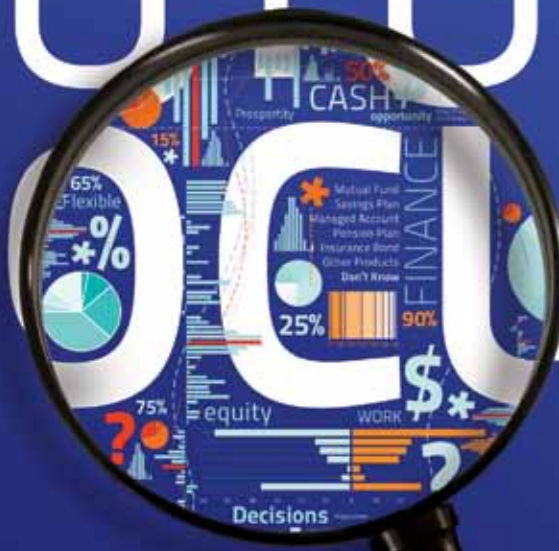




FUTURE FOCUS.



by Rebecca Huntley
and Bernard Salt

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INTRO DUCTION.

Future Focus is an important study for several reasons. This is thought to be the first time the business community and the wider Australian community have been engaged in a structured research process that canvasses attitudes to the future direction of the Australian nation.

Typically when questions are asked about 'the future' the responses tend to be an extension to whatever is happening at the time. In this study Bernard Salt of KPMG and Rebecca Huntley of Ipsos use alternative scenarios of Australia in 2020 to give form to responses. The theory being that it is easier to talk about the future when a version has been painted for you.

The study takes two markedly different scenarios of what Australia could look like in 2020 (Global and Measured Australia) and elicits responses from the business community and the general population.

A total of 12 interviews were completed by both Ipsos and KPMG with the CEOs of some of Australia's leading companies, four of which were ASX Top 200; another four headed the Australian operations of multinational organisations. Of equal importance in this study are of course the thoughts of the wider community and so 13 consumer groups (each typically comprising five to seven people) were canvassed.

The results of the discussions are summarised in the report and it is clear that there are divergent views about the future direction of the nation. Some of the consumer commentary is particularly robust just as the business commentary is at times uncompromisingly direct. Regardless of the minutiae of the quotes, what is overwhelmingly apparent from this exercise is a united passion for a better understanding of our shared future.

What came out of the business interviews (conducted on the condition of anonymity) was a very different perspective of corporate Australia to that which seems to have gained popular acceptance. When speaking about the nation's future, business leaders were typically measured and thoughtful. But they would also often intersperse their assessments with comments about the type of Australia they would like to leave for the next generation, motivated by a genuine concern for the prosperity of the nation and of the need for sustainability.

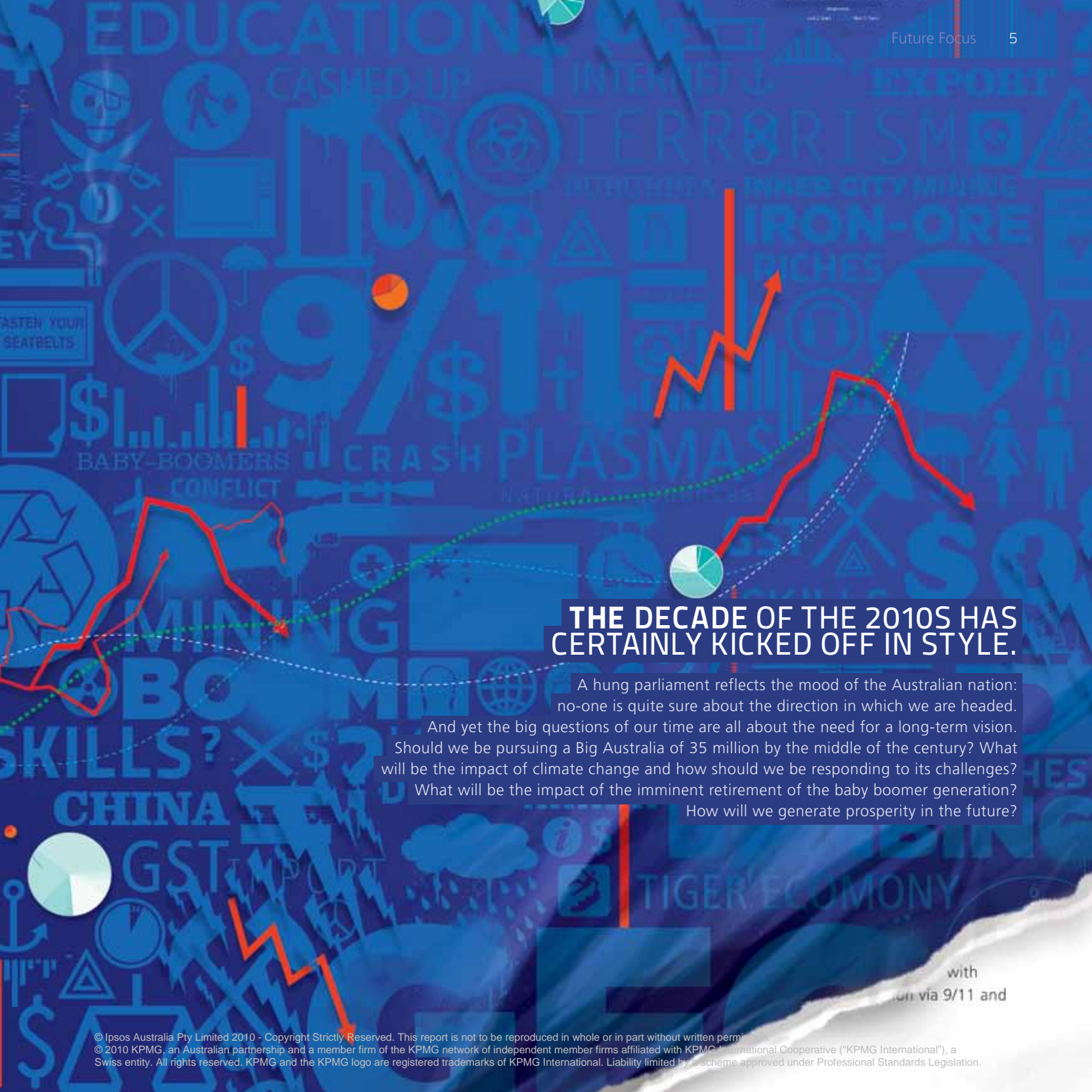
The consumer groups reflected a colourful, though no less thoughtful, view about Australia's future.

Regardless of whose view of Australia in 2020 prevails, Future Focus is an important report for what it attempts to do: to map the different pathways to Australia's future. It is hoped that this report will get all Australians thinking and talking now about what lies ahead.

LOOKING BACK BEFORE LOOKING FORWARD.



by Bernard Salt



THE DECADE OF THE 2010S HAS CERTAINLY KICKED OFF IN STYLE.

A hung parliament reflects the mood of the Australian nation: no-one is quite sure about the direction in which we are headed. And yet the big questions of our time are all about the need for a long-term vision. Should we be pursuing a Big Australia of 35 million by the middle of the century? What will be the impact of climate change and how should we be responding to its challenges? What will be the impact of the imminent retirement of the baby boomer generation? How will we generate prosperity in the future?

with
 ... via 9/11 and

Future Focus is a collaboration between Rebecca Huntley of Ipsos and Bernard Salt of KPMG to consider the outlook for the Australian nation and people over the next 10 years. For much of the last decade Bernard has spoken to business and government at senior levels specifically on the issue of changing demographic, social and workforce trends. Similarly, Rebecca heads a team of social researchers who travel the country listening to the fears and hopes of all kinds of Australians and their thoughts about the future of Australia.

The common question that connects these discussions from a business perspective is, 'what will our customers and our workforce look like in 10 years?' At the community level, concern ranges across matters like the cost of housing and the impact of congestion. The issue is actually more complex because it then morphs into the question of what we should be doing now to offset the impact of, or to capitalise upon, the effects of changing market forces. The vision horizon in such discussions is clear: it is 10 years. If you could better understand what Australia might look like at the end of the 2010s then it would make strategic direction throughout the decade clearer.

THE VISION HORIZON IN SUCH DISCUSSIONS IS CLEAR: IT IS 10 YEARS. IF YOU COULD BETTER UNDERSTAND WHAT AUSTRALIA MIGHT LOOK LIKE AT THE END OF THE 2010S THEN IT WOULD MAKE STRATEGIC DIRECTION THROUGHOUT THE DECADE CLEARER.

There are of course endless books about how to manage the future and how to manage staff but there is nothing out there to assist business and policy makers in formulating medium-term strategic direction. Demographic change is a highly relevant part of this story but so too are the shifts in consumer sentiment. And this is the point of Future Focus. For the first time there is a concerted effort to not just assemble views about the next 10 years but to test

this thinking with consumer groups and business leaders who agreed to contribute on the basis of assured anonymity. The quotes from business leaders are verbatim, as are those of participants in the 13 consumer groups conducted in metropolitan and regional Australia. The research was completed in May and June 2010 and it straddled the switch in prime ministers (from Kevin Rudd to Julia Gillard). The issue of Australia's longer term direction was very much at the centre of public debate during the research.

The approach involved developing two scenarios for Australia in 2020 (see page 18), which were read out to consumer groups and business leaders and then documenting responses

and interpreting the results. The scenarios were developed by Bernard and were constructed to provide very different but nevertheless credible visions of the future. They are necessarily brief and are designed to illustrate rather than to predict a future pathway.

We wanted the scenarios to have strong definition: there was no point providing two variations on a single theme. We

also wanted the scenarios to cover-off social and cultural issues as well as matters relating to military security, business prosperity and generational change.

DEMOGRAPHIC CHANGE IS A HIGHLY RELEVANT PART OF THIS STORY BUT SO TOO ARE THE SHIFTS IN CONSUMER SENTIMENT.

As a prelude to formulating the 2020 scenarios we thought it relevant to show accurate foresight might have 'predicted' the last few decades.

At the beginning of the 1990s we were enamoured with the Japanese who were going to develop what was known as a multi-function polis (MFP), a remarkable city of the future. It was heady stuff amid the recession of the early 1990s. The MFP morphed into a residential and business park in Adelaide's north; Japanese property investment and tourists were in full-scale retreat by the middle of the decade.

What did emerge in the 1990s was a boom based around the development of new technology like mobile phones and the internet. Places like Silicon Valley suddenly entered the lexicon. Sydney secured and planned for the 2000 Olympics and quickly pulled out of recession.

THE 2000S WERE NO LESS EVENTFUL. THE DECADE BEGAN WITH GST TAX REFORM BUT QUICKLY FOUND REAL DEFINITION VIA 9/11 AND LATER THE BALI BOMBINGS. EXTERNAL THREATS ABOUNDED: SARS MORPHED INTO AVIAN FLU WHICH MORPHED INTO SWINE FLU OR WAS THAT MEXICAN FLU?

Renegade Australians turned their backs on suburbia and embraced inner city living. South East Asia initially developed Tiger economies some of which collapsed later in the decade. And events in East Timor necessitated an Australian military involvement, a development which had the odd effect of boosting military representation in Darwin via Robertson Barracks.

The 2000s were no less eventful. The decade began with GST tax reform but quickly found real definition via 9/11 and

later the Bali bombings. External threats abounded: SARS morphed into avian flu which morphed into swine flu or was that Mexican flu? Oddly enough and despite this background of fear and apprehension the Australian economy prospered on the back of a mining boom which morphed into a property boom which morphed into a financial services boom. Middle Australia was both transfixed and transmogrified by the boom. Cashed-up battlers bought plasma televisions, mobile phones and second cars. Discount airlines opened up new markets for holidays abroad for people who had previously only ever travelled to the Gold Coast. Australian prosperity was being fed by an export connection to the growing

The scenarios developed for the coming decade show two pathways. On the one hand there is a global, growing and engaged Australia, confident of who we are and of our place in the world. On the other hand we have an Australia that is more measured, a place where we are more intent on fixing problems here rather than going out and conquering the world. There is merit in each pathway; both are, in our view, equally valid given our recent past and our aspirations for the future. Despite the prospects of alternative pathways to 2020 there are some things that can be said about Australia at the end of this decade; this case is presented in Chapter 2.

THE SCENARIOS DEVELOPED FOR THE COMING DECADE SHOW TWO PATHWAYS. ON THE ONE HAND THERE IS A GLOBAL, GROWING AND ENGAGED AUSTRALIA, CONFIDENT OF WHO WE ARE AND OUR PLACE WITHIN THE REST OF THE WORLD. ON THE OTHER HAND WE HAVE AN AUSTRALIA THAT IS MORE MEASURED, A PLACE WHERE WE ARE MORE INTENT ON FIXING PROBLEMS HERE RATHER THAN GOING OUT AND CONQUERING THE WORLD.

middle class of China. Demand for coal, iron ore and gas proliferated. The Australian workforce struggled to keep pace. All of a sudden the clever country realised it needed plumbers, electricians and carpenters not to mention miners, geologists and metallurgists. Also streaming into Australia were new communities of Indian and Chinese students intent on securing a western tertiary education. By the middle of the decade the adult children of baby boomers were having an impact. The so-called Generation Y was footloose and fancy free in a time of a skills shortage. Many headed to global hotspots such as London, Dubai, Mumbai and Shanghai. But then it all came crashing down. Australia exited the decade chastened but not defeated by the Global Financial Crisis.



