

Three Secrets that Saved Australia from the Economic Crisis ~ ¥5.5 million a Year Even for a Part-time Job ~

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In Australia, the minimum weekday wage is over ¥2,000 per hour with up to doubled hourly rates on Sundays

The minimum wage in Tokyo is ¥1072 per hour (effective October 1, 2022), whilst in Australia it is A\$21.38 per hour (as of September 11, 2022) or approximately ¥2010 (calculated as A\$1 = ¥94). In some cases, hourly wages on Saturdays are guaranteed to be 1.5 times higher than on weekdays, up to double the weekday rate on Sundays.

If one were to work part-time for three days on weekdays and two days on weekends, each for eight hours, their total annual income would be close to ¥5.5 million at minimum wage. Granted, this cannot be directly compared with Japan as there are other factors such as the exchange rate, income tax rate, price of goods and services.

A resource-rich country, Australia has long been plagued by the Dutch disease (which will be covered later in this article) and has been unsuccessful in building the infrastructure to support its vast lands. **However, thanks to various measures, Australia sits in 12th place among Asia-Pacific countries in the World Happiness Report, ranking far ahead of Japan in 62nd place.**

In this article, I would like to share some insights on what we can learn from Australia in order to improve the current labor productivity in Japan. **The concept of "analogical thinking" to learn from external sources is an essential skill to achieve quick improvements in this era of rapid change and future uncertainty.**

Population density of Australia is 1/100 of Japan. Automotive industry driven out of business by Dutch disease

With a population of 25 million, Australia's population density of 3 persons/km² is much lower than Japan's 333 persons/km² or the United States' 34 persons/km². By city, Sydney has 430 people/km², Melbourne 453 people/km², and the capital Canberra 443 people/km², all far below the 15,428 people/km² of Tokyo's 23 wards, Singapore's 8,358 people/km², and New York City's 11,000 people/km².

A resource-rich country, Australia has a GDP per capita of US\$57,000, much higher than Japan's US\$39,000. However, its economy has been suffering from a serious Dutch disease for a long time and industrial diversification is urgently required for future economic development.

A Dutch disease refers to the phenomenon where trade surplus resulting from the export of abundant natural resources leads to the appreciation of the country's currency and the loss of international competitiveness, mainly in the manufacturing industry due to higher labor wages. The automotive industry was in fact once a major industry but came to meet its end in 2017.

I would like to explain how Australia has addressed this, via implementing good national management policies to address the low population density and supporting the creation of new industries in this environment.

1) Investment and management policies with good intentions that support low population density

There are many industries that are not suitable for countries with low population density. Cell phone base stations, EV charging facilities, retail chains, and public transportation are some examples of extremely inefficient investments when population density is low. In Australia, there are existing policies to ensure minimal unsound or unnecessary investments or operations in these areas.

For example, only Sydney and Brisbane have train services from the international airport to the city center, while other airports offer cab or bus services. In addition, many gas stations are unmanned, and retail stores are closed at times of the day when customer traffic is low.

2) Technology to support low population density

In Australia, a number of technologies have been developed to support low population density. For example, there are innovative technologies to support the operation of gyms that are open 24 /7 or to automate agriculture. Among these, a company that provides IoT technology called **Myriota** is attracting particular attention. Starting as a spin-off venture from the University of South Australia in 2015, the company aims to build a large-scale, low-cost, low-power consumption satellite communications network using nano-satellites. Its technology is currently being used in a wide range of applications, from monitoring wind farms to water tanks on farms.

It has raised more than A\$50 million in funding to date, and investors include Innov8, a Singapore-based venture capital firm run by SingTel, one of Asia's largest telecommunications companies, and HorizonX, Boeing's venture capital arm.

3) Role of the federal and state governments in supporting the creation of new industries

A key factor in creating new industries in Australia is the federal government's management of industry portfolios and state governments' focus on specific industries. For new industries, startups in each state's region focus on a specific business area, such as FinTech in New South Wales, AgriTech and HealthTech in Victoria, and CleanTech and SpaceTech in South Australia.

Moreover, each state governor has made efforts to develop their cities to maximize the growth of the industries they are focusing on. For example, in South Australia, the



incubation hub Stone & Chalk is located within walking distance of the University of South Australia, the University of Adelaide, and research institutes. Myriota, introduced in 2) above, is also a university startup born in such an environment.

In the past, excessive population growth was considered a social issue in Japan – today, the paradigm has shifted and key challenges include a declining population due to the falling birth rate and aging population, as well as depopulation of regional cities.

Instead of viewing environmental change as a risk, let us acquire and apply the skill of analogical thinking to find reference cases that will help us solve our current problems. Looking across the world, there is an abundance of solutions and resources that we can and should tap on.

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About the author

Mr. Kohki Sakata is CEO of IGPI Singapore. After joining Cap Gemini and Coca Cola, Kohki joined Revamp Corporation, where he managed projects on global expansion and turnaround in various sectors, including F&B, healthcare, retail, IT, etc. After joining IGPI, Kohki has managed projects mainly on global expansion and cross border M&A in various sectors such as logistics, IT, telecom, retail, etc. In addition to his broad experience in implementing solutions that have been developed in Western countries, he has developed multiple methods to turnaround Asian companies with a focus on setting a clear vision and employee empowerment. He has proven the practicality of these methods by turning around Asian companies not only as an advisor but also as senior management. He graduated from Waseda University Department of Political Science and Economics and IE Business School.

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