

Australia: Country Report

Asia Pacific Federation of Human Resource Management (APFHRM)

Taiwan Meeting, September 2019

Executive summary

Issues affecting the Australian economic and political landscape include continuing debate over corporate tax cuts and low wages growth. Fears of a recession loom large over the economy and are affecting consumer spending and growth.

HR issues include ongoing reverberations from regulators and shareholder meetings following the Finance Sector Royal Commission and a focus on corporate culture and non-financial performance measures. Other issues are likely industrial relations activity by returned Government, and legislation on freedom of religion.

1. Current economic and political situation in the country

Economy and labour market situation

The Australian Gross Domestic Product (GDP) grew by 0.4 per cent over the March 2019 quarter. The Australian resident population was projected by the Australian Bureau of Statistics to be 25,466,379 on 29 August 2019. During 2019 Australia's population increased by approximately 194,500 people.

Average adult full time weekly earnings in the 6 months to May 2019 increased 3 per cent to A\$1,633.80, according to ABS figures. The consumer price index in the June quarter 2019 rose 0.6 per cent, following no movement (0.0%) in the 2019 March quarter.

Australia's seasonally adjusted unemployment rate was 5.3 per cent in July 2019. Unemployment increased 800 to 712,900. The number of people employed was 12,915,200 in July 2019. Monthly hours worked in all jobs increased 0.5 million hours to were 1,776.6 million hours.

The ABS reported an increased labour force participation rate of 66.1 per cent in July 2019.

Political situation

In a result that defied expectations, the Liberal-National Coalition Government was returned with a slim majority during the May 2019 election, and Scott Morrison was reinstated as Prime Minister.

The result reflected a lack of confidence in the leadership of the major political parties, and the balance of power continues in the Senate to be held by a mixed group of cross-benchers.

The election was not fought on many issues by the Government with tax cuts, border control and a budget surplus standing out. With the Trump administration conducting a seemingly reckless trade war, the fear of a global recession is likely to affect jobs and confidence in Australia, and hence affect budget revenue.

2. HR challenges

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

- Ethical corporate behaviour: organisations across all sectors, whether religious, political, sporting or corporate continue to face ethical crises on a number of fronts:
 - The reverberations of the 2018 Hayne Royal Commission into misconduct in the financial services sector continue to dominate the corporate landscape, with bank shareholder meetings demonstrating concern at reputational damage despite high earnings, and regulators demanding that companies give more weight to non-financial indicators, including people culture, ethics and genuine customer service, as well as financial indicators. There are implications for HR in these developments.
 - The recent lost appeal following the conviction of Australia's Cardinal Pell on sexual abuse charges in Melbourne during December 2018, was a stark indicator that Royal Commissions result in dramatic actions in the light of the long-running Royal Commission into sexual abuse of children in institutions. The present age-care Royal Commission is likely to confirm that perception.
- Following the election result, the urgency has subsided around taking action on casual employment following the 2018 Federal Court of Australia decided an appeal on the issue of casual employees in the case of Workpak vs Skene. The Morrison Government is thought to be unlikely to legislate against the interests of employers in this area. That said, there is early talk of industrial relations reforms by Government.

- The Morrison Government has committed to legislate on religious freedom in the wake of the same-sex marriage laws, followed by a controversy around a prominent Rugby player, Israel Folau, being sacked by Rugby Australia as a result of repeated social media posts about gay people being destined for Hell. Depending on the legislation, this may have consequences for workplace inclusion and diversity issues, as well as the issue of freedom of expression by employees in making public media commentary.

AHRI projects and initiatives

Major areas of AHRI activity include the following:

- A research study on culture by AHRI in association with survey partner Insync has made findings in relation to how widespread is the culture malaise in Australia. A sample of around 1000 respondents by CEOs, executives and other employees down the line will be used by AHRI to take the issue of HR connections to culture to a wider non-Hr audience.
- AHRI's certification initiative continues to be our primary area of activity with a portal being established in September that lists all members with CPHR post-nominals, which can be searched by employers.

4. Scheduled conference

- AHRI's 2019 National Convention and Exhibition will be conducted during September in Brisbane. Keynote speakers include University of Pennsylvania's Professor Stewart Friedman, Harvard Medical School's Dr Susan David, Dr Kristin Ferguson from Celebrating Women and Atlassian's Dom Price.

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