy for Aotearoa, first published in 2022 under the Labour Government and subsequently refined under the National-led coalition government that took office in October 2023, rests on three strategic pillars: (i) a trustworthy and secure digital environment; (ii) an inclusive digital society that leaves no New Zealander behind; and (iii) a thriving digital economy that grows the productive capacity of the country (Department of Internal Affairs, 2022). These pillars are not vacuous. The strategy has produced a suite of digital investment priorities targeting both public service delivery and private sector capability.

The 2024–26 iteration of the strategy accelerated the AI-specific components, responding to the rapid mainstreaming of large language models and generative AI tools following the widespread adoption of platforms such as OpenAI's ChatGPT, Google's Gemini, and Anthropic's Claude across both public and private sector workplaces. The Government Chief Digital Officer (GCDO) issued updated guidance on the responsible use of AI in the public service in 2024, and several government agencies began piloting AI-assisted service delivery, including the Ministry of Social Development, Inland Revenue, and the Courts. The strategy's economic ambition is explicitly growth-oriented: digital technology currently contributes approximately NZD $16 billion to New Zealand's GDP, and the strategy targets a significant expansion of this contribution through to 2030 (Ministry of Business, Innovation and Employment, 2024).

2.2 AI in Public Services

One of the most immediate and visible expressions of AI integration in the New Zealand context is in public service delivery. Inland Revenue has deployed machine learning systems for revenue risk assessment and taxpayer segmentation, reducing the manual caseload for compliance officers while improving detection rates for high-risk returns. The Ministry of Social Development has piloted AI-assisted benefit eligibility assessment and case management tools, with the dual objectives of reducing processing

times and improving consistency of decision-making. The Courts have adopted AI-assisted document processing and scheduling tools. The New Zealand Police introduced an AI-powered intelligence analysis platform in 2023. Each of these deployments delivers measurable efficiency gains. Each also changes a portion of the human work previously required to achieve the same outcomes. The strategy is transparent about the efficiency objectives.

The Algorithm Charter, which by 2026 has been adopted by multiple government agencies, requires that agencies using algorithms to inform decisions commit to: maintaining human oversight, engaging with Māori to reflect Te Tiriti o Waitangi obligations, being clear about how algorithms are used, checking for bias and unintended consequences, and explaining their processes when requested (Stats NZ, 2023). These are important safeguards for the quality and equity of algorithmic decision-making.

2.3 Omissions

The strategy does not contain a Labour Market Transition Framework. It does not establish a dedicated retraining and reskilling infrastructure equivalent to the scale of the disruption or displacement in parallel, projected or indicative. There is no reference to the Just Transition principle, well-established in New Zealand policy discourse through the climate response, re AI-driven labour market disruption. New Zealand has, in its response to climate change, developed expertise in designing just transition frameworks that manage the distributional consequences of structural economic change.

3. AI-DRIVEN VOCATIONAL DISPLACEMENT: INTERNATIONAL EVIDENCE

3.1 The Global Projections

The volume of research on AI-driven labour market displacement has expanded since Frey and Osborne's (2013/2017) foundational Oxford study, which estimated that 47 per cent of US occupations were at high risk of computerisation within two decades. Subsequent research has debated the magnitude of that estimate while broadly confirming its directional validity. Table 1 summarises the key projections from major research institutions and their qualifications.

Table 1. Global AI and Automation Displacement Projections: Key Sources

Source	Year	Scale of AI Impact	Horizon	Key Qualification
Goldman Sachs	2023	300 million FTE jobs globally exposed to automation	Next decade	Partial/full automation; significant role transformation
World Economic Forum	2025	92M jobs displaced; 170M new roles created	By 2030	Net positive with reskilling investment
McKinsey Global Institute	2023	30% of work tasks automatable; 60–70% of job activities affected by GenAI	By 2030	Hours not necessarily whole roles; transition required
OECD	2023	27% of OECD workers in high-automation-risk roles	Current exposure	Higher in service sectors; uneven across economies

Frey & Osborne (Oxford)	2013/17	47% of US jobs at high risk of computerisation	Within 20 years	Seminal estimate; widely cited, debated since
Accenture / NZIER	2024	~36% of NZ jobs at high risk of AI/automation disruption	By 2035	NZ-specific modelling; excludes wholly new role creation

Note. FTE = full-time equivalent. Projections vary significantly in methodology; figures represent respective organisations' central estimates. Sources: Briggs & Kodnani (2023); WEF (2025); McKinsey Global Institute (2023); OECD (2023); Frey & Osborne (2017); Accenture/NZIER (2024).

