



AUSTRALIA-CANADA ECONOMIC LEADERSHIP FORUM

RAPPORTEUR'S REPORT

**FOR THE 2018 AUSTRALIA-CANADA ECONOMIC LEADERSHIP FORUM
July 9-11, MONTREAL, CANADA**

The sixth Australia-Canada Economic Leadership Forum (AusCan) took place July 9-11, 2018 in Montreal, Quebec. It was the first time that Montreal had been chosen as the Forum's site since the organization's inception in 2010. It was a timely choice since Montreal is experiencing an impressive renaissance, with low unemployment, industries flourishing in aeronautics, high technology, digital entertainment, artificial intelligence, and massive infrastructure projects including public transit and a huge bridge across the St. Lawrence River.

A record 212 people from both countries registered for the 2018 AusCan Forum, a testament to its importance at affording business and policy leaders an opportunity to share ideas, promote economic ties and reinforce the already solid links between the two countries.

The Forum Co-Chairs in Montreal, as in Sydney for the 2017 Forum, were Jennifer Westacott, Chief Executive, Business Council of Australia and Norman Steinberg, Chair Emeritus – Canada, Norton Rose Fulbright.

In their introduction, the Co-Chairs expressed their belief that Australia and Canada are beacons of normalcy and examples to the world of democratic principles against a backdrop of increasing nationalism and populism, and they hoped that the Forum will continue to be a catalyst for greater collaboration and engagement between our two countries.

As many speakers subsequently noted, few countries in the world have as much in common as Australia and Canada. Bilateral merchandise trade measured about C\$3.7 billion in 2017 and about C\$3 billion in services.

Two-way investment between the two countries is over A\$90 billion according to Australian government statistics, see: <http://dfat.gov.au/trade/resources/Documents/can.pdf>

According to The Economist Intelligence Unit, Global Liveability Index 2018, six of the world's top 10 most livable cities are Australian or Canadian (Melbourne, Calgary, Sydney, Vancouver, Toronto, and Adelaide). More than 375,000 Australians visited Canada in 2017 and more than 167,000 Canadians visited Australia.

When the Forum met in Sydney, February 2017, the world seemed gripped by considerable international and economic uncertainty. By the time of the 2018 Montreal meeting, this uncertainty had intensified. Indeed, one theme emerged in discussions among business leaders: they are managing, or trying to manage, in an era of growing uncertainties thanks to

technological changes, the irreversible growing strength of China and the unpredictable policy directions of the United States under President Donald Trump.

To these uncertainties have been added political populism in Western democracies, such as Italy and Eastern European countries, and the spread of authoritarian government in countries such as Turkey, the Philippines and Russia. For Australia and Canada, countries committed to the rule of law, free trade and fair elections, and with pluralistic demography, these trends are worrisome, for they spill over into international relations, especially in trade where protectionist sentiments and threats to established international arrangements are growing.

As the conference met, the British Conservative government lost key cabinet ministers over that country's withdrawal from the European Union. President Donald Trump, having already disrupted the G7 summit by refusing to sign the communique and his attack on Canadian Prime Minister Justin Trudeau, then disrupted the NATO summit with stinging criticisms of fellow NATO countries. Trump then headed off to a summit with Russian President Vladimir Putin without consulting the United States' allies about the subject matter of the summit.

The rapporteur's summary of the Sydney meeting had noted that "of particular concern, or at least wonder, was the orientation of Donald Trump's administration, given the close political ties, military alliances and economic links between the United States and Australia." Can these two countries count on continuity and understanding in Washington, or should they expect the unexpected; and if so, what kind of unexpected?"

