

Australia Country Report – Asia Pacific Federation of Human Resource Management (APFHRM)

**Melbourne
24 September 2012**

1. Current economic and political situation in the country

Economy and labour market situation

The Australian Gross Domestic Product (GDP) showed growth of 1.3 per cent in the March quarter, after a revised increase of 0.6 per cent in the December 2011 quarter. The Australian population was 22,485,300, according to Australian Bureau of Statistics figures released in December 2011.

The growth for the quarter was driven by a 1.0% contribution from final consumption expenditure and a 0.9% contribution from business investment. The increases were partially offset by a -0.5% contribution from net exports and -0.1% contribution from dwelling investment. The industries that drove growth in the March quarter were Mining, Professional, scientific and technical services and Financial and insurance services, each contributing 0.2% to growth in GDP. The March quarter saw the Terms of trade fall 4.3%. This was reflected in Real gross domestic income, which grew by 0.2% in seasonally adjusted terms for the quarter.

Australia's seasonally adjusted unemployment rate was at 5.2 per cent in July. The number of people unemployed decreased by 2,500 people to 635,100, the ABS reported. The number of people employed increased by 14,000 to 11,512,600 in July. The increase in employment was driven by increased full-time employment, up 9,200 people to 8,073,700, and part-time employment, up 4,800 people to 3,439,000. The increase in employment was driven by an increase in male and female full-time and female part-time employment.

The ABS monthly aggregate hours worked series showed an increase in July, up 13.4 million hours to 1,625.1 million hours from a revised June 2012 estimate. The ABS reported a labour force participation rate of 65.2 per cent in July.

Political situation

Under Prime Minister Julia Gillard the Government continues to operate with a hung parliament and a slender majority of one member aided by three independents who are supporting her party, and a house speaker who defected from the Opposition to preside over the legislative chamber.

A review of the workplace relations legislation passed in 2009, called the Fair Work Act, was submitted to Parliament in July. Minor adjustments were recommended to the Act despite strong business lobbying for more sweeping changes.

A carbon price came into law on July 1 and the electorate is waiting to see what effect it will have on prices, especially on power prices for businesses and households. The price is initially a flat floor price of A\$23 for three years that is paid effectively as a tax by big polluters, with householders and small businesses being compensated for price rises that will flow from it. The floor price will revert in 2015 to an unregulated price in line with the European Union carbon market price.

Changes to asylum seeker legislation have passed into law and now includes an offshore processing regime and an increase in acceptance of numbers to 20,000 a year. The issue follows a number of deaths at sea by asylum seekers taking a perilous journey to Australia via Indonesia on unsafe boats.

Jobs continue to be lost in manufacturing as the patchwork economy is dominated by a strong Australian dollar around the US\$1.5 mark and the mining boom. Although there is talk of China's resources boom coming to an end, there are still big projects coming on stream, though a major part of a BHP coal project was shelved in August which caused some soul-searching and crystal-ball gazing by economists and other commentators. Consumer confidence remains flat as indicated by a continued slowing down in the retail sector.

2. HR challenges

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

- Skill shortages in some sectors and unemployment in others: The booming mining sector in the west and the north and depressed retail and manufacturing sectors in the rest of the country are challenging the viability of some industries and the availability of labour. A number of companies or parts of companies are moving offshore to access skills in the face of global competition and a strong Australian dollar (e.g. Qantas airlines). Others are importing skills and others are sacking workers (e.g. Toyota, the Queensland public sector and the two big newspaper companies).
- Workplace relations: The review of the Fair Work Act did not produce the large-scale changes that were being sought by parts of the business community. The issue maintains a life politically because of its link to poor productivity but is somewhat muted because the Opposition party remains reluctant to run with the issue leading up to the 2013 national election.

3. AHRI projects and initiatives

Major areas of AHRI activity include the following:

- The 2012 World HR Congress in Melbourne, HRIZON, is now about to happen. Fortunately, the promotion of the Congress has been successful and the expectation is for a bumper attendance in the order of 2,500 delegates to the two-day program and another 1,000+ visitors to the trade exhibition.
- In association with the Economist Intelligence Unit and SHRM, AHRI published a report on Global Workplace Performance and Flexibility. The findings were reported prominently in the

two main business newspapers in Australia and in the HR press, and caused considerable public discussion.

- AHRI conducted an awards luncheon during May in the areas of diversity and inclusion which was strongly supported by a number of entries and sponsored by one of the big banks.
- Last year AHRI surveyed its senior members on the issue of coaching and mentoring. The findings of that survey were published in a research report recently.
- AHRI is partnering with Deloitte in Australia to examine the contribution of social media to the HR function and is using the AHRI database as the source on input.

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