



BUILDING RESILIENCE IN AUSTRALIA - LESSONS FOR THE WORLD

Dr Keith Suter, Managing Director, Global Directions

Webinar

Tuesday, 13 April 2021, 09:00 BST

A Word From Today's Chairman



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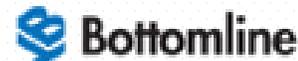
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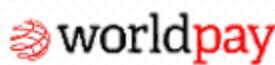
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Today's Agenda



- 09:00 – 09:05 Chairman's Introduction
- 09:05 – 09:25 Keynote Presentation – Dr Keith Suter
- 09:25 – 09:45 Questions & Answers

Today's Speaker



Dr Keith Suter

Managing Director

Global Directions



BUILDING RESILIENCE IN AUSTRALIA - LESSONS FOR THE WORLD

Dr Keith Suter, Managing Director, Global Directions

- The Economist magazine: “Australia is the Wonder Downunder” - longest consecutive period of economic growth in Western history from 1991 (including avoiding a recession in 2007-9); 29 years of uninterrupted economic progress (a “recession” is two consecutive quarters of negative economic growth)
- Reputation has been damaged by COVID though the country is now out the recession
- Initial handling of the COVID crisis went well
- But current vaccination situation is not going so well (mainly because of vaccine issues); overseas suppliers are withholding supplies claiming that there is now less need for them in Australia (which by international standards is virtually COVID-free)

“Resilience” Defined



- “Resilience is the capacity of any entity – an individual, a community, an organization, or a natural system – to prepare for disruptions, to recover from shocks and stresses, and to adapt and grow from a disruptive experience”. Judith Rodin The Resilience Dividend, p 3
- There is no one single key to guarantee resilience; indeed resilience may be difficult to identify in specific situations: we can improve resilience in Australia but I doubt that we can make a “resilient Australia” permanently because of all the emerging issues (such as climate change)

Summary of the “Lessons”



Tough immediate action

Complementary economic measures

Social acceptance

Risk of “just in time” supplies

The need for a resilient supply chain

The need for greater explicit attention to resilience

TOUGH IMMEDIATE ACTION

Australian population:
26 million

Total covid deaths in
past year: 909 (UK:
population 68 million;
COVID deaths 127,000)

Cases arise from people
coming from overseas

Government has largely
banned movement into
and out of Australia

37,000 Australians are
still stranded overseas

Politicians have listened
to cautious health
experts (and so avoided
the dunning-kruger
effect!)

Poll 1: Have you encountered the Dunning-Kruger Effect?



- A. Yes, I'm quite the expert
- B. I haven't heard of it
- C. No, never

Complementary Economic Measures



- 2019 general election: “it’s the economy stupid”; 2020: “it’s the community stupid”
- Economy largely closed down
- Australia normally heavily reliant on cross national border travel (such as overseas students and tourists); pretty well ended for a year
- Lesson from 2008 global financial crisis: “go hard, go early, go household”; Australia avoided a recession by avoiding austerity measures
- Government has again poured money into the economy at the individual level (such as subsidized employment) and for infrastructure (house prices are at record level)

Social Acceptance



- Australians have an international image for being surly, “difficult”, hard to manage; but they accepted all the harsh measures; there has been a grudging acceptance of all the restrictions on civil liberties
- Acceptance of working and studying from home

Risk of “Just in Time” Supplies



- With the failure of Keynesian thinking by the early 1970s, economic rationalism filled the vacuum (such as Margaret Thatcher in 1979, Ronald Reagan 1980, Bob Hawke 1983: different political parties and yet similar policies: reading off the same script)
- Government privatization, down-sizing, and outsourcing its functions to the not-for-profit or the for-profit sectors
- “Just in time” supply lines; Australia has outsourced a lot of manufacturing to cheaper overseas suppliers
- Elimination of “fat” in systems (“redundancy” was 1930s thinking: Sydney harbour bridge, which will outlast many of the buildings surrounding it, can hold more transport than it currently carries)
- Australia has had difficulty sourcing covid vaccines; government has now announced that it no longer has a timetable for ensuring everyone is vaccinated

Poll 2: Has the COVID crisis encouraged to re-think “just in time” thinking?



- A. Yes
- B. A little, but more could be done
- C. No, things haven't changed

The Need for a Resilient Supply Chain



- Covid crisis has revealed that it is unwise to place so much reliance on China as the “factory of the world”
- India’s prime minister Narendra Modi: the covid crisis has shown that China can’t be trusted
- Therefore Australia should engage in trade arrangements based on “trust” and not just “lowest cost”; the obsession with low cost has made us vulnerable
- There is a need for a resilient global supply chain
- Could there be a new trade alliance between India, Japan and Australia?
 - Japan: technology and world’s 3rd largest economy
 - India: large, well trained workforce and productive capacity
 - Australia: resources
- All three are flourishing and stable democracies
- “Just in time” should be replaced by “just in case”

- “Resilience” is acquiring greater saliency but we still have a long way to go
- Improving resiliency in Australia will require new mindsets, from how we raise children to how governments run the national economy
- “Resiliency” in its own right should be a topic for risk committees and boards and all other organizations – we need to “talk up” the issue
- More long-term thinking is required (and not just a short-term focus)

Keith Suter

Keith.suter@bigpond.com





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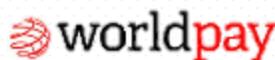
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- Wed, 14 Apr (15:00-15:45) War, Terrorism And Hostile Cyber Activity: Consensus And Clarity Within The Cyber Frontier
- Mon, 19 Apr (10:00-10:45) Financial Centres Of The World 2021: Focus On Frankfurt
- Tue, 20 Apr (11:00-11:45) Esop Sofa: Hot Topics In Employee Share Ownership - Newspad Review
- Wed, 21 Apr (14:00-14:45) Why 2021 Will Be A Record Year For M&A In The Knowledge Economy - Consulting, Software & Technology Services

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