

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

September 2011

## 1. Current economic and political situation in the country

### Economy and labour market situation

The Australian Gross Domestic Product (GDP) in the March 2011 quarter decreased 0.2 per cent in the quarter. In seasonally adjusted terms, GDP decreased by 1.2 per cent in the quarter and non-form GDP fell 1.0 per cent. In seasonally adjusted terms mining (down 6.1 per cent) contributed -0.6 percentage points while manufacturing (down 2.4 per cent) and agriculture (down 8.9 per cent) both contributed 0.2 points to the GDP decline. The Consumer Price Index (CPI) increased 0.9 per cent in June quarter 2011 and 3.6 per cent for the year.

The terms of trade rose 5.8 per cent and real gross domestic income was flat. The impact is still being felt of the heavy rain and flooding in the north of the country in late 2010 and early 2011. The Consumer Price Index rose 0.4 per cent in the December 2010 quarter, representing a 2.7 per cent rise throughout the year.

The Australian population was 22,477,000 according to Australian Bureau of Statistics figures released, an increase of 325,000 people during 2010 according to figures released in June 2011.

Australia's unemployment rate increased 0.1 percentage points to 5.1 per cent in July 2011. Employment increased for the same period to 11,448,500, while aggregate hours worked in Australia increased 3.6 million hours to 1,621.4 million hours. During the same period, the number of people unemployed increased to 611,600. The workforce participation remained steady on 65.6 per cent.

### Political situation

The Government under Prime Minister Julia Gillard has operated as a hung parliament with a slender majority of one member aided by four independent members who are supporting her party.

A number of pieces of legislation have passed the Australian Parliament nevertheless, including a health reform bill, a mining tax and a price on carbon, the latter despite the Prime Minister's election promise to the contrary. One Government MP is coming under pressure because of an investigation on potentially corrupt spending practices before he joined the parliament, Were that member forced to resign his seat, the Government would lose its majority and be unable, all things remaining equal, to continue to hold Government.

The changes in immigration policy continue to hit the Australian overseas student market and are showing up to a lesser extent as affecting the capacity of Australian businesses to import skills in a tightening labour market as the resources industry gains momentum. The inflammatory issue of refugees arriving by boat has continued to be a running sore and at present is at a stalemate with a so-called 'Malaysia solution' under a cloud as the High Court considers the validity of transferring children to Malaysia.

The continuing economic instability in the US and Europe has affected the Australian share market and confidence is down as indicated by a significant reduction in Australian retail consumer spending.

## **2. HR challenges**

Challenges facing the HR profession in Australia at present are:

- **Skill shortages:** A two speed economy is operating in Australia with a booming mining sector in the west and the north, combined with a lack of confidence in the retail and manufacturing sectors and is causing problems with respect to the viability of some industries and the availability of skills where they are needed. A number of companies are moving offshore or threatening to do so in order to access skills in the face of global competition and a strong Australian dollar.
- **Workplace relations:** Numerous calls in the business sector have been made for the Government to look again at the Fair Work Act that was introduced in 2009. A review of the Act is due at the end of the year but in the name of productivity and greater need for flexibility calls in a number of quarters are asking that the review be brought forward. The Opposition leader, Tony Abbott, is showing a reluctance to enter the workplace relations arena, given it did so badly for his party in 2007, but pressure is also mounting in his own party to reinstate the issue.

## **3. AHRI projects and initiatives**

Major areas of AHRI activity include the following:

- AHRI CEO Serge Sardo attended a conference of more than 100 delegates at the New World Hotel in Ho Chi Minh City during July. The conference was a joint project between the Centre of Commerce and Management, RMIT International University Vietnam, and the Management Research Cluster of RMIT's School of Management the event including representatives from the Vietnam Ministry of Foreign Affairs, Ministry of Labour, Invalids and Social Affairs (MOLISA), Vietnamese Chamber of Commerce and Industry (VCCI), Can Tho University, L'Oreal and Garmex. While in Vietnam, RMIT academics also hosted a workshop with VCCI and the CEO of the Australian Human Resources Institute (AHRI) to discuss the establishment of a national Vietnamese HR association. Both organisations expressed considerable enthusiasm for such a venture.

- Gender equity: AHRI has recently released a communique on the recommendations of the Gender Equity Summit held in March in association with UN Women Australia. Eight recommendations relating to executive women and women on boards have come out of the Summit and will be pursued with Government and the corporate sector. Many of the top HR women in Australia's leading companies, as well as the relevant government minister and male champions, attended the invitation-only summit and the launch of the communique.
- In addition to his work with the Business Council of Australia in developing a C-Suite mentoring scheme for senior executive women, AHRI National President Peter Wilson has written a number of opinion pieces in the Australian business media that promote the merits of mentoring in contributing to the proportion of female representation on the boards of listed companies as well as the executive suite.
- Following the delegation AHRI sent to the 2010 Montreal World HR Congress, AHRI is now fully engaged in preparations for the 2012 Congress in Melbourne, including promotion of the Congress at a exhibition at the NZ HR National conference in and regular updates on the website [www.whrc2012.com](http://www.whrc2012.com).
- AHRI surveyed its membership in August to ask about the extent to which organisations are recruiting people with a disability. Approximately 800,000 Australians receive disability benefits and among those a significant number are willing and able to enter the workforce, but successive governments have failed to engage employers in that endeavour, so the numbers remain constant or grow but do not reduce. Prime minister Gillard has made a significant investment in the area and AHRI is advising the relevant Minister for employment Participation on how well or otherwise the disability employment services of government are working.
- Preparations for the third part of the AHRI-Deakin University research study on the impact of the *Fair Work Act* in Australian workplaces are now in progress and the AHRI member database will be surveyed in September-October with a view to releasing findings in November 2011
- AHRI has been asked by the Department of Treasury to contribute to a Consultative Forum on Mature Age Participation in the workforce by the end of the year. That will also involve AHRI surveying its membership to present evidence-based data on the matter.

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