FED: Grants to help students learn in Asia

CANBERRA, Oct 31 AAP - More than 10,000 university students will head to Asia to study thanks to a new government grants program.

The $37 million AsiaBound program offers grants of between $2000 and $5000 to students who want to do short or semester-long study exchanges.

There will also be $1000 grants available for preparatory language study.

As well, the maximum OS-HELP loans available to students studying in Asia will increase to $7500.

Tertiary Education Minister Chris Evans said it meant students got greater support to undertake part of their study in Asia.

"This is a program to give Australian students the opportunity to build lifelong professional networks and friendships," Senator Evans said on Wednesday.

It underpins the government's Asian Century White Paper goal of boosting the number of Australian students doing part of their degree in an Asian country by 2025.

The moves have been backed by universities and academics.

Universities Australia CEO Belinda Robinson said it would go a long way to addressing one of the key challenges in encouraging students to immerse themselves in the region.

"We know that it is more difficult for students to get part-time jobs while studying in Asia than it is elsewhere and that as a consequence the cost of living and studying is a disincentive," Ms Robinson said in a statement.

"Perceived language and cultural barriers also mean that students are more likely to study in Europe and the US."

Ms Robinson said she believed the AsiaBound program could well be the "tipping point" to overseas study becoming part of the normal Australian university student experience.

The National Tertiary Education Union also applauded the grants program, saying it showed the government was prepared to back its vision for Australia's future in the Asian century with real money.

AAP klc/lk/mp
FED: Grants will help students learn in Asia

More than 10-thousand university students will head to Asia to study thanks to a new government grants program.

The 37 million dollar AsiaBound program offers grants of up to five-thousand dollars to students who want to do short or semester-long study exchanges.

Tertiary Education Minister CHRIS EVANS says it means students get greater support to undertake part of their study in Asia, underpinning the government's Asian Century White Paper goal of boosting the number of Australian students doing part of their degree in an Asian country by 2025.

AAP RTV klc/lk/wz
Australia’s reputation at risk over medical intern crisis

Author : Bruce Robinson

About 150 international medical students graduating from Australian universities do not have an intern position for next year due to funding shortfalls. We are at a critical point. If graduates cannot secure an internship locally they will have no option but to take their chances in the competitive matching programs in their home countries. In some home countries, there are no opportunities. In Canada, US and European Union, the odds are against them.

The damage to the reputation of Australia as a higher education destination is one thing. Future international student numbers will be affected; students will continue to use both the local and international media to tell their stories. In my view, though, reputational damage is less important than the personal consequences for the students, young people who have come here in good faith, worked hard, passed their exams, become alumni of our universities but now may potentially find the whole exercise was a waste because they have limited opportunities to get their registration.

We are still hopeful that a satisfactory outcome can be achieved, but at the moment internships appear to have become another political football with negotiations and discussions going back and forth between Canberra, state governments and medical school deans with no resolution.

Over the last few years, we and other medical schools have argued that international students add a great deal to Australian medical education and community. Namely:

International student fees fill funding holes. Medical education is not fully funded and international medical students bring more than $15 million a year into the University of Sydney alone. That is a lot of salaries and training, which will not be paid for if we don’t resolve this issue.

The 847 international medical students attending universities in NSW contribute the best part of $85 million a year to the state’s economy in university fees and living expenses. Across Australia, we have a shortage of doctors and recruit internationally to fill workforce gaps. Last year, like most
recent years, more than 3000 visas were issued to international doctors to work in Australia. It is nonsensical to reject graduates of our own universities when we are advertising widely for both junior and senior doctors. In its recent workforce planning report, Health Workforce Australia identified the reliance on internationally trained doctors as a significant area of risk for Australia. HWA has factored into its workforce planning that 70% of international graduates remain in Australia, so we need to find a way to include them and support them in their training. There is capacity for more interns to work in public and private settings. We know that many public hospitals would greatly appreciate additional interns. We know that many interns do a great deal of overtime and in discussions have said they would prefer to reduce their working hours. Increasing the number of interns and reducing the working hours of others would be more productive, potentially safer, and may actually not require significant additional funds. There is also capacity outside the public hospital system to employ interns. Medical Deans Australia and New Zealand has been pushing hard to find a resolution and all medical schools have agreed on the need for change to the management of international medical students, including caps on the total number and other points. The Department of Health and Ageing has put $10 million on the table to avert a crisis with this year’s graduates but that money is contingent on the states contributing a total of about $8 million in addition for all students to secure a place for 2013. At this point, we have not been able to engage with the NSW Ministry of Health and there is no commitment to provide the additional funds that would allow this year’s graduates to secure positions. Internships for 2013 are the immediate priority, but clearly this is something that needs to be resolved for the longer term. All parties will need to work together to achieve fair management of this matter.
Year 10 leavers overlooked

THOUSANDS of students are falling through the cracks after leaving year 10 because the education department has no way of monitoring them, an audit has found.

