six million people now live on the coast, high Chinese economic growth helps to fuel the Australian economy, in spite of rising incomes, government revenues reach a threshold, Australia is well placed to take advantage of increasing growth rates, the decade of decline serves to strengthen social cohesion, there is intense competition for government resources, arguments for fundamental political reform emerge, the psychological impact of this change is more profound than the economic, have-nots are often geographically concentrated, and are avoided and ignored, behind a façade of prosperity, the country’s problems are building, for Australians the economic news is less positive elsewhere in Asia Pacific, the nation is proceeding to sign up to new trade deals, complex layers of legislation and regulation constrains markets, some shocks arrive to jolt Australia out if its comfort zone, the sum of these differences is intense struggle, capacity has been eroded and questions are being asked about the ability of governments, to deliver crucial services, numbers of Australian expatriates return home from downsized positions in Asia, they find they have seniority, but not necessarily the authority and opportunity that once went with it, failure to provide for aged care, child care and disability programs is causing great hardship. Australia turns to the United States for assistance, demands on government do not abate, the situation is shocking to Australians, people think that the country has cracked the code for long-term prosperity, there is a constant stream of refugees, warning signs prompt a series of snap elections, spending on defence and security significantly increase, there is greater acceptance that the growth opportunities for the country lie mostly outside of Australia, governments know that reforms are needed, wider use of markets proves to speed up change.

Change is Inevitable Progress is Not

ASPIRE AUSTRALIA 2025
The Business Council of Australia (BCA) is an association of Chief Executives of leading Australian corporations.

The BCA was established in 1983 to provide a forum for Australian business leadership to contribute directly to public policy debates in order to build a better and more prosperous Australian society.

The Business Council maintains a highly prioritised, strategic approach to key issues.

“Aspire Australia 2025” is the product of a process facilitated by the BCA. The Scenarios, interpretations and views expressed reflect the views of the participants in the process and are not necessarily the views of the BCA.
WHAT RELATIONSHIPS SHAPE
AUSTRALIA'S CAPACITY TO BUILD SECURITY
### Participants to “Aspire Australia 2025”

The BCA is pleased to facilitate this project in the interest of Australia’s long-term future. These Scenarios represent the collective thinking, wealth of ideas and perspectives of the following participants.

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Special thanks to Peter Jennings, Sally Jones, and Karen Grady for their contributions to “Stormy Seas”, “Changing the Crew” and “Riding the Wave”.

the participants were supported by the project team
population
growth
identity
leadership
world order
values
youth
There are very few forums for long-term holistic strategic planning for Australia.
FOREWORD

SCENARIOS FOR AUSTRALIA 2025

Australia, along with the rest of the world, has experienced profound changes over recent decades. Australians have risen to these challenges by becoming an integral part of the global community and taking advantage of the new opportunities it offers.

The challenges of change and uncertainty continue to confront us in this early part of the new century, but in ways that are far different from those we have experienced in the past.

This sets the rationale for the Business Council of Australia’s Scenario Project – “Aspire Australia 2025” – as a major endeavour to enable Australia to prepare for the future.

The BCA comprises 100 leading Chief Executives. Our Members are business leaders who believe in Australia’s future and devote their time to place the Council’s imprint indelibly on the national agenda – to make Australia the best place in the world to live, learn, work and do business.

“Aspire Australia 2025” arose from concern within the BCA that there are very few forums for long-term holistic strategic planning for Australia. To mark its 20th Anniversary, the BCA has sponsored this project through Member funding and direct support as a major contribution to discussion and debate about Australia’s direction over the next 20 years.

At the BCA’s invitation, 80 Australians who share our concern for Australia’s long-term well-being, devoted their time, intellect and wisdom to the development of these Scenarios. The Scenarios, interpretations and views expressed reflect the views of the participants.

The result is one of the most comprehensive scenario projects undertaken in this country. We believe it will pave the way for a better future for Australia by providing business, government, community and opinion leaders with an opportunity to think more strategically and creatively about our country. The BCA will use the Scenarios to help shape and test its own policy agenda.

I thank those who participated, our Members and Shell Australia for its invaluable help towards mapping out and guiding development of the project.

We present this project as a major contribution to the full spectrum of public policy debate.

Hugh Morgan AC
President, Business Council of Australia
INTRODUCTION

THE PROJECT

Over the past 12 months the Business Council of Australia (BCA) facilitated a major Scenario Project for Australia. The aim has been to encourage as wide an audience as possible to think seriously and strategically and engage in debate about Australia’s long-term future. Eighty Australian opinion leaders, representing a broad range of interests and disciplines, came together to develop the Scenarios.

The Project has produced three Scenarios, three stories which explore the relationships that shape Australia’s capacity to build security, prosperity and social harmony – “Riding the Wave”, “Stormy Seas” and “Changing the Crew”. The imagery is based on Australia as a country surrounded by oceans. This reflects the role that the ocean plays in our thinking about our country, geographical position and our culture.

While the BCA and its Members facilitated and participated in the project, these are not BCA Scenarios. They reflect the thinking of the participants in the process – their views about what issues in Australia are at branching points and what direction they might take.

The Scenarios, which cover the period to 2025, present credible and challenging thinking on Australia’s future. They have been crafted to facilitate further exploration of key inter-relationships, tough decisions and exciting opportunities that Australia may face. As such they provide a tool for testing policy and strategy. Yet they are not predictions and therefore do not present a political agenda, current or future.

“Riding the Wave” explores the consequences of a breakdown in trust between people and institutions. It is a story about reform fatigue and complacency. In this scenario a loss of faith in institutions eventually undermines Australia’s capacity to grow. A lack of long-term, focused investment and reform results in economic decline and social crises, ultimately leading to a re-examination of our political structures.

In “Riding the Wave”, global prosperity is no guarantee of prosperity for Australia. Efficient and effective Government and trust between people and institutions are critical to building the capacity of the nation.

“Stormy Seas” focuses on Australia’s international relationships. It explores Australia’s policy options in a future where there is a sustained decline in Asia Pacific stability and security. Regional instability challenges Australia’s international and economic relations. Australians become more nationalistic, more cohesive – they are more tolerant towards difference within Australia, but at the same time cocooned in their view of the rest of the world.

While it is stressed that this is only one possible story about how these relationships might evolve, the “Stormy Seas” Scenario presents a difficult future for Australia.

“Changing the Crew” examines the social dimension of change in Australia – in particular the potential value tensions within and between generations as baby boomers, who have dominated Australia’s policies and values, are moving into retirement in unprecedented numbers. In “Changing the Crew”, a new generation of pioneers creates a sharper-edged Australia, resulting in friction with other generations. Australians are more strongly connected with the rest of the world than ever before, economically and culturally.
What relationships shape Australia’s capacity to build security, prosperity and social harmony?
These Scenarios were constructed at a time when momentum for reform, which underpins Australia’s current position of affluence, was waning and awareness of security issues was heightened. This has led to increased uncertainty about Australia’s place globally and our capacity to meet our own people’s aspirations and lifestyle expectations in the longer term. These concerns are reflected in the Scenarios.

During workshops conducted as part of the Scenario process, a number of critical issues and relationships were identified as being at branching points for Australia – with little certainty about their direction over the next 20 years. The key branching points/uncertainties that dominated discussions included:

- What is the future of social cohesion and shared values – between generations, and different cultural/ethnic and socio-economic groups? How relationships between these groups play out affects the social fabric of the country and what it means to be Australian.
- How stable is our region? The region provides potentially unimaginable economic growth opportunities which place greater importance on the stability and nature of relationships with other countries, but these are not always within our control. How will Australia evolve its political and social systems to adapt and respond to external uncertainties?
- What is the speed and direction of economic growth? Relationships between citizens and institutions and their attitude to globalisation will have a major bearing on the future speed and direction of economic growth. Does Australia have the capacity to respond to a positive external environment?
- Can tiers of government in Australia work together for the benefit of the nation? Will inefficiencies and duplication between governments threaten Australia’s capacity for growth and social well-being? Would Australia be better served by reducing the number of layers of government?
- What is Australia’s capacity to build world scale critical mass in scientific and technological innovation? Education and training are important in this context.
- How will local environmental issues be handled? Are we doing enough to ensure a stable physical base for future growth?

In addition to these challenges, Australia faces several inexorable trends:

- The growth and dominance of Sydney is expected to continue;
- There will be a growing number of older people in Australia’s population;
- The United States will dominate world politics, at least over the life of these Scenarios; and
- Changes in technology will only partly address Australia’s geographical distance from its major trading partners.

We can conclude from this that there are three key challenges for Australia’s future: the first is to do with its capacity; the second, its ability to adapt and to respond to change; and the third, its social cohesion.

The Scenarios explore how Australia might respond to these challenges.

Scenario planning provides a framework for analysing and understanding emerging complexities and for developing coherent, credible stories about alternative futures. Scenario planning is more art than science, but demands the same creative and intellectual rigor that are the crossover essentials of both fields. It uses factual information, insights and perspectives to create a body of knowledge that allows us to generate long-term perspectives on key economic and social changes.

While Scenarios do not predict the future, they can provide broad guidance about the path and implications of various prospects. Many of the issues and trends that will impact us in 20 years are developing now. The advantage of using Scenarios is that they provide an opportunity to look beyond the short-term and think deeply about Australia and its place in the world over longer time frames.
THE MODULES

In keeping with the objective of the project and to maximise interest and engagement across interest groups, we sought to break down the implications and impacts of the three Scenarios into discrete modules. These modules, which are presented with the Scenarios in this publication, focus on how the macro-changes, challenges and opportunities outlined in each of the Scenarios will impact on specific structures and systems within our society, economy and political arrangements over the next 20 years.

It was apparent during development of the Scenarios that it would not be possible to include the wealth of information and perspectives coming out of the project in the final stories. The modules aim to enrich the overall Scenario process and enable interest groups to explore how their area of interest might play out under each Scenario.

The modules express the views of the authors. They are presented as written and, with the exception of minor edits and formatting, have not been altered.

THE PARTICIPANTS AND PROCESS

The Scenario Project was facilitated and managed by the BCA.

Approximately 80 Australians representing a cross-section of business and community interests took part in the scenario development process. A list of those who attended workshops is at the front and further details of the process are included in the next chapter.

A Project Team, comprising company and Government personnel with a wide range of expertise had overall responsibility for capturing the views of participants and ultimately reflecting these in the written stories.

Shell International’s Scenario Planning Unit in the UK has contributed its considerable expertise to the Scenario Project. The company is a recognised global leader in this field.

CONCLUSION

The development of scenarios is, however, only the beginning of the process. Scenario work is most useful when the outcomes are used to assess policies and plan strategically. For example, how different are the business decisions and planning goals you would pursue considering each alternative world? What policies offer the most resilience in the face of the uncertainties and challenges?

The four-phase development of scenarios employs a commonly used methodology:

- Research is undertaken to address knowledge gaps and reframe thinking to identify challenges;
- Scenarios are built through interviews and workshops;
- The learnings are applied as the scenarios are presented and participants take ideas back to their respective work places; and finally
- A public summary, generally a framework document, is released.


THE BOOK

This volume is presented in a number of sections.

Part 1 covers this introduction and a brief description of the methodology used in developing these Scenarios.

Part 2 presents the three Scenarios, “Riding the Wave”, “Stormy Seas” and “Changing the Crew”. In addition to the Scenario text a range of additional information is provided. This information, which provides further detail, challenge or insight, is presented either in boxes outside the main text, or at the bottom of the page. The volumes of material produced during the workshops is available at www.bca.com.au

Part 3 includes 19 modules covering a selected range of topics.

Part 4 provides suggestions for the use of these Scenarios.

ACKNOWLEDGEMENTS

The BCA would like to thank the people who contributed to this book for their cooperation – the people who participated in workshops, wrote modules, answered questionnaires, or commented on various versions of the Scenarios.

Particular thanks go to the Project Team – Rachel Brown, Geraldine Chin, Esther Eidinow, Karen Grady, Peter Jennings, Sally Jones, Cho Khong, Yvonne MacLeod, Keith McIlroy, Stephen Miners, Steven Münchenberg, Andrew Parnell, Bernard Salt, John Simpson, Angela Wilkinson, Mark Triffitt – and BCA staff.

Final thanks go to Shell Australia which has supported and provided technical expertise to the project, in particular Tim Warren, Chairman, and John Simpson, Director External Affairs.

The Scenario Project – “Aspire Australia 2025” – follows on from previous work of the BCA in “Aspire Australia”, which was completed in 2001. While “Aspire Australia” explored the current issues facing Australia, this new project provides a forum and a framework for exploring the opportunities and challenges relevant to Australian business, society and governance over a 20-year time horizon.

It is our ambition that these simple stories will help Australia to prepare better for the future and achieve greater success in building security, prosperity and social harmony.
and workshop participants. A chain email from our Project Team youth representative to the youth of Australia – those aged 30 and under – a group comprising more than 40% of the population – yielded a significant response. The survey attracted responses from all States and Territories and included a number of young Australians living overseas.

The survey covered the issues of primary concern in Australia today, the issues of most concern to individuals over the next 20 years, the greatest challenges and issues for governments over the next 20 years, and the greatest challenges or issues for the community in the next 20 years.

It is of interest to note that the survey outcomes from the youth group contrasted with the responses from the survey of BCA Members and scenario workshop participants on a number of the major areas, such as business concerns, work/life balance and work/family concerns, unemployment and job security, and reconciliation with indigenous people. However, the two sets of responses reflected broad agreement on many of the things rated as important issues for Australia’s future, including the environment, education, the ageing population, international alignment, increasing economic inequality and social cohesion.

Six key themes emerged from a combination of this work and issue mapping workshops. These were:

- Economic growth and social change;
- Values and cultural norms;
- Global competitiveness;
- Australia’s place in the global and regional order;
- Sustainable development; and
- Governance and the political system.

Research papers exploring each of the six themes were prepared by the Project Team. In addition, a country by country review of international attitudes as part of the youth survey provided invaluable insights into Australia’s diaspora.

**WHY AM I HERE**

The following is a selection of reasons people gave for wanting to participate in the “Aspire Australia 2025” project:

- Stimulate Australia to rapidly become leading edge in environmental performance and resource governance.
- See Australia’s possible futures in a holistic way.
- Understand better Australia’s future role and position in the world, and my children’s future in Australia.
- Develop an understanding of how confident we will be living in Australia in 2025.
- Understand better the challenges to greater social cohesiveness.
- Explore alternatives for Australia beyond the process of modelling and predicting.
- Help my company to set a meaningful, sustainable strategy.
- Help promote debate about Australia’s future direction, at a time when we are facing a number of choices that will have a large impact.
- Help chart the pathway to a more sustainable Australia with a thriving society, thriving environment and a thriving economy.
- Encourage more integrated long-term government policy formulation.
- Contribute to the policy debate on the difficult task of balancing Australia’s international competitiveness and a fair domestic society.
Creating the Scenarios

Informed by these initial deliberations and research, participants came together in a series of workshops to explore the crucial challenges and opportunities Australia faces over the next 20 years.

Our task, in what proved a robust series of discussions, was to determine: what in terms of current knowledge and trends was agreed and known about the six key themes; areas of critical uncertainty; the external events or trends that could influence Australia’s development; and what the public are saying on key issues.

The uncertainties and their branching points were identified and people’s assumptions explored. Participants then divided into four groups to work up sketch Scenarios using the list of uncertainties and the guiding focal question. Due to overlap and similarities, the 10 Scenarios initially created were reduced to three. A further iteration of the structure of these three Scenarios was undertaken to bring in as much material as possible from similar Scenarios which were not pursued further.

In a world increasingly geared to short-term agendas, one of the difficulties with scenario work is getting people to think beyond two to five years. The group therefore spent time identifying radical events that might happen in the next 20 years – some of these are reproduced below.

Finalising the Scenarios

Several weeks after developing the Scenarios, participants came together to test the logic and structure of the Scenarios, which in the interim had been fleshed out by the Project Team. During this time the sketch Scenarios were tested with a range of stakeholders. Feedback was incorporated into the development of the Scenario frameworks.

The three Scenarios were agreed and the Project Team tasked with finalising the detail of logic of each Scenario.

The Modules

Once the three Scenarios were finalised, the BCA invited experts in their fields to give their perspectives on aspects the Scenarios highlighted as being important to Australia’s future. The modules they have written cover areas including baby boomers and young Australians, the rising dominance of Sydney, the economy and the future of business, politics, leadership, security and defence, culture and identity, education and innovation, health and welfare, population, the environment, and home and family. Stylistically, each of the modules is different – reflecting the diversity of the participants.

The modules collectively form an invaluable contribution to this work. They are provocative and apply far-sighted, creative thinking to challenge us to contemplate a potentially new mould in each of these areas – that invariably calls upon us to rethink our future course.

Along with the Scenarios, these modules are designed to help Australians aggregate their thoughts about the future, to gain a clearer understanding of the questions this poses, and recognise the areas where uncertainty exists.

A Public Guide for Future Thinking

The Scenarios will be widely disseminated among government, business, the community and people in the fields covered in the report. At a time which we regard as a potential turning point for Australia, we seek to encourage heightened awareness of Australia’s position and future direction, and to foster a robust ongoing debate on the things which will affect this direction.

The Scenarios will also guide the BCA’s forward agenda in its representation of Australian business and form the basis of issues we intend to put forcefully before governments and take into the general community.

Radical Events

- Australian male first to give birth to twins?
- Australian scientists have produced IQ-enhancing drink but in limited quantities – who gets to drink it?
- White anglo-saxon population becomes a minority in Australia.
- Chinese becomes dominant internet language.
- Cities become futuristic – communities floating in water and air – solves Sydney problem.
- Government surveillance equipment on every corner.
- Major hailstorm wipes out insurance industry.
- Huge queues for Australian artwork showing at the Louvre.
- Retirement at 80! 150 years is average age.
- Australia becomes a hydrogen economy.
- Citizen-initiated referenda and internet reduce power of large media outlets – flourishing political participation.
- Darwin as major port – growth of middle class and transport infrastructure.
- Development of genetic underclass.
- Flights from Australia to London take three hours.
Australia enters the new millennium in a position of economic strength, well placed to take advantage of growth opportunities elsewhere. Governments know that reforms are needed, complex layers of legislation and regulation are hindering growth, and Australians, the period from 2010 to 2017 is one which they would prefer to forget. The�area has been hit hard by the global financial crisis, and it is only now that we are beginning to see signs of recovery. The Government has announced a series of economic reforms aimed at stimulating growth and creating jobs, and it is hoped that these measures will help to lift the country out of the economic doldrums.

