

BUSINESS NEWSLETTER

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Australian economy – Brief round up

As part of its quarterly Business Liaison Program, Australian Treasury met and held teleconferences with businesses and organisations during early 2012. Liaison discussions pointed to uncertainty around the global outlook as continuing to weigh down on business sentiment. The strength of this concern remained mixed with firms in the mining and related sectors such as parts of construction and transport reporting a strong pipeline of investment and activity while contacts in retail and manufacturing generally had a more sanguine outlook. While labour market conditions had eased over the course of 2011, there are some niche areas where skills shortages and wage pressures are likely to remain.

Activity

Strong demand was again evident in the resources sector. Activity and investment continues to be supported by strong demand from emerging Asia, in particular China. On the east coast, firms reported that coal production had yet to fully recover from the adverse weather events in early 2011. Activity continues to remain uneven across the rest of the economy. Contacts in the retail sector reported that the trading environment was challenging with some retail lines, such as women's fashion, deeply discounted over the Christmas period. Contacts cited the elevated Australian dollar as a key source of pressure with customers increasingly shopping online and greater numbers of Australians holidaying overseas instead of domestically. Contacts in the manufacturing sector noted that trading conditions continued to be difficult and highlighted the sustained high

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Australian dollar as a key source of pressure. However, firms did note that there were some positive effects of the high exchange rate, namely that this lowered the cost of imported capital equipment. Contacts in consumer goods areas of manufacturing also highlighted waning domestic demand as a concern and expected that this would continue to be the case in the near term.

Employment and wages

Overall, contacts reported an easing in hiring conditions although, as with activity, the story was mixed across sectors. Recruitment in the mining and energy sectors remain at record levels, with the recent global downturn having no material impact on hiring. An excess of demand for skilled employees has also seen firms in the mining Key themes from Treasury's Business Liaison program 57 and related construction sectors being less selective in recruitment, but spending more on training. Contacts in the mining sector continued to report strong use of fly-in-fly-out workforces with some contacts in Western Australia noting that they are increasingly flying in workers from the eastern seaboard, as well as from Perth. In the non-mining sector, firms reported a noticeable slowdown in recruitment through the second half of 2011. Some businesses reported responding to global uncertainty by increasing the average hours worked of their existing workforce rather than taking on

new employees. Strong wages growth is expected in the mining and related sectors of the economy, particularly in professions where skills shortages are being felt most acutely. Overall, contacts in non-resources related sectors reported a softening of wage pressures since the middle of 2011.

Financing and investment

Overall, reports on credit conditions remained largely steady this round. Large firms generally noted that, while capital market conditions were challenging in 2011, credit was available at reasonable rates. Some concerns regarding credit in construction, with contacts in the non-residential sector reporting that, particularly for office space, projects have required increasingly higher levels of pre-commitment to secure finance since the Global Financial Crisis. In the manufacturing sector, several firms noted the importance of productivity improvement and innovation programs to their business. One firm noted that, despite tough trading conditions, they were continuing to heavily invest in new product innovation.

(Source- Australian Treasury Department Business Liaison Program Report)

Business Opportunities

NSW to privatise Port Botany and Port Kembla shipping facilities

The NSW government has confirmed that plans for privatisation of Port Botany and Port Kembla shipping facilities will go ahead through a 99 year lease transaction. The government expects to raise up to \$2.2 billion from this privatisation, with the proceeds being invested in major infrastructure projects.

Alinta Energy to implement solar thermal pilot program at Port Augusta

Alinta Energy, a gas and electricity retailer based in Sydney, said it was considering a solar thermal pilot program for one of its coal-fired power stations at Port Augusta in South Australia. The Playford and Northern power stations at Port Augusta have been earmarked for closure due to high emissions and questions about their viability under carbon pricing.

ONGC signs research agreement with UNSW

A ceremony organised by the UNSW for the signing of a new collaborative research agreement between the UNSW and the Oil and Natural Gas Corporation (ONGC), India on 19 July 2012, for a project titled "Hydrocarbon Prospect Evaluation of Basement-Heera Field". UNSW and ONGC had signed a MOU in April 2002. This is the fourth major project undertaken since. Mr Rakesh Sharma, GGM & Director of Institute of Reservoir Studies ONGC was present.