Auditor-general Peter Achterstraat said the department lost track of 6912 students across the state after they failed to re-enrol in year 11 in a government school in 2011.

The students were the first year affected by the increased school leaving age and were required to continue full-time education, undertake training programs such as TAFE, apprenticeships and traineeships, take up full-time paid work, or a combination of these, until the age of 17.

The audit examined how well the department monitors and supports young people at school or on an approved alternative pathway until they reach 17.

It found that the department did not keep track of young people post-year 10 who entered full-time work or vocational education.

Releasing the report yesterday, Mr Achterstraat said that of the 54,607 students enrolled in year 10 at government schools in 2010, only 47,695 re-enrolled the following year.

Principals verify that students who leave school after completing year 10 satisfy the requirements for participating in an approved pathway. However, the department does not collect the number of these students leaving school.

Mr Achterstraat said this meant it was not known how many of these students were undertaking approved activities, had gone elsewhere, or had just decided to drop out.

"I am concerned that the Department of Education and Communities does not know which students are not participating and therefore cannot take any action to support them," he said.

The report also found that some of those who stayed at school were disruptive or simply didn’t turn up.

Mr Achterstraat said the department needed to locate the young people and, for those at government schools, better support students at risk of disengagement.

"Overall, the raised school leaving age is an important initiative that should have positive impacts," he said.

"Opportunities to improve the success of this initiative lie in making sure students don’t fall through the gap and maximising the choice of options that engage and meet the needs of students until they turn 17."

Parents are responsible for the participation of their children in compulsory education and training.

Mr Achterstraat made eight recommendations in the report, including improved data collection and examining access to quality career advice for 15 to 17-year-olds.

Education Department director-general Michele Bruniges said it had no legal responsibility to monitor students on all approved pathways, including those who were in full-time work.
To dismiss the influence of Asia, or Australia’s place as part of the region, is simply no longer an option

KENT ANDERSON IN MY VIEW

SOUTH Australians are bold, adventurous and enlightened. Explorer Sir Douglas Mawson led explorations in Antarctica during breaks from teaching geology on North Tce.

Colonel William Light relocated from his native Malaya to design our most sophisticated city, and then for good measure jumped across the ditch to design our sister city Christchurch.

Dr Augustus Short ambitiously set aside a career as a leading educator at Oxford, teaching people like prime minister William Gladstone, to travel to the other side of the world where he would set up a new kind of progressive university at Adelaide.

It is time we recaptured those kinds of ambitions.

South Australians eat Asian food, holiday in Bali, maybe even do a quick business meeting or shopping tour to Singapore, but right now they are reluctant to take the bold step of committing to studying and immersing themselves in the culture there.

We plan to change that at the University of Adelaide, and wise funding following in the wake of the Asian Century white paper will help.

Fewer than 250 of the 25,000 students in my university ventured offshore on study abroad programs last year. And even those undertaking a gap year after high school invariably head to Europe or the United States.

Asia, although it is much closer and more relevant to Australia’s future, seems low on their list of possibilities.

There are reasons, of course. There are the challenges of Asian languages, and the cost of living overseas for a semester in countries where casual work can be hard to find. All this has traditionally deterred many students from heading for universities in Asia.

Yet the experience of living and studying in Asia cannot be replicated. And that life experience is exactly the influence that will enable the next generation of leaders to enjoy meaningful and productive interaction with our Asian neighbours through study, work or culture.

This is why Wednesday’s announcement by Tertiary Education
Minister Chris Evans of over $30 million for scholarships and support for local students electing to study in Asia is a godsend.

It will help us to interest Australian students in study in Asia in much more significant numbers.

It is the kind of practical initiative we were hoping would follow from the Asian Century white paper.

Now let me be clear – the Asian Century white paper, released last Sunday, is very welcome: as the head of international activity at a leading Australian university, I am glad that the Government is positioning the spotlight so firmly on Asia, and committing to build our capacity in the region from all perspectives.

It is important to note that many of the proposals the white paper sets out for universities have been happening for years already.