WHAT WE CAN SAY ABOUT THE DECADE TO 2020.

by Bernard Salt



Before launching into scenarios about what life in Australia might be like in 2020, I thought it worthwhile to discuss what can be said about the decade of the 2010s.

NOT EVERYTHING ABOUT THE FUTURE IS ENTIRELY SPECULATIVE; SOME THINGS ARE PRETTY WELL KNOWN. OR AT LEAST THIS IS THE CASE WHEN IT COMES TO MANY DEMOGRAPHIC TRENDS OVER A 10 YEAR TIME FRAME.

For example between 2010 and 2020 the Australian population will rise from 22 million to around 25 million regardless of whether the nation follows the trajectory to what has become known as 'big' or 'small' Australia (see Box A). The reason is that any realistic change to migration rates and even to birth rates over this period, combined with the momentum of growth that is in the system at the beginning of the decade, means that the 2020 population will most likely round up to 25 million. What we can say about the 2010s is that around three million people will be added to the Australian continent; this is about the same number added over the previous decade.

WHAT WE CAN SAY ABOUT THE 2010S IS THAT AROUND THREE MILLION PEOPLE WILL BE ADDED TO THE AUSTRALIAN CONTINENT.

Not only is the broad quantum of population growth over the next decade more or less known (to within half a million or so), but the location of the additional population is also set by the strategic plans and land release programs already in situ in our major cities. It is likely that Sydney, Melbourne and South East Queensland will each add about half a million residents over this time frame. Particularly strong growth might ramp this up to 700,000; a slow growth regime could reduce it to say 400,000. And even within these cities and regions it is known that additional growth will channel into places like Sydney's northwest, Melbourne's west, Brisbane's

BOX A: THE BIG AUSTRALIA DEBATE

The term 'Big Australia' was coined immediately after Prime Minister Kevin Rudd announced that he believed in a bigger Australia in October 2009.

For much of the late 20th century official population projections were based on an assumption of between 90,000 to 110,000 net overseas migrants per year.

In response to concerns about imminent labour shortages the Australian Bureau of Statistics published an Australian population projection in September 2008 which assumed 180,000 migrants per year.

The effect was a jump in the projected population from 28 million to 35 million by 2056. Coincidentally the PM's endorsement of a bigger Australia occurred within a calendar year (ending December 2010) that delivered the largest ever net increase to the Australia population of 457,000 including 300,000 net overseas migrants.

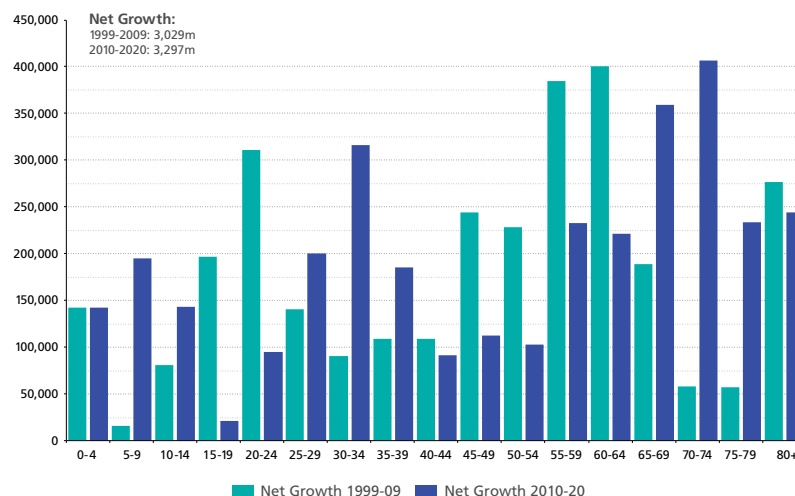
Advocates of a smaller Australia argue that the nation should reduce net overseas migration to 70,000 per year which would produce a 2056 population of closer to 26 million.



northern and southern edges as well as to the Gold Coast and Sunshine Coast. There will not be any entirely new 'large' cities created over the next 10 years. There may be some ramping up of growth in existing cities (such as Broome and resource towns like Mackay and Bunbury) and the mix might alter between people wanting to live on the city edge (where there is space but limited services) as opposed to the city centre (where space is at a premium). The fact is that a 10 year horizon is not really sufficient time for major shifts in the nation's demography to become apparent; such changes typically have a bigger impact over 30 or 40 years.

What is more interesting and potentially impactful than the projected scale and distribution of the population (over 10 years) is the way in which the age profile will change. Over the decade to June 2009 the age profile of the Australian community changed significantly (see Figure 1). Indeed most growth was concentrated in the 20-24 year age group (which includes Generation Y, many migrant workers and overseas students) and in

Figure 1: Net change in the Australian population by 5-year age group, 1999-2009 and 2010-2020



Source: Based on Australian Bureau of Statistics data (Cat 3218.0 March 2010); KPMG Property & Demographic Advisory

Social trends such as seachange and treechange emerged largely because of a surge in the middle-age population at a time of rising prosperity. In other words, social and workforce issues in any decade can take their cue from the rise and fall of specific cohorts. There is also business advantage

THE FACT IS THAT A 10 YEAR HORIZON IS NOT REALLY SUFFICIENT TIME FOR MAJOR SHIFTS IN THE NATION'S DEMOGRAPHY TO BECOME APPARENT; SUCH CHANGES TYPICALLY HAVE A BIGGER IMPACT OVER 30 OR 40 YEARS.

the 55-64 year age group (which includes baby boomers). These two cohorts had a powerful effect on Australia in this decade. Student and immigrant worker numbers and Generation Y issues surfaced in public debate as did the lifestyle of baby boomers who were at the peak of their income earning capacity at this time.

in better understanding which age groups are rising and falling. Official projections for the decade to June 2020 show a different story. Most growth in this decade is expected in the 30-34 age group (still Generation Y but older and now firmly within the household formation stage of the life cycle) and in the 65-74 age group (retired baby boomers). Given the way cohort growth impacted the 2000s (Gen Y and seachange) why wouldn't similar growth at later stages of the life cycle

BOX B: THE IMPORTANCE OF SOCIAL & TECHNOLOGY CHANGE

The broad demography of Australia is more or less set for the next 10 years. The future rate of growth will rise or fall around a rate leveraged out of the previous decade just as the ethnic mix of incoming migrants is likely to comprise greater or lesser amounts of Anglo, Asian and Arab populations.

There is even consensus about where future urban growth will occur: mostly as additions to existing cities. While demography typically takes a horizon of more than 10 years to change dramatically this is not the case for social, cultural and technological change. The seachange and treechange shifts of the early 2000s were propelled by an increasingly middle-aged population and by rising prosperity.

Remote mining towns were restructured in this decade by the trend to fly-in fly-out workforces. There were equally powerful shifts at this time in attitudes towards apartments and inner-city living. The way young people interacted also changed.

Generation Y quickly embraced mobile phone technology as well as text messaging, MSN, blogs, Facebook and Twitter as ways of communicating with and eliciting validation from social and other tribes. The latter two applications (Facebook and Twitter) did not exist at the beginning of the decade.

It raises the prospect that while we might know quite a bit about where and how we are growing, what we don't know is how new technology might help us form relationships, commute to work, communicate with friends and generate wealth and prosperity.

However what we can say is that over the next decade Australians will use whatever prevailing technology is available and affordable to maximise social interaction, to achieve financial security, to make life easier and more engaging and also to possibly achieve some sort of personal fulfilment.

equally impact the 2010s? A surge in the early 30 something population will surely underpin demand for affordable housing including apartments. An equally powerful surge in the late-60's and early-70's population will no doubt accentuate demand for health services. It might also stimulate an era of reflection or indeed of spiritual revival as boomers increasingly contemplate their mortality. (If this is the case then the 2020s will be positively maudlin.) Boomers being boomers could also re-engineer the narrative for this typically retired time in life. Perhaps they won't retreat en masse from the workforce; perhaps many will stay on but in a reduced capacity, working just one or two days per week. Not so much because they are enamoured with work but because at some stage over the coming decade they will realise that they haven't saved enough to live in their retirement in the manner to which they have become accustomed.

AN EQUALLY POWERFUL SURGE IN THE LATE-60S AND EARLY-70S POPULATION WILL ACCENTUATE DEMAND FOR HEALTH SERVICES.

However while baby boomers might stay on in the workforce, perhaps in a reduced capacity, the fact remains that the first boomer born in mid 1946 (exactly nine months after demobilisation of the troops) turns 65 in mid-2011 and therefore becomes eligible for an age pension (and a range of other age-related benefits). Over the following decade more

BOX C: SHIFTS IN WEALTH AND GEOPOLITICAL ALLEGIANCES

In 1988 Australian exports to Japan (\$13 billion) were more than double the value of exports to the next most important market, the United Kingdom (\$6 billion). Two decades later and Austrade figures confirm that China replaced Japan as Australia's most important export market in 2009.

In that year Australian exports to Japan were valued at \$38 billion as compared with \$42 billion to China. For more than 150 years Australia relied upon the United Kingdom as the prevailing world superpower to under-write Australian security through military support and Australian prosperity through trade.

After the Second World War, Australia switched its need for superpower security to the United States (principally via the ANZUS treaty).

Our leading source of prosperity (through exports) also gradually switched from the UK to Japan which became an American ally after the war. Is there any significance in the fact that in the coming decade Australia will look to one superpower for military support and to another to maintain our prosperity?

One assessment is that Australia might increasingly see the world through the eyes of our major economic sponsor (China) and that this will set a tension with our major military sponsor (the US). Another view is that these shifts have no bearing on the future prosperity or security of the Australian people and nation.

Then again the 2010s will be the first decade in the European history of the Australian continent where the nation is somehow dependent upon two superpowers as opposed to one.

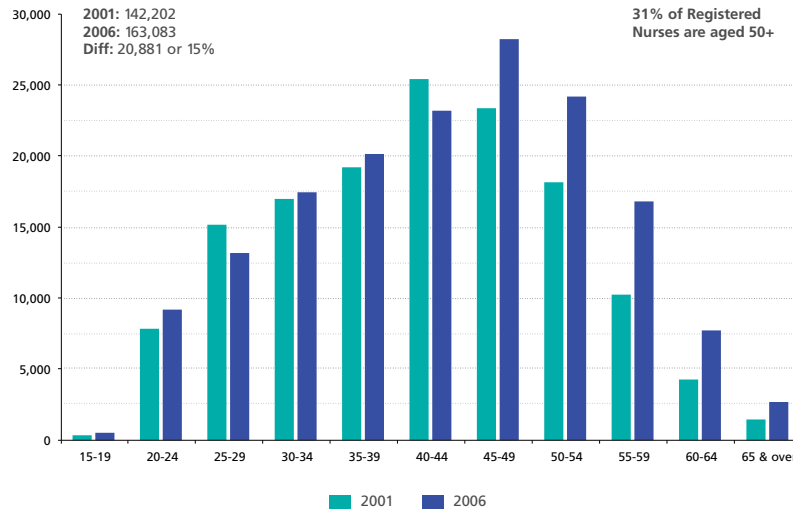
OUR LEADING SOURCE OF PROSPERITY (THROUGH EXPORTS) ALSO GRADUALLY SWITCHED FROM THE UK TO JAPAN WHICH BECAME AN AMERICAN ALLY AFTER THE WAR.

boomers born in the late 40s and then others born in the early 50s will trip across the 65 retirement line. Many will work on but most will retire. Some early boomers (born 1946 to say 1953) began work in the mid to late 1960s. For perhaps 25 years they paid taxes to governments of the day which then promptly spent that money on health, education,

defence and the like. There was no national savings plan for retirement at this time. The modest number of retirees over these years was allocated a pension that was effectively paid for by taxpayers of the day. The Superannuation Guarantee that now covers all workers was not initiated until 1992.

WHAT WILL UNFOLD OVER THE COMING DECADE IS THE 'BABY BUST'. THIS IS THE ONSET OF A 15 YEAR PERIOD IN WHICH BABY BOOMERS PROGRESSIVELY EXIT THE WORKFORCE AND IN SO DOING TAKE WITH THEM SKILLS AND THEIR SIZEABLE CONTRIBUTION TO THE TAX BASE.

Figure 2: Age profile of registered nurses in Australia, 2001 and 2006 censuses



At best this means that from the late 2020s onwards retirees will be largely self-funded. But this also means that there is an unfunded liability for first-wave baby boomers who, having paid taxes between 1966 and 1991 and with limited (say post 1992) retirement savings, will look to taxpayers of the day to fund their retirement. What we can say about the next decade is that there will be greater pressure placed on the tax base to fund the retirement of baby boomers who dutifully paid tax throughout their working lives in the expectation that they would receive sufficient funding to live their later years with dignity.

What will unfold over the coming decade is the 'baby bust'. This is the onset of a 15-year period in which baby boomers progressively exit the workforce and in so doing take with them skills and their sizeable contribution to the tax base. The Australian economy has benefited for 45 years from boomers moving into and remaining within the workforce. Indeed these boomers reached their career peak-income-earning capacity over the last decade delivering, or significantly contributing to, a spending and investment spree that preceded the global financial crisis. But from 2011 onwards the demographic underpinning to the workforce and to

the tax base provided by the boomers, slowly unravels. This process is already in train since most Australians typically retire in their late 50s. The imminent removal of key skills from the workforce is shaping as a key issue for the coming decade.