At the time of the 2017 Forum, the United States had just pulled out of the much-anticipated Trans-Pacific Partnership (TPP). By March 2018 Canada, Australia and 9 other countries had decided they would proceed without the U.S. and signed the 11-nation Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

At the Montreal Forum, Australian and Canadian participants answered the question posed in Sydney by expressing frustration at the attitudes and actions of the Trump administration. Protectionism now seems to drive the U.S. trade agenda, with tariffs being imposed on products from China, Europe and Canada. The U.S. appears determined to withdraw from or disrupt international trading institutions such as the World Trade Organization. The Trump administration seems to believe that the best way of reducing the U.S. trade deficit with China (and other countries) is to levy tariffs and when these are reciprocated more tariffs are the American answer. Delegates noted with dismay that the Trump administration lashes out at its long-time friends such as Canada, Germany, Britain, but has nothing but kind words for authoritarian regimes as in North Korea and Russia.

One of the Co-Chairs gave a very sobering analysis that people are electing leaders that are outside the political mold. They are voting for greater national sovereignty and are increasingly suspicious or unconvinced by global or multilateral institutions. There is a tendency to blame these trends on personalities; however, the discussion of idiosyncratic administrations has become a surrogate for a proper understanding of the serious forces of change that we face.

How did this happen? One could answer that we have failed to modernise the global institutions and check if they are fit for purpose. We have not properly and continuously explained the benefits of free trade and open markets. We must make the community confident that there is a way to transition in the labour market as a result of technology - to date we have not done this.

People regard innovation as a loss of their job - loss of their opportunity to prosper. This is our collective failure, not that of any one person. We must think about the role our two countries have in re-energising the centrist, open, world trade global order and how we make it relevant and meaningful to people who are feeling disenfranchised.

If Australia and Canada truly believe in liberal democracy and a rules-based international order, we need to double down. Australia and Canada can and must play a crucial role. We must hold true to the principles of economic and social freedom. The freedom to trade, the commitment to free enterprise and market, underpinned by the rule of law.

It was well noted that the timing of CPTPP came at a critical time as it demonstrated a positive counter-example of rules-based trade and investment liberalisation on a cooperative basis. It might even help in other contexts such as stimulating progress in the WTO. Amidst the change and turmoil, there are great opportunities for Australia and Canada to show global leadership.

There were many good and timely questions raised at the 2018 Montreal Forum, if not necessarily ones that yielded easy answers. They sparked intelligent commentary and debate of the kind that makes the Forum worthwhile and attracts large and growing numbers of participants. Under turbulent times and changing global circumstances, how do companies succeed? What should their business leaders do? How can they manage when trade restrictions and tariffs are being imposed by governments?

The Forum's utility and success was underscored, not only by the record attendance but robust corporate support, led by presenting sponsor PwC; palladium sponsor Power Corporation of Canada; platinum sponsors ATCO and Norton Rose Fulbright; gold sponsors RBC Capital Markets and Kirkland Lake Gold; silver sponsors Shell Australia, SNC-Lavalin, AON, Navitas, Virgin Australia, Rio Tinto, Saputo, Nutrien, Air Canada, Woodside, Pamoja Capital, CPP Investment Board, Caisse de dépôt et placement du Québec, OMERS, and the governments of Australia and Canada; and bronze sponsors, ABB, AustralianSuper, Bakers Delight/COBS Bread, CAE, Ivanhoé Cambridge, Macquarie, Ontario Teachers Pension Plan, Harvard Developments, LCI Education Network, J.P. Morgan and Export Development Corporation.

Geopolitics and the State of the World

The "state of the world" is perilous, not in the sense of war on the horizon, but in the challenges to premises upon which Australia and Canada have built their places in the world. The rule of law and free trade are both under assault, with the most unsettling assaults coming from the two countries' long-time ally, the United States.

What to do with, or rather how to react to the Donald Trump administration dominated discussion about the "state of the world," with a second theme being how to react to the rise of China. Australia, with much closer relations to China than Canada, but with military, cultural, political and economic ties to the United States must navigate bilateral relations with both. Canada, with 75 per cent of its trade tied to the U.S. market necessarily is preoccupied with Canada-U.S. relations and has not yet figured out what kind of relationship it wants with China.