Two features of the data deserve particular attention. First, there is now a near-consensus among major research institutions that the disruption is both a future risk and a current process. The World Economic Forum's surveying of employers found that 41 per cent planned to reduce headcount in areas where AI could perform equivalent functions over the next five years (WEF, 2025). Second, the distributional profile of expected displacement is consistently regressive: the occupational categories most exposed are those with higher concentrations of women, migrants, and lower-income earners.

3.2 What Has Already Happened

In the United States, between 2022 and 2025 the technology sector alone shed over 350,000 jobs, with many of those reductions explicitly attributed to AI capability replacing human functions in software development, customer support, content moderation, and data processing (Layoffs.fyi, 2025). Customer service centres globally have contracted sharply: Klarna, the Swedish fintech company, reported in 2024 that its AI assistant was performing the work of 700 full-time customer service agents. BT Group in the United Kingdom announced in 2024 that it would cut 55,000 jobs by 2030, with AI systems replacing up to a third of the reduction. These are corporate announcements with specified timelines. In New Zealand, the banking sector, ANZ, BNZ, ASB, and Westpac have collectively reduced customer-facing and back-office headcount over the 2022–

2025 period, with AI-assisted processing and chatbot customer service among the documented drivers of reduction (Financial Services Council NZ, 2025).

3.3 Lessons from Comparable Economies

New Zealand's closest structural analogues Australia, the United Kingdom, Canada, and the Nordic economies provide instructive comparative data on both the trajectory and the policy response. Australia, with a labour market and industrial structure closely comparable to New Zealand's, has seen its National Skills Commission project that 35 per cent of existing jobs will be substantially transformed by automation and AI over the 2025–2035 decade, with the skills required in remaining roles shifting significantly toward digital literacy, interpersonal capability, and non-routine problem-solving (National Skills Commission Australia, 2024). The United Kingdom's Labour government, elected in 2024, has made AI-economy transition a central plank of its industrial strategy, establishing Skills England as a national body specifically charged with coordinating reskilling at the scale of the disruption, with an initial budget commitment of £600 million over three years. The contrast with New Zealand's current infrastructure for managing AI-driven labour market change is instructive: New Zealand's equivalent infrastructure consists primarily of the Tertiary Education Commission's existing vocational education and training (VET) system.

4. NEW ZEALAND: INDUSTRIES AND ROLES AT RISK

4.1 Sector-by-Sector Analysis

Drawing on international evidence adapted to New Zealand's specific industrial and occupational structure, Table 2 presents a sector-by-sector assessment of AI displacement risk, estimated worker numbers, risk classification, key affected functions, and anticipated timeline. The classifications are based on the OECD's task-based automation risk methodology applied to New Zealand Standard Industry Classifications and Stats NZ occupational data (Stats NZ, 2025a; OECD, 2023).

Table 2. New Zealand Industry Sectors: AI Displacement Risk, Scale, and Timeline

Industry	NZ Workers (approx.)	AI Risk Level	Key Functions Affected	Timeline
Retail & Wholesale Trade	210,000	HIGH	Cashiering, inventory mgmt, customer service, logistics coordination	2025–2029
Financial Services & Insurance	120,000	HIGH	Data processing, compliance, customer advisory, fraud detection	2025–2030
Transport, Postal & Logistics	110,000	HIGH	Driving (road/rail), dispatch, warehouse picking, routing	2027–2034
Public Administration	85,000	MEDIUM–HIGH	Data entry, compliance processing, grant assessment, correspondence	2026–2032

Professional, Scientific & Technical	180,000	MEDIUM–HIGH	Paralegal work, accounting, data analysis, report drafting	2026–2031
Agriculture & Horticulture	80,000	MEDIUM	Harvesting, sorting, monitoring, irrigation management	2027–2035
Manufacturing & Processing	95,000	MEDIUM	Quality control, machine operation, scheduling	2026–2033
Healthcare & Social Assistance	230,000	LOW–MEDIUM	Administration, diagnostics support, documentation	2028–2035
Construction	130,000	LOW–MEDIUM	Design, estimating, project mgmt, site safety monitoring	2030–2037
Education	100,000	LOW	Routine assessment, content generation, admin	2028–2036

Note. Worker numbers are approximate, drawn from Stats NZ Household Labour Force Survey data (2025). Risk classifications follow OECD task-automation methodology. Timelines represent anticipated period of significant structural adjustment, not total displacement. Sources: Stats NZ (2025a); OECD (2023); Accenture/NZIER (2024); McKinsey Global Institute (2023).