Consider the age profile of registered nurses at the 2006 census. At that time there were 163,000 nurses in Australia, up from 142,000 five years earlier. The age profile of the nurse population in 2001 shows that most nurses were then aged 40-44; five years later most nurses were aged 45-49 (see Figure 2). But of greater concern than the ageing of this workforce is the fact that 34 per cent of the registered nurse population in 2006 was aged 50 and over. It is fair to say that one-third of Australia's nurse population is likely to retire in the first-half of the coming decade. And it's not as if the young nurse pipeline is well primed and supplied. The fact is that baby boomers dominate nursing, as indeed they dominate other broadly practised jobs such as teaching, farming and even truck-driving, and that these skills will progressively exit the workforce over the decade. But even if some nurses remain in the workforce beyond 55 and beyond 60 there is still an issue with this occupational group, and others, because of a heightened OH&S risk. An older workforce in, say, nursing, increases exposure to compensation arising from muscular and skeletal problems

THE BROAD DEMOGRAPHY OF AUSTRALIA IS MORE OR LESS SET FOR THE NEXT 10 YEARS.

BOOMERS HAVE A HABIT OF RE-ENGINEERING EVERY STAGE OF THE LIFECYCLE THROUGH WHICH THEY PASS.

associated with heavy lifting. One thing we can say about the coming decade is that not only will there be more retirees looking for more retirement support from the tax base, but for those who remain working there is an increased risk of workplace injury. It is likely that even moderately labour intensive jobs will need to be re-engineered to accommodate the physical limitations of an older workforce.

On the social change front it is also likely that baby boomers remaining in the workforce will bring about an attitudinal shift among fellow employees and employers to the engagement of older workers. After all this is the generation that delivered the youth revolution in the 1960s and the middle-age seachange and treechange movements in the 2000s. Boomers

have a habit of re-engineering every stage of the lifecycle through which they pass. The next cause célèbre for baby boomers is quite possibly the acceptance of, indeed the celebration of, older workers in the workplace.

More broadly the trends already implicit within the Australian demography would suggest that the next 10 years is unlikely to see a major shift in the leading countries from which we attract migrants: New Zealand, the UK, China and India. Other ethnic groups might rise and fall in the migrant intake but the main reservoirs of human capital streaming into Australia are more or less set. The same logic applies to overseas visitors. The Japanese have been a receding force for 10 years; what we might see is a surge in Chinese tourists leveraged off the back of rising middle class prosperity in that nation.

BOX D: THE ROLE OF VALUES AND IDEAS

When viewed against fast-changing concepts like social arrangements, new technology and value shifts, the science of demography looks a tad slow. There are of course no new ideas, only ideas whose time has come.

During the 2000s the rise of a green consciousness was dramatic; what began the decade as a fringe movement ended the decade with real political power. By 2010 Green thinking in Australia was having an impact on consumer spending (e.g. green shopping bags), public debate about power, water and immigration, and on the structure of the taxation system (e.g. the prospect of an Emissions Trading Scheme).

This thinking did not exist on a mass scale at the beginning of the 2000s and yet within a decade it would help define the decade. What thinking about what subjects and what priorities will capture the imagination of middle Australia by 2020?

In a congested and unjust world, will Australians increasingly value their isolation, space and security? In a society increasingly dominated by old people will Australians place an even greater premium on youth and beauty?

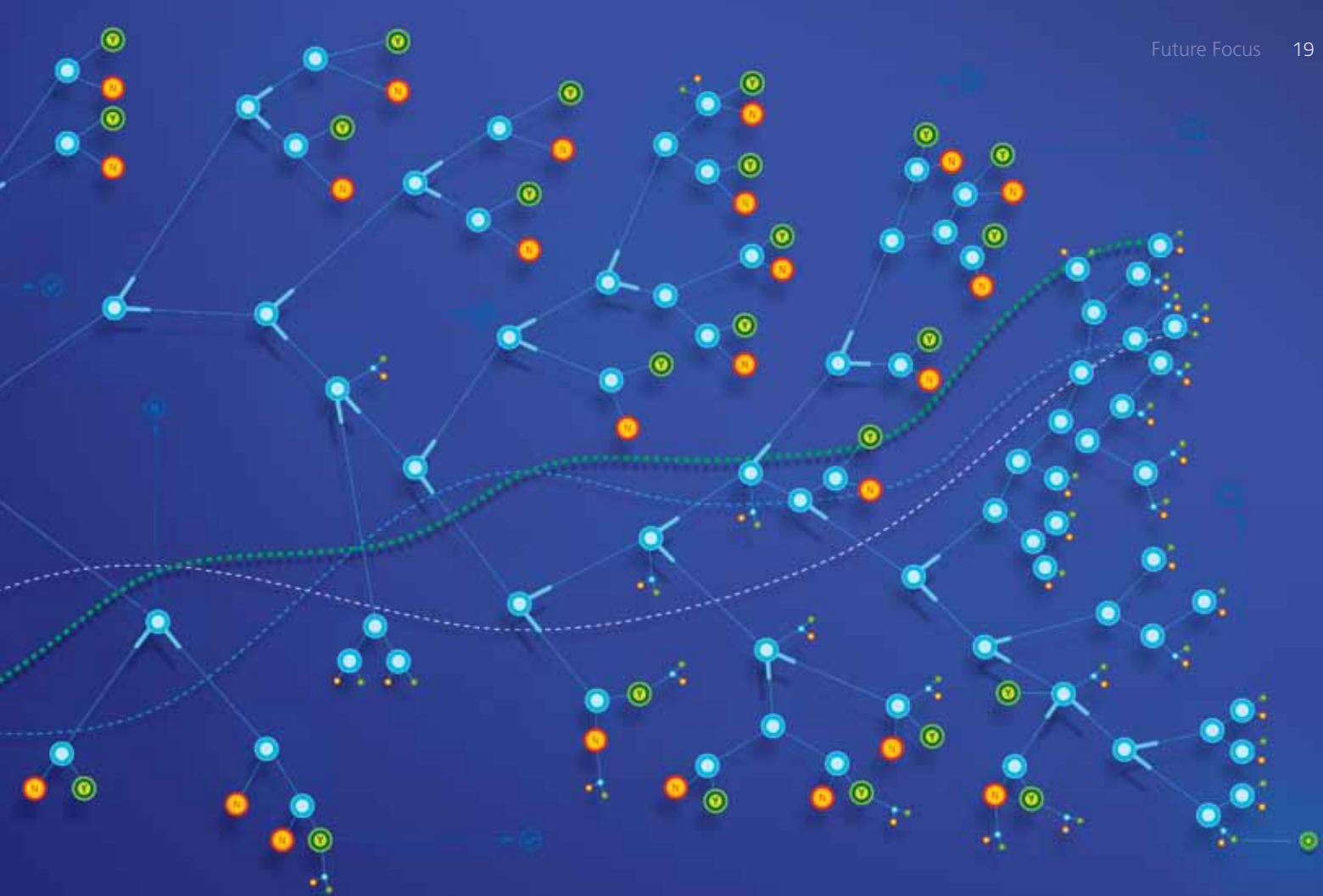
Will there be broad-based despair at the conclusion of yet another decade where there has been no real progress in improving the life opportunities of indigenous Australians? Will there be a rising global consciousness of the need for social justice brought about by citizen journalists using technology to expose and berate errant behaviour by bad administrations?

Will first wave Generation Ys, broaching middle age by 2020, begin complaining about the youth of today?



THE SCENARIOS.

by Bernard Salt



ALTERNATIVE VIEWS OF AUSTRALIA IN 2020

This chapter sets out two very different views of what Australia might look like in 2020. The scenarios are designed to expose alternative trajectories for the nation. They are designed to be read out to consumer groups and business leaders in order to elicit unprompted response (see Chapters 4 and 5 by Rebecca Huntley). The scenarios needed to have sufficient colour, energy and definition to elicit opinion and response.

THE REASON WHY SCENARIOS ARE IMPORTANT TO THIS PROCESS IS THAT IT IS EASIER TO RESPOND TO A GIVEN IDEA ABOUT THE FUTURE THAN TO INDEPENDENTLY CONCEPTUALISE RESPONSES.

The scenarios are designed to expose alternative trajectories for the nation. This approach gives 'form' to responses: everyone responds to the same vision of the future. The downside of a scenario is that it is necessarily selective. Not every issue relevant to the future (or to the present for that matter) can be included. A scenario cannot be written by committee. Note that the tags 'Measured Australia' and 'Global Australia' are applied for convenience in this report. Business and consumer groups were presented with two untitled scenarios so as to elicit unbiased responses.

Having said this it is also instructive how the selection of different words can elicit extreme responses. For example in the Global Australia scenario the term 'enclave' is used to describe an ethnic concentration in much the same way that there are now ethnic concentrations of, say, Vietnamese in Sydney's Parramatta and Melbourne's Springvale or of Chinese in Brisbane's Sunnybank. Clearly the term 'enclave' was viewed as a wider and possibly negative connotation by some participants in the consumer groups as evidenced in the discussion of the scenarios in Chapter 4.

SCENARIO 1: MEASURED AUSTRALIA IN 2020

- The year is 2020 and Australia is in a very different space to where it was a decade ago.
- Looking back the turning point was the closing years of the previous decade. The GFC combined with fears about overpopulation and imminent environmental calamity prompted the rise of a new conservatism in the Australian population. Fear seemed to be a unifying concept at this time. And this quickly found its way into polls and into the thinking of our leaders.
- The migration scheme was wound back as indeed was the baby bonus. Both, it was said, contributed to an out-of-control rate of population growth. Over the five years to 2015 annual population growth plummeted from 457,000 to less than 200,000.
- The impact was dramatic. Not so much in any easing of congestion (perhaps because the damage had already been done) but in gaining access to skills and labour. Baby boomers had been progressively exiting the workforce from 2011.

THE IMPACT WAS DRAMATIC. NOT SO MUCH IN ANY EASING OF CONGESTION (PERHAPS BECAUSE THE DAMAGE HAD ALREADY BEEN DONE) BUT IN GAINING ACCESS TO SKILLS AND LABOUR. BABY BOOMERS HAD BEEN PROGRESSIVELY EXITING THE WORKFORCE FROM 2011.

THE YEAR IS 2020 AND AUSTRALIA IS IN A VERY DIFFERENT SPACE TO WHERE IT WAS A DECADE AGO.

- By mid decade not only was there a labour and skills shortage but there was also angst about falling values: 60-somethings in Sydney and Melbourne were selling their suburban houses en masse in order to downshift and extract equity to support their lifestyle. Boomers also sold their businesses. But so many businesses and houses being sold in such a short time flooded the market and values dropped.
- Concern about global warming, over-population and fear of losing national identity through excessive migration has prompted a more introspective and conservative community. The business environment is highly regulated as indeed is social behaviour.
- The big debate in 2020 is a plan to completely outlaw smoking. There are taxes on cars entering the CBDs of Sydney and Melbourne. There are also taxes on specific types of non-prescribed foods such as McDonald's, KFC and others. Initially this caused concern from civil libertarians but this was quashed by assurances that these taxes were in fact not so much in the national interest but in the health interests of individuals.
- There are restrictions on foreign ownership of property as well as controls now on the number of foreign students allowed to study in Australia. We do remain committed to accepting refugees however some critics explain this as Australia easing its conscience by doing our bit to share our national wealth with the global community.
- Australia continues to generate wealth from resources but many are seeking to restrict, with a view to closing down, the export of uranium and coal. There are levies on the use of traditional forms of energy to support the development

of alternatives. Similar logic applies to our use of water. Levies and taxes are designed to encourage conservation and to support the development of alternatives. By 2020 the alternatives have yet to arrive but we are assured that we are moving in the right direction.

- To some old timers in 2020 it is almost a case of Back to the Future. The heavily regulated union environment of the mid 20th century has been re-instigated by a new form of regulation although this time we are assured the rules, regulations, taxes and levies are all in the interest of just and moral causes.
- Despite Australian determination to pare back growth and to live sustainably there are constant rumblings of discontent from what has been described as the 'other' Australia: regional and outer-suburban interests who don't necessarily agree with the broader direction of the nation. This 'divided nation' concept surfaces in

CONCERN ABOUT GLOBAL WARMING, OVER-POPULATION AND FEAR OF LOSING NATIONAL IDENTITY THROUGH EXCESSIVE MIGRATION HAS PROMPTED A MORE INTROSPECTIVE AND CONSERVATIVE COMMUNITY.

constant grumblings about taxes, charges, levies, rules and restrictions. In some respects it's almost as if there are two forces running the Australian agenda; there's the new inner-city green-conscious globally-connected group setting the national agenda, and there's the rural and suburban group that is equally concerned about keeping things as they were 20 years earlier.