In parallel with these economic reforms, there is also a growing recognition of the need for social reforms. The Government has announced a series of initiatives aimed at improving the quality of life for all Australians, and it is hoped that these measures will help to address some of the underlying social problems that are holding back the country's economic development.

One of the most pressing issues facing Australia today is the need to improve the quality of education. The Government has announced a series of initiatives aimed at improving the quality of education, and it is hoped that these measures will help to ensure that all Australians have the opportunity to access a high-quality education.

Another area where reforms are needed is the area of health care. The Government has announced a series of initiatives aimed at improving the quality of health care, and it is hoped that these measures will help to ensure that all Australians have access to high-quality health care.

Finally, there is also a growing recognition of the need for reforms in the area of social policy. The Government has announced a series of initiatives aimed at improving the quality of social policy, and it is hoped that these measures will help to ensure that all Australians have access to the services they need to live healthy and productive lives.
RIDING THE WAVE

In Riding the Wave global prosperity is no guarantee of prosperity in Australia. A breakdown in trust between people and institutions undermines Australia’s capacity to grow. A decline in Australia’s economic performance and social capital ultimately leads to a re-examination of our political structures.
Australia enters the new millennium in a position of economic strength. After 20 years of reform, Australia has had 13 years of near-continuous growth and is one of the fastest growing economies in the world. Workforce participation is high, and the economy is open, flexible and competitive. Australia is being held up as the model economy and is well placed to take advantage of increasing growth rates across the Asian region.

It appears that Hong Kong, Singapore and Taiwan are recovering from what have been only cyclical downturns. China’s economy is on a roll – growing strongly – fuelling demand for resources, which bodes well for this sector. Australia is looking at a possible Free Trade Agreement between the two countries and expectations, especially among the business community, are high.

And yet, while Australia is well positioned for future growth, there is a sense that there’s no clear vision or direction for the country. There is a mix of shifting expectations and values across the community. At one level Australians yearn for stability and a greater sense of meaning in their lives. People feel they are working longer and harder these days – for less – and terrorism is a concern. People are questioning Australia’s place in the world and how our society should operate. Many are disaffected and have little faith in institutions.

It is therefore not surprising that governments are viewed with a mix of emotions. There are high expectations of what governments should deliver by way of services. At the same time, there is a deep scepticism about politics and politicians. While people are generally becoming increasingly cynical and disillusioned with the political process, some recognise the opportunities for sectional gain if they lobby hard for their particular interests.

Across the community, there is a shift away from income as the sole measure of success. Other aspects of well-being – i.e. what’s needed to maintain a high quality of life and balance between work and leisure – are more important, and are, after all, earned after so many years of change. People are actively demanding better health care, free education, free child care, better transport systems, and lower tax burdens, less spin, and greater accountabilities by governments and business. It is as though the late 80s is but a distant memory. Good economic performance is taken for granted. There is an expectation that we will continue to be successful and prosperous, without the need for further changes or hard decisions. We are, the lucky country.

This is the mood of the people – the electorate – with which governments across Australia have to deal. Governments, Federal and State, know that further reforms are needed to improve the effectiveness of spending and grow the economy – labour markets, welfare, taxation, superannuation, water rights are all in need of reform. But a combination of electoral pressure, especially given the rise in single issue interest groups, and a chronic lack of coordination between Federal and State Governments, mean that hard decisions are not taken. Even if governments wanted to, getting legislation passed proves increasingly difficult.

THE REFORM PIPELINE

Structural reform in Australia over the last 30 years has covered almost every aspect of economic activity. Key areas of progress have included reforming the labour market, reducing tariffs, floating of the exchange rate, deregulating the financial sector, reforming corporate governance, taxation reform, developing a national competition policy, reforming financial regulation and introducing new frameworks for monetary and fiscal policy.

The return on these reforms is clearly evident in the high rates of productivity and economic growth that Australia is currently able to achieve. However, this reform has not been accomplished in one step. It has been a process of incremental change that has been continued over a long period. In this way the visible part of the change, such as the actual deregulation of financial markets, is only part of a wider reform that has seen the framework for change already put in place.

Despite the change that has taken place, there remains a considerable amount of reform to undertake. There are a number of reforms currently in front of the Parliament. The backlog of tax issues alone might take over a year to unwind. And on top of this, there are reforms being proposed – or issues being examined – in areas including taxation, corporate disclosure, prudential regulation, trade practices, insurance, home ownership and international trade.
It is probably not surprising that under these conditions the focus and priority of governments shifts from restructuring economic activity and providing the conditions for the investment needed to maintain Australia’s competitive position. Spending is profligate, meeting the demands of the electorate and concentrated on the environment, education, security, the arts, and welfare. While these issues are important, the aim is not so much improvement as maintaining the status quo, and even these efforts are diffused across single issues. Consequently, environmental problems, especially water allocation and greenhouse gas management, are tackled individually, rather than as part of a larger holistic approach across all three levels of government. Education is focused on meeting narrow criteria that define a good school, without consideration of how to improve Australia’s capacity to innovate and compete.

But the problems are not confined to governments. Short-termism is affecting businesses as they face increasing demands from investors and shareholders to deliver quick results. Initially, they are able to meet these short-term demands, in part reflecting global prosperity. But over time, companies resort to further rounds of cost cutting to fund returns, and keep the analysts happy – research and development suffer and, there are yet more job losses. Mergers and asset stripping are common.

The accretion of complex layers of legislation and regulation from Federal, State and Local Governments constrains markets and competition and becomes an issue of increasing concern. The breaking of regulations and codes of conduct by the minority are highly publicised leading to more stringent conditions being applied. As business assets begin to run down, productivity begins to decline and costs increase. Competitiveness is reduced and contracts are lost. As the situation continues, it becomes increasingly difficult to do business in Australia.

Across the country plenty of money is being spent, especially by governments. There is a sense of action among the Australian people as spending and new regulations tackle individual environmental and social issues. Unfortunately for the country a large number of spending decisions are being made on the basis of vested interests. Pork-barrelling is rampant and threatens to quickly erode the fiscal benefits of years of strong growth.

In Canberra, politicians continue to extol the virtues of their policies. But behind a façade of prosperity, the country’s problems are building. Not enough is being spent on key economic infrastructure and services, especially energy, telecommunications, transport and housing. (see Australia’s Infrastructure Report Card). A lack of investment in energy infrastructure undermines a major and historical source of Australia’s competitive advantage. The lack of investment in low cost housing and public transport weakens the economic efficiency, equity and environmental health of our cities.

There is also constant need for reforms in other areas such as welfare, health care and education. And there are new issues arising all the time – such as reforms that are necessary to address issues relating to the ageing of the population and changes in Australia’s environment.

The question is not when the reform pipeline will end but whether we will run out of commitment and ability to make the decisions necessary to achieve reform.
In 2001 a group of major infrastructure users, owners, operators, investors, industry groups and other stakeholders within Australia published the Australian Infrastructure Report Card. Based on consideration of asset condition, asset availability and reliability, asset management and sustainability, the Report Card rated the quality of Australia’s infrastructure.

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<td>Electricity</td>
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<td>Stormwater</td>
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**NOTE:** RATINGS USED ARE: A (VERY GOOD); B (GOOD); C (ADEQUATE); D (POOR); F (INADEQUATE) SOURCE: “HTTP://WWW.INFRASTRUCTUREREPORTCARD.ORG.AU”

The Report Card concluded that these ratings suggest Australia’s infrastructure requires ‘significant enhancement before it can be said to meet Australia’s current and future needs’. Inconsistencies between States in the application of their regulatory frameworks, difficulties with competition reform, and lack of coordination between levels of government were all noted as major impediments to the creation of a sufficient infrastructure network for Australia.

Furthermore, the Report Card warned: “Australians enjoy the benefits of previous generations’ vision and commitment to providing … infrastructure assets. In many sectors … the current generation has not demonstrated the same vision and commitment and there is a risk that future generations will be left with a degraded legacy.” The Property Council of Australia (2002) has expressed similar concerns that 21st century Australian cities have to operate with infrastructure that was often designed and built in the 19th century. The Property Council noted that “rail infrastructure in Sydney is under great pressure, yet every 3-5 years Sydney is adding to the load with an increase in population equivalent to the city of Canberra”.

Restoring and updating Australia’s infrastructure network will require funds and a coordinated, forward-looking commitment from all levels of government and business. The Australian Council for Infrastructure Development (2002) suggests that “a rough estimate of the cost of making good the under-performing infrastructure identified in the National Report Card is $150 billion. Restoring the Sydney urban rail network over the next 20 years could alone involve around $30 billion”.

Six million people now live on the coast in a continuous strip from Nowra to Noosa – a sea-change it was, but traffic is at gridlock, even in winter. Services are stretched beyond the limit: hospitals are going broke, education standards are declining and there is real fear of systemic failure. The deficits mean that the funds are not available to spend our way out of the situation – our resilience is low.

Notwithstanding weak demand, prices increase due to the lower structural rate of growth, production costs are higher as a result of lack of investment and higher import prices result from a falling Australian dollar. Interest rates climb despite the lower rates of growth and Australia’s credit rating is downgraded for the first time since the late 80s. Debt and capital become more expensive as a result, which further undermines confidence. Australia is in recession, in spite of continuing global prosperity. We tumble down the league table.

**Restoring Credit Worthiness**

From 1984 to 1989 Australia’s credit rating was downgraded from AAA to AA+ and then AA. The AAA rating was not re-instated until early 2003, some 14 years later.

SOURCE: STANDARD AND POOR'S.
These warning signs prompt a series of snap elections and government changes, but they are not yet drastic enough to catalyse a change in direction. Governments respond, predictably, by highlighting their record of spending and point to others as the source of the problem – minor parties, other levels of government, especially the States, special interest groups, business and so on. But there is no agreement on the diagnosis of the problem or the way forward.

The smaller States are in deep financial crisis. They have been for some time, but it is now apparent to everyone. Increasingly the larger States are resisting subsidising them, as they battle their own crises. In response to financial and public pressures some States are left with no choice but to refer significant powers and financial responsibilities to the Commonwealth.

The situation is shocking to Australians. They have come to take success for granted, and are doubly surprised that such developments could take place in a context of strong international growth. There is a growing realisation within the Australian community that perception is not reality. People feel angry and betrayed, but they have not given up on their country, only the political structures which have so manifestly failed to serve Australia’s interests.

Arguments for fundamental political reform emerge. The idea of reducing the number of levels of government in Australia from three to two is hotly debated across the Net, and throughout pubs and clubs. The States appear the obvious choice to go – but the identity of Australians is closely tied to their States. What would happen to State of Origin? Sporting codes, museums, art galleries, universities – all are State based. At first, the enormity of the task of changing government structures seems overwhelming for many.

Over time, and as the crisis deepens, more people weigh in to support change. The internet and direct messaging are employed to communicate with supporters of change. A new political dynamic finds expression through a broad based movement for the reform of governments. Australia’s obvious decline, undermining the long-held view that we are the lucky country, galvanises political and community debate away from local issues to national interests.

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**SELECTED RANKING IN ETHICS AND HONESTY—SCORE OUT OF 100**

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<thead>
<tr>
<th></th>
<th>Business Execs</th>
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<td>1997</td>
<td>16</td>
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SOURCE: THE BULLETIN CITED IN ECKERSLEY (ED) MEASURING PROGRESS, CSIRO 1998
2017 – 2025: A New Wave

The extent of the movement becomes evident with a series of election boycotts, Federal and State, throwing the current political structure into disarray. The 2019 election is a complete disaster and results in a hung Parliament. It is a huge vote of no confidence in the existing political structure. For some politicians, it is an opportunity to shape a new power base. For others, there is a genuine desire to revitalise Australia’s governance structures to meet the challenges of these times. Whatever the rationale, politicians at all levels have no choice but to join negotiations.

By 2020, there is widespread community engagement in debating the substance of political reform. Not unlike the constitutional debates of the 1890s, Australians in 2020 want to create a political system that would work for the national interest, rather than against it. Out of political opportunity arises support for a referendum on constitutional reform.

Participative processes and conventions, electronic and face to face, around the country work to develop a new model of government for Australia. It has bipartisan and community support and embodies a central Government supported by sub-national – Territorial – Governments. The Territory structure combines State and Local governments. New boundaries are drawn. A new Constitution is crafted, specifying the roles and responsibilities of the two levels of government and democratic processes for election. A timetable and priorities are set for the revision and consolidation of laws and regulations – a more daunting task than changing the Constitution.

In 2021, 120 years after the adoption of the Constitution of the Commonwealth of Australia, the Australian people vote to reduce the number of levels of Government from three to two as part of the establishment of the Republic of Australia. The central Government is a small powerful coordinating and strategy setting government. The territories are there to deliver services in an integrated and efficient way, but determination of national strategy, decision making and funding rests with the central Government.

Despite concerns that the central Government will not be responsive to localised needs for health, education and other social services, the transition is surprisingly smooth. The central Government establishes quasi-statutory structures, representing local communities that act as a go-between between the central and territory levels on issues such as service delivery. This provides a formal mechanism for local consultation, but without the politics.

States remain important for symbolic purposes – for sporting competitions and the like, but few Australians over time miss the middle tier of government.

Some areas of Government services are barely affected, while others require major streamlining. The areas most disrupted in the change from three levels of government to two are land management, business regulation and taxation. The people most affected are those working for governments and political parties, but the restructuring of government comes at a time when many government employees are approaching retirement age.

Investment starts to return reflecting a significant shift in sentiment around growth prospects and political reform. With duplication, overlap and complexity removed the environment for business is improved. Australian governments are able to do more with less as a result of the changes, and community expectations have become more realistic. The balance that Australians were striving for is better met by the new model, which strengthens democratic processes, is able to deliver productivity benefits and material progress, and better government services and social security.

There is renewed confidence in the future of Australia, and a broader consciousness of what it takes to ride the wave.

In “Riding the Wave”, global prosperity is no guarantee of prosperity for Australia. Efficient and effective government and trust between people and institutions are critical to building the capacity of the nation. The outcomes of this scenario challenge the long-held notions of what makes Australia special. It suggests there is no place for complacency in a globalised and competitive world. Creating conditions in favour of innovation and the building blocks of growth are necessary if we are to grow in security, prosperity and social harmony.

**“Riding The Wave”**

**What are the Challenges?**

- Suitability of Australia’s political system to new challenges
- Restoring trust in institutions
- Increasing pressure on government resources
- Avoiding short-termism

The mandate of the elected Government essentially comprises a centrally run austerity program: the challenge is to restore the provision of economic infrastructure and to encourage business investment and innovation at a time when fiscal restraint is required. The task is eased by a one-off savings boost as a result of having one less layer of government – further economic benefits flow as a result of the changes.

A task that seemed overwhelming only four years ago proves to be more manageable and practical than at first thought. As changes progress, according to the timetable, and implementation is relatively smooth, positive indicators of economic recovery emerge. People begin to realise some of the benefits of the changes, regulations are more streamlined and services more accessible. This reinforces community support for the new political structures.

Better coordination and accountabilities between the two levels of government facilitate long-term planning and investment, especially in infrastructure. Although the Australian dollar is still weak, foreign investment starts to return reflecting a significant shift in sentiment around growth prospects and political reform.
The hard decisions to address future capacity are not made.

Federal and State Governments face major financial problems.

A new model of government and related institutions emerges.

Proliferation of overlapping and often conflicting regulations.

A collapse in investment catalyses a recession.

Great uncertainty and dislocation as the new model is implemented.

No agreement on the diagnosis of the problem and way forward.

Expectation of continuing success and there is a dictionary of wants.

Government spending is increased as economic growth continues.

Sense of action on environmental and social issues.

Movement for major reform of government in Australia.

Population accepts change and cooperates.

Positive economic indicators begin to emerge against a background of global prosperity.

Returned focus to attracting investment and capturing international markets.

Renewed confidence in the future.

After an extended period of change, people are retreating to their own space.

Australia is on the crest of a wave, but capacity is gradually eroding.
High Chinese economic growth helps to fuel the Australian economy, the economic model that emerged from the instability of the late 1990s. Australians think that the country has cracked the global commodity boom, one, the psychological impact of this change is more profound than the economic downturn. To address this, Australia turns to the United States for assistance, spending on defence and security systems in the Asia-Pacific region. Australia views these developments with increasing panic and dismay, the decay accelerating through the increasingly frayed social security net. Lowered growth and diverted government resources lead to a further erosion of the nation’s trust in its leaders.
STORMY SEAS

In Stormy Seas, an initial period of high growth gives way to a sustained decline in Asia Pacific stability and security, challenging Australia’s international and economic relations. Australians have become more nationalistic, more cohesive – we are more tolerant towards difference within Australia, but at the same time cocooned in our view of the rest of the world.

Less positive elsewhere in Asia Pacific, Australia regards this time as a welcome respite. After a decade of long-term prosperity, in 2009, some shocks arrive to jolt the fragile stability of the 2004-2008 period fractures in dangerously unpredictable ways. Numbers of Australian expatriates return home and the rate of decline serves to strengthen social cohesion, social problems tight spending away from health, education, social welfare, living environment, Australia out if its comfort zone and unpredictable world. from downsized position and of older boomers falling standards have declined.
2004 – 2008

STORM CLOUDS
GATHERING

Australia begins this scenario in an overly complacent mood. Economic growth is strong and Asia Pacific is largely peaceful and stable. Australia’s international and business relationships are in good order. Our people are confident about their personal future and those of their nation.

In the early years of this scenario, high Chinese economic growth helps to fuel the Australian economy. China’s insatiable need for energy and mineral resources creates boom times for Australian suppliers as multi-billion dollar contracts are signed. Australian universities, tourist resorts and agricultural producers benefit too as increasingly wealthy Chinese follow their government’s lead by building ties with Australia.

The economic news is less positive elsewhere in Asia Pacific. The growth and investment gap is widening between China and its immediate neighbours, South Korea and Japan. Tokyo is unable to reverse Japan’s economic malaise of the 1990s. Asia has failed to continue the reforms necessary to attract foreign direct investment as companies look instead to China’s coast. Asian growth slows while increasingly dissatisfied ASEAN populations look back to the early 1990s when growth was high and their living standards had dramatically improved.

