

Australia Country Report – Asia Pacific

Federation of Human Resource Management

(APFHRM)

Goa, India
September 2013

1. Current economic and political situation in the country

Economy and labour market situation

The Australian Gross Domestic Product (GDP) showed growth of 2.6 per cent in the March 2013 quarter. The Australian population was 22,906,400 in December 2012, according to Australian Bureau of Statistics figures released this month. The consumer price index in the June 2013 quarter rose 0.4 per cent. .

Australia's seasonally adjusted unemployment rate was steady at 5.7 per cent in July 2013. The number of people unemployed increased by 5,700 people to 705,400, the ABS reported. The number of people employed increased by 10,200 to 11,653,200.

The seasonally adjusted ABS monthly aggregate hours worked showed an increase in July, down 7.9 million hours to 1,648.6 million hours. The ABS reported a labour force participation rate of 65.1 per cent in July, a increase of 0.2 per cent.

Political situation

On 26 June, Kevin Rudd took over as the Labor Party Prime Minister from Julia Gillard after a parliamentary ballot. The new PM announced an election date of 7 September this month, so there may be a new Government when the APFHRM meets because the Labor Government is struggling in the polls.

Although the election is being fought on issues such as trust and economic management, the strong Australian dollar that affects Australia's competitiveness and the reliance on China to buy our resources both continue to dominate Australia's economy. The bleak economic data in the US and Europe continue to dampen consumer confidence in Australia which remains flat as indicated by a persistent slowing down in the retail sector and manufacturing, and while our unemployment rate remains relatively low at 5.7 per cent, a number of mass lay-offs have recently been announced.

The controversial carbon price introduced in 2010 by Julia Gillard has been abandoned by PM Rudd in favour of an emission trading scheme, though the Opposition opposes that and is promoting its direct action policy.

Kevin Rudd announced a radical change to asylum seeker policy that means in future any person seeking asylum by boat will not be processed or entitled to residence within Australia but be sent to

Papua New Guinea. The idea is to dissuade asylum seekers from taking dangerous boat trips to reach Australia's coastline.

Workplace relations is officially not an election issue and, despite pressure from business, the Opposition has declared it will not change the Fair Work Act if elected, though it will subject it to an early review by Australia's Productivity Commission. The legislation on workplace bullying has been strengthened recently and is causing some debate but it too will not be changed.

2. HR challenges

The main challenges facing the HR profession in Australia at present are as follows:

- The flat Australian economy is lowering demand for goods and services domestically as decreasing confidence causes a reluctance to spend, which in turn is causing closures in some industries (e.g. the car industry) as well as cost cutting, lay-offs and redundancies in companies that are doing it hard.
- Policies have been announced in the desire of Government to make savings that have been challenging. One was a tax cap on self-education expenses by employees of \$2000 which would be a disincentive to undertake training. The other is a tightening of the fringe benefits requirement which now require businesses to ensure their employees use cars that are part of a salary package for business purposes and to log details of business usage.
- Workplace inclusion continues to gain traction slowly as the business case becomes more widely accepted that diversity adds value to product innovation, and employee & customer engagement.
- Pressure is being felt on the public sector as budget savings are coming into force in federal and state constituencies that require them to do more with less resources, including fewer people. There have been some big public sector cuts and more are expected after the election. The political parties are saying the cuts will be implemented by attrition but public sector HR departments are preparing for widespread redundancies.

3. AHRI projects and initiatives

Major areas of AHRI activity include the following:

- The 2013 AHRI National Convention was held in Sydney in August with speakers including Ruby Wax, Garry Ridge, Fons Trompenaars, Daniel Gilbert, Lois Frankel, John Boudreau and Layne Beachley.
- AHRI continues to work on the development of a value proposition that will appeal to the 2.3 million small businesses in Australia, most of which do not have any access to HR knowledge or advice. The subscription proposition on offer is called Workforce HQ, and it includes a special insurance policy for subscribers in the event of legal action resulting from people related practices.
- The 2013 AHRI Diversity and Inclusion Award winners were announced at a luncheon during June in Sydney. Categories include gender equity, cross cultural management, disability employment, age diversity, Indigenous employment and a new award in lesbian, gay, bisexual, transgender & intersex inclusion which was won by a big bank, Westpac.

- AHRI surveyed its members on the issues of youth employment in Australia, and will report on the findings in October. The CEO will be giving a presentation on the subject at a conference in November.
- AHRI partnered with Deloitte in Australia to examine the contribution of social media to the HR function. A report on the survey was published in July..
- AHRI made a submission to government opposing the tax cap of \$2000 on self-education expenses by employees, a policy which has recently been reversed
- AHRI's National President's Forum members were addressed recently by the head of the powerful Business Council of Australia, Tony Shepherd, who spoke about the BCA's agenda but also took notes from the HR heads from the top companies who attended the meeting.

Peter Wilson AM
Chairman & National President
Australian Human Resources Institute