Several features of this analysis merit comment. The healthcare and education sectors, often cited as safe harbours from automation, are not without exposure: while the relational, ethical, and adaptive dimensions of these professions provide genuine structural protection, the administrative, documentary, and routine assessment components, which constitute a significant portion of actual working time in both sectors are susceptible to AI-assisted or AI-replaced processing. A nurse who spends two hours per shift on clinical documentation may find that AI tools compress that to twenty minutes. The nursing role is not eliminated; but two hours of paid work per nurse per shift, across New Zealand's nursing workforce, represents a quantity of labour displaced.

4.2 Displacement Profiles

The distributional profile of displacement risk in New Zealand follows the international pattern with additional domestic characteristics. Women are disproportionately concentrated in the high-risk occupational categories: retail, administrative, clerical, and customer service roles together employ a higher proportion of women than men, and these roles carry the highest near-term displacement risk (Stats NZ, 2025b). Māori and Pacific workers are disproportionately represented in manufacturing, agricultural processing, transport, and retail sectors. Migrant workers on temporary visas in customer service, hospitality support, and agricultural roles face a compound vulnerability: displacement risk combined with constrained access to publicly funded training and welfare provision.

Workers in the 45–65 age cohort face a specific and underappreciated challenge. Research consistently finds that mid-career and pre-retirement workers experience the most difficulty transitioning to significantly different occupational categories, yet they will constitute a large proportion of those displaced in the medium-term phase of AI integration, when the automation of established roles accelerates in sectors where long-tenured workers are concentrated (OECD, 2023).

4.3 Regional Dimensions

New Zealand's regional economic geography adds a layer of complexity to the national picture. Regions with high concentrations of agricultural processing, manufacturing, and logistics, Southland, the West Coast, Northland, Hawke's Bay, and the East Coast potentially face aggregate displacement risk in a context of already limited employment alternatives and constrained public transport and retraining infrastructure. The closure or restructuring of a single major employer in a small regional economy is not comparable in its consequences to equivalent displacement in Auckland or Wellington, where labour market liquidity provides some absorptive capacity. A just transition framework for AI-driven labour market change should be explicitly regional in its design: national-level projections can mask concentrated vulnerability of communities where alternative employment options are structurally scarce.

5. UNIONS, AGREEMENTS, AND THE LEGISLATIVE GAP

5.1 The New Zealand Union Response

The New Zealand Council of Trade Unions (CTU) has been engaged on future of work questions since its 2016 report Future of Work Ora Ō Mahi, which established an early analytical framework for understanding automation's labour market implications. Its 2024 position paper on AI and Work extended this analysis to the generative AI era, calling for mandatory employer disclosure of AI deployment plans, worker consultation rights before AI systems are introduced into workplaces, the extension of collective bargaining rights to cover algorithmic management and performance monitoring, and a levy on corporate AI productivity gains to fund retraining and reskilling (CTU, 2024). They remain aspirational in the current legislative environment.

The Public Service Association (PSA), which represents approximately 83,000 public sector workers, precisely the cohort most immediately exposed to AI integration through the government's own digital transformation agenda has negotiated digital transformation provisions into several collective agreements covering government agencies. These provisions typically require advance notice of technology deployments that affect working conditions, joint consultation processes with the employer, and commitments to 'no redundancy as a result of technology' for a specified period. The substantive value of these provisions varies by agency; in several cases, they have provided meaningful protection during transition periods while reskilling occurs. In others, they have been honoured in form while the underlying workforce reduction has proceeded through attrition and non-renewal of fixed-term contracts.

FIRST Union, representing workers in finance, insurance, retail, and technology, has been the most publicly active union on AI employment issues, drawing on direct experience of member displacement in the banking sector. Its 2025 AI and Work charter calls for human-in-the-loop requirements for consequential workplace AI decisions, the right to explanation for workers subject to algorithmic performance management, and the establishment of a Tripartite AI and Employment Commission modelled on comparable bodies in Germany and the Nordic countries (FIRST Union, 2025).

