

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

**Abu Dhabi
25 March 2012**

1. Current economic and political situation in the country

Economy and labour market situation

The Australian Gross Domestic Product (GDP) showed growth of 2.3 per cent over the last year on a seasonally adjusted basis, which was less than expected. The economy expanded 0.4 per cent when 0.8 per cent was expected. There was no change to the Consumer Price Index (CPI) thought it increased 3.1 per cent for the year to January 2012.

The terms of trade fell 4.7 per cent, falling for the first time since September 2009, meaning export prices fell at a faster rate than those for +import prices.

The Australian population was 22,620,000, according to Australian Bureau of Statistics figures released in June 2011, an increase of 320,800 people.

Australia's unemployment rate increased 0.1 percentage points to 5.2 per cent in February 2012 with 11,444,500 people in employment. Aggregate hours worked in Australia increased 21.6 million hours to 1,617 million hours in February 2012 and the workforce participation decreased 0.1 per cent to 65.2 per cent, with an underutilisation rate of 12.5 per cent.

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.

The workplace relations legislation passed in 2009, called the Fair Work Act, is undergoing a review. The new minister in that portfolio is hinting that the review outcomes will result in minor adjustments though big business is strongly arguing for a significant overhaul of the Act in areas such as the provisions for bargaining, adverse action and unfair dismissal claiming the Act makes Australian business uncompetitive and is a disincentive to employ workers.

A number of pieces of legislation have passed both houses of the Australian Parliament nevertheless, including a health reform bill, a mining tax and a carbon tax, the latter despite the Prime Minister's election promise to the contrary. A Government MP continues to come under pressure because of an investigation on potentially corrupt expenditure before he joined the parliament.

The changes in immigration policy have flattened the Australian overseas student market and are also affecting the booming mining and resources industry in the west and the north which continues to demand more workers than can be supplied while in the east and the south the economy is flat and there is evidence of growth in unemployment and underutilisation of labour.

Jobs have been lost in manufacturing and there has been considerable debate about the extent to which the Government should be assisting the car industry, if at all. The retail sector is also doing it hard though there is growth in the online retail industry, much of it off-shore which is causing questions to be asked about whether Australia's Goods and Services Tax makes Australian retail uncompetitive on price.

The continuing economic instability in the US and more so in Europe has affected the price of money in Australia and the share market. Consumer confidence remains flat as indicated by a significant reduction in retail spending.

2. HR challenges

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

- Skill shortages and the war for talent: The two speed economy operating in Australia with a 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 skills where they are needed. A number of companies are moving offshore to access skills in the face of global competition and a strong Australian dollar. Others are importing skills though that can only be done federally as a state government in the west discovered recently when it attempted in vain to broker a labour deal importing Irish workers.
- Engagement is an emerging issue, especially with the human resources of a number of businesses being their competitive advantage in the face an inability to compete on price as the Australian dollar remains strong. That realisation has begun to raise the issues of customer service and staff training as priorities in the Australian economy.
- Workplace relations: The review of the Fair Work Act is proceeding and the business lobby continues to press the case through submissions and the media in the name of productivity and greater need for employer flexibility. The Opposition leader, Tony Abbott, continues to show a reluctance to enter the workplace relations arena, however the two main national business daily newspapers, The Australian and the Australian Financial Review.

3. AHRI projects and initiatives

Major areas of AHRI activity include the following:

- AHRI is now fully engaged in preparations for the 2012 World HR Congress in Melbourne, HRIZON, including promotion of the Congress in the media and at exhibitions and regular updates on the website.
- In association with the Economist Intelligence Unit and SHRM, AHRI is drafting a report on Global Workplace Performance and Flexibility. The report will be published and is based on

a powerful tool prepared by the EIU that will be made available to SHRM and AHRI members as part of their member entitlement. Prof Wayne Cascio will include its findings in his presentation to HRIZON in September.

- AHRI published the findings of its survey about the extent to which organisations are recruiting people with a disability, which was received well within government and by the Australian media.
- The third part of the AHRI-Deakin University research study on the impact of the *Fair Work Act* in Australian workplaces was published in February and was received with mixed responses in Government and by the media, though it received wide coverage.
- With Profs Dave Ulrich and Wayne Brockbank of the University of Michigan, AHRI is participating in the 6th round of the HR Competency and HR Function study conducted by the research consultancy RBL.
- AHRI was asked by the Department of Treasury to contribute to a Consultative Forum on Mature Age Participation in the workforce. We surveyed the membership on the matter and received a strong response. A report was published in February and submitted as a contribution to the Forum by the Employment Relations Department and Australian National Seniors, the body that is leading the forum.
- Last year AHRI surveyed its senior members on the issue of coaching and mentoring. The findings of that survey will be published in a research report during April.
- AHRI is partnering with Deloitte in Australia to examine the contribution of social media to the HR function and will be using the AHRI database as the source on input.
- A master class by Tom Peters is due to be conducted in Sydney during March.

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