



Speech

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Speech by Jennifer Westacott to the YFoundations Conference 2013

Introduction

Many thanks Emily. And thanks to the team at YFoundations for inviting me to be part of this important conference.

Let me start by acknowledging the traditional owners of the land we meet on in the city of Sydney, the Gadigal people of the Eora Nation and pay my respect to elders past and present. And can I acknowledge any Aboriginal people who are here today.

My name is Jennifer Westacott and I'm chief executive of the Business Council of Australia.

The Business Council is a membership organisation of the chief executives of over 100 of Australia's top companies.

As an organisation, what we do is to tap into our members' experience across all of the different parts of the economy.

We identify the kinds of policies and initiatives that will keep the economy growing and create national wealth and jobs.

The work we do is more significant to your long-term future than it is to mine. Because in a world that is changing at a great pace, the decisions Australia makes now, are going to have a major impact on the economy over the next two decades.

These decisions are central to your job prospects and your prosperity, and the time to start making them is now.

The latest employment data shows that unemployment is rising. One of the groups most affected by that, are young people.

This creates a sense urgency for us to come together today to talk about how to get businesses hiring more people and how you prepare yourself for the jobs of the future.

A little later, I'm going to facilitate a panel discussion on the world of work for young Australians.

But now I'm going to set the scene for that discussion by talking about three things:

- I want to start by describing the kind of environment that creates rewarding jobs and thriving communities.
- Second, I want to paint a picture of what Australia's future workforce might look like in the context of some big changes taking place, here and around the world.

- And finally, before we bring the panel together, I want to give you some tips about how you think about the future and make the right choices.

Macro economic picture

So, let's start with the economic environment we need to encourage job creation.

Here are some killer facts:

- Australia has just recorded its 22nd year of continuous economic growth.
- That growth has seen the unemployment rate fall from a peak of around 11 per cent in 1993, to the 5.8 per cent in the figures released last week.
- The rate of jobs growth has exceeded the rate of population growth.
- Since 1972 real per capita incomes have doubled off the back of average economic growth of 3¼ per cent each year. Wages growth means better living standards.
- But economic growth is now slowing. As a result, we are seeing a disturbing rise in unemployment which could mean fewer job opportunities for young people in the short-term.

If we compare last week's employment figures with those of five years ago:

- The unemployment rate for the general community has increased from 4 per cent to 5.8 per cent.
- And for young people aged between 15 and 24, it's jumped from 8 to 12 per cent.

In simple terms, jobs are the product of a growing economy. Unemployment is the key casualty of a declining economy.

The reason the recent election became so focussed on economic issues was that Australians understand the connection between the economy and jobs.

They also understand that as an economy changes, the global economy and our own, it has a big impact on the kind of jobs that are created.

Unless we square up to those realities, and prepare our country and ourselves for what's coming, we will put at risk strong economic growth and the job creation and wages growth that flow from it.

Unless we make some fundamental changes, your generation not mine will bear the brunt of poor, short-sighted decisions.

An important starting point is to recognise that it's businesses, small, medium and large, that create the wealth that allows a nation and its people to prosper.

Jobs are created when a business or an individual puts money at risk to create an enterprise. Most of you will get jobs in some kind of business.

Governments don't create wealth. But they do play an important role in facilitating and enabling well-managed growth, and making sure the community enjoys the benefits of growth through services and infrastructure.

The Business Council refers to this as a prosperity compact and it involves all sectors and all parts of the community working together.

I understand people's concern about growth being pursued for its own sake, particularly by big business.

The system can seem rigged for the benefit of some, while others continue to miss out. People are right to raise issues of fairness and equity.

But they are wrong if they think that stopping or slowing economic growth is the solution.

That would inevitably take us down a path of rising unemployment and lower living standards.

Changing world of work

Let me now move to our changing economy and the changing nature of work.

The Australian economy is becoming more dynamic and more diversified.

There will be greater connectivity between sectors as a result of technology.

Traditional corporate structures will change and;

Across our economy, we'll move to higher value, higher skilled jobs.