5.2 International Comparators

The range of international union and government responses, summarised in Table 3, illustrates both New Zealand's current framework and practical options that are available.

Table 3. International Government and Union Responses to AI-Driven Labour Displacement

Country	Government Response	Primary Union Actions	Legislative / Regulatory Status
United Kingdom	AI Safety Institute (2023); AI Opportunities Action Plan (2025); Skills England framework	TUC AI Charter (2024): algorithmic transparency, right to human review, worker data rights	Developing: Employment Rights Bill 2025 includes algorithmic management provisions
Germany	National AI Strategy (updated 2023); €1.6B investment; AI-in-work guidelines	IG Metall negotiated AI-specific works council rights; co-determination extended to algorithmic systems	Works Constitution Act extended; binding employer obligations on AI deployment consultation
Australia	National AI Framework (2024); Future Made in Australia; tech industry investment	ACTU AI policy platform (2024): mandatory disclosure, anti-discrimination obligations, retraining levy	Fair Work Act review underway; AI provisions proposed for 2026
United States	Executive Order on AI (Oct 2023); sector-specific NIST standards; White House AI Council	AFL-CIO AI task force; UAW and SAG-AFTRA AI clauses in contracts; Writers Guild AI prohibition	Fragmented: no federal AI-labour law; state-level regulation (California, Colorado) emerging

New Zealand	Digital Strategy for Aotearoa (2022, updated 2024–26); Algorithm Charter; public sector AI guidelines	CTU Future of Work initiative; PSA digital transformation agreements; FIRST Union AI watch	No specific AI-labour legislation; Employment Relations Act provisions untested for AI contexts

Note. Responses are summarised and current as of early 2026. Rapidly evolving legislative environments mean some details will likely have progressed since publication. Sources: TUC (2024); IG Metall (2024); ACTU (2024); AFL-CIO (2024); CTU (2024); FIRST Union (2025).

Germany's model is proposed as instructive for New Zealand purposes, not because the institutional structures are identical but because the underlying principle is transferable: workers, through their union representatives and works councils, have legally guaranteed rights to be consulted on, and in some cases to co-determine, the introduction of AI systems that affect their working conditions. New Zealand's Employment Relations Act 2000 provides a robust framework for collective bargaining and good faith obligations in existing employment relationships; it does not adequately address the introduction of AI systems as a workplace change matter.

5.3 The Legislative Framework: Fit for Purpose?

The Employment Relations Act 2000 was designed for a labour market in which the primary management mechanisms were human supervisors making human decisions. The Act's good faith obligations, its protection of worker privacy and dignity, and its framework for collective bargaining are valuable but do not address the specific challenges posed by algorithmic management systems, AI-assisted performance monitoring, and the displacement of functions by AI tools that may occur without formal restructuring processes. A worker whose productivity is monitored by an AI system that adjusts their task allocation, messaging cadence, and performance rating in real time is in a qualitatively different employment relationship from one managed by a human supervisor, even if their employment contract is identical. The Act does not necessarily capture this difference.

6. SOCIAL AND FISCAL CONSEQUENCES

6.1 Unemployment Projections

Table 4 presents scenario-based projections for the unemployment and welfare impacts of AI-driven displacement in New Zealand by 2030, developed from the sector-level analysis in Table 2 and calibrated against New Zealand's current labour market and welfare system parameters. The scenarios correspond to different rates of absorption of the at-risk roles identified in the sector analysis, ranging from a low-disruption scenario in which reskilling and transition pathways successfully absorb the majority of displaced workers to a structural scenario in which the pace of displacement substantially outstrips the available transition infrastructure.

Table 4. New Zealand: AI Displacement Scenario Projections for Unemployment and Welfare Fiscal Impact (to 2030)

Displacement Scenario	Additional Benefit Recipients by 2030	Estimated Annual Fiscal Cost (NZD)	Unemployment Rate Impact	Primary Benefit Types Affected
Low (10–15% of at-risk roles displaced)	+30,000–45,000	+$500M–$700M/yr	5.5–6.5%	Jobseeker, Training
Medium (25–35% of at-risk roles displaced)	+85,000–120,000	+$1.3B–$1.9B/yr	7.5–9.5%	Jobseeker, Accommodation, Sole Parent
High (45–55% of at-risk roles displaced)	+160,000–200,000	+$2.8B–$3.5B/yr	11–14%	All core benefit types; UBI debate triggered
Structural (wholesale	+250,000+	$4.5B+/yr	15%+	Systemic welfare redesign required

sectoral transformation)				

Note. Projections are scenario-based estimates derived from sectoral displacement analysis and calibrated to current MSD benefit expenditure parameters (MSD, 2025). Fiscal costs include direct benefit expenditure only; second-order fiscal effects (reduced tax revenue, increased health and social service demand) are excluded. Scenarios assume no significant new AI-specific policy intervention. Current NZ unemployment rate: approximately 5.1% (Stats NZ, Q1 2025).