National Climate Commission suggests Victoria can harness solar and wind power

According to the latest report by National Climate Commission led by Tim Flannery on Climate Change Impacts and Opportunities for Victoria, State could capture enough energy from the sun to meet its electricity needs twice over and trails

other parts of the world in harnessing wind power. The report also assess that the sea level rise is tracking close to the upper range projected by scientists, with areas most at risk including Melbourne's bay side southern and western suburbs, east Gippsland and Geelong.

Victoria proposes to consolidate 5 Business Zones into 2 Commercial Zones

The State Government of Victoria's recent sweeping changes from five business zones to two commercial zones have been welcomed by business groups. The proposals envisage amalgamating existing Business 1, 2 and 5 zones to Commercial Zone 1 and Business 3 and 4 to Commercial Zone 2. The main purpose behind this move is to re-energise the capital city zone and breathe new life into Victoria's other retail and commercial hubs. The Victorian Employers Chamber of Commerce and Industry (VECCI) has welcomed this move and said, the planning reforms simplified arrangements and allowed a broader range of activities to be considered in the planning process. Regional Victoria would also benefit from changes to rural zones that would foster agriculture, remove restrictions on complementary business uses in some zones and cut permit restrictions on tourism. The proposal is open to public comment up to 21 September 2012. The reforms are expected to come into effect in October 2012.

Tasmania for development of affordable houses in Hobart

Lara Giddings of Tasmania has said that a new affordable housing development in Hobart's North will generate about A\$300 million in economic activity and provide a boost for the State's

building industry. Brighton Council and the Government have 400 blocks of land in the Bridgewater, Gagebrook and Herdsmans Cove areas to be developed as low-cost, six-star energy-efficient house and land packages. The council has set up a company which will retain some of the equity in the properties, enabling them to sell from A\$220,000 per property. The Premier said that the scheme would help low-income earners break out of the rent trap and boost the building industry. The number of houses being built at the moment is at record lows so the prospect of up to 300 new houses being raised out of the ground will go a long way to helping many within the industry who are finding it a bit tough at the present juncture.

To view the list of all Australian Government Tenders, visit <https://www.tenders.gov.au/>

Business related events in Australia

Australia India Skills Conference held in Perth

The “Australia India Skills Conference” was held in Perth on July 10–11, 2012. It was the first skills conference between the two countries after HRD Minister and his Australian counterpart committed both sides in April 2010 to enhance cooperation in education sector, including vocational education & training by setting up the Australia India Education Council (AIEC). Subsequently AIEC, at its inaugural meeting held in New Delhi in August 2011, decided to hold a Skills Conference. A 45-member delegation from India comprising senior official delegation from Ministry of Human Resources Development (MHRD), Ministry of Labour & Employment, All India Council for Technical Education (AICTE) and University Grants Commission (UGC) as also representatives of Indian industry and private organisations visited Perth to take part in the event and explore opportunities for partnership with Australian side. High Commissioner of India H. E. Mr. Biren Nanda attended the Conference and addressed the gathering at an official dinner.

The conference was opened by the Australian Minister for Tertiary Education, Skills, Science & Research Senator Hon Christopher Evans who in his opening remarks predicted that vocational education & training (VET) was going to be a key area of engagement between India and Australia.

Mr Dilip Chenoy, MD & CEO of the National Skill Development Corporation (NSDC) coordinated the participation of the public private partnership (PPP) players in vocational education & training (VET) sector, including Bharat Forge, TCS, L&T, GMR, CII, Bengal Chamber of Commerce & Industry, JIS group and several other organisations connected with vocational education & training. The representatives from Australian Government, vocational training organisations, educational institutions, industry attended the Conference.

The conference focused on understanding the skills training models in each country, case studies of existing bilateral tie-ups, collaboration and opportunities for partnership between relevant institutes/bodies in both countries in VET. Also the role of Governments in facilitating vocational education and training collaboration was discussed. Participants from both sides made presentations, covering case studies, policies, challenges and opportunities for cooperation. Participants interacted with each other to understand opportunities for partnership in VET in areas such as construction, manufacturing, mining, logistics, retail, healthcare, hospitality etc.

Workshops on ‘Business Opportunities in India’ held in Adelaide

Workshops on ‘Business Opportunities in India’ were held over three days 24–26 July 2012 on ‘Clean Technology or Building and Building materials’; ‘Defence’; ‘Food & Beverage’; ‘Mining & Mining Services’ and on ‘Education’ at the University of South Australia Campus in Adelaide. It was jointly presented by the Australian Centre for Asian Business, a research centre, at the University of South Australia, Access India and the Australia India Business Council (SA).

