

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

March 2011

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

### Economy and labour market situation

The Australian economy grew by 0.2 per cent in the September 2010 quarter and the Gross Domestic Product (GDP) expanded at an annual rate of 0.6 per cent in the quarter. In seasonally adjusted terms, GDP increased by 0.2 per cent in the quarter and non-farm GDP fell 0.2 per cent. However, because of recent floods on the north-eastern seaboard parts of the country, leading economists are forecasting that loss of export income during 2011 could wipe as much as 1 per cent off GDP because of damaged infrastructure and disruption to services that will affect mining in the state of Queensland for many months and cause significant rises in the price of food due to the loss of crops in wheat and sugar. The terms of trade rose 0.8 per cent and real gross domestic income rose 0.3 per cent. 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 22,342,000 according to Australian Bureau of Statistics figures released in December 2010, and net overseas migration was down 44 per cent in 12 months according to figures released in October.

Employment increased 24,000 to 11,441,000 to January 2011, while aggregate hours worked in Australia were down 12.7 million hours to 1584.4 million hours in figures released in February 2011. At the same time, Australia's official unemployment rate stood at 5.0 per cent in January and the number of people unemployed increased by 8,900 people to 605,500. The workforce participation rate increased 0.1 percentage points to 65.9 per cent.

### Political situation

With the two main parties having won around 72 seats each in a 150 seat house, the cross-bench Green member and 5 independents have maintained the Labor Government in office despite the Opposition running a destabilising series of attacks on each issue that arises, including the recent Queensland floods that the Government has announced a \$1.4 billion one-off tax levy to pay for.

An Emissions Trading Scheme, that includes a price on carbon, has just recently been put back on the national agenda despite the Prime Minister's election promise to the contrary, and the Minerals Resources Rent Tax (MRRT) is still not ticked-off despite the PM having steered a compromise course on the issue with the big miners last August.

An off-shoot of the anti-immigration policies of both parties during the 2010 election is that immigration figures are down 44 per cent in the past 12 months and the rules on visas have been tightened to make permanent residency more difficult to achieve. The changes in policy have hit the Australian overseas student market very hard and may show up as affecting the capacity of Australian businesses to import skills in a tightening labour market as the resources industry cranks up for another boom period.

## 2. HR challenges

Challenges facing the HR profession in Australia at present are:

- Skill shortages: The recent floods in Queensland will require major infrastructure spending in the short term, the revival of the resources sector, infrastructure projects coming on stream related to a A\$43 billion National Broadband Network have revived the skill shortage problem.
- Workplace relations: As the enterprise bargaining season begins and new agreements are being negotiated in a number of areas, the good-faith bargaining provisions of the *Fair Work Act* will be tested for the first time and the impact of the new modern awards will be felt in workplaces and by business. While the *Fair Work Act* was not an official election issue, there is sufficient unease about the Act in sections of business to suggest that the Opposition will gain support in looking for ways to amend it.

## 3. AHRI projects and initiatives

Major areas of AHRI activity include the following:

- Gender equity: AHRI has recently released a research study based on a survey of nearly 1000 members from its database about gender equity in the workplace. From 2011 stock exchange listed companies in Australia are now required to report on governance guidelines relating to diversity, and AHRI has taken the lead with UN Women Australia to conduct a national summit on gender equity in relation to executive women and women on boards. Many of the top HR women in Australia's leading companies, as well as the relevant government minister and male champions, will be attending the summit.
- C-Suite mentoring: On the same issue, AHRI joined with the Business Council of Australia in late 2010 to conduct a C-Suite mentoring program for female executives with some of the CEOs from the top 100 listed companies.
- Having sent a delegation to the 2010 Montreal World HR Congress, AHRI is now fully engaged in preparations for the 2012 Congress in Melbourne scheduled for 25-28 September 2012 with updates on the website [www.whrc2012.com](http://www.whrc2012.com).
- AHRI has commenced work with the Australian Public Service Commission to explore matters relating to building the human capital capacity of the Australian Public Service. The Department handed down a blueprint for reform in 2010 but its recommendations are now unlikely to be implemented for budgetary reasons.

- AHRI made a submission to the Government on the issue of workforce participation with respect to moving Australians on welfare back into the workforce, especially people with disabilities. Successive governments have performed poorly on this issue and the PM made a major new-year speech stating her government wants to make it happen. The debate runs into a long-running impasse on notions of "incentivisation", with some quarters, such as the Australian Business Council, arguing that disability recipients on welfare need more incentives to look for work, while others argue that employers need greater incentives to hire them.
- The second part of an AHRI-Deakin University research study on the impact of the *Fair Work Act* in Australian workplaces was released in November 2010 and received coverage in the national press. Its findings were also the subject of public responses from the federal Workplace Relations Minister and the Shadow Minister.
- The Government released a discussion paper on its proposed changes to rules relating to shareholders, boards and executive remuneration. The big business groups have strongly objected to the proposed changes that include provisions under the criminal code.

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