At the University of Adelaide, for example, we have embraced Asian students for over 40 years. We currently have around 7000 enrolled. And we have many talented research and teaching staff who are of the region – or have studied in Asian universities.

One innovation we are considering will improve the quality of the experience Asian students have while they are here. Currently our international students and local students and the wider community don’t personally connect often enough at the deep friendship level.

Too often a group of students from China will end up flating together, leading naturally to exchanging Schezuan and Cantonese recipes and gossiping in their local dialect.

Such students often return to their own country without even their English having improved.

It’s an unnecessary lost opportunity to forge the kind of cross-cultural links we need to boost Australia’s “Asian capability”.

At University of Adelaide, we aim to introduce an Alumni Host Program for these students – which will connect each of our international students with an Australian family, who will invite them to their homes for a weekend meal, show them the sights of Adelaide, and generally help them to have an Australian experience.

It will recapture the strengths of the old Colombo Plan of 60 years ago, which made sure Asian students went home with lifelong Australian connections.

Education, at all levels, is very much the key to embracing the Asian Century. It’s a great challenge, and history tells us that serious commitment is required on both sides of the agenda.

To dismiss the influence of Asia, or of Australia’s place as part of the region, is quite simply no longer an option.

Encouraging more Australian students to study in Asia and enriching the experience Asian students have in Australia are two fundamental ways universities can contribute to the Asian Century.

Professor Kent Anderson is the Pro Vice Chancellor (International) at the University of Adelaide. Before coming to Adelaide, he was director at the Australian National University College of Law and Faculty of Asian Studies.
System does a poor job of training

One can only despair at the mess in which the Australian vocational education and training system finds itself.

Each state and territory has its own system; each with a multitude of rules; local, regional and central administrations, secondary school interdependencies, private and public providers and many industry advisory groups and government committees.

And on top of this is the federal government which, for more than two decades, has been trying unsuccessfully to “buy” some level of compliance with unclear national system objectives.

It is now almost 20 years since the commonwealth established the Australian National Training Authority. Yet 20 years on and the existing systems appear to still be incapable of producing a skilled labour force of the type needed within our economy, when it is needed.

From the viewpoints of relevance, efficiency, quality, quantity and cost, it is hard to see where any real improvement has occurred. How Australia is ever to reach the goals set for it in the Prime Minister’s Asian Strategy is anyone’s guess.

And continuing to leave responsibility with the states and territories, where budget-driven approaches appear to be the arbiter of what is offered as training (as we are witnessing in NSW), will mean that some of the potential for Australia to benefit from the growth in Asia will be lost.

It is one thing to set goals, it is another to have a system that can deliver them. For Australia, the current disarray within its training system means lower returns from any future involvement in Asia. And in the short and medium term, can we afford to continue to ignore this essential ingredient of our future economic growth?

Perce Butterworth
Annandale NSW
When public policy impedes progress

Cochlear’s Chris Roberts explains how regulation can stymie good ideas

Human prosperity has developed over many thousands of years, driven by two factors: the ability to specialise at doing something well, and the opportunity to trade, or exchange, that for mutual gain. This is articulated particularly well in Dr Matt Ridley’s book The Rational Optimist — while the book is a counterblast to the current prevailing pessimism, the messages on how society creates value is so fundamentally important that it should be taught in schools.

By exchange, humans discovered the “division of labour” for mutual gain. Specialisation encouraged innovation, because for example, it encouraged investment in tool-making. It may sound simplistic that our prosperity has evolved simply by embracing specialisation and exchange (trade), but what makes this so powerful is that so many people misunderstand it, and hence fight it.

Thus the history of human prosperity is also the history of human attempts to constrain prosperity as it evolves, because evolution is also about change. Bureaucrats, priests, armies, governments, the ruling elite … there is no shortage of groups which over the years have sought to slow implementation of innovation (and hence growth in prosperity). Many people have no idea how society creates value, or if they do, believe it is a zero sum game (where you win at someone else’s expense).

The pace of growth in prosperity has been accelerated over the past 400-plus years by advances in science, and these advances in science have been paralleled by advances in technology. If one considers “science” as “knowledge” and “technology” as “application of knowledge” it is easy to think of a linear model, where science leads to technology. The truth is very different. The history of western science teaches that technology often precedes the science. This is because you can build things by experimentation and trial and error. Science (knowledge) and technology (the application of knowledge) in addition can form a feedback loop. This iterative process can be very important. For example, continued page 7+
Progress impeded

From page 1

Clinical experience with cochlear implants has led to significant outcome improvements in children through earlier implantation (that is implants at a younger age) as well as bilateral (two ears) implantation. In these examples the technology has not changed per se, but how the technology is used has changed.

