



Working out the future

News of job cuts is sharing the headlines with the debt crisis in Europe and domestic political machinations, but what lies behind the job stories is what really matters.

Thanks to some tough decisions taken over recent decades, Australia is far from the global doom and gloom scenario some commentators write about.

With risks hanging over the global economy, particularly from Europe, consumers and businesses are understandably keeping a tight rein on spending, debt and costs.

Retailers, along with the construction, aviation, manufacturing and finance sectors are finding things particularly tough. It is within these industries that many of the redundancies are occurring.

At the same time, unprecedented global demand for commodities, particularly from Asia, means much of the mining sector has the opposite problem; it is struggling to find the workers with the skills it needs.

Good luck or good management?

Much of Australia's success in getting through several global economic downturns, including the Asian Financial Crisis of 1997–99, the dot.com boom and bust in 2000, and the recent global financial crisis, can be traced back to the decision in 1983 to "float" the Australian dollar and let it find its value in the world's currency market.

Once the dollar was floated, it was hard to turn back; Australia and Australians had to compete with the rest of the world, boost productivity and make some adjustments.

As a result, tariffs were reduced and trade was orientated towards the emerging economies in East Asia, well before China began to accelerate.

The end of protection shifted Australia from being an uncompetitive manufacturer in areas such as clothing and footwear, to being highly competitive and successful in the education and services sectors, especially while our dollar was well below parity with the US dollar.

Professor and economist Tim Harcourt says, "Even in areas you'd least expect, the end of tariff walls and an inward looking culture unleashed Australian innovation. From sleepy surf towns such as Torquay in Victoria, companies like Rip Curl became international players,

Snapshots



joining competitors like Billabong and Quiksilver on the world stage.”

Australia developed an education sector generating \$16.3 billion in export earnings in 2010–11, as well as a professional services sector which is internationally focussed and competitive in areas as diverse as architecture, engineering, accounting, design, business logistics and management.

It is no surprise that as Australia’s fortunes grew so did the need for a sophisticated, efficient financial sector to fund the country’s global expansion and engagement. Though still small, Australia has now made it into the top 10 securities exchanges in the world.

Importantly, an open economy didn’t mean having to dispense with notions of fairness in the labour market and employees have been somewhat protected through an evolving industrial relations system.

The country’s unique industrial relations framework has helped to produce an unemployment rate nearly half that of the United States and other northern hemisphere counterparts, says Harcourt.

Moving forward

Where Australia heads from here rests largely on its ability to remain competitive and innovative in key areas of the economy, particularly resources and education, and to learn from international best practice. Potential models lie with countries like Germany, the world’s third largest industrial power, which has forged a modern, highly

skilled and well paid workforce and strong manufacturing industries, but not without painful adjustments.

The Department of Education, Employment and Workplace Relations is predicting all industries, with the likely exception of manufacturing, will increase their employment over the next three years.

As the graph below shows, predicted areas of growth are in construction, health care and social assistance, and professional, scientific and technical services.

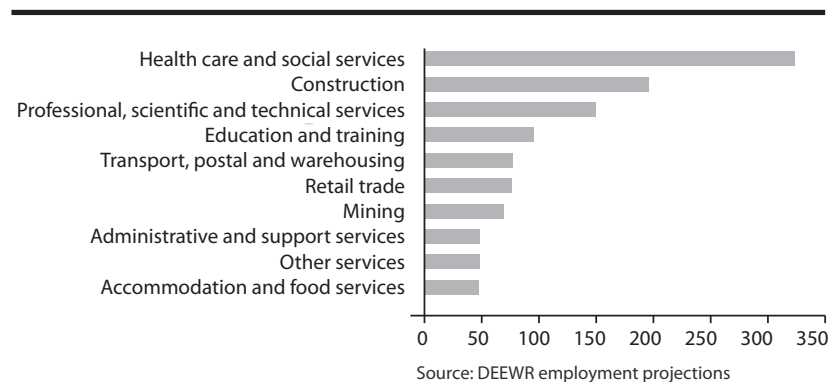
Boosting the employment options in manufacturing will depend on our ability to innovate and to utilise our strengths in education and resources. Governments can help set the framework for a productive economy but it is largely up to Australian businesses to increase productivity and drive economic growth.

Much of this will come from the ability of individuals and businesses to be flexible and use talent effectively, particularly with the right training and skills development.

If history is anything to go by, opportunities for Australia in the global economy today will be very different from the opportunities in a decade’s time.

It is true that for people who have lost their jobs and struggled to find a new one, things might look bleak, but it is also true that the “lucky country” has a solid track record when it comes to changing with the times.

Projected employment growth to 2015-16, Top industries ('000)



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