China’s growth benefits the island states of the South Pacific through generous aid programs and Beijing becomes the region’s largest donor. But while the Pacific Islands’ level of dependence on aid grows, governments fail to find solutions to pressing internal problems. Island communities suffer from poor education and health facilities, cannot find work and find that traditional life is threatened by despoiled environments and over-crowding.

Despite these problems, this is largely a stable period. China and Taiwan maintain their delicately balanced relationship. Washington and Beijing focus on the positives of trade and investment rather than security. North Korea has stepped back from its nuclear weapons development in return for foreign aid. The ASEAN countries look inward, worrying about slowing growth and the ebbing quality of government rather than external security.

Domestically, higher growth has allowed the Government to support high spending on social services. But there is also an overly complacent attitude about the urgency of economic and social reform. Expecting that high growth will continue, State and Federal Governments do not want to risk alienating voters with tougher fiscal policies. On the contrary, new areas of government spending are introduced, including on environmental issues and a broader range of social security measures. Many Australians think that the country has cracked the code for long-term prosperity. Our ties with China and the US overcome worries about the fragility of our nearer neighbours, while our economic strength reinforces the view that Australia’s national qualities will protect us from regional shocks.

CHINA’S SUCCESS IN ATTRACTING FDI (FOREIGN DIRECT INVESTMENT) HAS INDEED BEEN REMARKABLE. FDI ACCELERATED IN 2002 SPURRED BY MEMBERSHIP OF THE WTO, RISING TO OVER $50 BILLION. THE INCREASE IN THESE FLOWS TO CHINA APPEARS TO HAVE BEEN TO SOME EXTENT AT THE EXPENSE OF FDI TO THE REST OF THE REGION, WHICH HAS BEEN FALLING IN RECENT YEARS.  

DAVID BURTON, DIRECTOR ASIA PACIFIC DEPARTMENT, INTERNATIONAL MONETARY FUND, MARCH 2003

MORE STORMY SEAS

Our aim in the “Stormy Seas” Scenario is to show what difficulties could be created for Australia as a result of a long-term deterioration in Asia Pacific security. The examples we use are illustrative only, not predictions. Our starting point is with a major economic reorientation – China switches away from Australia and toward Russia as a key energy and resource supplier. But there are many other possible shocks to the system that could threaten Australia’s national interests or, more broadly, Asia Pacific stability.

Potential flash points for major military conflict include the China/Taiwan straits, North Korea’s nuclear weapons and ballistic missile programs. Pyongyang has the capacity to target Japan with missiles and could inflict terrible damage on South Korea if war broke out. The North could also collapse internally as a result of its economic decay. In our 20-year time frame, reunification of the Korean peninsula is highly likely, but we cannot be certain whether that will come about peacefully or what impact a unified Korea will have on Asia Pacific security.

Elsewhere in the region there are unresolved territorial disputes between countries, old historical suspicions and enmities and, in many states, internal separatist movements which could flare up to become more serious security issues. The most damaging of these possibilities could be a lasting conflict between India and Pakistan.

Future military disputes in Asia Pacific could also be fueled by the rapid spread of high-technology conventional weapons. Nor can we rule out the further spread of weapons of mass destruction – nuclear, chemical and biological weapons are relatively easy to develop and even easier to buy.

Finally, there is the risk that many smaller countries in Asia Pacific – like the South Pacific island micro-states may simply cease to be viable. Corruption, over-population, AIDS, tribal rivalries, even natural disasters may lead to complete collapses of government in some of these states, leaving their larger neighbours to try to manage the outcomes.
2009 – 2019: 
The Storm Breaks

Then, in 2009, some shocks arrive to jolt Australia out of its comfort zone. China decides to shift its investment focus to Russia, in particular the Russian Far East – a strategically vital region for Chinese security. In Beijing’s mind a Sino-Russian alignment helps to balance against American dominance, and Russia’s relative reform successes make it an increasingly attractive partner for China.

China has a history of dramatic and unexpected swings in its foreign and domestic policies – the Communist revolution, the cultural revolution, the Sino-Soviet split, Deng’s economic reforms. The 2009 strategic reorientation to Russia signals a permanent weakening of the Sino-Australian economic relationship. Beijing announces that Russia has won a huge contract to supply gas to China from the Kovyktka field in Eastern Siberia. Canberra and the business community had long assumed that Australia would win this contract.

The psychological impact of this change is more profound than the economic. It is as though a bubble has burst in the Australian psyche. Coming at a time when a miscalculation in monetary policy is just being realised, the sudden move hits hard at investor confidence about Australia. Transnationals review their long-term plans for Australia – they too must follow the directions set by Chinese development. Resource stocks fall steeply and Australian agriculture is also challenged by Brazil’s emergence as a major low-cost supplier to Asia. As tax receipts decline the Government is forced to revise its projected budget surplus figures – Australia will run its first deficit in over a decade. A number of Australian companies are compelled to lay-off staff. These and some high profile bankruptcies hit hard at domestic confidence.

Worse is to come. After years of speculation about a possible coup-d’etat in Port Moresby, one finally takes place. Intelligence reports are unclear because the issue is clouded by intense tribal and personal rivalries among Papua New Guinea’s ruling elite. But what is clear is that many of the 10,000 Australian citizens and other nationals in Port Moresby are being attacked. This is not likely to be a short-lived problem: PNG’s beleaguered Prime Minister calls on Australia to intervene to restore democracy and the rule of law. Canberra has little choice but to deploy the bulk of its regular Army infantry units. This is not a trivial task: PNG is a country with over six million people in 2009, around half under 19 years of age. Port Moresby is a sprawling agglomeration of shantytowns – a South Pacific Mogadishu. The Australian Government braces for an operation that could last five years or more.

The ferment in PNG sparks more aggressive pro-independence feeling in Papua (Irian Jaya), Indonesia’s eastern-most province. As armed clashes intensify between Indonesian troops and pro-independence fighters, large numbers of Papuans seek refuge in Australia by fleeing to the Torres Strait islands and the top end of northern Australia. The numbers soon overwhelm Australian processing facilities.

More serious yet, it appears that Indonesian forces have crossed into Papua New Guinea in hot-pursuit of Papuan rebels. There is popular sympathy within PNG for their Melanesian colleagues across the border. Jakarta is mistrustful of Australia’s role in this whole situation, particularly so as an Australian military force is now in Port Moresby. This is a particularly tense time in relations between Canberra and Jakarta.

Throughout Asia Pacific the fragile stability of the 2004-2008 period fractures in dangerous and unpredictable ways. The following 10 years come to be known as the decade of decline. (See “More Stormy Seas”). Slow and uneven growth in some countries gives a boost to secessionist groups – major counter-insurgency campaigns develop. Dormant rivalries for resource-rich claims in the South China Sea flare up again.

CALMING THE WAVES

What international outcomes would help us avoid “Stormy Seas”?

Strong economic growth in Asia Pacific will certainly help the region remain stable, but it also helps to fuel weapons purchases and larger military forces, so growth alone is not a guarantee of peace.

Perhaps the most important factor for stability in our region is a continuing American military presence. The United States reassures Asia Pacific’s unrest about China’s growing power, about Japan’s latent military capability and about rogue states and proliferating weapons of mass destruction. Occasional bursts of rhetoric notwithstanding, no country in the region wants to see the US stop playing this stabilising role.

Chinese and Indian high economic growth offer the best possibility for both these giants to develop into more stable, open, economically more liberal societies. Beijing and New Delhi also act as counterweights to each other’s regional power and influence. But both countries also face major internal challenges and both have a history of at times startling reverses in economic and security policies. We cannot simply assume that current trends will last indefinitely.

The Association of South East Asian Nations (ASEAN) continues to work on ways to build greater confidence between countries about mutual security concerns. Progress has been slow. There have been successes against terrorist groups, although these still present a major threat to regional security. The region would significantly benefit from stable economic growth, a declining rate of corruption and inefficiency in government and by working hard to avoid military conflicts.

In the South Pacific it is difficult to imagine that the island states will be able to reverse their currently declining fortunes without significant external help from the region’s friends – most obviously Australia. The best some islands can hope for is from their own resources is a kind of subsistence plenty, well below contemporary Western living standards.
The potential for miscalculation leading to military incidents between Asia's small and middle powers is high and this is reflected by increasingly tense diplomatic exchanges between the involved states. In this decade there are a number of military confrontations between countries in Asia. Most are small scale, some the result of errors and miscalculations, others deliberate attempts to seek regional advantage over neighbours. None of these events lead to direct confrontation with Australia. But they present constant challenges to the Australian government.

As instability mounts, Australia turns to the United States for assistance in handling successive crises. Canberra is mostly disappointed by the outcome. America's expectation is that Australia should take the lead in dealing with problems in the South Pacific and much of Asia. The US plays a vital role in the Asia Pacific by limiting the chances that smaller disputes will flare into major wars. Beyond that, America expects its allies to do most of the heavy lifting to fix regional problems.

In the South Pacific, troubles multiply for the island countries. In 2012 the collapse of the potable water supply on Nauru forces the Australian Government to permanently evacuate the island's population. A Polynesian territory likewise asks Australia to take its 16,000 population after the capital is swept with dysentery. The collapse of central Government and bitter tribal fighting in a large Melanesian island in 2014 forces an already over-stretched Australian Defence Force to mount another prolonged thousand-person peace-keeping operation.

After a lull of several years, terrorism returns to Asia Pacific. In North Asia, a sarin gas attack in a busy subway station creates world-wide fear about chemical and biological weapons. In 2015 a fundamentalist group launches a devastating attack in a major South-East Asian capital. In 2016 a suicide squad operating a stolen patrol boat damages an Australian offshore platform in one of our rich northern gas fields. In 2017, a bomb blast in a restaurant in a major Australian city kills and wounds many.

Australia views these developments with increasing panic and dismay. The decline in Asia Pacific stability weakens the region's economic prospects and erodes Australian markets. But, just as growth in the economy starts to contract, security concerns force Canberra to significantly increase the level of defence and counter-terrorist spending. The military and diplomatic services, humanitarian organisations, police and intelligence agencies are hugely stretched by the demands of propping up half a dozen or more failed states in Australia's near region.

The psychological impact of the threat of terrorism is far more significant than the direct damage caused within Australia by terror attacks. Fear of terrorism becomes a major driver in community sentiment. Private spending on security becomes a major growth industry. Retailers find that maintaining a visible security presence is essential in order to keep customers visiting their shops, restaurants and office buildings. (See “Australia’s built environment protection challenge” below).

Spending on defence and security significantly increases over this decade of decline. In 2010 the defence budget was just under $20 billion annually, or 1.7% of GDP. By 2020 the figure is a massive $30 billion, or 2.5% of GDP. This rate of spending continues to climb, to $45 billion by 2026, but it does not reflect the full cost to Australia of navigating stormy seas. Billions of dollars are spent annually on aid and stabilisation tasks in the South Pacific. Counter-terrorism absorbs billions more.

Governments are fearful of an electoral backlash from increasing taxes, so other forms of public spending are squeezed to find the resources need for security. Even so, a counter-terrorism levy is introduced from the 2015 budget. Grants to State Governments are reduced and, as a result, significant parts of infrastructure like schools and hospitals, roads and power supply grids begin to deteriorate. Discretionary spending on the environment, the arts and higher education becomes very limited. These cuts show the very hard decisions that governments face. Few are easy or palatable to the electorate.

Some individuals and firms in Australia find new opportunities in this changeable environment. Defence suppliers and private security firms prosper. Companies able to operate closer to the margins of risk do well in Asia as do those flexible enough to find new markets in Eastern Europe or Latin America. But the times are not well suited to larger, less responsive organisations. Asian investment, tourism and education sectors all shrink.

Significant numbers of Australian expatriates return home from downsized positions in Asia. They join a growing number of migrants from the region who have either the skills or capital needed to secure a visa and thus escape from the growing instability. Overall migration levels are increased, especially in the business migration category, as a way of boosting economic growth.

In 2019, after several years of debate, the government wins a referendum making it compulsory for all Australians to carry an identification card with a photograph and biometric iris scan. Civil liberties groups express concerns about personal freedoms, but the community consensus is that this is a necessary step to protect Australia from terrorism and the high illegal immigration created by regional instability.

**AUSTRALIA’S BUILT ENVIRONMENT PROTECTION CHALLENGE 2003**

- **Tall buildings:** 653 Sydney, 506 Melbourne, 202 Brisbane, 119 Perth, 95 Adelaide, 14 Canberra, 10 Hobart, 15 Darwin.
- **Stadiums:** 188 major stadiums.
- **Shopping centres:** 918 shopping centres employing 475,000 people.
- **Cinemas:** 326 cinema sites and 17 drive-in sites.
- **Museums:** 2,049 museum establishments.
- **Religious buildings:** churches, synagogues and mosques: 2,602 buildings.
- **Public entertainment buildings including concert halls and other performing arts venues:** 126 venues.
- **Roads:** local or council roads (650,000 km), rural arterial roads (97,000 km), national highway (18,500 km) and urban arterial roads (8,000 km).
- **Amusement arcades:** 30 that have over 50,000 attendees each year.
- **Large dams:** 90 dams that have a wall height greater than 15 metres and holding more than 100 gigalitres.
- **Airports:** 261 licensed airports in Australia and its external territories.
- **Railways:** 40,000 kilometres in total including 8,000 km interstate network.
- **Tram lines:** 268 km tram network.
- **Pubs, taverns, bars:** 4,627 premises.
- **Hospitality clubs:** 3,121 premises.
- **Roads:** 650,000 km, rural arterial roads (97,000 km), national highway (18,500 km) and urban arterial roads (8,000 km).
In many ways the decade of decline serves to strengthen social cohesion and a sense of unique identity among the Australian population. People are brought together by a powerful fear of terrorism and regional tensions. It is often said that Australia is a bastion of stability in a part of the world that looks dangerously on the edge of falling apart.

Culturally, our interest swings from understanding not what it means to be Australian but rather who is Australian. This becomes a barometer of the national mood. There is a resurgence of interest in Aboriginal art and culture because, of all people, none are more distinctively and uniquely Australian. Illegal immigrants are, however, a different matter. There is sympathy for some who arrive as a result of fleeing what is considered persecution by unstable regional governments. Mostly though, Australians have little sympathy for queue-jumpers. We see a brand of strong Australian nationalism developing, coupled with an active and tough-minded foreign policy.

Never very patient with careful arguments or shades of difference, this is a time when Australian national sentiment is less tolerant for those who, for whatever reasons, don’t get with the program. Vocal advocates for civil liberties, opponents of Australia’s powerful military lobby and those accused of being soft on terrorism get short shrift in pubs and clubs.

There is popular concern about a growing social problem of older boomers falling through the increasingly frayed social security net. The tabloid media gives prominence to stories about pensioners unable to make ends meet because their own savings and government payments will not cover high medical costs. At their most positive, these stories are about communities working together to help the frail and old cope with their long life-spans. At their worst they are about the lonely deaths of those unable to manage by themselves. More even than terrorists, older Australian boomers fear being alone.

Asia declines as a destination for young people holidaying or seeking education. Many looking for opportunities to live abroad will travel to Europe or the Americas – wherever they are likely to find stable countries and jobs. Regrettably, some Australians will leave for good – the brain drain of some of our best young minds is another frequent media topic.

There will be many job opportunities for younger Australians in the defence forces, police, security firms and in overseas aid delivery. There is some community talk of the need to introduce compulsory military training, but government has resisted this rather old-fashioned call. The Australian Peace Corps is a popular alternative and many younger people opt to spend a year in that organisation after their university degree. As we move into the decade of the 2020s we find that a number of younger Australians with military or security experience are running for seats in Parliament. This generation has been toughened by their experiences of a highly unstable region.

**2020–2025: LIVING WITH TURBULENCE**

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* Ports: 97 ports.
* Electricity generation sites: 119 fossil fuel power stations operated by coal and gas. 291 renewable energy sites.
* Electricity: 1,641,500 km of overhead and underground cables transmitting electricity from generation centres, to the grid and onto consumers. 51,500 km is high voltage lines.
* Oil and gas infrastructure: 50 manned offshore oil and gas rigs. 75,000 km of natural gas transmission and distribution network.
* Telecommunications: 3.1 million km of fibre optic cable, over 1,300 exchanges for local connections and over 9,000 mobile phone base stations.
* Waste-water: 9,000 pump stations, 800 sewage treatment plants, 125,000 km sewers.
* Potable water: 880 weirs, 3,200 service reservoirs, 1,075 bores, 3,200 pumping stations, 720 water treatment plants, 175,000 km of water mains.

* SOURCE: ATHOL YATES, ENGINEERING A SAFER AUSTRALIA: SECURING CRITICAL INFRASTRUCTURE AND THE BUILT ENVIRONMENT (INSTITUTION OF ENGINEERS, AUSTRALIA, JUNE 2003.)
AUSTRALIA IN 2025: A STORM TOSSED OCEAN

What kind of place is Australia in the "Stormy Seas" world of 2025? It is certainly tougher, more pragmatic and surprisingly resilient in the face of deteriorating regional instability. Australia is heavily engaged in the South Pacific, managing its relations with the troubled island states through a combination of direct intervention and tightly-controlled aid programs. The island states resent being patronised but are also grateful for the stability and opportunities presented by Australia. Relations with Indonesia are tense. It is hard for Canberra and Jakarta to agree on how to develop common interests and to manage political differences. In the rest of Asia, Australia pursues pragmatic relationships designed to minimise the danger that we might become the central focus of regional tensions.

Australia remains close to the United States and works hard to try to get Washington more engaged in mitigating Asia Pacific instability. The US, however, is more inclined to let Australia take the lead in managing security in our nearer region and this had added significantly to the defence and security costs Australian taxpayers must accept. China is the key preoccupation for all.

Domestically, "Stormy Seas" have lowered growth and diverted government spending away from health, education, social welfare and infrastructure maintenance. Living standards have declined significantly. Australians have become more nationalistic, more cohesive - more aggressive some would say. We welcome migrants but are less willing to accept queue-jumpers. We generally expect people to sign-up to the government's muscular security policies and are less tolerant about dissent.

“Stormy Seas”
What are the Challenges?

Mass influx of refugees
Escalating defence requirements and spending
Maintaining regional relations
National identity
Developing export markets

CHINA-AUSTRALIA ECONOMIC ENGAGEMENT

Australia established diplomatic relations with China in 1972. Since that time, Australia’s economic engagement with China has deepened significantly.