For example the share of service sector jobs in the economy went from 60% to 80% over the last 30 years, and this trend is set to continue.

So why is our economy changing in this way?

Let's look at three big shifts that are transforming the Australian economy:

- The most obvious one is increased technology, particularly digitisation.
- The next is the rise of emerging economies, particularly in Asia.
- And the third is the demographic change happening in our population.

Technological change means that businesses need to be able to adapt quickly to new opportunities, and to be open minded and flexible about how and where work is performed.

Technology and digitisation will change the way consumers buy goods and services and it will change the relationships between people and communities.

Think about how we now do our shopping online, and how we interact through social media. This has changed dramatically in just a few years, and it is just the beginning.

The next big change is the rise of new economies.

Emerging economies in Asia open up massive opportunities for Australia but it's no surprise that other countries are putting up some stiff competition.

Integration with the economies in our region will see different business models emerge.

We will require very different expertise – not only language expertise. Australia needs to embrace a much broader concept of Asian literacy including cultural skills.

The third force, are the changes happening to our population.

Our population is ageing. Today, for every person over 65 there are 5 people working. By 2050 this figure falls to 2.7.

This means we need to continue to grow the population through migration and we've got to make sure that everyone who can work, particularly older people, are working.

We also need to acknowledge, hard as it may be for you to believe at your age, that people will want to work longer so they can have a better quality of life.

So what does all this mean.

It means we have to start designing our education and training systems to prepare people for a lifetime of learning and change.

Our workforce will be more mobile and more fluid, and there will be a fair degree of disruption.

It's the role and responsibility of our governments to facilitate that transition carefully.

It's not a simple thing to prepare for so much change, and anyone who suggests as much is not seeing the full picture

How we work will change

A lot of what I'm saying is not so much about what kind of workforce we will need in the future but about how people will work.

When I first went to university, the career that lay ahead looked pretty straight-forward. I simply had to choose a profession and train for it.

I had every chance of getting a job here in Sydney and settling in for a long, fairly predictable career.

Young people today are expected to have 15-20 jobs over their lifetime – many of those jobs don't yet exist.

It's not hard any more to imagine a world where people will work from home permanently. Where you can run a massively successful enterprise from the couch wearing your PJs.

It's not hard to imagine moving cities, states or countries several times over a lifetime to take up job opportunities.

I was in Port Hedland last week and saw that change first hand.

It wasn't traditional old miners in fluros I was talking to. It was sharp young engineers, many of them women, flying in and out from their home cities, and making really good money doing it.

In a dynamic global economy, workers who have the full package of education, skills and personal qualities, and who are prepared to move, will be like gold.

Labour will be the most sought after resource in the modern global economy.

So there has probably never been a better time in a better part of the world, to be a skilled Australian.

Policy changes

Well what do we need to do to ensure that you and every Australian are part of the country's success?

The Business Council has recently released a broad economic action plan that covers nine policy areas Australia needs to get right to achieve enduring prosperity.

They include tax and regulation, infrastructure, population policy, how we engage with the world, and how we get the systems right to encourage innovation.

Today, I want to focus on the chapter of the plan that is about developing the workforce.

Our starting point is that to compete internationally, we have to prepare our young people with the education, skills and attributes that prepare them for a lifetime of employment, rather than one job for life.

The first thing we need to do is improve foundation skills. Our literacy, our numeracy and our digital literacy.

It's not good enough that Australia is falling behind competitor countries in Europe and Asia - we can and should do better.

Some ideas we've put forward are:

- not allowing kids to move to secondary school until they meet basic literacy and numeracy standards.
- focusing on improving teacher quality, especially in maths and science. We think we should put specialist maths and science teachers in primary schools.
- and encourage greater autonomy for school principals so they can recruit and reward the best teachers.

Our next idea is to create better opportunities for all young people to complete Yr 12 or equivalent qualifications. This means either a pathway to university or a vocational pathway to move straight into the workforce.

The simple fact is if you don't complete year 12 your chances of getting a well-paid job diminish.