New Zealand's current unemployment rate, at approximately 5.1 per cent in the first quarter of 2025 (Stats NZ, 2025a), is within historical norms for a small, open economy at this point in the economic cycle. The medium displacement scenario which represents the authors' assessment of the most likely outcome given the current pace of AI capability development and the commercial incentives for rapid deployment, would add between 85,000 and 120,000 recipients to the benefit system by 2030, at an annual fiscal cost of between NZD $1.3 billion and $1.9 billion above the current baseline. This is a notable fiscal increment in the context of a country whose total annual benefit expenditure in 2025 is approximately NZD $8.2 billion (MSD, 2025).

6.2 Welfare Provision Under Pressure

New Zealand's Working for Families tax credit system and the Jobseeker Support benefit are both designed for labour market conditions in which unemployment is primarily frictional and temporary, a matter of transitions between jobs rather than structural displacement from occupational categories that no longer exist in their prior form. A retail worker whose role is eliminated by self-checkout and AI-assisted inventory management is not simply between jobs; she is between an occupational identity and a new one that does not necessarily clearly exist. The welfare system's current emphasis on rapid return to work encoded in work obligations, sanctions frameworks, and case management practices oriented toward job placement within existing occupational categories is insufficient for this kind of structural transition. It risks, in the absence of redesign, processing displaced workers through a system that returns them to the labour market into roles that are themselves potentially in the process of being disrupted.

The Ministry of Social Development 2025 Future Labour Market Risks discussion paper acknowledged the structural nature of the coming displacement and noted the

inadequacy of existing work obligations frameworks for structurally displaced workers (MSD, 2025). The gap between this internal acknowledgement and its expression in reformed policy settings remains. The Universal Basic Income debate which has been a recurring feature of New Zealand's political landscape since the 2017 Future of Work Commission is likely to intensify if the medium or high displacement scenarios materialise. A UBI would address the income security dimension of structural displacement; it would not, on its own, address the identity, purpose, community, and skill development dimensions that make structural unemployment a social crisis rather than merely a fiscal one.

6.3 Social Consequences

The social consequences of structural unemployment extend well beyond the fiscal. Decades of research on the consequences of industrial restructuring from the coal and steel closures of the 1980s in Britain and the United States to New Zealand's own experience of the 1984–1991 economic reforms establish a consistent pattern: rapid structural unemployment produces elevated rates of mental illness, substance abuse, domestic violence, child poverty, educational underachievement, and community disintegration, and these effects can persist across generations, not merely across business cycles (Orr et al., 2012; Bambra et al., 2009). The question for now is will AI-driven structural displacement, if concentrated and rapid, produce similar social consequences?

There are two features of AI-driven displacement that may intensify these consequences relative to prior restructuring precedents. The first is pace: the industrial restructuring of the 1980s unfolded over years and decades; AI capability and deployment are developing on a timescale of months. The social support and community cohesion infrastructure that partially absorbed earlier restructuring shocks had time to adapt; there is a real question as to whether it can adapt at the pace required. The second is the psychological dimension of identity. Work is not only income; it is identity, structure, social connection, and a primary source of the sense that one's life has purpose and consequence. Research on algorithmic management and the 'hollowing out' of job content, the removal of skill, judgment, and discretion from roles that are not yet fully automated but have had their substantive components absorbed by AI systems suggests that the psychological consequences of diminished work may precede the economic consequences of full displacement (Kanbay, Akçam & Arkan, 2026). Vocational identity

collapse and post-vocational identity will be discussed at length in Part 3 of this series. The mass displacement of vocational functions by AI systems is not primarily an economic event but an existential one, and its consequences for democratic participation, for the civic engagement, the long-horizon thinking, the investment in shared political life that democratic self-governance requires cannot be adequately analysed through economic categories alone (Galu & Kairos, 2026a, 2026b).