China is now Australia’s third largest merchandise trading partner. And trade with China is growing rapidly. Australian exports increased from $3.4 billion in 1998 to $8.4 billion in 2002. This trend is set to continue on the back of sustained strong economic growth. Australia is also exporting a wider range of both goods and services. China is now Australia’s eighth largest market for services exports.

Examples of Australia’s recent successes include:

In 2002, China awarded Australia’s North West Shelf Venture exclusive rights to supply Liquid Natural Gas (LNG) to China’s first LNG project. The project is worth $25 billion and is the largest foreign contract awarded to an Australian company.

An Australian firm has recently won the international design competition for the Beijing Olympics national swimming centre the largest Olympic facility to be built.

Investment links with China are expanding at the same time. In 2002, China was Australia’s 17th largest destination for investment, and the 13th largest investor in Australia.

China’s accession to the World Trade Organisation has, and will continue, to provide new opportunities for Australians.

In 2003, China and Australia signed a Trade and Economic Framework Agreement. The Framework provides for closer economic relations between Australia and China, and will make it easier to do business in China. In addition, the framework includes a commitment to undertake a joint feasibility study into a possible free trade agreement between China and Australia.

Increasing expenditure on defence.

Economic pressures mount in Australia, with difficult tradeoffs.

Some Australian businesses lose markets and investments.

Tensions as Australia's economic growth slows and unemployment rises.

Social tensions emerge. Influx of refugees.

Asia does not have the political and structural change to sustain growth.

Australia joins security coalitions. Increased reliance on government.

Some alternative opportunities are found outside the Asia Pacific region.

Economic pressures mount in Australia, with difficult tradeoffs.

Asia-Pacific tensions give rise to regional instability.

Security is a preoccupation in Australia.

Work with South Pacific neighbours on restoring governance.

Strong growth rates in the Asia Pacific, especially China.

Australian goods and services in demand.

Some Australian businesses lose markets and investments.

Constant military and diplomatic challenges.

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CHANGING THE CREW

In Changing the Crew, a new generation of pioneers creates a sharper-edged Australia, resulting in friction with other generations. Australians are more strongly connected with the rest of the world than ever before, economically and culturally.
The nation is proceeding to sign up to new trade deals, both bi-lateral and multi-lateral. As well as closer economic integration, there is also closer cooperation on shared problems, such as drug and people trafficking and terrorism. Breaking up rings and networks requires shared intelligence and coordinated action, both across and within jurisdictions. Good results are enabled by strong political commitment, less hierarchical in the relevant institutions, better international communications and development of cross-cultural attitudes and skills.

The Foredeck crew are instrumental in the integration process. They have grown up with the ideas of open international trade and investment, deregulation, privatisation and information technology. They are positive about the future. Indeed, the younger members of the Foredeck crew have not experienced recession. The Foredeck crew are moving into positions of power and, by 2025, will largely replace the Cockpit crew who currently dominate decision-making.

The Cockpit crew began their careers in an era of protectionism. Many of them started out with the expectation of secure, long-term employment, a stable family life and a comfortable retirement. Few have realised these expectations. Some have benefited enormously from the growth industries created by changing government policies, such as the finance and banking industries. Others have lost their prospects and security, and continue to hold on to protectionist ideals. All have faced the rigours of a more open economy and the shifting of risk from the collective to the individual.
Like their parents, the Cockpit crew lament many of the changes they have seen, and yearn for the return to a simpler world. They wonder how future generations will cope. Not so the younger generations. The Foredeck crew, and the generation following them, have the expectation of opportunity rather than continuity. The modes of security sought after by previous generations are seen as limiting. They regard mobility in all its forms, for example in travel, residence, career and personal relationships, as part of life. Performance-oriented people dominate the Foredeck crew.

The more open and technical world of benchmarking, performance ranking and quality assurance means that slipping behind is no longer a private matter. People across the board are scrutinised, criticised and lauded in very public ways, be they producers of goods, superannuation fund managers, corporate executives or politicians. Information is not only available but it is also accessible, in part due to cheap distribution available through the internet and intranets. Presumptions have changed. Institutions and authority are not assumed to be trustworthy, but have to show that they are honest, fair and efficient.

As people in the Cockpit crew reach the pinnacle of their careers, they find they have seniority, but not necessarily the authority and opportunity that once went with it. Their performance is scrutinised, and there is not sufficient slack in the system for under-performers to be left in place and quietly circumvented. If the Cockpit crew are not performing, the main course of action open to them is to try to hobble or get rid of the upcoming competition. Many in the Cockpit crew, especially those in middle management, have a strong financial incentive to stay, in order to fund their anticipated long retirements.

Contrasting with this, the Foredeck crew are eager to take the reins. The Foredeck crew value different attributes and skills in people than the Cockpit crew, especially speed, flexibility, creativity and the capacity to work in teams. The way of the Foredeck crew is to build up the asset of themselves, and to act swiftly to apply new ideas and technologies to capture projects, niches and fleeting but potentially lucrative market opportunities. Their ideas of value have primarily been shaped in the people-intensive service industries.

The visible divisions that emerge are in the demographic profiles of organisations and industries, with those failing to incorporate the Foredeck crew being tagged as boomer groups. Many in the Foredeck crew chose to start their own businesses, and this trend is most prevalent in services, where capital costs are relatively low. Government, environment and tourism are a focus for such service businesses. The Foredeck crew and the following generation are comfortable with the notion of establishing businesses, running them hard for a period, and then moving on to the next opportunity. Often, mistakes are made, and there are also great successes. The younger generations move on from both.

The Foredeck crew favours the continuous adjustments and opportunities created by markets, rather than government interventions in economic activity and associated lobbying. As they move into positions of power in the public and private sectors, they oversee the widespread adoption of user pays and an array of market-based instruments for resource allocation and management, such as carbon taxes and credits, and water trading. Implementation of the market-based systems is often flawed, with dire consequences for particular businesses and families, creating another source of tension between generations. But by 2015, new markets are functioning well, and producing desirable outcomes. The changes are made manageable because of Australia’s relatively small population and highly educated people.

The wider use of markets proves to speed up the cycle of change – that is, adjustment pressures lead to the rapid uptake of technology, which in turn leads to faster development of new technologies, in turn creating opportunities for potential users to gain an advantage, again creating adjustment pressures. The cycle is also fuelled by tax-based government schemes to share the risks of adopting high potential innovations. Australia edges up the international league tables.

Some advances can be bolted on, but many new ideas and technologies, such as computer software (streamlining processes), container cranes (shifting physical goods), building materials (requiring different equipment and skills) and modes of communication (such as text messaging) create the impetus to do things very differently. Under the leadership of the Foredeck crew, management and operational structures are frequently reorganised to capture value from technological advances, and people moved in and out of roles and organisations. This is particularly the case in the services sector. Government is no exception. Australia’s pioneering spirit is reprimed.
Continued growth of countries in Asia Pacific has a major impact on trade and investment patterns, and China becomes significantly more powerful. China’s economic growth and social development is generally inclusive, creating opportunities for others as well. However, there is also intense competition for markets and foreign direct investment with China. Australia is fortunate in having mostly complementary industries, such as resources, tourism, technical services and specialised manufacturing, meaning that direct competition is limited. Australian consumers benefit from cheap manufactured goods available from China and the region.

The resources sector, once looked down upon by some promoting the advancement of Australia, becomes an unexpected source of wealth for the government and business as the relative price of minerals and energy increases compared to the price of manufactured products. Australia’s terms of trade have shifted in her favour.

Over time, there is greater acceptance by the community that the growth opportunities for the country lie mostly outside of Australia. The confidence and optimism of the Foredeck crew spreads to others as great opportunities are captured overseas and many of the benefits retained by the nation. Growth means that there are good opportunities for those wishing to enter and stay in the workforce. Some jobs move offshore to cheaper locations, but they are mostly in boomer industries where the bulk of the workforce is reaching retirement age. A greater sense of cooperation between the crews emerges against a background of relative stability and prosperity.

Workforce pressures, particularly the need for skilled professionals, language skills and overseas connections, and the desire for reciprocal opportunities overseas, mean that the Foredeck crew, as they take over, push strongly for increased immigration. The debate over immigration is intense, and centres on employment and national security. International cooperation and information sharing enable faster and more accurate checks on potential immigrants. There is also a general winding back of social security in Australia, including for immigrants. These developments make higher rates of immigration acceptable to the majority of Australians.

**Labour Productivity Growth Averaged 2% in the 1960s — That Performance Has Not Been Bettered Since. In fact, Productivity Growth Over the Past 40 Years Has Averaged 2%.
Source: Federal Treasury

There is a constant stream of refugees as Australia becomes a more attractive place compared with many others, in terms of democracy, peace and prosperity. However, security remains a prominent issue against the background of ongoing terrorist threats. This combination of factors leads to an increase in the intake of refugees but harsh treatment of illegal immigrants and those associated with people trafficking.

Immigration proves to be another source of tension between the Foredeck crew and older generations. However, by 2015, the Foredeck crew have the decision-making roles and the voting power to get their way. Their voting power comes from their numbers – they represent almost a third of the total population. Their power also comes from their willingness to change their vote from party to party, often on the basis of a single issue.

**Renewed Pioneering Spirit**

Australia has one of the most diverse populations in the world — 21 per cent of Australians come from outside Australia, compared to 10 per cent for Canada, 8 per cent in the United States and 8 per cent in New Zealand. Diversity supports innovation by enhancing connections to international professional and cultural networks, infusing new ideas and identifying fresh opportunities. However, there are tensions that go with a diverse workforce and population, and the key to cohesion proves to be opportunities for growth. Diversity therefore tends to be most prevalent and beneficial in growth businesses and sectors.

The Foredeck crew heavily pushes education — not only for the younger crew, but for the other crews as well. Students regard themselves as discerning consumers rather than recipients. Remote education is fast growing, reflecting the need for mobility of students and the growing export opportunities in the sector. More flexibility in tertiary education also means that students can design their own courses to a greater extent, and derive more value from their studies.

**Rising Terms of Trade Points to Stronger $A**
In education, a precedent is set in using the taxation system to provide access – enabling repayment of fees at a later date, and only if income is over a certain level. This approach, applied to the younger generations, is now equally applied to older generations to cover retirement and health care, with people having the option of paying up front or having their assets taxed upon their death.

The emphasis on education and training is reinforced by government pressure on people to participate in the workforce, including implementation of later retirement ages. This sense of coercion creates tension between the crews. However both participation and productivity are favourably influenced. Productivity growth increases from 2% in the decade to 2004 to 3% by 2025, and incomes rise accordingly.

In spite of rising incomes, government revenues reach a threshold. Open trade and investment and high mobility of talented people place a constraint on taxation. In addition, the proportion of people paying income tax is declining, and the bulk of government assets have been sold off.

However, demands on government do not abate, and there is intense competition for government resources. Health spending is the main area of contention, because infinite resources could go into the sector in the face of improvements in technologies and drugs. Governments are forced to draw the line well below the possibilities, and the health debate flows into a subject of ongoing angst – the gap between rich and poor.

"Changing the Crew"
What are the Challenges?

Pace of change
Opportunities mostly overseas
Succession
Widening gaps
Dominance of Sydney

Notwithstanding a robust economy and jobs market, the unemployment rate remains relatively high reflecting the structural mismatch in the jobs market. As a result, the problem of long-term unemployment remains intractable, along with welfare dependency. Welfare dependency is well documented and understood, but no effective solution can be found. In the wider community, tolerance for the welfare dependent diminishes and a sub-culture of have-nots develops. Have-nots are often geographically concentrated, and are avoided and ignored by the majority of the population. The group is too small and disengaged with politics to command attention.

Nowhere is the divide more obvious than in Sydney, the city with the strongest international ties and largest business and professional community. Sydney has become the dominant city in Australia, driving many trends including real estate values. Sydney becomes what London is to the UK, and what New York is to the US. This continues to be a source of resentment from the rest of the country, and others, including State Governments, work hard to establish and maintain their own profiles and direct connections overseas.

With stronger international connections and an increasingly diverse population, the basis has been consolidated for continued innovation and growth in trade and investment. Australia’s pioneering spirit is renewed by the Foredeck crew as it gradually replaces the current Cockpit crew. The pioneering spirit has a tough, competitive edge. There is a sense that anything is possible. Previous constraints such as a small domestic market and lack of scale in manufacturing production have been lifted by circumstances. The need for scale, which has long hampered Australia, diminishes in a specialised and knowledge-based world.

Reflecting the desire to pursue opportunities, an increasing number of Australians live and work overseas, although the majority plan to return to Australia. Australia is regarded internationally as an exciting place to work and an attractive place to live. The country has had a more successful generational transition than the US, Europe and Japan, in part because of smaller numbers in the Cockpit crew, and also because of growth opportunities in the region.

An increasing number of Australians travel overseas and are fluent in other languages besides English. Greater exposure to other countries and cultures helps forge a more defined sense of identity that is based more on people and their capability, and less on the landscape and colonisation. The pioneering spirit remains central, but it is no longer masculine and rural, but also feminine and urban. Indigenous culture contributes prominently to the evolution of national identity.

Australia in 2025 has even closer economic links with the rest of the world, much stronger cultural links and a more diverse population, and yet a stronger sense of national identity. These factors give us greater capability to adapt, to be competitive and build social cohesion.

### NATIONAL DIASPORAS RELATIVE TO RESIDENT NATIONAL POPULATIONS

<table>
<thead>
<tr>
<th>Country</th>
<th>Diaspora</th>
<th>Per Cent of Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>7 million</td>
<td>2.5 per cent</td>
</tr>
<tr>
<td>Australia</td>
<td>900,000</td>
<td>4.3 per cent</td>
</tr>
<tr>
<td>New Zealand</td>
<td>850,000</td>
<td>21.9 per cent</td>
</tr>
</tbody>
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SOURCE: CEDA 2003
### COMPARING KEY ELEMENTS OF STORMY SEAS, RIDING THE WAVE AND CHANGING THE CREW

<table>
<thead>
<tr>
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<th>STORMY SEAS</th>
<th>RIDING THE WAVE</th>
<th>CHANGING THE CREW</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic growth</td>
<td>Initially high, slowing to moderate as regional security situation gets worse.</td>
<td>Initially high then significantly slowing and remaining low before basis for renewed growth is set.</td>
<td>Moderate levels of growth, increasing as the globalised generation takes over.</td>
</tr>
<tr>
<td>Speed &amp; direction of economic reform</td>
<td>Reform pressured by other spending priorities. A difficult international trade situation complicates free trade picture.</td>
<td>Reform stalls. Australia drifts as institutions struggle to adapt.</td>
<td>Opening of Australian economy continues. Government allows individuals substantial freedom to pursue their own agendas.</td>
</tr>
<tr>
<td>Social values</td>
<td>Cohesive in the face of major international problems.</td>
<td>Social democratic indulgences give way to a more pressured environment. People feel disaffected from institutions.</td>
<td>Strongly individualist. Contests between generations; winners and losers from globalisation.</td>
</tr>
<tr>
<td>Cultural milieu</td>
<td>Nationalistic. Cohesive. A bit too inward looking. A strong cultural sense of what it is to be Australia leads to a renaissance of interest in indigenous art and culture.</td>
<td>Over-reliance on government support leads to a rather arid cultural environment. But growing dissatisfaction leads to a strong counter-culture, protest ethic.</td>
<td>Outward looking. More global than local. People worry about the decline of an Australian identity.</td>
</tr>
<tr>
<td>Environment</td>
<td>A second order issue in this scenario.</td>
<td>Early investment in environmental issues followed by reductions in spending.</td>
<td>Entrepreneurs discover that the environment is good business.</td>
</tr>
<tr>
<td>Innovative capacity</td>
<td>International pressures force Australia to identify clever niches where we can prosper.</td>
<td>Low through most of the scenario. Government and institutions stifle innovative capacity.</td>
<td>Globalisation creates a strongly entrepreneurial environment for smart individuals and flexible organisations.</td>
</tr>
<tr>
<td>Australian businesses &amp; international markets</td>
<td>Strong trade links initially. Key markets eventually cut off as China changes focus and security environment declines.</td>
<td>Short term focus. Against a background of poor government, high taxes and over-regulation, business gradually slips behind and/or moves offshore.</td>
<td>Strong outward orientation, focus on application of new ideas. Labour intensive manufacturing moved overseas.</td>
</tr>
<tr>
<td>Tiers of government in Australia</td>
<td>Strong central government is needed to handle the security challenges.</td>
<td>Duplication increases as government programs and regulations proliferate. Major political and constitutional reforms after economic breakdown.</td>
<td>Streamlining enabled by technology. Government and hierarchical institutions recede in influence as people largely shape their own futures.</td>
</tr>
<tr>
<td>Generations in Australia</td>
<td>Come together to manage a deteriorating social environment.</td>
<td>A combined want list emerges rather than confronting difficult tradeoffs. Each generation blames the other for the ensuing problems, rather than taking responsibility.</td>
<td>Tensions because of different expectations and ways of working. A new wealth compact emerges based on greater self-reliance.</td>
</tr>
<tr>
<td>Citizens and institutions</td>
<td>Heavy reliance on governments to provide secure environment.</td>
<td>Proliferation of regulations as trust in institutions continues to decline.</td>
<td>Less reliance on institutions to manage risk. Move to market-based mechanisms.</td>
</tr>
<tr>
<td>Haves &amp; have-nots</td>
<td>Social security net gets frayed. But Australian community spirit helps to protect those we define as being part of our community.</td>
<td>Initially the government safety net picks up most of the battlers. But as growth slows and reform stalls more and more become disaffected by society failing them.</td>
<td>Highly targeted welfare and new payment arrangements. The winners are the smart globalisers. The losers are those who can’t handle this faster pace.</td>
</tr>
</tbody>
</table>
The modules reflect on how the potential macro-changes outlined in each of the Scenarios could impact on Australia’s direction and its standing 20 years from now. The BCA provided the contributors with a broad brief, in keeping with the philosophy and intent behind the Project, that there is no correct answer to anticipating and addressing Australia’s future potential opportunities and challenges.

The most important outcome will be to stimulate discussion and debate about our country’s long-term future and to challenge established frameworks of thinking. The modules are of exceptional quality and succeed admirably in setting the basis to achieve this objective.

Importantly, the modules illustrate to potential users of the Scenarios how they can be applied to a range of thinking and policy development about Australia’s future.