I want to emphasise the point that some parts of the job could only be done by scientists and clinicians in hospitals and laboratories — but there were also some parts of the job that could only be done by a company established with the express objective of generating a profit through finding customers and making sales.

Cochlear could not have succeeded had professor Graeme Clark and other scientists not done the fundamental research that underpins the technology we use.

But it was because Cochlear was established as a global business — and conducted core business functions like sales and marketing, manufacturing, quality, regulatory, research, development as well as finance — that we succeeded in delivering hearing implant systems to so many people, and changing their lives profoundly for the better.

And it is because Cochlear has been able to use and commercialise technology, proprietary technology — because we have products that cannot be easily replicated by a competitor — that we have been able to earn good margins, generate good returns and pay good salaries to over 2500 employees.

Cochlear has now relocated onto the campus of Macquarie University. A hearing precinct is being constructed on campus where groups (totalling several thousand people) involved in different aspects of hearing will be co-located. From hearing aids to implants, from basic research to applied research, from research to clinical services, the hearing precinct is unique.

One of the issues debated endlessly when it comes to innovation policy is the importance of clusters. Silicon Valley is the best known example but there are plenty of others: Route 128 in Boston, Cambridge in the UK and Bangalore in India.

With the hearing precinct at Macquarie we are building a similar cluster of organisations and people involved in the technology and business of maintaining and improving human hearing.

Innovation implies successful commercialisation. It is different from invention, which may or may not lead to successful commercialisation. So innovation is necessarily linked to productivity and cost competitiveness.

MODERN GROWTH theory identifies three key determinants of longer-term productivity growth: increased capital, increased labour and technologic change. It is worth remembering that Robert Solow won the Nobel Prize in Economics in 1987 for his findings that technology is far more important than capital or labour in driving productivity growth.

Solow studied all the factors that resulted in a quadrupling of US per capita income from 1869 to 1953. He showed that only 15 per cent of the growth over all those decades was attributed to more inputs, that is, more labour or more capital. These results were tested on the economic growth from the 1950s through the 1980s (by Ralph Landau at MIT). The clear conclusion: economic growth over that century was due primarily to technologic change and its implementation. Other countries may now be growing faster than the US but the principle remains.

At Cochlear, we have consistently sought to become more productive — to help us stay internationally competitive in the face of challenges that would otherwise erode our competitiveness.

One such challenge for Cochlear has been the relentless appreciation of the Australian dollar over the last decade, having doubled in value against the US dollar for example. Cochlear’s manufacturing is based in Australia, and to remain globally competitive it has been critical to drive productivity in manufacturing.

Put another way, with over 90 per cent of our sales made outside Australia (and hence not in Australian dollars), but with Cochlear doing its manufacturing in Australia, the appreciating Australian dollar has been a drag on earnings.

To ensure Cochlear remains internationally competitive, we have introduced major productivity-driving initiatives in manufacturing. The result is that cost of goods sold (COGS) as a percentage of sales have been relatively constant over the past five or so years. The fact that all foreign sales when translated back to Australian dollars are worth less as the Australian dollar appreciates can’t be helped, but by preserving the gross margin (as a percentage of sales) Cochlear has been able to remain internationally competitive.

The majority of other operating expenses are overseas and hence naturally hedged, so preserving gross margin has been key.

In many ways it has been helpful at Cochlear to think of innovation and productivity being twinned. They are inextricably linked. Both must be supported and driven.

You sometimes see it argued, particularly by those who are suspicious of the business sector, that productivity is simply a code word for reducing wages or reducing employee numbers. Cochlear’s experience has been very different.
Productivity improvements in manufacturing have not been about lowering wages. Indeed the wages of our manufacturing staff have risen by 30 per cent over the last five years (driven not just by cost of living increases but by merit increases based on specific skills that drive flexibility and agility in manufacturing).

AN ORGANISATION’S ability to drive innovation and productivity is heavily influenced by the environment in which it operates. While many factors influence that environment, government policy is certainly a significant factor. Indeed, the first point to make is that public policy settings are far more impactful over both long and short time frames than is evident from just a casual glance.

So what public policy settings are important? It starts with education: one of the most important things a society can do is to educate its people. And by education I mean in the right things — not educating yourself into industrial decline like Britain did in the 1900s (albeit not helped by an aristocratic disdain for sources of wealth other than rural estates and investment income). An education system suited to the demands of a modern advanced technologic society, with appropriate emphasis on STEM (science, technology, engineering and maths) and well as the humanities (to develop the art of rhetoric), at primary, secondary and tertiary level.