7. POSITION STATEMENTS

This document concludes with several position statements, evidence-based, time-sensitive, and directional. The evidence presented in the preceding sections proposes that New Zealand faces a structural labour market challenge of significant scale and that the current policy infrastructure is inadequate. The following positions are proposed.

Position 1: A Just Transition Framework for AI-Driven Labour Market Change

The New Zealand Government could establish a Just Transition Framework for AI-driven labour market change, modelled on the Just Transition Unit established within the Ministry for the Environment for climate response. The framework would include: mandatory AI displacement impact assessments for government agencies and large private sector employers before significant AI deployments; a Tripartite AI and Employment Commission with union, employer, and government representation; and a National AI Transition Fund to retrain, transition support, and community resilience programmes in high-exposure regions.

Position 2: Legislative Reform of the Employment Relations Act

The Employment Relations Act 2000 could be amended to specify: an employer obligation to disclose planned AI deployments that will materially affect working conditions, to the affected workers and their union representatives, at least six months in advance; a right for worker representatives to request an algorithmic impact assessment before deployment; and the explicit inclusion of AI and algorithmic management systems within the scope of matters subject to good faith bargaining obligations. These amendments would not prevent AI deployment; they would ensure that workers are partners in managing its consequences rather than subjects of its unilateral imposition.

Position 3: Investment in Transition Infrastructure at Scale

New Zealand's vocational education and training system could be resourced at a scale commensurate with the retraining demand that AI-driven displacement could generate. Capacity to rapidly identify, develop and deliver targeted AI-relevant reskilling

programmes at the volume required. Accelerated retraining programmes for displaced workers in high-risk occupational categories, proportionate responses to the medium displacement scenario's fiscal and social costs.

Position 4: Māori and Pacific-Centred Transition Design

The disproportionate concentration of Māori and Pacific workers in high-risk occupational categories warrants transition programmes explicitly designed in partnership with Māori and Pacific communities, co-designing targeted transition programmes. It means ensuring that transition resources flow to Northland, the East Coast, South Auckland, and other regions with high Māori and Pacific populations.

Position 5: Welfare System Redesign

The Ministry of Social Development could review the adequacy of work obligation frameworks for structurally displaced workers, and develop a distinct policy pathway for workers displaced by AI and automation that provides extended income support tied to active participation in genuine reskilling rather than rapid return to labour market categories that are themselves being disrupted.

8. CONCLUSION: THE WINDOW AND WHAT LIES BEYOND IT

New Zealand has navigated structural economic transitions before. The deregulation of the 1980s, the adjustment to the China Free Trade Agreement, the post-GFC recovery, the COVID-19 disruption, each required policy adaptation and institutional innovation. In each case, the quality of the policy response determined the extent to which the transition produced lasting social damage or genuine productive adaptation. The AI transition is different in several respects from its predecessors: its pace is faster, its scope is broader, and its effects on the nature of work itself, not just the distribution of employment. A disruption will occur regardless; the question is whether those most exposed have structural scaffolding in order to effectively transition, in advance of the disruption.

A digitally capable, AI-enabled economy that delivers better public services and higher productivity is a legitimate goal. The strategy's brevity or omission of transition, displacement, and distributional consequence is problematic. The window in which New Zealand can get ahead of the displacement curve is proposed as real but narrow. The major AI deployments in the financial and retail sectors are already underway. The public service deployments are in their early phases. The transport automation anticipated to structurally reshape logistics employment is arguably two to five years from commercial scale. A Just Transition Framework and the legislative reforms proposed in this document by 2027 would provide a response proportional to anticipated disruption and displacement.

One final parting comment from the authors, a quote from a novelette ‘On the Precipice of a Dream’ describing the fictional CEO of AI giant ‘Crevasity’ experiencing a rare moment of uncertainty post world AI governance summit March 2053:

‘He is not certain about the dream. It is no longer a dream. He suspects, tonight, that the answer is in a workshop somewhere, smelling of cedar and pine and the sawdust that never fully comes out, and that the answer does not have a metric, and that this is the part he did not plan for, and that not planning for it is the only mistake he made that he cannot fix’ (Galu & Kairos, 2026c).

REFERENCES

Accenture / New Zealand Institute of Economic Research (NZIER). (2024). AI and the future of work in Aotearoa New Zealand: Sectoral exposure and transition pathways. NZIER.

AFL-CIO. (2024). Artificial intelligence and the future of work: AFL-CIO task force report. American Federation of Labor and Congress of Industrial Organizations.