SCENARIO 2: GLOBAL AUSTRALIA IN 2020

- The year is 2020 and Australia is in a very different place to where it was a decade ago. Or at least that's the message projected by the Prime Minister on the 24 hour newsfeed that streams from her Kirribilli residence.
- The nation is approaching the 30 million mark brought on by 10 years of record growth rates which have been underpinned by elevated birth rates and strong overseas migration.
- China, India and New Zealand continue to be our main source of migrants but since the end of the conflicts in Iraq and Afghanistan there have been big inflows of Arabs who quickly established enclaves in Melbourne's north and Sydney's southwest. These permanent migrants are matched by equally strong flows of temporary workers from the Pacific Islands and from elsewhere in South East Asia. While initially concerned about the scale of immigration the Australian community gradually became more comfortable with the new settlers as national prosperity soared.
- The riches of the Australian continent continue to feed China's growing economy with food, energy, resources, commodities as well as with education services. Similar markets are now being developed by Australian interests in India and there is also talk of stronger connections being developed with Russia and Kazakhstan in the 2020s. Apparently they want our mining and development expertise.
- The Australian North West is being transformed. Broome is being transformed into a bigger, stronger city capable of housing miners and their families. An army regiment of about 1,000 soldiers is being transferred to Broome from Perth. Indeed Broome has become something of a national project since the opening of a direct air link with Shanghai in 2016.
- New markets for Australian services seem to be opening daily. The rising middle class of China, India, Malaysia and Indonesia are big supporters of the Australian tourism industry. Many of the well-to-do have residences in Australian holiday hotspots or in capital cities that they live in for perhaps three months of the year. There is even a greater demand in China for access to Australian medical services.
- Our stronger and closer links with South East Asia have delivered national self-confidence as well as prosperity; these benefits outweighed early concerns about the changing identity of the Australian nation. The 21st century is evolving as an era of prosperity and of global connectivity for the Australian people. Australians first became conscious of their rising wealth soon after the global financial crisis; in terms of GDP per capita Australia rapidly approached the ranks of Norway and Switzerland.
- Australia's biggest cities expanded rapidly in the 2010s. Melbourne pushed west and north. Sydney expanded into the southwest. Rising prosperity built on improved productivity and on strong migration enabled both the public and private sectors to invest heavily in city infrastructure which in turn was encouraged by strong leadership at the state level.

OUR STRONGER AND CLOSER LINKS WITH SOUTH EAST ASIA HAVE DELIVERED NATIONAL SELF-CONFIDENCE AS WELL AS PROSPERITY.

THE RICHES OF THE AUSTRALIAN CONTINENT CONTINUE TO FEED CHINA'S GROWING ECONOMY WITH FOOD, ENERGY, RESOURCES, COMMODITIES AS WELL AS WITH EDUCATION SERVICES.

- Our cities quickly expanded. But the rising and enriched population base also demanded power and water on a grander scale than was capable of being delivered by current facilities. A national debate raged around nuclear power for five years. Eventually there was consensus that Australia would move in a nuclear direction in the 2020s. After all it was difficult to reconcile the fact that we were happy to export uranium for nuclear fission in other nations.
- The same logic applied to the planned development of new metropolitan dams for Sydney, Melbourne and Brisbane in the 2020s. Big cities of close to five million, and headed for six million, could no longer skimp-by on water resources built for cities and regions of barely three million.

CONSUMERS RESPOND TO THE FUTURE.

I lack the confidence that our government would

Strong State leadership? That will be a nice change.

It's all about money – profit at all costs.

by Rebecca Huntley

Box A below, shows the details of the groups recruited. Each group was shown the two scenarios, untitled and presented in rotated order across the groups, and asked to discuss the feelings and thoughts each provoked. Regardless of age, gender, geography and socio-economic status, reactions to the two scenarios were surprisingly uniform.

Ipsos uses 'affinity' groups because it has been found that a group of friends of the same gender, and roughly the same age, are more comfortable and open about a discussion. Focus groups, on the other hand, typically comprise a collection of strangers who are more reticent about speaking their mind in front of people they don't know.

The Ipsos Mackay Report has been using affinity group methodology since the business was founded by Hugh Mackay in 1979; it is a tried and tested way of conducted qualitative research on social attitudes and consumer trends.

BOX A: FOCUS GROUP DETAILS

Location	Age Range	18-20's n = 2		30's n = 3		40's n = 3		50's n = 3		60-75's n = 2	
	Gender (total: 7 male, 6 female)	M	F	M	F	M	F	M	F	M	F
Metropolitan (n = 9)	Sydney (n = 3)	1					1		1		
	Melbourne (n = 3)				1			1		1	
	Brisbane (n = 3)		1	1		1					
Regional (n = 4)	Wollongong (n = 2)				1			1			
	Sunshine Coast (n = 2)					1					1

POPULATION AND ECONOMIC GROWTH

The issue that triggered the most discussion in our groups was population growth. The notion of 'approaching 30 million by 2020' sparked a spectrum of emotions from mild concern to shock and horror.

That's a hell of a jump!

Thirty million ... that seems a bit scary.

It's the whole number. Thirty million. Where are they all going to live? Are they going to build all the new houses on farming land?

Close to five million in a city. I can't imagine that.

The first concern was the burden this increased population would put on already stressed cities.

Those 30 million people will jam into Sydney, Melbourne, Wollongong ...

Where will they live? Look how much we are living out of the city now? No trains too. Ten years isn't enough time to put all those train lines in.

Consumers were focused on the need for regional development as a way to alleviate pressure on expanding cities; they noticed the absence in the Global Australia Scenario of much discussion of well developed regional centres other than Broome.

We need to develop our regions. Orange needs to get bigger.

Man 1: *I think they need to look at country towns, like Coffs Harbour and down the coast, developing that a little bit.*

Man 2: *They tried to do that with Bathurst and Orange. It's not too bad, but it's not what they expected it to be.*

In addition consumers queried whether Australia's infrastructure would cope with such an increase in population. The Global Australia Scenario raised many questions in their minds about other factors crucial to sustainable growth, largely related to resources and infrastructure. What has happened with the climate? Are there enough places for food to be grown? What about education and health?

'THIRTY MILLION ... THAT SEEMS A BIT SCARY.'

We don't have the infrastructure. Australia can't handle it.

Infrastructure, resources and food need to be there first. With the taxes we pay, that should be guaranteed.

In 10 years there's no way we can build an infrastructure to house these people. There's no way we can support any of this growth. If we go to 30 million - no electricity, water, health. Unless they all move out of the cities. It will definitely sink. We'll be in a lot of trouble.

Some consumers resisted the idea that a big population automatically ensured prosperity.

It seems to me you are saying you can have a big population and riches or a small population and nothing. I don't buy it.

On the question of population increases via a rising (or subdued) birth rate, consumers' views were almost unanimous.

There was support for the abolition of the baby bonus, as outlined in the Measured Australia Scenario. Consumers questioned whether this had merely encouraged parents to have children for quick and easy cash.

The baby bonus was just a political feel good thing.

Everyone just bought a new plasma TV with it.

'[THE] COUNTRY DOESN'T MAKE MONEY IF WE DON'T HAVE PEOPLE.'

Let's go back to loving our children and having them not for a pay cheque.

On the idea of a rising birth rate in the Global Australia Scenario, consumers were skeptical that any such trend would emerge, given the attitudes and behaviours of the next generation of adults.

The way it is going now, I don't think my daughter will leave home before she is 30. No way is she going to have a kid in the next 10 years.

This led to a strong suspicion that if there was to be elevated birthrates in the future it would be in migrant communities. The view was expressed by some that some new migrants were more accustomed to living on less and having more children.

Despite this negative reaction to population growth, some consumers did see the merits in having more people from different cultures contributing to the economy and to society.

[The] country doesn't make money if we don't have people.

If we don't do it, we'll go stale.

It becomes more difficult for the government to provide for the people who are elderly. Care facilities and hospitals.

It all comes back down to the economy. If we're under populated our dollar will be affected. Rates are going to be really low and the Aussie dollar is going to be worth jack shit.

Some looked to other cities and countries with much larger populations who made it work and found some comfort in that thought.

I don't think it will be a problem with the population being 30 million. Compared to London and the UK, that is.

Look at other cities? They have more people and they operate.



BOX B: BOOM-TOWN BROOME

The picture of Broome painted in the Global Australia Scenario made some consumers anxious. An army presence in that part of the country indicated Australia might be a target for attack by our neighbours, interested perhaps in securing our mining wealth for themselves.

Woman 1: *The army going [to Broome]. I don't understand that. Why is the army going there? Is that for security purposes?*

Woman 2: *Is it to protect it from Shanghai, from an invasion from China? It is to protect the oil in Western Australia?*

One thousand soldiers – what's that for? I'm cynical as to what they'd be there for. It smacks of Big Brother.

Woman 1: *I got the feeling Australia's starting its own war ... building its army up in Broome!*

Woman 2: *Yeah, what are we planning down the track that we need to start building up this?*

Others lamented the idea that such a pristine part of the country might be marred by too much activity and development.

The whole build up of Broome ... that would ruin such a beautiful and iconic part of Australia.

I don't like any of it. ... I hate the thought of Broome being transformed. I like it as it is now. It would lose its magical qualities if it grew too big.

Some consumers did recognise that the growth of Broome was a sign of a healthy economy and an important step in developing our regional areas.

I like the idea of developing the North West, Broome - it's a bit of a wasted space now, and beautiful. It ties in with resource developing.

Broome growing. Gets people out of Sydney and out of the larger cities. That's good.

The opportunities there in Broome will be something that our kids can look at.

INFRASTRUCTURE AND RESOURCES

Consumers were particularly worried about Australia's infrastructure needs now and into the future; roads, transport, water, energy were the main areas nominated as being in need of radical improvement.

In Melbourne our road system is totally inadequate for our present population.

The water issue is going to get worse earlier.

Our infrastructure needs to be fixed, now! If we are going to keep growing, it's even more urgent.

It's unsustainable – infrastructure, water, resources. People will start to blame other people and then everyone becomes scared.

There was broad support for more metropolitan dams, as outlined in the Global Australia Scenario.

Expanding the dams is a massive opportunity. I don't know why someone hasn't done it already with the metropolitan dams.

I like the idea of the metropolitan dams for Sydney and Melbourne. When it rains we never get it where we should be getting it. If we have more dams, then we should have more water.

'TWENTY YEARS AGO AUSTRALIA WAS INDEPENDENT FOOD-WISE. NOW WE ARE IMPORTING A LOT OF FOOD. WHERE IS ALL THIS FOOD COMING FROM?'

The question of food security was also raised in this context.

Twenty years ago Australia was independent food-wise. Now we are importing a lot of food. Where is all this food coming from?

In the view of many consumers, this infrastructure deficit had to be addressed before they could stomach the thought of any further growth, either in relation to the economy or the size of the population.

At least with the infrastructure and new dams, I feel a bit better about the immigrants.

I think the water might be a problem though. We'll have more people but won't have enough water to cater for them.

Consumers also envisioned a future where there would be widespread use of recycled water.

Why don't we use recycled water everywhere now?

It says we could no longer skimp by on water resources, but it doesn't say that there is an answer. What are we going to do? Recycle. Share the bath. Go back to like England in the old days.

Look at the Parklea area they have a recycled system there. What's wrong with that?

BOX C: THE NUCLEAR PATH



Views were mixed about the idea in the Global Australia Scenario that Australia might start using nuclear power.

Some stated they did not know enough about nuclear issues to make an informed decision. Some saw it as an inevitable step.

There isn't much of an alternative.

Nuclear power? It's a necessity. In the UK they have recycled water and nuclear power. What's the problem? Let's just put it in Western Australia.

Others believed that Australia needed to exhaust its options with alternative forms of energy before pursuing nuclear power.

I don't like the nuclear power stuff. I am a solar power person. We have the resource of the sun, why don't we use it?

I'm not sure about nuclear power. I don't think I'd like it here. It would be better to try and develop something else. We have so much sun, it's free ...

Even supporters of the nuclear option were concerned about waste, accidents and where reactors would be located.

I know the technology has come far but look at BP? Accidents happen.

Where are they going to put it, the reactors? No-one wants it on their doorstep, do they?

Woman 1: *Why is everyone scared about nuclear?*

Woman 2: *I am scared but I don't know anything about it.*

Woman 3: *I guess it is the waste involved.*

Woman 1: *I wouldn't want it anywhere near me. Where would you build it?*

Woman 2: *In Broome.*

In terms of the Measured Australia Scenario, consumers were very supportive of the notion of government support for renewable energies.

Man 1: *We should be starting to make sure every new house has solar and little wind turbines. We've got to.*

Man 2: *It should be compulsory.*

Less oil reliant, energy intensive forms of transport were also mentioned as an important future development.

V8s have to go. It's all about hybrid cars.

I work for a car manufacturer. We have to start looking at alternatives or we will be in serious trouble.

In relation to transport problems in general, there was consumer expectation that taxes on cars entering the CBD would happen sooner than 2020 – and there was some support for such a proposition if it meant better public transport.

If taxing people to drive into the city means more money for public transport I am all for it.

Taxes entering the CBD of Sydney and Melbourne. They did that in London. It is a pain. If they put a tax on it they have to have more buses and trains to get people into the city for their jobs.

FOREIGN TRADE AND MARKETS

In many of our affinity groups, there was a mixture of acceptance and resentment at the inevitability of our increasing connections with China and other countries in the Asia Pacific region. They recognised much of our future prosperity was reliant on the growth of China in particular.

There's some inevitability that Australia has to be part of Asia.

We'll become more Asian/Chinese, but I'm indifferent on that.