Canada's dilemma, shared by other U.S. allies, was articulated by an experienced Canadian participant: Trump is a master of disruption who has withdrawn or internally challenged many multilateral institutions, thereby creating uncertainty for the Canadian economy and foreign policy. "We need stability in trade more than the U.S. does," he observed, reflecting the ten-to

one size discrepancy between the U.S. and Canada. Tested by the Trump administration and having heard the U.S. President insult Prime Minister Justin Trudeau, many Canadians have rallied behind the Prime Minister.

It was argued in this session that although President Trump is disruptive and a politician America's allies hope will be eventually weakened and defeated, the domestic sentiments that gave rise to his presidency are deeply felt and widely shared. The decline in trust for institutions (business, government, media) pre-dated Trump's arrival and likely will remain after he leaves office.

While Trump goes about weakening the western alliance, China is "feeling its oats" with a strategic long-term view, which includes using its huge and growing economic power to influence the rules-based international trading system to its liking. The Chinese, and not the Americans, are presenting themselves as "free-traders," whereas the Trump administration is avowedly protectionist.

If you look at the growth trajectories of the Chinese economy, by mid-century the overall dynamics are overwhelming. Similar to the experience between Canada and the United States, the economic relationship will be the World's relationship with China.

China's strategy is simple – don't overtly rock the boat – instead use your enormous economic leverage through trade and investment to obtain greater political purchase, foreign policy purchase and with time, security policy purchase over the rule-based system.

In the face of these dynamics, it was suggested that perhaps within the G20 like-minded countries, including Australia and Canada, should band together to seek to stabilize the system. China sees the existing rules-based system in disarray, so that if the Chinese just wait on developments, and use their growing economic strength, a new system will emerge that is more nativist and mercantilist. Using the G20 to rebuff this drift depends upon the G20 being a serious decision-making body, an assertion contested by panelists.

In this shifting world, how should business executives react? Already in Canada, there are some signs of companies pivoting away from the U.S. market what with the administration's tariffs and threats to impose additional ones. The Canadian business community realizes it is overly reliant on trade with the U.S. and is attempting to develop other markets. Executives are rather confident about factors they can control, but there are those over which they have little influence, and these are worrisome such as climate change, trade uncertainties and the Trump administration.

Also, companies now operate, at least in democratic societies, where the number of stakeholders with different points of view has multiplied, and these voices all have access to social media. Executives must engage more than ever with politicians and regulators. They must undertake in strategic planning that includes the ability to refocus quickly and to plan for the uncontrollable.

Also shared were some PwC global research findings from their CEO Survey, that show:

- The world is in the post-industrial phase and is heading quickly into an IT knowledge-based economy
- China is rebuilding hugely, with technology everywhere in its new companies and entities

- The western economies need to develop a strategy to grow the middle class, because the middle class is feeling disenfranchised, caused by the accelerating pace of automation, which is making many working groups redundant
- With the fast pace of automation, we need an overhaul of the university system: it is currently not producing the jobs and education skills needed by the new IT economy.
- The middle class needs “a bigger piece of the cake” (probably through the taxation system), and there needs to be a new social contract with workers, so that they feel more a part of the economic growth strategies and see the benefit for themselves in it

Energy and Natural Resources

Central to domestic debates in Australia and Canada are energy and natural resources, both countries being storehouses for minerals and fossil fuels, and in Canada’s case hydro-electricity. To put matters mildly, participants remarked that meeting the Paris accord’s carbon emissions targets will be difficult. The world-wide challenge is stark: reducing emissions while demand for energy will be increasing as developing economies generate more wealth and standards of living rise. Encouraging news, however, is that major companies understand the imperative of reductions and are doing something about it.

One company representative outlined what needs to be done to underline the enormity of the tasks ahead: a tripling of energy efficiency, an end to de-forestation, large-scale carbon capture and storage, a vast expansion of battery storage capacity, a huge increase in wind and solar generation technological breakthroughs. One example of the challenge: in the The Organisation for Economic Co-operation and Development (OECD) today, only 1.5 per cent of cars are powered by electricity; in the developing world older cars (more than a decade old) that pollute badly are widely in use. Trucks driven by electricity are highly unlikely; but one solution being proposed by Shell is for them to be powered by hydrogen engines, or liquified natural gas. These new engines are proposed to be used also for large container and cruise line fleets. Several cruise ships already run on Liquid Natural Gas (LNG). Encouraging as these examples are, the gap between serious reductions in transportation emissions and what might be needed remains large.