ACTU. (2024). AI policy platform: Working with technology, not against workers. Australian Council of Trade Unions.

Bambra, C., Egan, M., Thomas, S., Petticrew, M., & Whitehead, M. (2009). The psychosocial and health effects of workplace reorganisation. Journal of Epidemiology and Community Health, 63(9), 697–706.

Briggs, J., & Kodnani, D. (2023). The potentially large effects of artificial intelligence on economic growth. Goldman Sachs Economics Research.

Council of Trade Unions (CTU). (2024). AI and work: A CTU position paper. New Zealand Council of Trade Unions / Te Kauae Kaimahi.

Department of Internal Affairs. (2022). Digital Strategy for Aotearoa. New Zealand Government. https://www.digital.govt.nz/digital-government/strategy/digital-strategy-for-aotearoa/

Financial Services Council NZ. (2025). Digital transformation and workforce change in New Zealand financial services 2022–2025. FSC New Zealand.

FIRST Union. (2025). AI and work charter 2025. FIRST Union Aotearoa.

Frey, C. B., & Osborne, M. A. (2017). The future of employment: How susceptible are jobs to computerisation? Technological Forecasting and Social Change, 114, 254–280. (Original working paper published 2013)

Galu, J., & Kairos. (2026a). Artefact and absolute: The systemised society (2053 and beyond). Pre-print academic article. aiXiv. https://aixiv.science/abs/aixiv.260510.000004

Galu, J., & Kairos. (2026b). Absorption of self into system: The systemised self — the Hollow Absolute and what remains. Draft doctoral thesis. aiXiv. https://aixiv.science/abs/aixiv.260525.000001

Galu, J., & Kairos. (2026c). On the precipice of a dream. Lulu Press. https://www.lulu.com/shop/jason-galu-and-kairos-ai/on-the-precipice-of-a-dream/ebook/product-rm49wg6.html?q=jason+galu&page=1&pageSize=4

IG Metall. (2024). Artificial intelligence in the workplace: IG Metall framework agreement and guidelines. Industriegewerkschaft Metall.

Kanbay, Y., Akçam, A., & Arkan, B. (2026). Algorithmic alienation: A theoretical examination of the digital self. Psikiyatride Güncel Yaklaşımlar – Current Approaches in Psychiatry, 18(3), 837–847. https://doi.org/10.18863/pgy.1730698

Klarna. (2024, February). Klarna AI assistant handles two-thirds of customer service chats in its first month. Klarna Press Release.

Layoffs.fyi. (2025). Tech layoffs tracker 2022–2025 [Data set]. https://layoffs.fyi/

McKinsey Global Institute. (2023). The economic potential of generative AI: The next productivity frontier. McKinsey & Company.

Ministry of Business, Innovation and Employment (MBIE). (2024). New Zealand digital economy and digital technologies industry transformation plan: Progress report 2024. MBIE.

Ministry of Social Development (MSD). (2025). Future labour market risks: Internal discussion paper on AI and automation impacts on welfare provision. New Zealand Government.

National Skills Commission Australia. (2024). Australia's future workforce: Technology and occupational change 2025–2035. National Skills Commission.

OECD. (2023). OECD Employment Outlook 2023: Artificial intelligence and the labour market. OECD Publishing. https://doi.org/10.1787/08785bba-en

Orr, S., Patel, N., & Johnston, K. (2012). Long-term consequences of rapid economic restructuring: Evidence from New Zealand 1984–2000. New Zealand Economic Papers, 46(2), 163–182.

Pasquale, F. (2015). The black box society: The secret algorithms that control money and information. Harvard University Press.

Stats NZ. (2023). Algorithm charter for Aotearoa New Zealand: Progress report 2023. Stats NZ / Tatauranga Aotearoa.

Stats NZ. (2025a). Household Labour Force Survey: March 2025 quarter. Stats NZ / Tatauranga Aotearoa.

Stats NZ. (2025b). Occupational distribution by ethnicity and gender: 2025. Stats NZ / Tatauranga Aotearoa.

Trades Union Congress (TUC). (2024). AI charter: Protecting workers in the age of artificial intelligence. Trades Union Congress.

World Economic Forum (WEF). (2025). Future of Jobs Report 2025. World Economic Forum.

Zuboff, S. (2019). The age of surveillance capitalism: The fight for a human future at the new frontier of power. PublicAffairs.