The BCA would like to thank the contributors for both their overall participation in the Project and their specific contributions.
the most important outcome will be to stimulate discussion and debate about our country’s long-term future
Sailing into Uncharted Waters

Whether Australia faces calm seas and a prosperous voyage, storm clouds or handing over command of the ship to a raffish new crew, one thing is certain - uncharted waters await. That is the inevitable consequence of sailing into the future.

The BCA Scenarios, a very valuable national contribution, provide some glimpses over the horizon and even a compass or three. But hopefully its main contribution will be to launch a vigorous debate. A becalming would be a sad outcome.

The Scenarios raise age-old issues of leadership. Two years after European settlement of Australia, the political philosopher Edmund Burke wrote:

“Society is indeed a contract – becomes a partnership not only between those who are living, but between those who are living, those who are dead, and those who are to be born.”

(REFLECTIONS ON THE REVOLUTION IN FRANCE, 1790)

These days, Burke’s views on society re-emerge through the fog of more convoluted language. The nostrums of sustainable development, intergenerational equity and mutual obligation are now invoked constantly. So too are corporate social responsibility, transparency and civil society, to name a few. A whole industry of discussion revolves around them. Leaders are exhorted to embrace them.

But the future of societies continues to rest upon the timeless fundamentals of ethics, rights and responsibilities and how these should play out within this generation and for later generations, as Burke observed more than 200 years ago. At its highest, leadership must surely be about pursuing these enduring values.

One thing is certain. Whatever leadership is required in the world of the Scenarios, it will be a different type of leadership from that of 10 years ago, let alone 200 years.

This does not mean that the ageless qualities of successful leadership, decisiveness, courage and personal example, to name a few, should disappear. But it is to argue that they will need to manifest themselves in different ways. At least three trends, embedded in the Scenarios, will test leadership.

Firstly, as demonstrated by survey after survey, there has been a decline in trust accorded by the bulk of people to most institutions of society – government, business, the professions, the churches and, by direct inference, their leaders. The significant exception is the growth in trust enjoyed by Non-Government Organisations (NGOs), usually the sharpest critics of the existing order.

It is tempting to assume that this is simply due to good leadership by the NGOs and poor leadership elsewhere, and sometimes it is. Some argue that NGOs need answer only to themselves and bear little responsibility for ultimate outcomes. Their risk in grandstanding, it is claimed, is low.

But there must be something deeper going on. The answer is surely to be found in the way in which communities, or at least those citizens who participate in the development of public policy, now respond and operate.
All sectors of society are complicit to some degree. Leadership is needed to reach beyond sectoral interests and, even while under attack by them, to argue for the wider good.

The third challenge for all leadership is to forge more effective styles of engagement. NGO leaders must continue to be trenchant advocates for change but what are their shared responsibilities when, increasingly, their organisations work in formal partnerships with the private or government sectors?

Business leaders will get the policy settings they deserve if they are not helping to shape the broad community agenda and the role of business in that. But they have a problem of perceived self-interest to overcome.

Governments may judge that they are at risk if they get too far out in front of the focus groups, but where does that leave leadership? The media will jump on all sectors, since that is often its job, but what is its role in fostering a more complex and civilised debate?

Forging more effective methods of engagement – defining the evolving rights, responsibilities and reciprocities of public debate – will require leadership skills of a high order. A willingness to risk speaking beyond the demands of sectoral self interest has always been inherent in good leadership. But the need for this will be even greater.

So too will the capacity to listen and learn. The world of command and control is diminishing; the need for the leadership skills of consultation and engagement is increasing. Successfully deploying these skills will be a test for leaders in all sectors.

The uncharted waters which await the good ship Australia will produce surprises. Those on the quarterdeck who watch and listen, rather than just yell orders, will contribute far more to the success of the voyage.

They are less likely to be impressed by authority and more likely to be impressed with hands-on involvement. They are more likely to participate and less likely to be passive. They are more likely to question and less likely to accept propositions at face value. They will be cautious of suspected self interest, but they will respect altruism.

On all these criteria the NGOs enjoy, at the very least, the benefit of the public doubt. The surveys prove it. Leadership in most other sectors has a job in front of it of rebuilding trust with a more questioning and participatory society. Deeper, wider and more open engagement is the key to that.

The second challenge for leadership is, at first sight, a contradiction. Public debate may now be more participatory but in a sense it is also more structured and sectoral. Organised blocks in society – governments, NGOs and business – have become very adept at arguing their sectoral interests. Wider community perspectives get smothered. The debate becomes more institutionalised. Leadership can tend to management.

This is intensified when governments pull back into the role of umpires between the competing claims of NGOs and business, rather than acting as policy setters. It happens when NGOs assert that they speak for community priorities when, sometimes, they speak for their own. It happens when business keeps its mouth shut on all but business issues.

The result can be a muted and a poor debate. A current example is the lack of community discussion about entrenched and generational disadvantage suffered by some sectors of society after more than a decade of economic growth. It is a matter of community shame that many appalling disparities persist. It is an even greater shame that so little heed is given to them.

" Society is indeed a contract – becomes a partnership not only between those who are living, those who are dead, and those who are to be born. "

REFLECTIONS ON THE REVOLUTION IN FRANCE, 1790

GEORGE LITTLEWOOD IS A WORLD RENOWNED EXPERT IN SUSTAINABLE DEVELOPMENT AND CORPORATE SOCIAL RESPONSIBILITY. AFTER MANY YEARS AT RIO TINTO, GEORGE IS NOW AN ADJUNCT PROFESSOR AT DEAKIN UNIVERSITY.
Yet when we plan for the future, health and welfare issues are hardly front of mind in our consciousness and are often relegated to the back seat by the more pressing issues of economic prosperity, regional security and so on.

The general expectation is that as society becomes more prosperous and as technology and medical science improves, so will our health and well-being. Just look at how far we’ve progressed over the past 30 years. We’ve mapped the human genome, nearly eradicated some terrible diseases, and developed some amazing ways to extend or save lives.

You could expect that in the year 2004, we should be the healthiest and happiest Australians in history.

But in what has become a paradox of progress, the reality is quite the opposite. In spite of increasing wealth and opportunity, we are seeing unprecedented rises in a range of indicators of poor health and well-being – not just in adults, but also in our children.

The diseases are not only more prevalent, but more complex in how they’re caused and how we treat them. There are no quick solutions to diseases such as diabetes, obesity, asthma, behavioural problems and the epidemic of mental health problems that we’re witnessing. All of them are costly to treat and are causing a crisis in both our health and welfare services.

In terms of welfare and health, what is of enormous concern is the increasing social disparity – a growing gap between the haves and the have-nots, not just in wealth but in a range of other areas such as education, health, and employment. These have considerable implications both economically and socially, impacting mostly on health, well-being and the very social fabric of our nation. There is a large body of research which shows that those developing countries with high rates of social disparity have overall rates of poor health. This demonstrates the close links between early child development and education and with health and well-being over the whole of life – suggesting important pathways to enhancing national health and welfare. Both Canada and the UK have responded to this research by investing huge new budgets into early years’ programs aimed at improving the health and development of children as long-term strategies to enhance national prosperity.

So if this is the grim reality of 2004, what will the next 20 years bring? A lot will depend on which path we embark on and how quickly we take action.

Let’s look at the implications of “Stormy Seas”. With problems on our national doorstep and a major investment in the military, health and welfare fall off the national agenda.

The welfare budget is traditionally a soft target and government cuts would mean that the most marginalised in our society would receive even less support – not just financially but in all the support services that help bring the community together and keep it functioning.
With reduced resources for employment support programs, drug abuse programs and the like, crime rates escalate adding to the community’s sense of being under siege.

In the health arena, dollars remain tight and while funding for emergency departments and hospitals would stagnate, preventative programs such as early intervention strategies will be deemed non-essential in a time of national crisis. It will be survival of the fittest.

But this shortsighted approach will have rapid economic consequences with an increase in the number of welfare dependent individuals and a loss of capacity in the workforce.

An increasing number of Australians will suffer from preventable diseases and lifelong disabilities, adding to the pressure on hospitals and community service providers. And because of the well-known link (World Bank reports) between health and education, this will impact negatively on the future workforce and Australia’s human capital.

While the international external pressures are likely to foster a sense of social cohesiveness, it is unlikely to be inclusive. Rather, the people who are doing well and contributing will become more intolerant of those who don’t, while the disadvantaged will have little opportunity or support to break out of their negative environment.

“Riding the Wave” is concerning because it continues on our current trajectory. While economic prosperity is important, the fallacy is that it results in a better life for all. What we currently see is increasing social disparity, which excludes large numbers of Australians from reaping the benefits of these economic gains. To ride the wave suggests that people are staying afloat. What about those who have already been sunk by unemployment, poverty, mental and physical illness? That’s not just a problem for those who have been marginalised. Everyone will pay the price – through the loss of capacity, a divided community, increased welfare, and ineffective.

If change is managed, then a more efficient model of State/Federal government would be a great boost to the health system where currently overlapping and conflicting responsibilities are inefficient and ineffective.

In “Changing the Crew”, life might seem fine if you’re one of the entrepreneurial elite – but pretty grim if you’re not. The major concern here is that this scenario paints a picture of increasing marginalisation as the only people who will be able to make it economically and socially are those with an entrepreneurial capacity. The result will be devastating for health and well-being as the increasing proportion of marginalised people will have a huge impact on our ability as a society to look after them. The wealthy elite and the larger number of marginalised unhealthy and poorly educated underdogs is reminiscent of George Orwell’s novel 1984!

However, it won’t be all fine living for the elite. They may find themselves barricaded in compounds as they battle rising crime rates. Their economic prosperity will be hampered by the lack of a qualified workforce. Tax rates will escalate as a smaller number of taxpayers are squeezed by the need to provide some support to the growing numbers of aged baby boomers on welfare alongside the rising numbers of welfare dependant young people who have been marginalised by this crew.

So what have we learned from these scenarios? I would say that our future path must have room for all Australians. We must reduce the social disparity between the haves and the have-nots so that we all have the opportunity to contribute to our future. If we continue to marginalise such a large proportion of people, we will pay a high price – through the loss of capacity, a divided community, increased welfare budgets and crime rates.

Our expectations of good health and well-being can be realised only if we change our current trajectories. We must put an emphasis on prevention and early intervention to get maximum value out of our health dollar. The good news here is that we know what to do and there is evidence that it works to improve outcomes more than anything else we are currently doing. We must not forget that good health, educational success and a competent workforce are all linked. The more people who have a reasonable socio-economic status, the better these outcomes will be for the whole of society.
Confidence, it is said, is not having to think about it. Australians are not too fond of focusing on issues of identity. There is a consensus, however, about so-called Australian values encapsulated in phrases like the fair go, mateship and she’ll be right. Australia is in so many respects a blessed land. Despite its extremes of climate, Australia’s natural resources offer an agreeable life to a small population on a vast land mass. If Australia has one issue to face above all others, it is complacency.

Culture has many meanings but two principal ones. In a narrow definition, it means Matthew Arnold’s “the pursuit of perfection” engaging with the world of art and high intellect. Today we tend to understand culture in its broad meaning as defined by UNESCO in 1982:

“Culture may now be said to be the whole complex of distinctive spiritual, material, intellectual and emotional features that characterise a society or social group. It includes not only arts and letters, but also modes of life, the fundamental rights of the human being, value systems, traditions and beliefs.”

Culture is an intangible, being to people what the sea is to fish. Australian culture and identity is often defined by its counterpoints. Things are either very Australian or un-Australian and people generally know what is meant by either.

The Scenarios, “Changing the Crew”, “Riding the Wave” and “Stormy Seas”, each begin from our current standpoint of strong economic growth. There is no huge force for change at present but each scenario anticipates the effects of varying pressures on Australia.

“Changing the Crew” presents a free-wheeling Australia with Government seeking to pass responsibility for most aspects of the welfare of society to individual Australians. The dangers of developing a me first culture are obvious in this, breaking down the collective responsibility which has characterised Australia to date. There are many reasons why Australia might move to individual responsibility, especially in adopting the user pays principle, but predominant among them is the ageing population and consequent declining workforce. While the employed demand a diminished burden of taxes, their social conservatism also yields to a broad cultural outlook which acknowledges the cost of embracing a desire for environmental sustainability and high standards in health and education.

The strength of individual ambition is good for creativity and Australia begins to excel as a smart country of great talent, but with increasing divisions within its society. Australian identity becomes a melange, captive to the incessant demands of a globalising culture.

Above all, Australia becomes a country of self-protection-seeking individuals and older citizens yearn for the long-gone days when team spirit was a reasonable expectation.

“Riding the Wave” is a scenario characterised by a lack of vision. A successful Australia is so blind to medium and long-term planning that it rides the wave of global prosperity and crashes in near terminal decline before regrouping with a more clear-eyed focus. This is the ultimate complacency scenario. Overly ambitious expectations lead to dysfunction and a lack of creativity. For Australia the rude awakening is harsh but it stirs popular demand for rationalisation of layers of governments and begins a process of intensive structural reform. A breakdown of trust between government, institutions and the community at large, inspires a redefinition of responsibilities, and a glimmer of hope for the future but no certainties. Protest movements open possibilities for alternative approaches and act as a healthy stimulus to cultural change.
Each of these three Scenarios may seem over-dosed on scepticism but they have about them nonetheless a strong realism. There is no doubt that globalisation is engendering its opposite also – a desire for national identity. Identities are being defined significantly in Asia Pacific by the tenets of various religions, and in Australia by a desire to preserve a century of peaceful existence and social cohesion sponsored by deeply-held democratic values offering individual rights within defined parameters.

There are many possible Scenarios which could alter the way Australians are seen and the way we see ourselves. The three Scenarios “Changing the Crew”, “Riding the Wave” and “Stormy Seas” offer insightful starting points for engaging with serious medium and long-term planning issues for Australian society. They are a sharp reminder of the need to move away from the short-termism of many aspects of the current approach to developing Australian culture.

“Stormy Seas” presents an Australian identity under siege. This scenario focuses on the effects of regional instability. While initially increased engagement with the rising economies of Asia causes Australia to embrace multicultural diversity, the inability to match economic growth with political change in some Asian countries causes serious concerns for the security of Australians. The relatively tiny population in Australia amid the world’s most populous region succumbs to fear bordering on paranoia. Australian culture becomes more defined, self-absorbed and inward-looking. Australians begin to characterise themselves by their differences from their neighbours. The emphasis on security and the costs of sustaining it drain money from other areas including health, education and social welfare, consequently fomenting divisions within society.

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The scholar and writer, Pierre Ryckmans, has written that:

“The search for a sense of identity is like the quest for happiness: if you seek it, you’ll never find it.”

Australian culture is a confident one to the extent that we do not agonise over it.

Things are either very Australian or un-Australian and people generally know what is meant by either.
The past two-and-a-half decades were a heyday for Australian business. They encompass the heady 1980s, when regulations on business – many in place since World War 2 – were dismantled at breakneck speed. Australian business was let off the leash to bring home our economic bacon. Then came the 1990s – an equally heady mix, this time of technology, globalization and financial market euphoria. Many fortunes were made and not a few lost. Australian business was transformed by unprecedented pressure and opportunities to compete, especially internationally.

On the cusp of the next 25 years, a more sober mood has descended. There is general acceptance that business has delivered improved living standards that place us back near the top of international league tables. But there is widespread concern that the social costs of our economic renaissance have been significant. For some, the journey has been fraught with dislocation, disempowerment and disillusion. Along the way, business has lost the trust of sections of the Australian community.

Business will play a greater role in funding and directing Australia’s education system. This will occur as Australian governments find their priorities turned towards the needs of ageing baby boomers, especially health and aged care. But the expectations of Generations X and Y – both as employees and employers – for lifelong learning and skill renewal will bind education and commerce closer together. Education will more directly reflect the needs of business but will also respond to the tastes of educated, retired and wealthy baby boomers keen to stave off boredom and pursue self-improvement to the last. Education will itself become a business.

The information economy is a network economy. Large hierarchies become less efficient forms of corporate organisation as information becomes more ubiquitous. The future of Australian business will be a future of smaller organisations, densely networked domestically but especially internationally. Networks bonded by technology will be reinforced by relationships among younger generations of business people completely comfortable with global telecommunications and cross-cultural social experiences. Their natural suspicion of hierarchical power structures will gel with the emerging networks of small, innovative, entrepreneurial global micro-enterprises.
Integration of markets will continue apace. What formal trade agreements do not achieve, technology will achieve. Australian business will continue to face a future of international competition. Our experience to date should encourage us. More and more young Australians will experience business outside Australia, bringing skills and experience back home when they return. They will also bring the knowledge that competing on an international stage is neither impossible nor unrewarding. More foreigners will spend time in Australia – some educated here, others visiting regularly for business, yet others staying on to live and work here. The challenge of our ageing population and the war for young talent will mandate a more accommodating stance towards immigration (as well as more family friendly business practices). Immigration will strengthen Australia’s business links overseas.

Not only labour but capital will be more mobile internationally. More Australian businesses will be owned by foreigners just as more Australians diversify their retirement savings by investing overseas. Australian businesses with global ambitions will most likely move their headquarters out of Australia, notwithstanding the revolution in telecommunications. On the other hand, investors will welcome the growth opportunities presented by a global presence. While opportunities to lead the world’s largest global corporations may be in short supply in Australia, there will be opportunities to incubate new enterprises and grow them to a scale where they might become global. Professional services firms, like lawyers, accountants and business consultants, will orient themselves towards the needs of smaller and medium-size enterprises seeking to expand, including outside Australia.

Over the next 20 years, Australian business will continue to internationalise and become more services-oriented. There will be a need to invest large sums in knowledge and skill development so as to create and retain competitive advantage. Australia is well established on this path but experience shows that adjustment to a more technological, knowledge-intensive, globalised business environment destroys as well as creates business opportunities for Australians. There is a danger of a two-tier business community emerging, in which internationally-oriented, technologically sophisticated businesses and their employees create and consume vastly more wealth than their domestically-oriented, low value adding compatriots. Careful thought to appropriate policies for income redistribution and skill formation will be required.

Creating commercially successful and high wage-paying businesses will demand knowledge, skill and entrepreneurship. The last 25 years have seen Australian business exposed to unprecedented levels of risk and uncertainty. While this has brought a measure of disruption and disorientation, it has also unleashed world-beating levels of economic growth. Australia is well placed to weather a future where commercial risk and uncertainty are endemic. But the spoils will go to those best adapted to this type of business environment.