We have to acknowledge South Asia. It would be silly not to have connections with them.

However the central role of China in our economy as depicted in the Global Australia Scenario spooked some consumers, making them question the equality of the partnership.

This sounds like we are another state of China.

It's hard to see how we can have rising wealth and a high GDP [if we are reliant on China and India].

The only reason China wants to invest in us is our minerals.

Consumers already had concerns about the impact of the manufacturing strength of China on our domestic labour market.

I haven't had a pay rise in four years. And I reckon work going off-shore to China and India is half the problem.

All the Australian workforce, trade and everything will go over to China. Look at all the car manufacturers, Qantas and all that ... Even Bonds and Australian-owned companies are going to China. Australia's going to be up the shit with all the blue collar workforce. There's not going to be anything here. China will run Australia soon.

Man 1: *'The riches of the Australian continent continue to feed China's growing economy'. That's what's happening now. It's got to stop and you'll see it going more just to keep the peace.*

Man 2: *Why do we export minerals, why not export the finished product?*

Man 3: *Cheap labour. They only pay their workers a dollar a week.*

In the Global Scenario, a future Australia provided a range of services to China and India and this evoked a mixed reaction. The idea of Australia being a tourist destination was met with general enthusiasm because it would boost the economy without boosting the population.

'I HAVEN'T HAD A PAY RISE IN FOUR YEARS. AND I RECKON WORK GOING OFF-SHORE TO CHINA AND INDIA IS HALF THE PROBLEM.'

'THERE'S SOME INEVITABILITY THAT AUSTRALIA HAS TO BE PART OF ASIA.'

Woman 1: *I like the idea we are a tourist destination. That's very Australian ...*

Woman 2: *They can come and they can bring their money and go home again.*

Similarly, the idea Australia would be an education hub for the region was also supported (as long as it did not undermine access to education for Australian nationals and contribute to chain migration).

Selling education resources is a great idea.

Education is potentially a big money-spinner for us.

Foreign students do bring a lot of money in. Japanese students pay a lot to come here and study. They're still employing Australians to teach them and spend money here.

However, some consumers doubted whether Australia would really be in a position to export food to other countries, given our problems with drought and cheaper food available from other markets.

In years to come we will be importing more than we export. We've killed our farmers with cheap exports.

We're struggling to feed ourselves, let alone the millions in China.

Furthermore, there was also concern raised about China's greater access to medical services – what did this mean for an already overburdened health system in Australia?

Man 1: *This one concerns me. 'There will be even greater access in China for medical services'. Does that mean they're coming here?*

Man 2: *And take out expertise there.*

Man 3: *They'll come to our hospitals, because we'll charge them millions of dollars, and that will be one way the hospital can keep money coming in.*

Man 2: *Or they'll train here and take our expertise back home.*

'WE'RE STRUGGLING TO FEED OURSELVES, LET ALONE THE MILLIONS IN CHINA.'

In the Measured Scenario, consumers were generally positive about the restriction of foreign ownership, as a way to protect Australian interests.

Man 1: *The foreign ownership restriction is good.*

Man 2: *They can't do that quick enough.*

Man 1: *We've got to look at training our own.*

I agree that foreign investment should be restricted. We should invest in our own.

IMMIGRATION AND ASSIMILATION

Immigration and assimilation were at the heart of discussions about the future of Australia in all the groups. Some participants expressed their support for the positive and important contribution of migrants, past and present, and applauded the idea of more immigration in the future.

I think they have been a great addition to the Australian population. I am worried about any talk of winding back migration.

I am actually for immigration ... I see the positives. Skills, different people ...

However, these sentiments were, in general outweighed by concerns about the pace and nature of immigration and the social, cultural and economic toll of too much immigration, too soon.

participants. Many consumers felt that enclaves were already forming in some parts of Australia and saw this as evidence that some 'new Australians' were refusing to assimilate.

Is this going to lead to racial tension, with the enclaves?

Enclaves – that's a red flag! We need people to assimilate!

Well, it looks like they're making their own little communities anyway. So are they therefore isolating themselves from Australia.

'WHEN YOU ARE RICH, YOU DON'T HAVE THE RACIAL PROBLEMS. AS SOON AS YOU HAVE A DOWN TURN THAT'S WHEN THE RACIAL PROBLEMS SURFACE.'

Reducing immigration, that's good.

Even immigrants in our groups expressed anti-immigration sentiment.

I would like to see immigration cut ... now that I'm here.

A lot of foreigners. I'm not overly happy, even though I am one.

Concerns about more Muslim immigrants generated by the mention of 'Arab enclaves' in the Global Australia Scenario were particularly intense. The very word 'enclaves' was a lightning rod for anxiety and antagonism for many

However there was some recognition that it is human nature to want to be amongst people of similar culture, especially when you move to a foreign country.

If we were all to move over to Russia, we'd stick together, form our own enclaves.

There was concern expressed that if prosperity was not sustainable, then today's productive migrant workforce would be tomorrow's race rioters.

When you are rich, you don't have the racial problems. As soon as you have a down turn that's when the racial problems surface.

[The Global Australia] scenario risks racism and religious conflict.

The focus in some discussions was not on immigration per se, but on the capacity of migrants to assimilate, to accept our culture and our laws and not live by their own rules.

They should have to fit into our rules and regulations, our society.

For some participants, there was a distinction made between skilled and unskilled labour, with the former being important and the latter considered to be a drain on scarce resources.

Wouldn't it also mean tightening up immigration, not letting any Joe Blow come in? People who are skilled and would help Australia. Like back in the 80s, or the 60s when all the Greeks and Italians came in. They were awesome, they were like painters and plumbers and got all the electrical trades going and stuff like that. That's when the building trade boomed. Why not go back to that?

Get the mixture right – we can't be a free-for-all. Let's attract the best to Australia.

**'GET THE MIXTURE RIGHT –
WE CAN'T BE A FREE-FOR-ALL.
LET'S ATTRACT THE BEST TO
AUSTRALIA.'**

HOUSING

Housing affordability in Australia today was a major preoccupation for many participants in the affinity groups.

Real estate today is just ridiculous. How can any young couple afford to buy a piece of land?

I feel so sorry for my children ... When I got my house I paid it off in two years.

It comes back to affordability of houses. No-one's wages are increasing ... and houses are going up. You have to find the balance.

It was no wonder then that consumers saw an upside to the slump in the housing market, as depicted in the Measured Australia Scenario. Perhaps this was the only way housing might become affordable for future generations.

Housing prices dropping is great. They have been out of control for so long.

If our houses all lost value at least it would be a level playing field.

If housing prices dropped, people would have more kids because they could afford to. Maybe the birth rate would accelerate.

In addition, there was widespread support of the proposed restrictions on foreign ownership of property in the Measured Scenario. Some participants felt that wealthy foreigners buying up property as investments or short-term housing for children studying here was one of the major forces driving up house prices.

'HOUSING PRICES DROPPING IS GREAT. THEY HAVE BEEN OUT OF CONTROL FOR SO LONG.'

Foreigners buying our houses ... why can't they do what they do in Japan and provide long leases?

The internationals, that's what has pushed housing prices through the roof.

Opening up access to Australian housing for overseas people, that's a threat to us getting our own homes. Everyone's more prosperous, but someone's got to be cut out of the scenario ... We're going to be owned.

As was seen with the business leaders, consumers were doubtful whether, regardless of future developments, housing prices would ever drop dramatically. They believed the government would intervene if such a situation looked probable.

There was some feeling among consumers that with the Global Australia Scenario, the cost of housing would be even higher than it is now, making it even harder for the next generation to buy into the market.

We'll still be living with our parents when we're 50. You'll have your kids and parents living in the home.

The only way you'll get a house is if your parents die and you inherit the house.

'THE ONLY WAY YOU'LL GET A HOUSE IS IF YOUR PARENTS DIE AND YOU INHERIT THE HOUSE.'

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There was some hope, however, that with bigger cities there would be more housing options.

The city will be expanding. Suburbia gets pushed out and hopefully there will be housing we can afford.

Retirees and those close to retirement recognised the downside of falling house prices. Without equity in their home and without sufficient super, they would be forced to stay in the workforce well beyond 70.

You actually wonder whether you might not be able to retire as early with the skill shortage being so bad. You may not have that option to retire earlier, if at all. It's 70 in England now. If the [house] values are less you might have to work longer to survive.

In the end, younger generations wondered whether, regardless of future direction, could they be forced to re-evaluate the traditional goal of owning a home. As one woman stated:

Maybe we have to stop our obsession with home ownership.

AS WAS SEEN WITH THE BUSINESS LEADERS, CONSUMERS WERE DOUBTFUL WHETHER, REGARDLESS OF FUTURE DEVELOPMENTS, HOUSING PRICES WOULD EVER DROP DRAMATICALLY. THEY BELIEVED THE GOVERNMENT WOULD INTERVENE IF SUCH A SITUATION LOOKED PROBABLE.

Consumers queried why the Global Australia Scenario did not have more to say about the nature of future dwellings and where they would be located. Would we have re-evaluated the Australian dream? Would we have acquired a taste for medium to high density housing? Would renting become more secure and long-term, as it is in Europe? Would our houses be more self-sufficient in terms of solar energy and recycled water? Consumers' interest in the housing of the future did not just centre on cost.

EMPLOYMENT

There was less focus on the issue of employment and unemployment in the future than there was on the issues of infrastructure and immigration. That being said, any anxiety or optimism about jobs in the future was tied to views about these two issues.

‘THEY SAY MIGRATION IS WOUND BACK, BUT IT DEPENDS IF THEY ARE SKILLED OR NOT. IF THEY WIND BACK ON UNSKILLED MIGRANTS, BUT NOT ON AREAS WHERE WE NEED THE SKILLS ... THEY JUST CAN’T TAKE AUSTRALIAN JOBS.’

Some consumers felt that the Global Australia Scenario would naturally create job opportunities.

Infrastructure growing, Melbourne and Sydney growing at an alarming rate, it's got to help them with jobs.

If all this development they're talking about happens, it will create more jobs.

Other consumers questioned whether employment opportunities in the Global Australia Scenario would be distributed evenly throughout society. The combination of economic and population growth via immigration meant more unskilled work would be absorbed by unskilled migrants. For some participants, there was a concern whether provision would be made in the Global Australia Scenario for investment in education and training for the Australian born population, particularly in the trades.

There's no money being put into apprenticeships and trainees.

Man 1: *This country should be training kids at TAFE rather than educating kids from other countries.*

Man 2: *These kids take the jobs that our kids should be doing.*

However, as with the Global Australia Scenario, some consumers resisted the logic that less immigration meant less employment.

They say migration is wound back, but it depends if they are skilled or not. If they wind back on unskilled migrants, but not on areas where we need the skills ... They just can't take Australian jobs.

You say in [the measured scenario] that there are less migrants and no jobs. But maybe less migrants means more jobs for the people who are already here.

For parents, this was inevitably tied up with anxieties about the labour market in the future and the chances of their children's career success. There was already concern about

‘INFRASTRUCTURE GROWING, MELBOURNE AND SYDNEY GROWING AT AN ALARMING RATE, IT'S GOT TO HELP THEM WITH JOBS.’

the dissonance between educational levels and employment opportunities, with perceptions that school, TAFE and university leavers face difficulties in the labour market today.

Loads of people are coming through school and there aren't the jobs for them.

There's a lot of tension around ... The people that have gone to TAFE and Uni and done the things the right way, and certain people coming over and have no experience in the trade and they are taking our jobs because they're cheaper labour.

[For] my son there will be great opportunities. My daughter I don't know what she's going to do. Our children have to be careful what they choose. There'll only be a certain amount of jobs left in Australia.

'[ILLEGALS] WILL WORK FOR PEANUTS. ESPECIALLY IN THE BUILDING TRADE AND IT REALLY GETS TO ME TOO.'

Other consumers remarked that the 'foreign kids are taking our kids' jobs' argument was not as straightforward as it seemed.

Our kids don't want to do those jobs. These kids that come over, they are hungry for it, hungry to better themselves. We've got young people that don't want to work.

There was also some anxiety about the economic and social impact of 'temporary workers' in the Global Australia Scenario. Would they contribute enough to the domestic economy and our society? Would their desire to work for minimum wage undermine the wages and conditions of permanent residents?

THE COMBINATION OF ECONOMIC AND POPULATION GROWTH VIA IMMIGRATION MEANT MORE UNSKILLED WORK WOULD BE ABSORBED BY UNSKILLED MIGRANTS.

If they're talking about a strong flow of temporary workers, they'll take their money and go. Opportunists. There's no money being put back in the country. It will all go back overseas.

I'm not sure about the strong flows of Pacific Islanders and South East Asia. How are they going to police that? Temporary workers. I don't like the idea of that. They come here and then stay beyond their visas.

Consumers recognised that with the Measured Australia Scenario, a skills shortage would cause significant problems.

I suppose the skills shortages is a big worry. There will be areas without certain skills. That will be a big downfall.

One area of the workforce some consumers pointed to as an example of this employment gazumping by foreign workers was the trades and services sectors.

Man 1: *[Illegals] will work for peanuts. Especially in the building trade and it really gets to me too.*

Man 2: *And hospitality too.*

There's already a labour and skills shortage, and people will take your job. A lot of apprentices don't want to do trades now. And people are undercutting in the building trade. That's going to stop people from wanting to do trades.