Education does need to change. Unfortunately, so much of today’s education is all about the past, all about “what is”. We spend far too little time thinking about value creation and value design. In terms of thinking skills, our education system focuses on critical thinking skills (and very little on other thinking skills such as lateral thinking, creative thinking, design thinking and the like). It is not that critical thinking skills are not important — they are very important — it is that critical thinking is not enough. The weakness of the judgment system is that it was never designed for change.

And without change the evolution of man’s prosperity is truly constrained.

Inevitably, not all the needs of companies like Cochlear can be met by people educated in Australia. If we are to grow and succeed, we need to be able to access talented people from around the world. Australia has not had a recent history of many of the industries essential to a globally successful Cochlear.

In some other ways, though, being based in Australia creates some real challenges.

Cochlear’s implant system is classified as a Class III active implantable medical device, requiring regulatory approval in most countries in which it operates (for example by the Food and Drug Administration in the USA). In European countries a Competent Authority, typically a ministry of health, appoints accredited Notified Bodies to conduct assessments of devices before they can get the required approval.

Now a key issue for an Australian-based exporter of medical devices, like Cochlear, is that in quite a few countries the law requires that a device must have been approved in the country of origin — that is, Australia — before it can be approved for use in the country to which we are exporting.

In fact, there are 37 countries that require country of origin approval (that is, approval from Australian authorities) before Cochlear can apply to register the product in those 37 countries. (These are not European countries or the US — which rely solely on what their own regulator determines).

For one recent, but important, product, approval took 14 months longer in Australia than for Europe. That is, after obtaining regulatory approval to sell in Europe, it took 14 more months before Cochlear could even start to apply for product registration in key markets like India. In this case, Cochlear ended up several years behind its European competitor in being able to offer a key product into dozens of markets.

This is not the fault of the relevant regulator, the Therapeutic Goods Administration (TGA) — an organisation staffed by competent and supportive people. Instead, it is a reflection on the legislative framework under which the TGA operates, as well as the resources available to it.

Let me go back to the point I made earlier about the desirable social and economic outcomes from Cochlear’s success. I would argue that our public policy settings should seek to encourage many similar stories — with Australian research turning into successful companies improving their customers’ lives with their products, employing thousands of people and earning export revenue for Australia.

Certainly Cochlear’s growth has been aided by government support at key points.

However, I would argue that other public policy settings have created significant barriers to Cochlear — and more importantly have prevented other companies from getting to the point that we have reached.

Specifically, I have highlighted our regulatory process to approve therapeutic devices. The design of that process does not recognise the harm done to the export prospects of Australian companies by slow approvals.

In my view this is a specific instance of a more general problem: the increasing breadth and detail of regulation. The social and economic benefits delivered by innovative companies do not come easily and should not be taken for granted. It is very easy for government to load cost and compliance burdens onto business with ever-increasing regulation.

As a nation we will pay a real cost for doing so, if we discourage the growth of new companies and thereby miss out on having many more.

Chris Roberts is the chief executive of Cochlear. The above is an edited extract of the inaugural J J C Bradfield Institute lecture, given in Sydney on October 23.
Education needs to focus on technology but also humanities, as a way of broadening knowledge.

“We spend too little time thinking about value creation and value design.”

Graeme Clark, inventor of the Cochlear implant.
Redundancy forced on acclaimed musicians

MOVING ON
By Emma Macdonald

Last year, classical harpist Alice Giles was earning the ANU’s School of Music international acclaim as she became the first professional musician ever to perform in Antarctica.

Last week, she fell victim to funding cuts at the school – joining eight esteemed music academics in the redundancy queue – including her husband, the School of Music’s head of keyboard, Arnan Wiesel.

It’s an unhappy ending to a 14-year career at the ANU in which Ms Giles won considerable recognition, not least for her ground-breaking live-streamed “Alice in Antarctica” performance on ice from Mawson Base.

Israeli-born Mr Wiesel, whose international appearances include New York’s Carnegie Hall, has been at the school for 12 years and last year founded the Australian International Chopin Piano Competition which includes a $50,000 prize pool and attracts an international jury – the future of which is now up in the air.

In the last six months, both Ms Giles and Mr Wiesel have attempted to secure continued employment as part of reforms to the curriculum and staff structure at the School of Music, but they were finally informed last week that they no longer possessed the correct skills set to remain at the institution.