Another idea we have is to ask the federal and state governments to look at ways of increasing on the job training and learning through internships and cadetships.

We are also working with the government to find ways to shorten the time it takes to qualify as an apprentice.

As the economy changes people will need to move from one trade to another and we don't think people should have to keep going back to Square 1.

Finally, the workplace relations system needs a complete overhaul to encourage more flexible working arrangements and promote greater collaboration between employers and employees.

Labour market rigidities are the enemy of young job seekers and people who want more flexibility.

I'm keen to hear what you think about these ideas. Whether they're relevant to you. Whether they make sense to you.

Making sense of choices

And that brings me to the last thing I wanted to talk about before the panel session. I want to talk about personal choices, and how to think about your job choices and what they mean for your life.

Young people today may have more options than I had but that brings more pressure too:

- to make money and get ahead fast,
- to impress parents and peers,
- to come up with new ideas for generating fame and fortune.

Throughout my career I've seen too many people choose the wrong path because they've been looking at the future through the wrong lens.

I said a few minutes ago that when I finished school my professional path seemed clear. I'd stay in Sydney, get a qualification and use it for life.

In some ways, that's how it happened, but in many others my life turned out quite differently to what people expected.

I've moved my home city four times to take on different roles. These days, I spend half the week in Sydney and half in Melbourne with countless hours spent on aeroplanes, and I don't even like flying.

I've also moved between the public and the private sector – unheard of for many people of my generation.

How have I made those decisions?

Well, at the risk of sounding like your Auntie, let me finish my presentation with my top tips for success.

All through my career, I've chosen what to do next by breaking the decision down to a couple of simple choices:

- Where I feel happy and fulfilled, and
- Where and how I want to make a difference.

My advice today would be that those questions are a good guide for choosing the right path.

Rather than thinking about what kind of qualification you'd like to have, think about the skills and attributes that will serve you for life.

Problem solving, collaboration and creative thinking will serve you better than coming first in contract law.

Rather than what letters you'd like to have after your name, think about what kind of contribution you'd like to make.

Choosing a field of study or a job shouldn't be about what seems safe or easy.

You need to be prepared to take a risk, to have a crack at new things. I think it was Henry Ford who said be prepared to fail, the only bad type of failure is when you haven't learned.

Neither you nor your employer should expect you to do everything perfectly on day one – which is a characteristic of young people today I find.

In the circles I move in, the current "management speak" that informs recruitment firms is to look for people, right up to senior levels like mine, who can get back on the horse after they fall off.

You can't fall off if you don't take the risks in the first place. A key characteristic you will need to be successful in the workforce is resilience.

Finally, I'd say that if you want to have the environment that allows you to make choices, you should try to be part of shaping the economy and society you're going to live in.

I know it's hard to get your voice heard – it's hard enough for me in the position I'm in to feel I'm getting through to policy makers sometimes.

I don't have an easy formula for how to influence the policies that affect you. But I would advise you to be informed, to read widely and to take the opportunities you do have to make a difference.

It's my job, and the job of politicians, to make the policy discussion relevant to you but you have to make sure you are part of the debate.

When you hear people talk about competitiveness or productivity, don't be put off by the economic babble - what they're talking about is your job. And what is your job.

At its most basic level a job is how we pay our bills. But it's much more than that. It's how we define ourselves, how people define us and how included or excluded we feel.

We will spend most of our awake hours at work and make most of our friends and contacts there too.

And for everyone, that day you're told you have your first job, whatever it is, you feel a new sense of purpose and dignity and achievement.

That is why we have a collective responsibility to create as many jobs as we can, now and in the future.

I look forward to hearing your suggestions.

Thank you.

For further information contact:

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The Business Council of Australia (BCA) brings together the chief executives of 100 of Australia's leading companies. For almost 30 years, the BCA has provided a unique forum for some of Australia's most experienced corporate leaders to contribute to public policy reform that affects business and the community as a whole.

Our vision is for Australia to be the best place in the world in which to live, learn, work and do business.