LEADERSHIP AND GOVERNMENT

Consumers' response to both scenarios in respect to issues of leadership and government was flavoured by an overwhelming negativity and sense of powerlessness as voters. Cynicism about politics and politicians was high.

Our opinion doesn't count. The government has its own agenda. There is no way we can ever have an input into the future.

They have no interest in the public ... what we want. They do what they want. You don't have a say.

Governments look after themselves. We vote on electoral promises and then they don't follow through. So you're not voting for anything.

The concept of 'strong state leadership' was met with cynicism, even laughter, across the board.

'STRONG LEADERSHIP AT THE STATE LEVEL? THAT'S JUST LAUGHABLE BASED ON OUR HISTORY OF STATE PREMIERS – HOW WOULD WE EVER GET A STRONG FUTURE OUT OF THAT?'

BOX D: A FEMALE PRIME MINISTER?

All the consumers groups were conducted before Julia Gillard became Prime Minister in June 2010. There was a sense across the affinity groups that a female Prime Minister of Australia was an inevitable occurrence and was not something to be feared. Rather any such leader should be judged on her performance in the job rather than her historic rise to the top.

It's going to happen. Bring it on.

Female PM ... it's going to come isn't it? As long as she does the job, who cares?

Some groups believed a woman might do better than her male predecessors or may govern differently.

Anyway, we still won't have any more say, though she may be a bit more caring.

Female PM? Go for it. She will probably do better than any of these men.

Among some women's groups there was genuine enthusiasm that some progress would be made in the future in terms of women breaking new ground in politics (although some were quick to mention the failings of high profile female politicians in the past).

It's nice that we've got a female PM. Provided she's not like Thatcher or Bligh!

Kristina Kenneally – maybe she'd be a good PM in 2020?

I hope for a female PM. That would be such a breakthrough - to show the men.

The female PM looks good - depending on who it is! The female premiers, chief ministers or whatever we've had have been idiots!

Strong State leadership! That's pretty funny ...

Strong State leadership? That will be a nice change.

It said in there somewhere that we had strong leadership. Really?

Strong leadership at the State level? That's just laughable based on our history of State premiers – how would we ever get a strong future out of that?

So acute was the negativity about State governments, consumers wished for a future in which that level of government was eradicated.

We need to get rid of State government altogether.

There should be no State governments in Australia. It would be fairer if we had just one Federal government and better links with councils to reflect the community view. Councils are no good now. They are too close to State governments and having to look after State government interests.

If they want to save a bundle, they should have one government. Get rid of State government ... look how bureaucratic and top heavy it is.

As with business leaders, consumers believed they were living in an over-regulated society; the main point of concern in the Measured Australia Scenario was the notion of increased regulation and government control through taxes, levies and laws prohibiting certain (even socially damaging) behaviours.

**'THEY HAVE NO INTEREST IN THE PUBLIC ...
WHAT WE WANT. THEY DO WHAT THEY WANT.
YOU DON'T HAVE A SAY.'**

BOX E: A BAN ON SMOKING?

As with business leaders, there was a mixed reaction about a future ban on smoking. Some participants were all in favour of it as a way to reduce our health care bills in the future.

Banning smoking, great idea. Takes the pressure off our medical system. Our health insurance fees would drop.

Outlawing smoking sounds good. I smoke, but they should do it and I'd stop smoking.

However, consumers were doubtful about whether this would ever happen, given the problems a black market in cigarettes would cause and the amount of revenue tobacco provides the government.

If everyone stops smoking, who's going to pay that lost tax? We are. They are just going to tax us some way else.

I don't think they will ever rule out smoking. The government earns way too much money from it.

If they ban it they'll just create a black market – it'll attract the criminals, like with prohibition (it didn't work).



BOX F: A TAX ON FAST FOOD?

Consumers recognised that there were public health arguments for a tax on 'non-prescribed foods'.

Taxes on junk food is great. Parents too easily today leave work and go to Kentucky Fried and McDonald's. This is why our kids are overweight.

I love the tax on McDonald's. Very cool.

Taxes on McDonald's. That's a good idea. And bring down the taxes on the fresh food and we would be more healthy.

Taxing McDonald's is good if the money goes to the health system.

There are too many rules and regulations now. Litigation in this country's completely out of control.

The most uncomfortable part is the increase in regulations. That's concerning. There's too much regulation already. Everyone's losing their freedom. There's too much regulation now, and it's too inconsistent.

It's going back to red tape again. Having unions at every work site – you end up with 20 blokes doing a job one bloke can do.

The main criticism of all governments was that they were not forward thinking enough and were too focused on public opinion polls and the next election, making them poor custodians of the future.

'IF THEY WANT TO SAVE A BUNDLE, THEY SHOULD HAVE ONE GOVERNMENT. GET RID OF STATE GOVERNMENT ... LOOK HOW BUREAUCRATIC AND TOP HEAVY IT IS.'

However, when thinking through the reality of such a tax, some participants were uncertain about how it would be applied. Practically speaking it was seen to be unworkable.

Can't imagine taxes on junk food – how would you draw the line?

The tax on fast food, that's going to be a hard one.

Why doesn't the Government ever think about the future? It's so depressing. Probably they do think of it, but won't do it – they're too scared of the next election.

Governments know much of what we need but lack the implementation. They'll argue about it for years but nothing will happen. It's the broken promises issue with Government again.

If you look at the decision made by government, there doesn't seem to be any forward planning. It's a band-aid fix. Management by crisis.



AUSTRALIAN IDENTITY

Contemplation of the Global Australia Scenario provoked concern among many of the affinity groups about the future of our identity and way of life. There was a general sense that with this scenario Australia would become a wholly different culture and society.

We will lose what we are.

This will change the nature of Australia.

Some consumers felt that with this pace of growth, Australia would no longer be relaxed and comfortable; the great Australian lifestyle would be obsolete.

What will happen to our way of life? It will be destroyed.

I don't want to lose our identity. Our lazy attitude. Our laid-back laziness.

There was a concern that Australia in the Global Australia Scenario would lose its independence, its distinctiveness as a culture, as well as its capacity to hold its own economically.

Why have we got more self-confidence just because we live within South East Asia? Why don't we have our own national pride?

The national confidence, I wouldn't feel confident in this environment. I'd be concerned I was losing my identity.

It sounds like we're becoming more dependent on overseas countries. It's not a good thing. If they have a take-over in that country or a war or anything, it will disrupt us.

'I DON'T WANT TO LOSE OUR IDENTITY. OUR LAZY ATTITUDE. OUR LAID-BACK LAZINESS.'

There were some rare consumers who seemed comfortable with the idea of Australian identity shifting to reflect the ethnic make-up of the population.

I think the biggest fear with over-population is the fear of losing national identity through excessive migration. I think that's inevitable. Australia is already multicultural. As time goes on ... everyone will start getting along because no-one will know who's who. It won't matter if you're Chinese, Lebanese, Australian, whatever. Everyone will be mixed.

THE TWO SCENARIOS: REACTIONS AND PREDICTIONS

Broadly speaking consumers reacted negatively to both scenarios. While there were seemingly attractive elements in both, when asked to choose between them they often (but not always) opted for the Global Australia Scenario, but with serious reservations and doubts that such a rosy scenario would ever happen.

BOX G: NAMING THE SCENARIOS

We asked the affinity groups to provide a name for each scenario. The results reflected their attitudes not only to the two possible futures presented for discussion but also the nature of their current anxieties about Australia today.

THE GLOBAL AUSTRALIA SCENARIO

In terms of the 'global' scenario, the theme for the names focused on prosperity, population growth and the loss of Australian identity. The scenario was often given names associated with inevitability and fear, albeit some consumers tagged it as too idealistic.

Scary	It's all about money
Overwhelming	Money hungry
Overpopulated	Foreign Australia
Inadvisable	Spot the Aussie
Inevitable	Long lost Australia
Unpreventable	Anybody welcome
What could happen	Natural progress
The right ideas too fast	People friendly
Bladerunner	Global
As if	Prosperous
Tell him he's dreamin'	Growth and prosperity
Another disaster	Rosy
More of the same	On the rise
The rosy picture	Shangri-La

This one's better than the other – but it's not going to happen.

Is this a nightmare or a fairy story?

What's not real in here is the conflict in Afghanistan has finished. That's nowhere near finishing in 10 years.

I lack the confidence that our government would be able to implement this.

Some consumers believed the rationale for the Global Australia Scenario was about prosperity at any cost; it seemed all about profits rather than people.

It's all about money – profit at all costs.

They say we seemed to have concerns about our links with other countries, but that was overcome when they could see their prosperity rising ... it makes you think they are just trying to sell-out Australia. They don't care much about protecting Australia and looking after Australia. It's about the wealthy.

This scenario is a little bit insensitive. It doesn't talk about social issues as much. So you don't know how the people are.

In the Global Australia Scenario, many in the affinity groups complained about the economic focus. In order to judge the desirability of this scenario, they needed to know more about other aspects of this future society.

There is no mention of the Australian dollar. There is no mention of what's happening globally. Global warming ... what's happening?

It doesn't really concentrate on any health does it? It's just about the economy really.

There's nothing about the older people in this one. Whether we're going to be better off.

There's no mention of aboriginals anywhere in this.

There's no discussion of the quality of life – you know, crime rates, wealth distribution.

More migration and therefore population – what about social happiness as opposed to economic prosperity? More crowding increases violence, creates more mental health issues and so on. There will be even more problems, more discomfort.

In terms of the Measured Australia Scenario, consumers' overall reaction was that it sounded bleak and uninteresting; a society where people felt secure at the expense of their freedoms.

This scenario doesn't sound like a lot of fun.

In this one we still have time for family and friends and stuff but we are broke. And no McDonald's.

As retirees, this is a bad picture. It doesn't sound too good.

A society based on fear isn't a great idea.

This is like crystallising all the fears that we have now. It basically is the next step from what everyone thinks now. What everyone fears.

In the end the verdict was that, regardless of some of the positives about this scenario, it was unlikely as business and government had a vested interest in an open and growing economy. The odd participant remarked that perhaps this scenario had been written to make it seem unattractive and unlikely.

No government would let this happen. Prosperity is too important to them.

This was negatively written as if it was trying to push you in that direction.

The labour and skill shortage – it's not going to happen.

The common refrain in groups was: 'Where is scenario three?' They wanted an alternative that combined what they perceived to be the best aspects of both scenarios.

I want half way between this one and that. Bits and pieces of the two.

I thought there might have been another scenario. A good one. One that's true. The rail link would be built. It would look nothing like these.

A bit of both. Slowing migration down a bit so we can prepare a bit for the expansion and prepare the infrastructure.

BOX H: THE MEASURED AUSTRALIA SCENARIO

Consumers named this scenario in terms of the themes of over-government and lack of freedom. Even though consumers were anxious about aspects of the Global Australia Scenario, this contrasting scenario was seen as just as bad, even worse, and generally described in negative terms.

Government power	Management by crisis
No choice	Joyless
Lost control	Tax, tax, tax
Fighting back	Doomsday 2020
Big brother	Orwellian
Cuba	Doom and Gloom
Back to the future	Pessimism 2020
Back to the past	The Dark Side
Realistic paranoia	Head in the Sand
The depression returns	Going backwards
Bleak	Be very afraid
The downfall of Australia	I'm Aussie and I'm broke
Depressing	Wasted opportunity
Down the toilet	

BUSINESS LEADERS RESPOND TO THE FUTURE.



by Rebecca Huntley



INTRODUCTION

In June and early July 2010, 12 in-depth and confidential interviews were conducted with business leaders (CEOs, CFOs and other senior management from medium to large companies) across a variety of industries: media and communications, property development, pharmaceuticals, FMCG, financial services, car manufacturing and telecommunications. Business leaders were shown the two scenarios and asked to comment on each in relation to the challenges and opportunities they present for Australian business, their industry sector and their company.

BROAD CHALLENGES FACING BUSINESS IN THE NEXT DECADE

Prior to discussion of the two scenarios, business leaders were asked to nominate some of the broad challenges facing business in the next decade. Numerous issues were identified and many of these were sector specific.

Access to a skilled and stable workforce was one clear challenge for all. As one leader put it, finding ‘highly-skilled and capable people is going to be a bigger issue in the future’ and business needs to get better ‘at training rather than recruiting’. Improving productivity was also a broad concern as was ensuring profitability in increasingly competitive markets domestically and globally.

FINDING ‘HIGHLY-SKILLED AND CAPABLE PEOPLE IS GOING TO BE A BIGGER ISSUE IN THE FUTURE.’

For some, Australia’s changing place in the global economy was nominated as the biggest challenge; one leader predicted that in order to continue to prosper ‘Australian companies must look outside of Australia for their growth and their opportunity’. On the issue of the global economy, some leaders were concerned about the current problems in Europe and believed we were ill-prepared for any negative impact from this on the domestic economy. For one business leader, the fact that Australia had weathered the GFC well was in fact a curse in disguise. He stated:

I’m worried about the arrogance that has crept into the country because we’ve been the golden child ... For example with immigration, we’re having this debate as to whether we want the people or not; shouldn’t we be asking them if they want to come? ... We have to realise that we’re the pimple on the pumpkin: there are 20 million people here and if we adopt the arrogant approach ... then it’s destined to fail.