‘Australia–India Literatures International Forum’ to be held in Sydney

Prof. Gary Smith, Pro vice-Chancellor (Engagement and International), Prof. Anthony Uhlmann, Director Writing and Society Research Centre and Dr. Mridula Nath Chakraborty, Postdoctoral Research Fellow, University of Western Sydney (UWS) called on Consul General and briefed him on the ‘Australia–India Literatures International Forum’, being organised by the UWS. According to UWS the forum, to be held 3 to 5 September 2012, will be a 3-day literary forum, open to the public in Sydney, with themed panels and discussions. It is expected to be the largest gathering of Indian writers to ever visit Australia to engage with Australian audiences.

AIBC organises an event on Innovation at Sydney

The Australia India Business Council NSW ICT Chapter, in conjunction with NASSCOM and Grant Thornton, organized an evening with Mr. Subroto Bagchi, Chairman, MindTree Limited on 1 August 2012. Mr. Bagchi also sits on the Board of Governors of the Indian Institute of Management, Bangalore and is a member of the Governing Council of the Software Technology Parks of India. Mr. Bagchi gave a presentation and had an interactive discussion on 'Innovation'. Deputy Consul General Sydney attended the event.

Seminar on Outsourcing and Offshoring organized by IITAA and E&Y

A discussion session was organised, on 2 August 2012, by IITians Association of Australia Inc (IITAA) and Ernst & Young, in Sydney, on 'Outsourcing & Offshoring' in the Australian context. Around 120 people attended the session. Deputy Consul General Sydney was one of the panellists.

Upcoming Events in Australia:

Speciality Food & Drink Fair (27-28 August 2012)

An event for showcasing gourmet food and drink to trade buyers such as; importers, distributors, wholesalers, independent retailers, restaurants, hotels, cafes, delicatessens, food halls and airlines who are looking to source premium food and drink with emphasis on quality at the top of their agenda.

Venue: Sydney Convention and Exhibition Centre, Sydney, Australia

Website: www.specialityfoodanddrinkfair.com.au

Organizer: Single Market Events

Fashion Exposed, 26 -28 August 2012 in Melbourne at the Exhibition & Convention Centre, is Australia's premier fashion fair. Held at the harbour front Sydney Exhibition Centre each March for Spring/Summer collections and at the Melbourne Exhibition Centre each September for

Autumn/Winter, has the reputation for launching new labels, cutting edge designers and showcasing the big brands, the fashion event will have 1500+ new ranges in women's wear, menswear, children's wear/ street wear and more, FASHION EXPOSED & *preview* will be co-located with the Australian Shoe Fair and the Bags and Accessories Fair. Key features include a schedule of runway shows, industry seminars and debut.

<http://www.fashionexposed.com/>

M&E NSW 2012 – NSW Mining and Engineering (28-30 August 2012)

M&E NSW is where New South Wales mining industry buyers and specifiers come together to do business. Source new products, technologies, and services from leading Australian and international suppliers at one of Australia's most important mining regions.

Venue: Newcastle Entertainment Centre, Broadmeadow

Website:

<http://www.miningandengineeringnsw.com.au>

Organiser: Reed exhibitions

JAA Australian Jewellery Fair 2- 4 September 2012, Sydney Exhibition Centre, Darling Harbour

The JAA Australian Jewellery Fairs are the largest jewellery exhibitions in the Asia Pacific region. Showcases Australian Jewellery industry – new jewellery releases and designs, trading. It features fine jewellery, precious stones including diamonds & opals, pearls, watches, clocks and jewellery equipment. **Expertise Events P/L** –

<http://www.jewelleryfair.com.au>

Fine Food Australia (10 – 13 Sep)

Fine Food is a trade exhibition designed to bring together the buyers and sellers of food, drink and equipment together. Established in 1994 it has grown to become one of the largest food industry exhibitions in Australia.

Venue: Melbourne Convention and Exhibition Centre, Melbourne, Victoria, Australia

Website: <http://www.finefoodaustralia.com.au/>

Organizer: [Diversified Exhibitions](http://www.diversifiedexhibitions.com.au/)