Another example, a rather stunning one, of business reducing manufacturing emissions: Rio Tinto, in conjunction with Alcoa, and Apple, the governments of Canada and Quebec, will build the first carbon-free aluminium smelter that will produce oxygen rather than CO₂ gases: the venture is called “Elysis”. Also, in Quebec, Hydro-Québec has over 1,000 small-scale solar projects in Indigenous communities replacing diesel fuel. It is expanding 1,400 fast-charge electrical re-filling stations across the province, and just won a major contract to supply hydro-electricity to Massachusetts.

In Australia (and increasingly in Canada) energy and emissions have roiled political debate for more than a decade, with controversy rather than consensus being the order of the day. As Australian panelists remarked, the defining issue around energy is price, and if doing something serious about reducing emissions involves price increases, public acceptance is hard to achieve. “The politicians are struggling and trying to get the public to understand and come along,” one participant observed.”

Developments in Asia and Implications for Investment and Economic Growth

In no period has the importance of Asia for Australia been greater said an Australian participant, an observation no one contested. To include the importance of India to Australians, the commonly-used phrase is now the “Indo-Asian” region as opposed to “Asia-Pacific” region, although India is not a part of the CPTPP. Australia sees India as an important trade and investment partner.

That nod to India having been made, Jing Ulrich, who agreed to be cited, outlined the size of economies to underscore the importance of China: The United States US\$19 trillion; China US\$13 trillion; Japan US\$4.9 trillion; and India US\$2.6 trillion. All the Asian economies together equal the size of China’s economy. In 2018, China alone will account for 35 per cent of the world’s growth. In addition, the Chinese government’s strategy for 2025 is to become a high-tech powerhouse in ten industries, including electric vehicles, biotechnology, robotics and artificial intelligence.

As a China expert said, “China is transforming itself from being an imitator to an innovator.” One ubiquitous example: China is moving from a cash to a cashless society where everything is done on a cell phone. Artificial intelligence patents nearly tripled in the last three years; China is already the world’s largest manufacturer of electric vehicles.

Engaging economically with China does mean navigating the increased involvement of the Chinese Communist Party, in almost all areas of business. How do western businesses, who keep being assured the state is slowly withdrawing its influence, deal with the party’s penetration that has grown noticeably in the last 18 months. This penetration, among other examples of state influence, if not control over Chinese enterprises, makes negotiating a free-trade deal with China difficult. Australia has done so, but there are periodic concerns expressed about Chinese activities in Australia; Canada has not done so. It appeared negotiations might start prior to Prime Minister Trudeau’s visit to China, but his government had second thoughts just before his trip and nothing was accomplished. Canada also began pursuing a free-trade deal with India under the previous Conservative government, but it quickly found that negotiating with India was “like running a marathon in a sea of mud,” according to a Canadian participant conversant with the negotiations.

And what about that other perennial complaint about doing business with China, a complaint that arises in all discussions about trade deals: the theft of intellectual property? It has happened, participants agreed, and still happens. Still, one participant argued China now understands it must change because its own companies are becoming creators and owners of intellectual property.

China and the U.S. are now slapping tariffs on each other, a function of the Trump administration’s frustration with China’s \$375-billion trade surplus with the U.S. and theft of intellectual property. Both countries will be hurt, but participants noted that China has \$3-trillion (U.S.) in reserves. China can also mobilize its vast domestic reserves to ease the pain of economic dislocation caused by tariffs.

CEO Panel

Chief executives noted that Australia and Canada are facing headwinds, some coming from within their own countries. High taxes, increasing government regulations, policy uncertainty, environmental obligations, higher input costs, and low and declining productivity (especially noticeable in Canada) are among the domestic brakes.