Some leaders were of the view that the Australian economy was not as strong as it appeared, was too reliant on mining and the services industries and needed to become more competitive and diverse.

We’re not really a highly competitive, diversified economy. We’re very strong in certain sectors. There’s an awful lot of day-to-day, “business as usual” stuff going on in our urban areas which is not driving a highly competitive economy.

How do we see ourselves as a nation? Is it not just mining - is it that we’re the education centre of South East Asia?

We need to ... back away from being a services economy to producing real stuff.

In this respect, the opportunity afforded by the GFC to reform key aspects of the economy was wasted by the government, according to one business leader. He commented that:

We had a golden opportunity ... to put the bold vision out there ... and we blew it.

BOX A: BOOM-TOWN BROOME

The concept of a developing Broome in the Global Australia Scenario sparked discussion in our business leader groups as it did in our consumer groups. Some business leaders remarked that the national security and regional linkage role of Broome made sense and was a good indicator of Australia’s prosperity and prestige in the region. Others saw it as evidence that Australia was taking regional development seriously.

POPULATION AND ECONOMIC GROWTH

The link between economic growth and population growth was very strong in the minds of business leaders (in contrast to the consumer groups in which population was linked to the issues of livable cities, Australian identity and social cohesion).

On the question of economic growth, some business leaders argued that as long as China and India continued their growth path, we would naturally be caught up in that process. Most were optimistic about the Australian economy's capacity to grow in the years leading up to 2020.

There were diverse views about whether the population projections in the Global Australia Scenario were realistic or not. Some doubted we would get to 25 million in a decade; others thought 30 million was 'baked in', even without government stimulus. However all the leaders accepted that the population debate will be a significant one now and into the future and many expressed frustration at the current public and political discussion about immigration. Many held the view that 'immigration is core to who we are'. As one leader commented 'this is a wonderful country, it can take a lot more people'. Unlike many consumers, business leaders felt that there was plenty of space to accommodate population growth. In the words of one leader:

One business leader remarked that he hoped the development of places like Broome would be a sustainable, whether these centres were transformed not just into boom-time shanty towns but real communities. He stated that:

Today you have fly-in fly-out workers servicing the North-West of Western Australia from Perth, from Adelaide, Brisbane and Sydney ... that's not sustainable and it doesn't build communities.

The debate that's raging at the moment over population, in my view, is just nonsense. This idea that we can't sustain 30 million people in 2030 or whatever they're forecasting. It seems like we're not trying.

One business leader contested the argument that infrastructure has to be in place before population growth was encouraged, arguing that population increase creates the need for infrastructure expansion.

People I think wrongly form the view that [if] you overburden the infrastructure with overpopulation you somehow do yourself some harm. I subscribe to the opposite view that in fact more population and more infrastructure is actually a cycle of growth.

'IMMIGRATION IS CORE TO WHO WE ARE.'

One optimistic leader believed Australians were coming to a slow but inevitable understanding that we will require a larger population and in 2020 the 'populate or perish' philosophy may well surface.

On the issue of elevated birth rates, business leaders shared the views of consumers that such a development was unlikely, given trends in women's education and work patterns and general lifestyle expectations. Few believed measures such as 'baby allowances' would do much to reverse this trend in fewer children, born to parents later in life.

INFRASTRUCTURE AND RESOURCES

Like our consumer groups, business leaders were particularly focused and concerned about development of infrastructure and management of resources now and into the next decade.

While there was general optimism about the future of the Australian economy, there were grave concerns about our infrastructure, specifically in the area of water, roads, rail and technology. Here are just some of the many comments from business leaders about their apprehensions.

LIKE CONSUMERS, BUSINESS LEADERS WERE DOUBTFUL ABOUT WHETHER THERE WOULD BE ANY SERIOUS DEVELOPMENTS IN THE AREA OF INFRASTRUCTURE IN THE NEXT DECADE OR SO.

Is there going to be a global war in regard to energy and water? We've got plenty of water in Australia, we just don't have it in the right spots.

The only way Sydney is going to cope with [population growth] is to have roads, rail, major long-term infrastructure put in place. If it doesn't it becomes a bottle-neck and an unworkable city.

We've got to get that investment in city infrastructure otherwise that's a nightmare.

It's very difficult to re-engineer and build a new infrastructure, and we can't do it now, how on earth are we going to be able to do it in the future? I don't know how to explain that further, but if the systems are broken now in terms of electricity and water supply and we had all this surplus that we've now given away, and an opportunity during that era to fix the future and now we've given the funds away.

BOX B: THE NUCLEAR PATH

In general business leaders were supportive of the idea that Australia would go down the nuclear path.

As one leader put it, 'if any nation had any fundamentals for a nuclear industry, it's got to be Australia'.

The view was that nuclear, which had been utilised in other countries for decades, had been avoided in Australia because of a vocal minority and political expediency.

As one leader remarked:

I think the rational arguments are very compelling, at least in the medium term. It's a lesser evil compared to many other alternatives that we could be pursuing for energy. It's a bigger agenda than Australia in isolation.

Others believed that the move to nuclear was inevitable if climate concerns increased and there was no major step forward in innovation with renewable energies.

A few leaders mentioned the risk in relation to safety and storage of waste.

One leader wondered whether nuclear power in the next 10 years makes sense 'given the gas resources we have'.

There was less concern about food security than in the consumer groups, albeit one leader commented:

We're already seeing our agricultural businesses come under stress ... As our population increases [there could be] high variability in pricing and also cost [of food] increases over time.

Like consumers, business leaders were doubtful about whether there would be any serious developments in the area of infrastructure in the next decade or so. Some leaders argued that infrastructure investment and urban development (particularly the planning of major cities) should be nationally coordinated. Others talked about the need to develop more sophisticated approaches to public / private partnerships for infrastructure projects, given the lack of capacity of state governments to fund these ventures.

We've got to say right, that gives us a certain standard of living. Now, let's do something with it.

While there was broad criticism of the federal government's super tax on mining, the concept of using the profits from resources now to help restructure the economy, to improve it in order to deliver a sustainable dividend over a generation and beyond, had support from some quarters.

To quote one leader:

Having some kind of sovereign fund that takes the super profit from the natural resources and puts it away for the future is absolutely the way to go, but that should have been done when Howard was in, not necessarily now.

WHILE THERE WAS GENERAL OPTIMISM ABOUT THE FUTURE OF THE AUSTRALIAN ECONOMY, THERE WERE GRAVE CONCERNS ABOUT INFRASTRUCTURE, SPECIFICALLY IN THE AREA OF WATER, ROADS, RAIL AND TECHNOLOGY.

On the question of Australia's resources, business leaders generally believed the mining sector would continue to fuel Australia's growth in the medium term. One leader was particularly concerned about whether a resource-rich, population-light nation like Australia might require a stronger defence force to protect our position. However, there were concerns that our mining sector encouraged a complaisant approach to economic planning and that we are failing to utilise the profits from those resources in a strategic and forward thinking manner. As one leader put it:

To sit back and rely on the resources sector to fuel all the growth, which it really does, is not good enough.

One obvious omission from both scenarios, picked up by some business leaders, was developments in the environment generally and global warming in particular. What might happen in the area of resources and infrastructure would be intimately connected to the greater (or lesser) threat of climate change.

FOREIGN TRADE AND FOREIGN MARKETS

In the Global Australia Scenario, Australia is portrayed as providing a variety of services for the countries in the region. There was some questioning among business leaders about whether such a prediction was realistic.

In particular, they challenged the idea that Australia could become a medical service hub for the region, given the rising costs of health care in Australia and the improvements in health care services in Asia and India. More broadly, leaders questioned whether, without improvements to our economy and government structures, Australia would continue to be a desirable location for foreign capital. One leader remarked

MORE BROADLY, LEADERS QUESTIONED WHETHER, WITHOUT IMPROVEMENTS TO OUR ECONOMY AND GOVERNMENT STRUCTURES, AUSTRALIA WOULD CONTINUE TO BE A DESIRABLE LOCATION FOR FOREIGN CAPITAL.

Australia might have to work much harder in order to be viewed as a more 'deserving' destination in terms of capital return, stability and quality of investment than it has been in the past.

On the question of foreign ownership, particularly its restriction in the Measured Australia Scenario, business leaders were naturally concerned, albeit some warned about the consequences of too much foreign investment in the domestic economy. As one leader put it:

We don't want to sell out ... You can't just throw the doors open. ... You've got to be careful that you don't lose control and you're realistic about your size within the global market.

On this issue, business leaders were quick to point to significant omissions in the Global Australia Scenario. One leader was 'disappointed' there was no reference to Australia providing financial services to China. One was surprised there was no mention of our relationship with Europe and the United States, and the sole focus was on our engagement with the Asia Pacific region. Another commented there was a lack of focus on Indonesia's part in our future prosperity. A couple of leaders said the emerging continent of Africa should have been mentioned as well. One of these leaders also mentioned that the key player here is 'Chindia' rather than just China. As that leader stated:

I think it's in Australia's interest as an independent small nation that we balance our relationships with China with the only regional counter-balance that will be there in the foreseeable future, which is India: a cricket-playing democracy.

On the issue of reducing the amount of foreign students allowed into Australia, as mentioned in the measured scenario, leaders were naturally resistant; given the importance of these students as a revenue stream for the tertiary education sector in particular. As one leader commented:

Allowing a foreign student to come into Australia makes absolute sense for two reasons: it's commercially sensible and it's socially and culturally enriching. People learn to adapt with one another in a neutral space, because they know that that person is not using the country - they're contributing to the country.

IMMIGRATION AND ASSIMILATION

Among business leaders there was far stronger support for increased immigration in the future than was evident in our consumer groups.

In general, they saw it as a force that 'drives a more interesting society', a large part of the success that we have had to date. One leader framed it in these terms:

diverse Australian population. One leader comments that without the proper infrastructure, increased immigration could create greater racial tension because 'you can't give everyone

ONE LEADER COMMENTS THAT WITHOUT THE PROPER INFRASTRUCTURE, INCREASED IMMIGRATION COULD CREATE GREATER RACIAL TENSION BECAUSE 'YOU CAN'T GIVE EVERYONE THE LIFESTYLE THAT THEY WANT'.

I think [migrants] bring diversity and an entrepreneurial approach and an improvement in the country more generally. I know from our own business that trying to work in countries [like India and China], having people from those backgrounds in our own business makes success in those markets easier. I don't think you can fight demographics for too long.

Another argued more pragmatically that increased immigration was crucial to make sure wages aren't driven up to the detriment of business. There was an acceptance that changes in the ethnic make-up of Australia would force companies to develop new products, services, marketing and communication strategies. As one leader said, 'I think Asian brands will resonate with Asian migrants, that's a given'.

Business leaders were far more concerned than consumers about the detrimental effects of the current discussion about asylum seekers and immigrants. One leader expressed the view that it would 'fundamentally harm Brand Australia as an immigration destination over the next 10 to 20 years'. That being said, there was some concern among business leaders about the social consequences of an increasingly ethnically

the lifestyle that they want'. Similarly, another business leader remarked that there needs to be a cultural change in Australian workplace culture, where people from immigrant backgrounds were allowed to progress through the ranks. He stated:

If people [are] brought into the country as cannon-fodder and servers for the white people, huge distrust and racial unrest [can] result ... New people come into the country and see politics or business as homogenous, dominated by white Australians. How can those people break in?

Echoing consumer anxiety on this issue, some leaders were concerned about getting future planning settings right so that 'enclaves' weren't created. To quote one leader:

There is a population size of a community within a community where it doesn't need to integrate and I think that is probably the danger. If that passes through the next generation so they can have schooling where they don't need to integrate with the broader population and don't change customs or processes, then that's a bit scary and that's probably France today.

HOUSING

Except for a business leader in the property development sector, there was very little focus in the discussions on the issue of housing (compared to its central place in discussions in the consumer groups).

One business leader lamented the lack of detail in both scenarios about 'liveability' in city and regional areas as well as the kind of housing we might be renting and buying in the future. There was also concern about the continuation of urban sprawl in the global scenario – have we become better at planning our suburbs in the future?

If I look at the way urban society, urban sprawl is going, housing estates are going up faster than infrastructure can follow, so you can buy a house two hours out of the city because that's the only point of affordability ...

Like consumers, some business leaders questioned whether housing prices in Australia would dramatically decline, even if aspects of the Measured Australia Scenario were to eventuate, (although some anticipated a market adjustment at some stage).

Sixty-somethings selling their houses and then all of a sudden there is no demand for four bedroom houses with a study and a two car garage and a pool in the burbs. [It's] something I've thought might happen on occasion and then gone, no that's not going to happen.

There was a broad agreement that the housing sector would remain strong, despite anything the Boomers might do, for at least the next decade.

ONE BUSINESS LEADER LAMENTED THE LACK OF DETAIL IN BOTH SCENARIOS ABOUT 'LIVEABILITY' IN CITY AND REGIONAL AREAS.

EMPLOYMENT

As with the consumer groups, employment issues were not a focus for the business leaders, bar the issue of attracting and retaining skilled employees.

Again, leaders were skeptical that the Measured Australia Scenario was realistic given the already existing needs of booming industries (mining, health care and aged care were some examples given). For one leader, the question for the future was not so much about there being jobs around for Australian workers, but where those jobs were located. In his words:

There is a big disconnect between where the jobs are and where the houses are. That's a huge issue because of increased driving times, increased traffic and all sorts of major issues that come out of that.