Our mission – should we choose to accept it – is to ensure that all Australians have the capacity to accept and manage commercial risk to levels at which they feel comfortable and for which they receive an appropriate market reward. Business is as much about risk management as wealth creation. Understanding this point underscores the essential role of business in securing Australia’s future prosperity.

Professor Ian Harper is Dean of the Melbourne Business School, Senior Consultant with Charles River and Associates and Director & Principal of Harper Associates. He has a PhD in Economics from ANU and is the author of several books and monographs and has contributed to many more.
Two factors, net migration and birthrates, determine population growth. Over the long term, what happens to birthrates in Australia will bear the most significant influence on population growth. But, while birthrates will likely be different in 20 years to those today, it seems unlikely that there will be a change of such magnitude as to impact Australia significantly over the course of the Scenario horizon.

Very large changes in birthrates would be needed to impact total births over a period of two decades, and these in turn would have to be underpinned by a massive shift in social, economic or financial circumstances across Australia.

Trends in birthrates will of course have a profound impact on Australia’s longer term population prospects. If birthrates continue to fall to below 1.6, a rate that is already being recorded in other developed countries, it will become increasingly difficult to sustain population growth in Australia through immigration. However, in the context of the next 20 years or so, immigration will be the more significant of the population drivers.

A key immigration issue for Australia, which is clearly highlighted across the Scenarios, is where we will come out in terms of net brain gain or loss – that is will Australia be able to attract more skilled individuals on a relatively permanent basis than we lose?

Australia’s capacity to continue to benefit from brain gain, as we do currently, will be determined not only by domestic circumstances – including the availability of competitive employment opportunities and policies to support skilled migration and the return of ex-pats – but also by the equivalent circumstances globally. Australia is already facing growing competition for skilled labour from other developed countries. This competition will only intensify as population ageing advances. At the same time, permanent and long term departures by young, skilled Australians have trended up, notwithstanding our strong economic and employment growth over the past decade.

“Riding the Wave” presents an outlook in which, over time, stemming the departure of skilled Australians seems almost impossible against the backdrop of rising taxes and weak growth domestically, and sustained robust growth globally. Equally our capacity to attract skilled migrants from the rest of the world will wane. The choice becomes one of changing the nature of Australia’s migrant intake by default – because we cannot attract those we would like – or facing the implications of much lower immigration.

Planning Australia’s net migration future is one of the reforms that is too hard to implement early on and difficult to turn around on the back of sustained instability, social fragmentation and high unemployment.
The issue of a rising tide of refugees and the implications for Australia are picked up directly in two of the Scenarios. In reality, this should perhaps be considered one of the immutable structural drivers that underpin all three Scenarios. Population growth around the world is slowing, yet it remains strongest in the least developed countries that are least able to support it. Until and unless there is a significant improvement in the economic prospects of these countries, and this will take time, there is likely to be growing outward migration. Australia may be a long way away, but we will feel the pressures through direct arrivals and indirectly as other countries seek to respond.

In “Changing the Crew”, the attractiveness of our relative economic fortunes creates strong pull factors that reinforce the push factors for outward migration in many of the least developed countries. In “Stormy Seas”, there are additional strong push factors attributable to regional instability. In both cases, responding to these push and pull pressures in a way that is socially and economically sustainable from Australia’s perspective is a longer term prospect which impacts significantly on our broader policy agenda and prosperity.

Each of the Scenarios presents unique challenges for Australia in terms of immigration. How they are addressed will obviously have significant implications for social cohesion. Much is made of our multiculturalism – it has been built on sustained immigration, including periods over which we have taken far greater numbers of migrants relative to our population than we are at present. But it needs to be acknowledged that this has not been without social tension and at times community angst.

Related to this, and to the topic of Australia’s population more broadly, is the issue of where people choose to live and settle. Policy will both impact and reflect these decisions including through the availability of jobs, social services and infrastructure – but so too will links to friends, family and peers. These collective decisions will have the capacity to enhance or undermine social cohesion – across age cohorts, migrants, and regionally – and will need to be carefully considered in the context of Australia’s population future.

While “Changing the Crew” presents a much more optimistic outlook – Australia emerges as an attractive and exciting place to live and work – interesting challenges still present themselves. This is a future in which younger workers repeatedly seek out new opportunities. It suggests a much more transient population, willing not only to change jobs frequently, but also to move across borders in search of opportunity and challenge. The need to remain proactive in terms of immigration strategies – temporary and permanent – and especially in terms of complementary policies (taxation, portability of superannuation) remains highly relevant. And while scale economies may appear less relevant – Australia’s ability to achieve scale in terms of creative ideas and people becomes a policy imperative.

It is interesting to note that none of the Scenarios presents a situation in which a significant planned rise in unskilled migration occurs. A question for Australia is whether there are likely to be circumstances which could see this changing? A high unskilled migrant intake is a strategy that has been sustained in the United States for some time now – among other things, the composition of their intake has also contributed to the United States maintaining relatively high birthrates compared with its economic peers.

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MELINDA CILENTO IS CHIEF ECONOMIST AT THE BCA. SHE HAS HAD EXPERIENCE PROVIDING ECONOMIC AND POLICY ADVICE IN BOTH THE PRIVATE AND PUBLIC SECTORS, INCLUDING IN THE FUNDS MANAGEMENT INDUSTRY AND WITH THE FEDERAL TREASURY. MELINDA SPENT TWO YEARS WORKING AT THE INTERNATIONAL MONETARY FUND AS THE TECHNICAL ASSISTANT TO AUSTRALIA’S EXECUTIVE DIRECTOR.
The year is 2025 and Australia is a society divided. Inter-generational bickering flares almost every week and over almost every issue. The divide between the country and the city long ago opened into a chasm. Rural Australians have different values, different occupations, different social morés, and different household structures to metropolitan and coastal Australians.

SYDNEY & THE REST

BERNARD SALT, PARTNER KPMG

But even within our largest cities there is division between those who can work with the new technologies, and those who can’t. An underclass emerges and is comprised of the under-employed and the unemployable. The mainstay of the unskilled, manufacturing industry migrated to more competitive operations in China more than a decade ago.

But in any divided society, in order for there to be losers there must also be winners. And the winners are the cities and regions that attract new residents and new jobs and that are best plugged into the national and global economies. Those regions, and people, with little to offer this exchange, are marginalised. Coastal Australia was of course colonised over the previous two decades by lifestyle seeking baby boomers.

But the real winner in this process is Sydney. By 2025 Sydney remains our largest city with five million residents. But Sydney is a harsh and Manhattanesque city itself inhabited by winners and losers. The nation’s highest paying jobs in business, in finance, in information technology, in entertainment, and in sales and marketing are congregated in Sydney. And these jobs have been gravitating in this direction for more than 30 years.

In the last decade of the 20th century and in the early decades of the 21st century, Sydneysiders evolved a sub-culture within a broader Australian culture. And this was based solely on the premise that Sydney was, and would remain, the dominant city of the Australian continent.

Sydney culture prescribes that residents primarily form relationships around their workplace. By 2025 it is rare for a Sydney couple living within 10 km of the CBD to have children. Kids, it would seem, have been banished from the Kingdom of Central Sydney to either the outer suburbs or, even worse, to cities and towns in other states.
But how did Australian society allow this city to secure such a position of dominance? Is this the sort of Australia we want? A nation in which there is only one city for the truly successful and for the most ambitious in every discipline? Is this the way it must be?

Though we Australians have for many years proudly reassured ourselves that our alleged cultural cringe died in the 1960s, I think it survives still. It survives not so much in our deference to European and North American culture and business, as it does in our deference to the sophistication of the city. The bigger the city, the more sophisticated the culture, the greater the allure. That is why the young and the ambitious of Adelaide, Perth, Hobart and Geelong feel an innate compulsion to test their mettle in Sydney.

Sydney will continue to suck in the best and the brightest from around Australia, and will spit out the less successful – or at least those who do not accept the cultural base of the city – to other states and territories.

In any divided society, in order for there to be losers there must also be winners.

Occasionally an Australian from another state will visit Sydney and is quickly reminded of their provincial position. “So how much is your house worth in suburban Hobart? Really? Ho, ho, ho. You wouldn’t get a phone box in Sydney for that. Be gone. Go back from whence you came. Colonial!”

Australians from other states, let alone the aptly named territories, merely constitute the colonies in this brave new world. A powerful centripetal force sucks in from around Australia to Sydney the nation’s youngest, the brightest, the most ambitious, and the prettiest. Sydney will take them all, and will entice them with the best job offers ... and with the most alluring and cosmopolitan culture. Indeed, by 2025 Sydney has the same relationship with Australia that London and New York have with their respective host countries.

Will people’s values be different in Sydney to other cities and non-metro areas?
Will Sydney dominate Australia? And at what cost?
Will Sydney be our global interface?

But how did Australian society allow this city to secure such a position of dominance? Is this the sort of Australia we want? A nation in which there is only one city for the truly successful and for the most ambitious in every discipline? Is this the way it must be?

Bernard Salt is KPMG Director of Property. He has established an enviable profile within Corporate Australia as an adviser and as a commentator on consumer, cultural and demographic trends. He is also author of a best-selling book The Big Shift launched in July 2001.

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Some will see other challenges as more important. Most challenges will involve putting difficult and unpopular arguments to the public.

Do Australians accept that their future will be profoundly influenced by factors such as our ageing population, globalisation, security issues and the strength of our economy?

Of course we have to add unpredictable events such as the world experience with SARS and the September 11 manifestation of asymmetric warfare.

Australia cannot prevent such events. The question is, what will be the quality of the response of our system of governance and politics? The answer comes back to the leadership of the Australian nation – not only political but also business, media and the community.

Three potential Scenarios of how Australia might progress between now and 2025 demonstrate the risks and opportunities ahead.

Australia's economy is well placed at present, but only as a result of policy reform by governments from both sides of politics over the last 20 years. However, there is an increasing level of reform fatigue in the community, and evidence of some leaders stepping back from further reform. While some Australians may welcome reform relief, ultimately Australia's future will be diminished if it steps back.

If Australia does step back, and this seems likely, the next generation will pay the price.

One not fully appreciated challenge is that over the next 20 years our baby boomers will retire. There will be fewer taxpayers than today to support them. Also, young Australians will increasingly seek opportunity overseas. The outcome will be slower economic growth.

What conflict will this create between generations? How will governments respond?

Similar challenges could be posed in relation to refugees, China, the instability of Australia’s near north, environmental issues and our relationship with the United States.

Most Australians have a healthy, optimistic outlook as to our capacity to respond to these and other challenges. However, is this a rose-coloured view?

Australia has seen great change to its system of government. Examples include the transfer of taxation and financial power to the Commonwealth, pro-Federal Government decisions by the High Court and the COAG (Council of Australian Governments) reform agenda.

However, these changes have not been brought about by the public who have shown a reluctance to support referenda for constitutional change to give the Federal Government power on fundamental policy issues.

In 1990 a number of leaders advocated Co-operative Federalism and Prime Minister Hawke initiated the special Premiers’ conference. This was later remodelled as COAG by Prime Minister Keating and continues today under Prime Minister Howard.
In such a crisis, it is highly likely Australians will support fundamental reform, where Australia becomes a republic with a strong central government and 37 regional governments as outlined in one of the Scenarios. Irrespective of which major party leads the charge (and by 2025 it could be difficult to tell the difference), will such reform give Australia the capacity to move forward?

What sort of community will Australia be? An even stronger and more centralised national government without the states?

Will there be a much larger proportion of the budget allocated to defence, both for our region and at home? Will civil liberties be further constrained for security reasons?

Will our retiring baby boomers have to work for longer and seek more family support?

How will Australia cope with the dominance of China?

Will minor parties be marginalised nationally – and have to move to a lobbying role – but find varying levels of relevance in regional governments?

However, it is most likely that regional governments will not be a significant force but rather providers of services determined, not entirely but to a significant degree, by the national agenda.

Can Australia do better?

In looking to the future, is it our structure of government or our culture in respect of embracing change that counts? It is not only both, but the way in which they interact.

The first 25 years of the last century saw Federation, Gallipoli and World War I fundamentally change Australia’s system of government and national culture.

We should expect nothing less from a fast-moving world for the first 25 years of this century.

The question is, can Australia’s current system of government, public policy development and culture cope with the challenges ahead? If not, are Australians capable of making fundamental changes to both the structure of Government and national culture which will actually work?

As T.S. Eliot once said:

“between the idea and the reality between the motion and the act falls the shadow.”

In 2025, the future of Australia will depend on the ability of Australians to bridge the increasing gap between their idea of Australia, and the reality.

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THE ECONOMY
DR VINCE FITZGERALD
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THE SCENARIO

The “Riding the Wave” scenario plays out differently over each of two future horizons. Over the first horizon, the conditions that have underwritten Australia’s economic success over recent years progressively erode, and economic and social outcomes for the Australian community become less and less satisfactory. This is the case even though the external economic environment in which Australia competes is improving over the early future horizon. The deterioration of outcomes however leads to the emergence of a groundswell and political coalition for reform.

Over the second horizon, new government institutions are put in place as a result of that political process and settle into functioning; gradually outcomes improve. What has also changed is understanding in the community that Australia’s luck is not as assured as it was taken to be in the first horizon. The community and its leaders now better understand that Australia must make its own luck through ongoing reforms that grow the economic capacity to meet community aspirations.

THE ECONOMY

HORIZON 1
From the perspective of the economy, and economic policy, essentially what is depicted in Horizon 1 of this Scenario is the community and its political leadership forgetting the lessons of the past quarter century. Australia’s recent economic success, especially relative to the more difficult times experienced by many other countries, was neither assured nor a piece of good luck. Largely it was the dividend from the very hard work of microeconomic reform undertaken over the second half of the 1980s and through the 1990s. In the environment that lies ahead of Australia now, complacency as depicted in the Scenario would be easy to fall into. Australia is still in good competitive shape, its public finances are generally strong and the external economic environment is increasingly favourable to our exporters, albeit that our currency is stronger than they would like!

It is plausible (indeed has happened) that aspirations for higher levels of consumption – of private and public goods and services, benefits, and protections for families, consumers, the environment, etc. – may run ahead of the economic ability to achieve all of those things. Politics may then become more and more concerned with meeting aspirations now than with expanding economic capacity. Saving and investment then decline in priority, and less weight is given to the burdens on enterprises that may flow from decisions. The balance shifts – not radically, but enough to erode our economic performance and see us slip well back in the pack, with deteriorating results in trade and in competition for investment, and a weakening currency.

More specifically, the balance might be shifted through:

- current re-regulation running further than is warranted, i.e. regulatory outcomes (desirable) not justifying the regulatory costs (undesirable), and unduly inhibiting wealth-creating economic activity; and
- priorities in the allocation of public budgetary resources becoming more than usually weighted towards the short-term aspirational issues that tend to be contested in elections, to the neglect of expenditures which will pay off only over the longer term, particularly public investments in both physical infrastructure and in human capital and innovation, through education, research, and so on.

“Riding the Wave” particularly draws out the implications for economic performance of Australia’s complex federal political structure. Our federal system, together with its capacity to be an arena for partisan political competition, might well (in the environment depicted in Horizon 1) fall into a mode in which cooperation and coordination between the levels of government deteriorate. Given an economic future in which the service sector will be an even larger and more important component of the economy, and that within it government-provided or regulated services such as health and aged care will be especially important, such a trend would be detrimental to economic efficiency and public finances alike.
In summary, the message of Horizon 1 of “Riding the Wave” is that our recent economic success may not last, and we may fall back into slower growth with higher levels of unemployment, and a less satisfactory social and political environment, if we do not:

- maintain community understanding of, and political focus on, the need to grow Australia’s economic capacity and efficiency and remain internationally competitive; and
- maintain an active program of economic reform and development, focused on those things that government can drive or influence, including:
  - regulatory frameworks, to ensure they balance effectiveness with efficiency;
  - increased investments in publicly provided and/or regulated infrastructure and in human capital and innovation, where overall returns to the community are attractive;
  - public institutions themselves, especially those involving both major levels of government in interaction (e.g. in health and aged care); and
  - the framework of taxation and transfers, user contributions to the cost of publicly provided services, etc., to maintain both incentive and fairness.

If those issues do not remain on the active political and governmental agenda, the prospect is for economic growth to lose momentum, and for public finances to become more difficult to manage, with undesirable social consequences also, as the Scenario depicts.

**HORIZON 2**

Horizon 2 of the Scenario sketches one promising way in which the issues posed in the first horizon might be addressed to improve the situation. It sketches an Australia in which there is a new federal compact, completely overhauling the way the two major levels of government work together:

The Federal Government takes clear responsibility for setting the national vision, strategy and minimum standards in the major areas in which the two levels of governments both operate in the planning, funding or delivery of services; or both influence private activity, while the sub-national level of government (States? or regions?) fully control efficient and integrated service delivery or regulation in those areas, with no duplication, overlap or micromanagement by the national government. The community then no longer has to face the confusion of which government does what. It deals with a single, leaner, more accountable administration.

Such an environment, in which there is a major and active focus on reform of government institutions and on regulatory efficiency and simplicity, and clear accountability of each level of government would have distinctly positive economic implications:

- lower costs of government and either lower taxes or better services with the same taxes – in particular an ability to spend more on long-term capacity building; and
- a more conducive environment for business, with less confusing overlap of governments to deal with, regulation that is effective but not excessive, competitive taxes and charges, and a program of actively investing in modern infrastructure that works and keeps Australia competitive. The economic prospect then is for a steady turnaround in Australia’s trade and its attractiveness to investment, and a gradually strengthening currency.

For ordinary Australian citizens, the new order offers simpler, friendlier access to better quality services in the key areas of health, aged care, education and other key services – with greater choice in the mix of services and providers available to people, coupled with consistent and fair levels of public support across the range of available choices.

Horizon 2 thus depicts an Australia whose governments reform themselves and contribute significantly to allowing private economic activity to be conducted efficiently; and generally to maintaining community understanding of, and political focus on, the need to grow our economic capacity and to meet our rising aspirations within that growing capacity.

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NUMBER 8 FENCING WIRE OR A DOUBLE HELIX?

Given its relatively constrained domestic technological base, Australia's opportunities in the face of the “Aspire Australia 2025” Scenarios rely on the choices made by its citizens and leaders, rather resting solely upon the brilliance of its scientists, the diligence of its research institutions and the entrepreneurial flair of its medium and large companies.