The rate of technological change is breathtaking and can be threatening. And yet huge opportunities exist for private-public partnerships in infrastructure, these partnerships being a way of dealing with the infrastructure deficit that challenges both countries. And agriculture, a strong suit for both countries, creates new opportunities because the world's population is expected to increase by 2.5-billion people by 2050, and they must be fed.

CEOs expressed concern about the threats to the rules-based international trading system and to the tariffs being imposed by the United States and responded to by other countries. Climate change is a risk that must be managed, and governments (including Australia and Canada) are still struggling with how to meet stringent carbon reduction targets.

Countries with small domestic markets such as Australia and Canada need to have swift approval processes for projects, because without such swiftness, other countries will have already moved ahead. Canadian CEOs are especially alarmed about the inability of the country to approve natural resource projects. Foreigners potentially interested in Canadian resources look at the regulatory complexities, federal-provincial bickering, aboriginal claims, court appeals and wonder if Canada is where they wish to invest. In too many cases, the answer is no. Australia, among other places, is a better place to invest. By contrast, a royal commission on banking in Australia, suggests the banking industry there is more in the limelight of controversy than banks in Canada. Canadian CEOs, operating adjacent to the United States are aware that corporate tax cuts and a lighter regulatory framework are making that country a more desirable place to invest. Said one Canadian CEO, "we're investing heavily in the United States", reflecting a trend of net-capital outflow.

Financing Infrastructure Transactions in Canada and Australia

Australia and Canada have both unveiled government plans for major multi-billion-dollar infrastructure funds that are already financing projects, including public-private partnerships. Many participants at the Forum spent an entire day before the official two-day program discussing infrastructure.

Time and again, participants underscored that no shortage of capital exists in the two countries. What is lacking are investment opportunities for all that capital. And sometimes there is political opposition to the idea of the private sector buying public assets or building infrastructure that critics insist should belong to and be administered by the state. In Australia, it was noted that soaring labor costs are putting financial pressure on projects, in part because there are so many of them.

An impressive amount of Australian and Canadian money has been invested in infrastructure in each other's country. Australian company Transurban recently purchased Quebec's A25 toll bridge and road. Quebec's public pension fund owns about a quarter share in the port of Melbourne and half of the electrical transmission grid to Canberra and Sydney. OMERS, the pension fund of municipal employees in Ontario, also has a share of the port of Melbourne. It's

not yet clear what the creation of the Canada Infrastructure Bank will mean for private investment, from domestic or international sources, as the Bank is not yet up and running. Opportunities, participants said, look especially promising in renewable energy projects which pay long dividends, especially since the cost of installation and equipment (solar panels, in particular) continue to decline.

Private infrastructure comes in various shapes with different kinds of projects, for example: expansion of existing facilities such as hospitals, airports, ports, roads or light rail. But participants cautioned that there is much less appetite from pension funds for greenfield sites, because of the construction risks involved, thus they prefer projects that are already built-out with operating revenues. Sometimes, infrastructure and real estate projects are blurred, as with big convention centers which contain a large real estate component and, say, a rail station.

Dinner Speech

Forum delegates were honoured by the presence of Hon. Josh Frydenberg, Minister for the Environment and Energy, Australia. His speech highlighted the long history of cooperation between Australia and Canada, countries that “share a common outlook, common faith in open markets, free trade, liberal democracy and international institutions.” He added: “Defending, promoting and strengthening the global rules-based order must now be our highest priority. It’s time for Australia and Canada to restate our convictions with new urgency, to new audiences, in the face of new risks.”

Australia, he noted, has entered its 28th consecutive year of economic growth. Unemployment is 5.4 per cent and economic growth is 3.1 per cent. The federal deficit is scheduled for elimination next year after a decade of deficits.

Bilateral trade and investment between Australia and Canada are just over \$100-billion but can go much higher, especially with the CPTPP agreement that will lower tariffs and non-tariff barriers. “There is plenty of room to boost the existing investments in food and agribusiness, biotech and fintech, education and training,” Minister Frydenberg said.