“It has been an incredibly stressful six months. We really tried to be positive about embracing the changes and the curriculum and staying on to provide continuity for students,” said Ms Giles.

“But the likely outcome of the process raises questions about the validity of the proposed changes. During our time at the ANU we repeatedly demonstrated we have the broader skills required.”

Since all 32 School of Music academic and general staff positions were originally spilled in May as part of a $1.4 million funding cut by the ANU, about 10 academics have signed voluntary redundancies, four have secured ongoing employment, and five have been rejected from new position descriptions. Following the last round of redeployment technically eight academic positions remain unfilled.

Student numbers are tipped to drop as a result of the negative fall-out from the staffing cuts and course changes next year. The school’s director Peter Tregear said numbers were down – by about 20 per cent – but they reflected a downturn across the humanities felt more widely across the country. “That doesn’t mean we won’t fill all our places by next February,” Professor Tregear said.

“The School of Music has been hammered in the press since May, so of course that is going to have an effect on numbers.”
Advertisements for the new position descriptions went out on Tuesday with Professor Tregear saying he was “highly confident of attracting world-class applicants”.

Mr Wiesel said he would be surprised if the school filled half of its student places by next year since traditionally the school’s reputation was spread by word of mouth.

“It remains to be seen how possible low student numbers will affect a viable School of Music budget”.

“The last few months have been very difficult on the students themselves, and they face uncertainty about what they will be doing next year. Many don’t want to risk staying.”

With about 230 students enrolled at the start of this year, the new model requires about 300 students next year – a number that the departing academics and National Tertiary Education Union said will not eventuate.

Ms Giles said “I am sad for what the students have witnessed as a devaluing of their commitment to culture by society.” Ms Giles and Mr Wiesel both hoped that the ACT government and the Canberra community will join together to support an independent Performing Arts School.

Professor Tregear said he understood how painful the process had been on staff and their failure to keep their jobs was not a reflection on their abilities as internationally renowned performers, but on the broader range of skills required by the new curriculum.

“The only danger to the school’s future is the continuing suggestion that it is failing. It is not failing,” he said.

“The decision for Canberrans is “do you want a school of music or not? If you do, then get behind it now.”

VICTIMS OF CUTS: piano teacher Arnan Wiesel and classical harpist Alice Giles.
Labor unit lays it on the line: firms in crisis

A BUSINESS surveillance unit set up by the Gillard government has been warned that the impact of the economic downturn is accelerating as more businesses hit the wall.

As Labor enters an election year, Industry Minister Greg Combet and Workplace Relations Minister Chris Evans have learned that the government’s Industry Update Unit is “generating near-record numbers” of companies struggling in the wake of the global financial crisis and a poor economic recovery.

The unit’s routine briefing notes, obtained by The Australian under Freedom of Information laws, cast a dim light on the domestic economy.

According to the August briefing note, 91 entities were in trouble that month, mostly in the services and manufacturing sectors. Of those, 38 were a “going concern”, including 10 in manufacturing, and a further 44 were preparing for job cuts or restructures, with almost half of those in the manufacturing sector.

Textiles and clothing companies were reporting reduced sales to other companies, and higher import competition due to the buoyant Australian dollar, while the severity of issues in the food, beverage and tobacco component of the manufacturing industry was on the rise, driven by droughts, floods and poor sales.

In the automotive industry, conditions were also deemed to be severe, with high costs, weak global demand and a high Australian dollar affecting competitiveness.

NSW and Victoria had the highest numbers of companies in distress, followed by Queensland, while Western Australia recorded an increase in August.

But perhaps the most concerning aspect of the briefing note pertained to the long-term analysis the unit had been able to do since it started collecting data in April 2009. As expected, the months immediately after the GFC produced a high number of reports, but that declined in the first half of 2010 as the economy recovered, only to begin to creep up again last year as the unstable global economy, combined with a high Australian dollar and some one-off issues, caused problems.

“As a consequence, approximately 800 reports were received in 2011, compared to 600 in 2010,” the unit advised ministers.

“Reports in 2012 are running above the average for 2011, with recent months generating near-record numbers. Thus far, the rise in reports appears largely confined to consumer-serving sectors, but potential exists for these issues to spread.”

“It appears . . . that firms utilised a range of methods, including reducing hours and hiring, as a way to avoid closures and redundancies during 2010 and 2011.

“However, the rise of the Australian dollar and the persistent softness of global conditions pushed many firms past their capability in 2012.”