Positive outcomes from these technological choices, be it for economic growth, social equity or environmental quality, rely more on the effectiveness of their integration rather than individual brilliance or efficiency of each technology or idea.

Technological progress at a national level is constrained by two institutional issues. Lack of whole system understanding is the first. While we are literate, numerate and integrative in an economic sense, we are less so in a technological sense. Secondly, we do not understand that technological inertias give long lead times for a better technology to replace a lesser one.

In these contexts, the technological challenges for the Scenarios are framed at macro, meso and micro levels. Macro-technologies will probably require top-down or whole-economy drivers, while micro-technologies can emerge bottom-up from small companies and research laboratories. Thus the “Stormy Seas” Scenario could favour innovation in macro-technological options, while micro-technologies might prosper more under the “Changing the Crew” Scenario.

MACRO TECHNOLOGIES

By 2025, technological innovation should embrace three continental, or whole-economy, areas. The provision of energy services will need to accommodate a greenhouse-limited world where domestic supplies of cheap traditional oil are becoming constrained. Advanced solutions will have to be under way for the current problems presented by the complex of land-water-biodiversity issues. The composition of Australia’s basket of internationally traded commodities and manufactures will have to be reduced in physical volume but higher in value and embody more services and information.

The social cohesiveness of the “Stormy Seas” Scenario favours national changes in energy provision using the present largesse in fossil fuels to facilitate the transition to lower greenhouse electricity and carbon-neutral transport fuels. A mandated contribution from plant-based biomass energy will help contain land-water-biodiversity challenges, producing additional regional employment and buffering domestic oil depletion. Promoting exports with low environmental externalities will help develop rewarding trade niches in affluent and environmentally aware markets.

The “Changing the Crew” Scenario stimulates innovation in distributed energy services for young environmentally aware consumers who purchase energy miserly cars and install fuel cells in houses for electricity and heating/cooling. Some lifestyle-regions win their land-water-biodiversity battle with innovative land use planning, advanced farming and stringent water management. The losing regions are hermetically sealed off and continue their slow environmental and social decline. Commodity exports decline and are replaced by smart manufactures and services.

“Riding the Wave” promises merely to extend today’s set of macro-technologies with little improvement in energy, environmental and trade issues.

MESO TECHNOLOGIES

For meso-technologies at the level of a large corporation, a state government or a capital city, technological innovation will be required to develop new industrial processes, implement the concepts of industrial ecology widely, and reduce markedly the material inputs required for our domestic lifestyles.

Process innovation will give new materials and products with a competitive edge on traditional items which move to countries with low wages and environmental standards. Industrial ecology will catalyse the clustering of diverse industries so that waste flows are minimised while the environmental credentials of products and services are maximised. Global cities will compete on the basis of the environmental integrity of their lifestyles requiring fundamental changes to connectivity, city metabolism and consumer attitudes.

On the back of current expertise in minerals, materials, agriculture and food, a significant number of leading edge companies and institutions form during the “Changing the Crew” Scenario and provide 10 regions in Australia with superior trading opportunities. Industrial ecology clusters near Perth, Port Hedland, Mildura and Gladstone lead the world in producing a wide range of zero-waste products. The Sustainable Melbourne initiative transforms the city from a high-impact American style to a lower impact European style city with the bonus of enhanced services exports from planning and design opportunities in other global cities.

“Stormy Seas” improves city lifestyle and its environmental integrity since the community is prepared to modify individual wishes and work for the common good in times of adversity. However the innovation required for new products and processes is constrained by the spectre of external threats, and the substantial investment required to establish industrial ecology complexes migrates to countries with more stable prospects.

The initial innovations for meso-technologies in “Riding the Wave” are not sustained, and few positive effects are evident by 2025.
MICRO TECHNOLOGIES

Over the next 20 years innovation in micro-technologies seems limitless. However in the “Aspire Australia 2025” context, the key issue is whether these innovations effectively meet challenges at the meso and macro levels, or whether they have neutral, or at worst, perversely negative effects. The most important micro-innovation is the looming confluence of genetic engineering, materials science and communication technologies. What emerges here is uncertain. The second area is the development of clever clean-up processes for the human body (nano-machines that attack cancers), for ecosystems (toxin eaters and water purifiers) and for industrial processes (microbes that do the mining and the refining). The third is self contained habitation (without external linkages), for developed or developing lifestyles, that provides its own energy, water and waste services at affordable prices.

Under the “Stormy Seas” Scenario, current leadership in limited areas of medicine, agriculture, food and materials is maintained under the banners of national institutions, but there is little additional investment into frontier technologies apart from some areas of co-investment with the US in security and surveillance technologies.

“Riding the Wave” sees Australia spread its technological investment with too little focus in the early years of optimism and this dissipates as economic growth falters. Leading edge innovators and their institutions steadily leave Australia and locate near the new hubs of economic growth and investment. Australia is mostly dependent on imported technology and local adaptation is the main technological activity.

IN SUMMARY

Since 2025 is by definition indeterminate, the challenge of technological innovation is to make it reasonably resilient in the face of each of these Scenarios. Technology strategy must therefore embrace four key areas:

Making explicit the linkages between macro-, meso- and micro-scales of innovation;

Recognising that enabling processes for innovation are different at each scale;

Grappling with timescales for full implementation that vary from 10-15 years at the micro-scale, to 50-100 years at the macro-scale; and

Improving technological literacy, particularly at macro-scales and for longer times, since it is currently poorly developed in Australia.

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The role of the United States will overwhelmingly decide the shape of the world order in 2025. Will America be a declining power or will it still be the driving force of global wealth and innovation? Will China, or perhaps a more cohesive Europe, challenge American dominance? For that matter will states still be the dominant shapers of international affairs?

**GEOPOLITICS & WORLD ORDER**

**PETER JENNINGS, DIRECTOR OF PROGRAMS**
**AUSTRALIAN STRATEGIC POLICY INSTITUTE**

All three of the Scenarios revolve around these fundamental questions about the structure of the world order. “Stormy Seas” is a scenario where the global balance of power is shifting away from sole US dominance to a point where other states are pressing for more influence. In Asia Pacific that has the potential for creating serious tensions. We see China’s power increasing and with it the prospect of friction between Beijing and Washington. In dealing with a strong China, major powers like India, Russia and Japan and middle powers like Australia, Indonesia and South Korea must work out what combination of resistance and accommodation best protects their interests. Australia would certainly still look to the US to provide military security in Asia Pacific. But Washington may want to leave second-order problems, like stability in the South Pacific, to its allies.

The “Riding the Wave” Scenario focuses on domestic issues, but the international environment must be benign for this future to be plausible. That could be the result of a world system strategically dominated by a United States too powerful to be challenged. Seldom in history has a state possessed such strength relative to its neighbours as America does today. One can think of Rome at the height its imperial expansion or fourth century BC Athens in the 50 golden years before the Peloponnesian war. Of course both Rome and Athens – over time – declined. So how plausible is the idea of a global system in 2025 almost completely dominated by the US?

In 2001 the US alone made one third of global Gross Domestic Product, and accounted for 43% of global military spending. The US defence budget is significantly larger than the combined budgets of the next 14 biggest spenders. This weight of economic and military power may be eroded over the next 20 years. But the trend of the 1990s, contrary to many expectations, was that the US increased its lead rather than reduced it. In the time frame we are considering here, I think it is unlikely that US momentum as a cultural, economic, innovative and military force will slow.

Whether the US remains dominant in 2025 and beyond has more to do with how America’s potential competitors perform over the next 20 years. China’s growth seems unstoppable but one should not under-estimate the challenges Beijing faces to overcome enormous demographic, environmental and political challenges, any one of which might put the brakes on progress. One lesson from the Asian financial crisis is not to count on straight-line projections of growth rates. Europe is increasingly de-linking from the orbit of US thinking on security, so there is some potential that, by 2025, a more united Europe might compete with the US as a centre of global power and influence. But the goal of a common European foreign and defence policy seems as remote as ever. It is hard to see that changing by 2025.

So the possibility of the US emerging in 2025 without a major peer competitor for global influence is certainly credible. That situation could well underwrite a benign international security situation of the type seen in the “Riding the Wave” Scenario.
In many ways the “Changing the Crew” Scenario is the most interesting in terms of its implications for the global strategic balance. In this future, globalisation has worked and, indeed, been so successful that state powers are eroding. We see a world of open market access, where businesses and individuals are largely free to pursue their lives without too much interference from the dead hand of the state. Like “Riding the Wave”, it is not possible to imagine this scenario without having a world that is mostly at peace, one allowing eager young globalisers to move across borders while national institutions wither. How likely is this outcome in 2025?

Globalisation will be a fundamental driving force, although it is difficult to be precise about its effect. Certainly we will see the continuing global spread of a heavily US-influenced common popular culture. But eating hamburgers and listening to whatever has thankfully replaced rap in 2025 will not turn Indonesians, or Chinese or Australians into model Americans. Indeed one effect of globalisation will be to give stronger voices to more distinctive regional identities. So, in 2025 the world may look more superficially similar in modes of dress, language, entertainment and use of information technology, but blended with a stronger local identification. A Jakarta youth may think of himself as Javanese, a rapper, a Muslim and an extreme-sports fan, but hardly at all as Indonesian. National identities will be squeezed between these two oddly complementary forces of globalisation and localisation.

It would be unrealistic, though, to equate globalisation with a retrenchment of state power, at least in terms of military capacity. The period up to 2025 will probably be an exacting test of the old argument that democracies (or open economies) don’t go to war with each other. By 2025 we will have an even larger number of states jostling for influence in the United Nations. But few of these will carry any significant military or economic weight, and almost all will be signed up to some model of capitalism as the best way to manage economic affairs. The globalised world of “Changing the Crew” may not be too different in terms of the underlying structure of the world order than the benign Pax Americana of the “Riding the Wave” Scenario.

The one thing that can confidently be said about Scenarios is that they are almost always wrong in terms of their specific suggestions for what might happen. If you want predictions, try astrology. The great value of Scenarios is that they point to the things we should be watching if we want to understand likely future outcomes. To understand the global order in 2025, we should be watching the US now and in particular for any signs of change in its innovative capacity and its willingness to engage with the world. We should also watch China, not simply for its rate of growth, but also its ability to evolve its political institutions and to handle domestic challenges. Finally, we should watch the interplay between Asia Pacific’s major and middle powers, of which Australia is a key player. The shape of relations between these countries (and between these states and China and the US) will largely determine whether our future in 2025 looks like “Stormy Seas” or a hopefully more benign alternative.
Innovation is considered by many in developed economies to be the source of the next era of productivity improvement and wealth generation. The key to innovation is research and development and commercialisation of intellectual property. Australia’s competitors, including those in emerging countries, have begun to invest heavily in public sector research and development and provide incentives for private sector research and development.

**EDUCATION & INNOVATION**

**RUTH DUNKIN**
VICE CHANCELLOR RMIT UNIVERSITY

*“Riding the Wave”*

The rising pressures on public finance at both the State and Federal levels mean that the current push to minimise taxation to accommodate those still in the workforce compete with demands for higher spending on social and defence services – in particular health and aged services for the baby boomers. Education is likely to be a second-order priority dictated by the relatively smaller demographic cohort. This is despite a view that a more developed economy requires higher levels of education. Similarly the emphasis on short-termism, risk aversion and increasing regulation means that investment in infrastructure, research and in new products is limited. Seed capital is scarce and intellectual property continues to go offshore to capital markets that are larger and more diverse.

These problems are exacerbated by the lack of coordination and cooperation between State and Federal governments. The incapacity for integrated or coherent policy frameworks to be developed leave many individuals, enterprises or institutions operating within both jurisdictions unable to optimise their strategic response to opportunities. In particular universities that need to replace or establish internationally competitive infrastructure must increasingly rely on student fees. Because of the slowing domestic demand arising from smaller cohorts and increasing fee levels, the composition of universities changes to take advantage of the high demand internationally. Resentment within the Australian community to this gradually builds.

At the same time researchers are attracted to the significant new facilities being in Asia, North America and Europe. The price of competition increases significantly and only some universities can meet it.
"STORMY SEAS"

The increase in spending on defence is not matched by increases in taxation and thus spending on other government services falls. User pays increasingly characterises health and education and investment in non-defence infrastructure is limited. Research funding is similarly limited. However the additional funding available to support defence extends to capital and to R&D. This provides two new sources of funding to stimulate research and development in new technologies affording new funding opportunities for universities and researchers. Implications include the relative attractiveness of Australia for those researchers in relevant disciplines.

At the same time the issue of rising health care costs in a restrained public expenditure regime leads health funds and individuals to continue to supplement health and medical research investments by government. The areas of research are widened to include those that will strengthen preventative health as well as curative health strategies. Australia is well-placed to conduct much of the research that interfaces traditional and western medicines because of its location in Asia.

Education continues to be seen as a private good and public funding does not grow. In the early years of the Scenario the export of education and reliance on international students’ fee revenues continues to grow strongly. This enables the next investment in key infrastructures to be made, thereby meeting the competition for key researchers and academic staff by international competitors whose governments began to invest heavily in facilities in the late 90s.

However as the later years of the Scenario unfolds this source of financing for education and research and development contracts substantially. The increasing reliance on international student fee income either directly by institutions or indirectly (e.g. property owners, CBD retailers) is threatened by the more negative view of Australia in Asia. Alternative financing sources are not readily available – export of Australian education in North America and Europe is made unattractive by the worsening student-staff ratio and by the loss of key academic staff in disciplines not supported by the defence investments.

In this Scenario, too, the funds available to support education are significantly through fees and user pays. Although the economy is vibrant the notion of the need to invest in a social infrastructure to support this innovation does not exist. As infrastructure ages in all sectors, fee levels increase substantially. Consistent with price elasticities, the demand falls among those excluded from the workforce. As competition and deregulation continue to be seen as the keys to economic success it may be that total community investment in education and in research is too low. Participation rates fall below those of international competitors and Australia’s reputation for a well-educated workforce declines comparatively. Although the encouragement of entrepreneurs is strong, the practical infrastructure to support their early days is limited. They continue to sell their intellectual property overseas.

"CHANGING THE CREW"

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All three of the “Aspire Australia 2025” Scenarios clearly recognise the stability of Australia’s region will be crucial to the future security and prosperity of the nation. One of the Scenarios, “Stormy Seas”, explores the implications of a serious deterioration in Australia’s regional security environment over the next 20 years. It sets out the tough decisions that Australian business would have to make as a result of the shocks it could suffer from a major downturn in regional security.

The other two Scenarios rely on there being a largely benign region “Riding the Wave” or, indeed, a positive regional security outlook that facilitates the spread of globalisation and free trade in “Changing the Crew”. But even in these favourable security circumstances Australia will have to handle important geopolitical shifts in the region with finesse.

By 2025 China will have outstripped Japan as the second-largest economy in the world and will be within 10 to 15 years’ reach of matching the size of the US economy. By 2010 China will have become Australia’s largest trading partner, leaving behind both Japan and the United States. China is already the world’s largest importer of iron ore, overtaking Japan in 2003, and it is now also the world’s largest steel producer, having overtaken the United States. In 2002, China became the world’s largest recipient of foreign direct investment. These are enormous economic shifts that also have potentially important security implications.

As China continues to grow (doubling its economy every 10 years) its rapid industrialisation and integration into the world economy will benefit the region and Australia. But that will be the case only if China continues down the path of peaceful cooperation with the rest of the world and does not find itself in strategic confrontation with the United States. A China where the economic miracle fails could find refuge in nationalism and adventurism.

Even in the two most benign Scenarios, Australia will have to reckon with a rising China and a Japan that by 2025 will be suffering a shrinking population and economy and a reduced regional leadership role. China may well have carved out for itself a substantial sphere of influence in South-East Asia – a region of crucial significance to Australia. Over the next two decades Australia will have to handle with great skill the political challenges of a rising China and a United States that sees China as its only possible serious competitor in the world. This challenges the view of one of the Scenarios that US policy in the region, over the timeframe being considered here, will be one of a benign background presence.

A stable and economically growing region should mean that Indonesia poses no threat to Australia’s security or to that of our immediate neighbours, particularly Papua New Guinea. In this Scenario, we can look forward to an economically successful and perhaps democratic Indonesia. But by 2025 Indonesia will have a population of more than 285 million, whereas Australia’s long-term population base is unlikely to exceed 25 million. These geopolitical realities mean that managing Australia’s relations with Indonesia under any future Scenario will be crucial. We must be particularly alert if Papua New Guinea becomes a failed state because there could also be serious potential security implications for Indonesia’s province of Papua (Irian Jaya).
AUSTRALIA WILL HAVE TO RECKON WITH A RISING CHINA AND A JAPAN THAT BY 2025 WILL BE SUFFERING A SHRINKING POPULATION AND ECONOMY AND A REDUCED REGIONAL LEADERSHIP ROLE

It is the “Stormy Seas” Scenario that is of most concern to Australia’s future security outlook. This alternate future plays out a sustained decline in Asia Pacific stability and security. The region succumbs to instability and fragmentation (Asia is Balkanising) and it is riven by major power rivalry. Competitive military equipment acquisitions grow in the face of strident regional nationalism. We become acutely conscious of increased risks from terrorism, a much larger illegal immigration problem and serious security deterioration in our immediate neighbourhood.

Australia finds itself increasingly pressured by these negative security trends and defence spending grows substantially (perhaps by as much as 50% as a proportion of GDP), forcing the Government to limit outlays in other areas. This has serious implications because with an ageing population there will be less government funds available in important areas such as health, welfare and the environment. Business will also suffer setbacks if the regional security situation deteriorates seriously. But Australia’s economy will not be fatally undermined.

In this Scenario, the very deterioration of the regional security situation ensures that America maintains a strong military focus on Asia. This will clearly be to Australia’s advantage and points to the vital need to ensure that future Australian Governments continue to nurture the US-Australia alliance. Australia is a vulnerable country and the twin policy pillars of a credible defence posture and strong alliance with the US are vital to our long-term security.

Even in the two more optimistic Scenarios the question of resource allocation (with the inevitable demands for more money to be spent on health, education and age care) will impose an ever-tighter discipline on the defence budget. Demographic trends will also dictate that Australia will continue to have a very small Defence Force on regional standards that will need to rely more and more on having a technological advantage. Australian business will need to play a much bigger role here than it has in the past.

“Stormy Seas” presents a challenging future for Australia, where we struggle to maintain our security and to exploit rapidly changing areas of economic opportunity, including by finding new markets beyond the Asian region. This is an Australia under sustained international pressure where finding sources of advantage will be hard and the challenges for business increasing.