Economic Development of Indigenous Peoples

The Forum devoted a session to the economic prospects for Indigenous citizens in both countries – and the session was not under Chatham House Rule. The session was moderated by the Rt. Hon. Paul Martin, former Canadian Prime Minister and founder of the Martin Family Initiative which funds economic development, business development and early childhood education among Canadian Indigenous groups. Mr. Martin said in opening the session, “One part of our common story that is cause for considerable concern is the unacceptable treatment of Aboriginal peoples. That this is a moral issue of the highest order is undeniable.”

In both countries, Indigenous peoples suffer from much higher rates of poverty and social dislocation than the rest of the population. Education levels are lower than average and per capita income is lower too. And yet, improvements are occurring, in part because court cases in both countries have affirmed Indigenous rights which governments and companies must now respect.

Joanne Farrell, Group Executive, Health, Safety and Environment and Managing Director, Australia, Rio Tinto, said her company had 30 land use agreements with Indigenous peoples. She said Rio Tinto recognizes Indigenous peoples’ links with land and water. Rio Tinto’s

approach, she explained, was to negotiate settlements that include land rights, direct employment, environmental management, cultural programs and direct payments. Rio used the same approach, she said, in developing a diamond mine in Canada's Northwest Territories.

Eight per cent of Rio Tinto's employees in Australia are Indigenous and a quarter of the employees at the diamond mine in Canada are Indigenous. Over the last seven years, the company has had \$3.5-billion in contracts with Indigenous companies in Australia. An Indigenous-owned bauxite mine has just opened in the Northern Territory and made its first shipment recently to China.

Nyunggai Warren Mundine, Chairman and Managing Director, Nyungga Black Group Pty Limited, a respected Indigenous leader in Australia, began his remarks by saying "You can't shift people out of poverty without having an economy." Building an economy, he explained, used to be thought of as the job of government. But in 2013, "We started to change that, to get the private sector and Indigenous groups to build and own businesses. Governments began to steer contracts to Indigenous-owned firms, so that \$1-billion went to those firms last year. There are now more than a thousand Indigenous companies in Australia, and the culture of business has changed from the early efforts when, he said, "government had too much control and was too involved."

Kelly Lendsay, President and Chief Executive Officer, Indigenous Works, said Canada could have almost full employment nationally if the Indigenous unemployment rate was at the national average instead of being two-and-half times higher. He acknowledged that in Canada Indigenous people are "diverse and fragmented" (there are 625 First Nations, Metis and Inuit), with some groups for and some opposed to development projects.

A big hurdle in Canada is the lack of engagement with Indigenous peoples by companies. Mr. Lendsay said a recent survey of 511 firms showed 85 per cent lacked an engagement strategy, although the share was much better in the natural resources sector where joint venturing is taking place, a process he described as the "new fur trade for us."

Early childhood education and parental instruction in child-raising are critical to building better outcomes for Indigenous communities. Mr. Mundine underscored the urgency by saying that in Australia, Indigenous students are a year behind when they arrive at school and remain behind, so that the dropout rate soars by grade nine. Mr. Lendsay added that 52 per cent of Indigenous children in Canada live in poverty. Martin added that "governments aren't spending enough money, not after two hundred years of assimilation or cultural imposition." But all participants agreed that the private sector had an important role to play in partnering with Indigenous communities, providing training and jobs. Governments alone cannot do the entire job.

Opportunities and Challenges in the Defence Industries

Australian and Canadian militaries are both high-technology forces that are highly inter-operable with the U.S. military. The different geographical locations of the two countries, however, dictate somewhat different priorities. Canada is in the North Atlantic Treaty Organisation; Australia is not. But were involved in the mission in Afghanistan.

Australia spends about 2 per cent of its GDP on defence, Canada 1.3 per cent. Both countries' governments have outlined major future investments in defence procurement, although Australia's decisions are further advanced. The Australian navy, whose upgrade is at the heart

of the defence review, is to receive \$89-billion for ships and shipyards. As one Australian noted, the country is moving from policy-making to implementation. Australia has agreed to purchase the F-35 fighter jet, Canada has not. Canada has very extensive requirements for industrial offsets in purchasing, Australia does not.