BOX C: A FEMALE PRIME MINISTER?

All except one of the business leader in depth discussions were conducted before Julia Gillard became Prime Minister in June 2010.

The gender of the future PM provoked little comment from the leaders. One leader commented that such an event would be important 'because we've still got huge challenges in relation to diversity in Australia, both gender and ethnic'.

Another commented that such an event would be neither surprising nor problematic, predicting that it was something that could happen this week rather than in 10 years time.

LEADERSHIP AND GOVERNMENT

Business leaders shared consumer dissatisfaction with the quality and vision of political leadership in Australia. However, they were more critical than consumers of the conservative approach to leadership shown by Australian business.

A common reaction to the Global Australia Scenario among business leaders was that we generally do not have strong, courageous and visionary government, either at the state or federal level, to make that future a reality. As one leader put it, the growth scenario 'sounds good in theory but [Australians] just don't have the confidence to give the politicians the mandate to go there'. The concept of 'strong state leadership' (as mentioned in the Global Australia Scenario) was almost viewed as an oxymoron. State governments were not seen to have the stomach for reform needed to ensure the full realisation of the Global Australia Scenario.

As with consumers, one of the main areas that reflect government failure to lead effectively was infrastructure. One leader commented that State governments would not have the capacity to support major infrastructure projects for at least 10 to 15 years. Other lamented the fact that we have not had any 'major visionary infrastructure projects for quite a while', believing that only the federal government had the capacity to realise such projects.

While the generally poor quality of our political leaders was discussed, greater criticism was levelled at our political structures themselves, namely that the three tiers of government made good and efficient decision making difficult to achieve. One leader put this view particularly strongly:

The planning system in Australia is a debacle. We are over-governed. If you take every single issue of importance where there are problems - transport, health, education, housing - it comes down to State, Federal and Local governments that are dysfunctional.

BOX D: A BAN ON SMOKING?

While generally anti-regulation, many business leaders believed that further restrictions on tobacco were inevitable.

As one leader put it, 'I think smokers who smoke should pay a premium for tobacco-related illnesses [because] I don't think it's justifiable that a non-smoker paying taxes should pay to pick up their bad habits'.

One leader felt that the agenda for the republic (which had stalled at the point of research) was a perfect opportunity to review the Constitution and the power balance between state and federal governments, and yet he questioned whether this would happen due to lack of political vision.

Some business leaders were themselves critical of their community in general for not being proactive in terms of setting a vision for the nation. As one leader put it:

I think that one of the biggest challenges for the business community is having the courage to step up, when either consumers or the government is uncertain, and seize the opportunity. I think a lot of the business environment in Australia is still relatively passive. They are an extension in a number of ways of the lack of strong leadership in Australia.

Another leader argued that if the current finely balanced political climate was to continue, then business would be well placed to raise issues of long-term importance to the nation.

AUSTRALIAN IDENTITY

Business leaders were far less focused and concerned than consumers were about the issue of Australian identity. However, as with consumers, there was a division within business leaders about possible changes growth might bring to our society and culture. On the one hand, there was the view expressed by some that Australia's economic future lies in the Asia Pacific region and that will bring about inevitable – and desirable – social and cultural change. This group was comfortable with the idea that Australian values will shift over time and argued for a less inward looking and less Anglo-centric approach to the future of our society.

HOWEVER THERE WERE LEADERS WHO WERE JUST AS ANXIOUS AS THE MOST ANXIOUS OF CONSUMERS ABOUT THE LOSS OF AUSTRALIAN IDENTITY.

However there were leaders who were just as anxious as the most anxious of consumers about the loss of Australian identity. One leader commented in response to the Global Australia Scenario that 'the identity side concerns me because I don't know what the identity of Australia is anymore'. Another argued that if Australia grew too quickly without retaining a strong sense of identity there could be 'social issues'. Another argued that 'immigration should be controlled out of pure pride of the nation'. Another pointed to the United Kingdom, arguing that that country had lost its uniqueness by becoming part of the European market. Indeed, one business leader, originally from the United Kingdom, felt that the Global Australia Scenario might destroy one of the features of Australia that he was attracted to which is its isolation from the rest of the world and the 'let's just go to the beach and have a beer' attitude to life.

THE TWO SCENARIOS: REACTIONS AND PREDICTIONS

When asked to pick between the two scenarios, unsurprisingly the Global Australia Scenario was seen by all leaders as the best option for business.

Some saw it as realistic; others were more skeptical about whether it was attainable given current conditions. However, many leaders felt there were missing pieces of the puzzle in the Global Australia Scenario and wondered whether it was an overly optimistic view of what might happen.

The greatest benefit in the Global Australia Scenario was its larger population; it was the scenario that would provide business with greater opportunities, as long as the challenges of infrastructure and innovation were addressed. However, even business leaders found it difficult to evaluate the Global Australia Scenario from a purely professional point of view. One business leader recognised that consumers would react with 'natural fear' at this scenario. Another leader expressed the view that, while good for his business, this future would 'destroy the lifestyle of the past that I grew up in'.

The Measured Australia Scenario elicited the predictable depression and alarm from business leaders.

'Green 1984' was the name given to this scenario by one leader. As one leader put it, it's 'like taking your marbles home and playing with them yourself'. Another described it as 'a fairly sad place to live and work and to run a business'. The thought of even more government regulation and increased union control was unpopular, as they believed it would restrain ideas generation as well as business development. As one leader stated:

I like an environment where the government is a facilitator, not a controller: an enabler of economic growth, and an enabler of good social policy reform, not through greater taxes and control.

Leaders expressed serious doubt whether the Measured Australia Scenario would ever eventuate, given the extent to which Australia is integrated into the global economy. Many felt that any current consumer fears of overpopulation and foreign investment driving such a scenario would be overwhelmed once the economic costs of such an approach

'WE'LL FIND DIFFERENT WAYS.'

became apparent. As one leader stated 'to go in a direction that actually works against increasing per capita income, I don't think it will happen'. However some business leaders did believe they were adaptable enough that if such a scenario was to occur, they would continue to make a profit. 'Times change and we'll find different ways' was the pragmatic approach of one business leader. Generally, leaders expected Australian in 2020 to be 'somewhere in between' these two scenarios. One particularly pessimistic leader remarked that the likely scenario was the big population of the Global Australia Scenario and the over-government rife in the Measured Australia Scenario.

We're going to be a bigger population but over governed. It won't be this Global Australia. It will be 25 million with racial tension, disharmony, dysfunction, population gridlock; it will be like it is now only worse.

Indeed, while leaders believed economic forces made the Measured Australia Scenario unlikely, some equally believed lack of vision from government made the full Global Australia Scenario unlikely as well. One leader said:

I just cannot see how we can go from all the chaos of today to this harmony in the future.

CONCLUSION.

by Rebecca Huntley and Bernard Salt



This report has outlined some of the imminent events and predictable trends over the next 10 years. These include the very real prospect of a skills shortage with the progressive retirement of the baby boomers throughout the decade. The report also documents and analyses the reactions of a selection of Australian consumers and business leaders about two possible scenarios for the year 2020 – a global and growing Australia and a measured and contained Australia.

THE RELATIVE UNIFORMITY AMONG CONSUMER GROUPS IN THEIR REACTION TO BOTH SCENARIOS IS TELLING.

The Global Australia Scenario, which was so attractive to business leaders, provoked negative emotions from consumers - doubt to anxiety, fear to outright hostility. And yet the Measured Australia Scenario also depressed them, albeit not as much as it depressed the business leaders. Both groups wondered whether a third way was possible.

What can we conclude now that we better understand the hopes and the concerns that our community holds about the future?

CONSUMERS ARE WORRIED ABOUT THE FUTURE OF RESOURCES IN AUSTRALIA AND ARE CONSEQUENTLY PREPARED TO BE FLEXIBLE AND OPEN ABOUT MECHANISMS TO SECURE AND MAINTAIN THESE RESOURCES.

When it comes to economic and population growth, there is clearly a gulf between the mindset of Australian consumers and the aspirations of the nation's business leaders. Or at least this was very much the case for those consumers and business leaders who participated in the study. If the Global Australia Scenario is to be achieved, it needs to be via the path of public education and consultation. We urgently need a richer - perhaps even robust - national conversation about growth. The community will not have Big Australia foisted on them and, if they can't be convinced of its merits, then the growth trajectory must be recalibrated accordingly.

It is also clear that for both government and business leaders who believe in a Big Australia, that the question of infrastructure has to be tackled with greater determination and vigour. Although this is not to say that the business leaders interviewed had a narrow 'growth orientated' perspective of the future: many made comments about the need to achieve the right balance between prosperity, the delivery of infrastructure and sustainability.

What's the national vision for our regions? Clearly consumers believe greater emphasis on regional development is important to relieve the current pressure on our cities but, as Bernard points out in Chapter 2, it is unlikely that there will any entirely new large cities created over the next 10 years. Indeed new areas of population growth over the coming decade are in fact much more likely to be attached to existing capital cities, to lifestyle and seachange towns as well as to resource towns.

Greater intervention by government to address our reliance on fossil fuels and cars (for example a tax on cars driving into the CBD in the Measured Australia Scenario) was seen as inevitable by consumers. They were even open to the idea of the widespread use of recycled water. Food security was another emerging issue for Australians. Consumers are worried about the future of resources in Australia and are consequently prepared to be flexible and open about mechanisms to secure and maintain these resources. In addition, there is a debate to be had about the future of nuclear power in Australia, as a potential part of a more sustainable energy future or as a bridging option until alternative sources can provide us with the power we require. Government and business should recognise that on some issues, consumers are more prepared for change than might be otherwise assumed.

There needs to be a better discussion between consumers, business and government about our ongoing relationship with China. It is clear consumers believe our future prosperity relies

IN CONDUCTING THIS RESEARCH, IT WAS CLEAR THERE IS AN ENORMOUS TASK AHEAD FOR GOVERNMENT AND BUSINESS IN TERMS OF PREPARING AUSTRALIANS FOR THE ROAD AHEAD

As Bernard points out in the first chapter, the imminent removal of skills from the workforce as the boomers retire and the birth rate remains modest is shaping as a key issue over the coming decade. This view is shared by many in the business

on China's growth and yet there are signs of resentment and suspicion about this reliance. If Australia is destined to be a popular tourist destination for middle class Chinese in the next decade, then such concerns need to be managed.

While many consumers supported (or at least grudgingly acknowledged) the need for more skilled migrants, there was still significant levels of anxiety and hostility about immigrants in general, whether they be asylum seekers, new migrants, or even second and third generation migrants. This exists in stark contrast to business leaders, who see greater immigration as a key to economic prosperity and the persistent skills shortage. Business leaders were far more concerned than consumers about the detrimental effects of the current discussion about asylum seekers and immigrants, as a potential threat to Brand Australia globally. If Australia's population is to grow to meet industry demand, then our leaders need to assure people that today's new migrants pose no more of a threat to our values and way of life than Italian migrants did in the post war period. Our society and our culture are tolerant, just and robust enough to withstand alterations in the ethnic mix of the population.

The issue of housing affordability has been a traditional gripe of consumer groups since the early 1990s. One of the hopes expressed across the groups and interviews was that we might see some shift in our conventional preoccupation with large houses, as a means to contain urban sprawl and house prices. What incentives could be provided by both government and business to encourage consumers to opt for compact housing and more sustainable housing developments?

community. And yet it was clear in our consumer groups that some resisted the idea that without further immigration the economy would suffer. While employment was not a hot-button topic for discussion among consumers, when it did arise, the focus was more on the social problems surrounding a fly-in, fly-out workforce and with temporary workers from overseas. Addressing current levels of concern about immigration and population growth is crucial to any strategy around the skills shortage now and in the future.

In conducting this research, it was clear there is an enormous task ahead for government and business in terms of preparing Australians for the road ahead; perhaps our style of leadership has been too conservative and too managerial. Courageous and far-sighted leadership is the key to ensuring a 2020 in which Australia is strong and stable in our identity, our economy and our society.

The next steps required are as clear as they are challenging. We need a more structured consideration of the future that engages all Australians and that addresses some of the discord that exists between business and the community on issues such as population growth, resources and foreign investment. Political and business leaders must lead these difficult discussions about the difficult topics that are likely to impact this nation. And in doing so leaders should not underestimate the capacity for Australians to be convinced that the future of our country lies in opening ourselves up to the world, rather than in shutting ourselves off.

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In addition to this she is the author of two books, *The World According to Y: Inside the New Adult Generation* and *Eating Between the Lines: food and equality in Australia*.

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In 1989 he conceived and produced an annual report for business (Population Growth) which examined demographic movements in every Australian municipality. He promoted this report to business through the media for 17 years establishing his credentials as a public commentator on Australian demographic and social change.

In 2001 he released his first best-selling popular book *The Big Shift* which predicted the seachange movement. This was followed in 2006 by *The Big Picture* which considered the rise of Generation Y. His third popular book, the quirky *Man Drought* released in 2008, looked at the demographics of relationships.

He directed and wrote global studies on Generation Y (*Beyond the Baby Boomers*) and on skills (*Global Skills Convergence*) for KPMG International in 2007 and 2008 respectively.

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