Canada is expected to double its defence spending in the decades ahead, but future governments' commitment to follow through might be questioned, since polls consistently show that Canadians do not ascribe a high priority to defence spending. Similarly, Canada's defence industries will be challenged to meet all the defence spending promises since the offset requirements are onerous.

Australian participants were bullish on future industrial prospects. The government has committed to spending \$200-billion in the next decade. The challenge for industry will be to deliver on all the procurement contracts, on time. As in Canada, their industry needs more skilled labour.

In Canada, procurement has at best, a spotty record of delivery on time and budget. A Canadian participant argued Canada's system for procurement is far too complicated, with too many ministries involved and no "single person accountability" as is practiced in the U.S. defence procurement areas (which bring in large projects on, or closer to budget, and on time). Australia, by contrast, has a single point of responsibility. Similarly, the Canadian military has the habit of changing requirements during the bidding process, adding time and complexities which contribute to delays. And the industrial offset policy means procurement is often highly political, as Ministers argue over where contracts should go to create jobs. At least, however, the previous Canadian government made the courageous decision that only two yards were selected to build navy ships. The Irving Shipyard in Halifax now employs 1,800 people, 900 of whom are in the blue-collar trades.

Workforce of the Future

This session was not under Chatham House Rule. The great uncertainty for modern economies stems from the future of work. With artificial intelligence, robotics and Big Data beginning to make themselves felt, will new work mean a chunk of the labor force will be without jobs, as machines replace people, or will things work out, albeit with severe adjustment? That question was squarely put by Jon Williams, Senior Advisor and former Global Head of People and Operations, PwC. His company's surveys "show that people are genuinely nervous about their job and the impact of technology on it." Businesses amid this uncertainty or even fear, need to rebuild trust, explain clearly the skills they will need – and not just technical ones but human skills – and concern themselves with the mental wellness of employees.

Lesleyanne Hawthorne, Professor, International Workforce, University of Melbourne, explained that Australia and Canada are hungry for migratory talent, in some sense competing for people who will integrate and make a quick impact on the labor market. There has been an unprecedented temporary movement of people into Australia, with half a million people moving there in recent years. "The world wants to come to our countries," she observed. However, there is a need for bridging policies, allowing them to bring their skills and professional qualifications up to Australian and Canadian standards.

Having studied immigrant and settlement in both countries, Professor Hawthorne said 75 per cent of immigrants to Australia were working within six months, compared to 60 per cent in

Canada. Over time, however, 90 per cent are employed. Rightly or not, employers put a high premium on English-language (or French-language) skills and people with credentials from other advanced economic countries.

Of course, the workforce of the future will be partly shaped by economic demand and partly by what institutions of high learning produce. According to Sheldon Levy, Chief Executive Officer, NEXT Canada and former University President, universities are going to have to change substantially to meet the labor market demands of the future. He noted there are surveys that ask universities if they are doing a good job to which 80 per cent of respondents said yes, but when industry was asked, the majority of respondents said no. Industry and higher education must work more closely together, up to even jointly developing curriculum.

Rod Jones, managing director of Navitas, agreed that the “education system is not delivering what we need today, because it is based on the model that one size fits all.” The challenge in the education system is to prepare people for the future of work, and higher education is not doing this well. He agreed with Mr. Levy that universities must become much more attuned to the needs of the job market.

Ann Buller, President of Centennial College and former Chair of Colleges and Institutes Canada, spoke about how the College system in Ontario, and Centennial College in particular, is coping with the new trade and educational skills posed by the new economy. The College system in Ontario was created by Premier Bill Davis in the 1970’s for post-secondary school students who did not wish to go on to university. But it has come to maturity in the last 10 years with the shift into the new 21st century economy. New skill-sets, education and training were required by private sector employers for new employees and workers displaced by the shift from the old to the new, that needed to be retrained. This is an ever-growing part of the educational sector, providing jobs and skills training which traditional universities cannot provide.

Next Meeting

It was announced by the Co-Chairs that the next meeting of the Forum will be held in Melbourne in 2020.