But it is important to recognise that none of the Scenarios (not even “Stormy Seas”) predicts a direct military threat to Australia or challenge to our basic territorial integrity. Moreover, a more pressured security environment in some respects will make Australia a more cohesive place because there will be widely shared concerns about national security.

Of course, there will be vigorous debates over immigration levels, how to deal with illegal refugees, and about higher government spending priorities on defence and the social costs of this. That will be no bad thing, particularly as the reducing tax base of an ageing population forces government to more squarely face the issue of spending priorities.

Professor Paul Dibb AM is the Professor and Chairman of the Advisory Board of the Strategic and Defence Studies Centre. He was previously Deputy Secretary for Strategy and Intelligence in the Department of Defence. His recent publications include the Future of International Coalitions published in the Washington Quarterly in Spring 2002.
The HAVE-NOTS

PATRICK MCCLURE, CEO MISSION AUSTRALIA

The Australia of 2025, as portrayed by the Business Council of Australia’s Scenario Project, is a significantly different place from the one we know today. All the scenarios pose considerable dangers for Australia’s have-nots.

Under each scenario, the have-nots appear to face increased vulnerability without any advance in government, business and community efforts to promote a greater degree of their participation in the economic and social life of our community.

All three scenarios seem premised on a continuation of the current emphasis on individualism and materialism, without recognition of the growing desire people feel for a greater role for community in their lives.

Riding the Wave

Of all the scenarios, “Riding the Wave” seems to hold the most threats to the have-nots, and as a result, the stability of our broader society.

The combination of stalling economic growth, stifled innovation in government and private sectors and a continued reliance on a shrinking safety net is potentially disastrous for the have-nots.

Under “Riding the Wave”, the downturn of our economy and the failure of our governments and institutions, would rob us of the ability and the resources to introduce any comprehensive policies to offer real assistance to the have-nots.

Under this scenario, rising crime rates, unemployment and social conflict would spell, perhaps, permanent exclusion for many have-nots from community participation. We would also likely see Australia’s job poor areas becoming ghettos.

The existence of a permanent underclass in Australia would be a source of ongoing social instability and violence, which would impact on us all, as well as raising questions about Australia’s ongoing commitment to a fair and equitable society.

General Principles (Our Review Criteria)

We have reviewed the scenarios against the background of our knowledge of the way economic, social and technological changes are affecting people today:

• Employment, i.e. at least one person in a household holding a fulltime job, is a basic requirement if people, and families, are to avoid poverty and share in the benefits of growth.
• Economic growth alone does not overcome the problems of long-term unemployment and job poor communities. However poor economic performance puts more people at risk.
• Growth plus innovative business, government and community interventions are required to overcome exclusion.
• Part of that social innovation must involve people being given the opportunities to establish their own micro-business given that job growth is likely to lag economic growth in a capital rich, high labour cost country.
• Rapid change exposes new groups to disadvantage, for instance, middle-aged workers and retirees. These people need assistance, through retraining and new participation opportunities, if the benefits of change are to be shared more evenly throughout the community.
**STORMY SEAS**

“Stormy Seas”, examines Australia’s place in an Asia Pacific region beset by problems of security and instability. For the have-nots, increased spending on defence, at the expense of income support, social and economic services, would likely lead to greater and extended levels of deprivation.

Again, looking at current trends as a pointer to the future, already Australia’s income support system – inflexible, out of date with major obstacles to participation – is in serious need of significant extra funding from government in order to make it simpler, fairer and more relevant to the needs of have-nots.

Without action in the intervening years, by 2025 our income support system is likely to buckle under the weight of demand. The majority of pressure would come from mature age Australians, out of work and with inadequate superannuation, combined with a shrinking tax base.

I also note that under “Stormy Seas”, the community spirit of Australians, bolstered at a time of regional insecurity and distress, comes to the aid of the have-nots, reaching out to those in need.

While such assistance would be welcome, the willingness of charities and the reserves of generosity which Australians draw on during times of crisis, are no substitutes for innovative and comprehensive interventions to address disadvantage.

Certainly, in Australia in 2025, governments will not be expected to bear the entire burden for providing for the welfare needs of the have-nots. There will be growing partnerships between government, business and community.

Corporate social responsibility – still in its relative infancy in Australia at present – should be approaching the levels of maturity and growth presently enjoyed in the US and in Europe.

As a result, Australia will witness a great many innovative community-business partnerships and service models.

However, there is a danger in governments relying too heavily on corporates, individuals and non-profit organisations to provide assistance to the have-nots. A balance in the partnership between government, business and charities needs to be found and maintained.

As the head of the World Bank, James Wolfensohn, said recently in an interview about the nature of poverty: “If you cannot deal with the question of hope or economic security, there is no way that with military expenditure you can have peace. I think you could spend US$2 trillion on military expenditure, but if you do nothing about poverty and development, you’re not going to have stability.”

While embracing the increased role of market forces in the Australia of “Changing the Crew”, it’s important to note that extra competition can’t be put above the fundamental needs of the have-nots.

Governments are increasingly introducing privatisation of services in areas that were traditionally the domain of government or non-profit organisations. This has occurred already in Australia in health, education and employment services. It is a phenomenon that the not for profit sector has to come to terms with. Non-profit organisations can either choose to compete for contracts with for-profit organisations or retreat from service delivery in these fields.

In addition, business and community organisations in Australia in 2025 will probably find themselves participating in global social partnerships, not just limiting themselves to collaboration on a national or local scale.

However, for those organisations taking on the role of service provision in areas previously provided by government there needs to be a recognition that compassion and care are of equal importance to the bottom line. This may require regulation to ensure the needs of the most disadvantaged are addressed.

We also need to recognise that many people will not have the opportunities and talents, and some, not the desire, to be smart globalisers. We need to ensure there are policies and programs that support social cohesion and mutuality, or the smart globalisers will be confined to gated communities surrounded by poverty and violence.

**CHANGING THE CREW**

Finally, “Changing the Crew”, envisages an Australia driven at a faster pace by Generations X and Y. Entrepreneurship and competition is commonplace in all sectors of Australian society and the principle of user pays is applied more widely than ever before.

This is the most likely scenario for Australia’s future – but the optimism it embodies needs to be tempered by a recognition that market outcomes are not always consistent with our desire to live in a strong and secure society.

In regards to the have-nots, competition and an increased use of market-based instruments are already a feature of Australia’s community sector and will only become more pronounced in the years ahead.

Arable land and fresh water are predicted to continue to decline in both quantity and quality, as is Australia’s biodiversity. These and other environmental problems are thought likely to be exacerbated by the anticipated impacts of global warming, such as more extreme weather events and climatic variability.

Of the three Scenarios in “Aspire Australia 2025”, two give us a chance of turning the environmental degradation around.

**Stormy Seas**

“Stormy Seas” is the most bleak with its observation that declining investments are made in repairing the environment as a consequence of worsening regional security concerns and economic circumstances.

In this scenario the environment is never better than a second order issue. A “Stormy Seas” Australia will see little expenditure made on the treatment of our chronic broad scale land and water degradation issues. Expenditure will be made only when individuals or communities come under the most dire and immediate impact or threat.

As an example, money will be spent on repairing flood damage, not on revegetating over-cleared watersheds so as to minimise future floods. Likewise, it is hard to imagine policy effort and expenditure being put into seriously reducing Australia’s high per capita greenhouse gas emissions.

In “Stormy Seas” it is highly unlikely that biodiversity issues, or other problems without immediate human victims will receive much, if any, attention. “Stormy Seas” will not be kind to endangered species.

**Riding the Wave**

“Riding the Wave” offers the tantalising possibility that the foreshadowed popular movement for political reform will include the resolution of some of Australia’s seemingly intractable environmental problems.

From an environmental perspective, the prospect of a smaller, powerful, coordinating and strategy-setting central government, supported by one layer of regional governments, is potentially very attractive. Many of Australia’s current environmental problems have as acutely exacerbating features the overlapping responsibilities of Local, State and Federal Governments. Land clearing and the deteriorating condition of the Murray-Darling Basin are good examples of problems that cry out for the resolution of overlapping responsibilities for services and the uncoordinated approaches to regulation and standard setting.

In the absence of all but vast amounts of funding and other resources, many of Australia’s major environmental threats will need persistent application over considerable time to resolve.

“Riding the Wave”, like the other two Scenarios, envisages the natural resources sector will be of continuing importance to Australia to 2025. Short-term profit taking can be anathema to good farming, forestry and mining practices, where long-term investment decisions have to be made. Of course, other business sectors are far from immune to the very same problems.
The Australian governments of “Changing the Crew”, through the application of the user pays principle, remove environmentally perverse subsidies and regulations and ensure that no environmental costs are externalised by providers of goods and services.

Whether the Australia of “Changing the Crew” will be able to meet the environmental challenges will very much depend on the scope and nature of these interventions. Clearly, the use of such policies, market-based and regulatory, must include the widest range of goods and services to have the best hope of arresting environmental decline.

From an environmental viewpoint, the three possible Scenarios outlined in “Aspire Australia 2025” provide considerable challenges as continuing environmental degradation is envisaged for all.

“Stormy Seas” is grim. Our best chance of avoiding it is to ensure that Australia plays an active part in the equitable and sustainable development of our region.

“Riding the Wave” will test Australia’s capacity to adapt successfully, perhaps in a time of severe community stress. Effective leadership will be sorely needed to articulate and implement a reform agenda that meets society’s needs.

“Changing the Crew” is perhaps the most optimistic but it is optimism largely based on generational change. Given that the flower power teenagers of the 60s haven’t effected such profound social and economic change, is it fair to expect that Generations X and Y will be able to do so? I certainly wish them well.

The Business Council of Australia deserves credit for undertaking this ambitious project. It certainly provides Australians with ample cause for thought about where the country might be in 20 years and what we will all do – for good or ill – to get there.

**Changing the Crew**

“Changing the Crew” is the only scenario to offer specific means by which Australia will act to address the environmental degradation predicted, with its observations that entrepreneurs discover that the environment is good business and that Government involvement in environmental management increases.

Led by their generation’s widespread respect for human rights and environmental protection, Australia’s new business leaders ensure the market puts much greater store in a company’s social and environmental performance and the role of such performance in the development of the company’s reputation, as a means of attracting both investment and customers.

In the face of a declining workforce, the maintenance of an excellent company reputation is recognised as a corporate imperative in the tough competition to attract and retain the best and the brightest staff members.

In “Changing the Crew”, market-based instruments, such as those that give assurance as to the provenance of a good or service (for example, the Forest Stewardship Council that certifies forests and timber, and the Equator Principles that guide commercial lending decisions), will assist concerned consumers, both individual and institutional, to drive improvements in environmental and social performance. The essence of their effectiveness is their integrity, their scope, and the market demand – all in equal measure.

**Conclusion**

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Home and family are important because it is where we nurture the next generation, and indeed where we nurture and replenish our own bodies and souls. With so much human resource at stake, you’d think home and family would be valued above all else.

But that’s hardly the way of today’s life. Constantly we’re asked to sacrifice home and family to work pressures, social demands and financial challenges.

It is then little wonder that we’re seeing unprecedented levels of problems in our children. It is astonishing that the benefits of our economic and technological progress have not flowed to our children. Instead we’ve seen growing pressures on our society that have been profoundly negative for children. Almost every indicator of child health and well-being has worsened or, at best, stagnated over the past 30 years.

Simple logic tells us that this is very bad for Australia. What we’re talking about is that our next generation of leaders, entrepreneurs, artists, athletes, scientists – our entire future workforce – is at serious risk.

So apart from the purely humanitarian reasons (too often forgotten), there are compelling economic reasons for our homes and families to receive a much higher priority on the national agenda.

Given these serious problems in 2004 – what does the future hold in 2025?

In the scenario “Stormy Seas”, funding priorities are focused on defence in response to regional instability. But while that might take care of the perceived external threat, it condemns our own future prosperity.

The most important future capacity of our nation lies in our children. If our decision-makers understand the link between early child development and national development and commit to enable home, family and work environments, then the majority of children will develop to participate fully in future national capacity. If however, this social investment is not made, families will suffer through poorer housing, limited health services, oppressive and inflexible working conditions, and access to good quality education. More children will end up not only as non-participants but will be a drain on our health and welfare budgets.

Within this ghetto island fortress mentality, our social and hence our economic fabric deteriorates rapidly.

The “Riding the Wave” scenario tests the relationship between solid communities and the economy. It starts out with early strong investment in health and community services (which one would hope would include a raft of early intervention strategies and ongoing support for families in raising healthy, happy children). Amid such prosperity, the climate would also be conducive to a robust work/family debate where we seek a balance that doesn’t force families to choose between the health and emotional welfare of children versus their financial viability.
A society that can afford a wish list is sure to include good quality child care, paid parent leave, and family friendly workplaces that embrace flexibility where it is possible to enable parents to perform well at work and at home. The fertility rate rises as young women realise that they can work and have a baby.

What the scenario describes as short-term self-interest is in fact quite the opposite. Investing in health, housing, community development and education not only has substantial long-term benefits for the community, it also has economic benefits.

And far from the outline’s description of these factors as self-interest, it is in fact inherently in the national interest to develop and nurture our nation’s future capacity.

The problem is that it cannot be sustained without a strong economic focus, and inevitably, health and welfare sectors are cut when money gets tight. This actually works to compound the problem as we end up paying more for health problems that could have been prevented, and pay a high price in welfare payments, in self-esteem as unemployment rises, and with the predictable escalation in crime.

While the scenario ends with the people demanding reform of the political structures, my concern is whether the community, in such a state of depletion, would have the capacity to take such important decisions.

The final scenario, “Changing the Crew”, would be devastating for an increasing proportion of people who would be marginalised in society. While the baby boomer entrepreneurs carved out their fortunes, governments would be struggling with how to provide for an increasing proportion of aged and welfare dependent young people who have been given little support to function effectively in society. The needs of the aged and the young will be a great burden on the productive people in the middle.

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It is astonishing that the benefits of our economic and technological progress have not flowed to our children.
However, as was demonstrated in California in 2000-01 with electricity supply, serious mismanagement of regulation and of the investment environment can lead to energy supply problems of substantial scale, with long-term impacts on the economy and the community.

A substantial proportion of the investment required in Australia will be needed simply to maintain existing national levels of supply security and reliability. Oil and gas wells are depleting, eventually power stations become obsolescent and existing electricity transmission and distribution systems were largely not built for the digital economy and will need replacement. Increased use of renewable energy of intermittent supply – such as wind power – will also lead to the need for higher investment in transmission.

Policy mismanagement and under-investment in the energy supply sector could provide real and significant constraints on the Scenarios presented in “Aspire Australia 2025”, but, looking back on more than two decades of development of the energy sector in this country, an attitude of negativism is probably not an appropriate approach to likely outcomes in this area in the next 20 years.

Rather, the key challenges that face Australian governments and business relate to how well energy innovation and supply infrastructure development can be managed. Will we stay up with or ahead of our global competitors in this vital area? Observing the ferment of energy innovation concepts being pursued around the world today – as I did in Cairns as a leading Chinese energy scientist described electricity R&D in his country – one can see this challenge being much greater than the threat of blackouts and other energy crises in Australia often portrayed in the popular media.

What will confront Australia in a post-Kyoto treaty world beyond 2012 with respect to climate change policies is obviously another major factor influencing domestic energy supply and use, and ultimately how much of the present energy-intensive industry continues to be part of the national economy.
As the International Energy Agency points out, environmental considerations are a major driver – perhaps the major driver – of new energy supply technology.

How far can carbon sequestration technologies – critical to the pursuit of zero emissions from coal use – be advanced between now and 2025? And at what cost?

Can widespread use of fuel cells in motor vehicles be achieved in this timeframe? Can larger fuel cell technology be made commercially viable for use in hotels, hospitals, high-rise CBD buildings and other applications?

What are the genuine prospects of establishing the role of hydrogen in energy supply by 2025?

Can advanced nuclear generation systems, and improved waste disposal technologies, be developed to the extent that community opposition to nuclear energy is lessened or overcome?

Will the nascent solar photovoltaic industry take off over the next 20 years as wind energy has done in the past quarter century?

Can locally-generated power systems be introduced to reduce the community’s reliance on large, lengthy transmission networks?

Can superconductive technology – an area of R&D focus in Australia, the US and Europe for 20 years and more – reach the stage where it starts to revolutionise the higher-voltage transmission and lower-voltage urban electric network service?

Will 2025 see the Australian continent crisscrossed by pipelines bringing natural gas from the remote northern regions where it is available in abundance to the south-east where most demand exists?

More prosaically, can Australia develop an end-use energy efficiency approach that will have a real impact on the need for power generation and electric network infrastructure development in the next two decades after falling short of achieving this goal in the past 20 years?

What will be the impact of competitive energy markets, with their new and large investment risks, on the progress of any and all of this innovation? Can Australia (and North America and Europe as well as elsewhere) create sufficiently stable, transparent and predictable regulatory conditions to avoid impediments to investment in energy innovation by players in competitive markets?

Every Scenario envisaged in “Aspire Australia 2025” will be affected – and probably affected strongly – by these, and similar, questions relating to energy supply and its infrastructure development. Community attitudes suggested by the Scenarios, with their influence on political decision-making, will impact to a considerable extent on the actual outcomes. Global developments and politics will also play their part. Global and regional weather patterns – through their impact on community thinking and consequently on political attitudes and also through how they affect the insurance industry – will play a role, too.

In all this, only one thing is absolutely certain: Australia will still run on energy in 2025.
Fast forward to 2065. The setting is what we now call a retirement home in the sprawling seaside city of Hervey Bay, 150 km north of Noosa.

A glamorous television journalist sweeps into one of the wards, cameras rolling, having locked eyes upon her quarry. She draws up to the bedside of a centenarian … the last known survivor of a much-faded generation. A hush falls upon the room as she carefully places a microphone to catch his frail response. “Please boomer. Please say it one more time. Say it for those you leave behind.” The old man raises himself on one elbow, faces the camera, and obliges with “Groovy, baby.” Then expires.

It is at this moment that the Australian baby boomer generation officially comes to a close. Obituaries follow in the Sunday papers that track the rise and fall of the baby boomer generation.

The boomers set the consumer agenda for 1965 and 2025. Born over the 15 years to June 1961, the boomers’ rise to prominence during the 20th century was not subtle. From the moment they reached adolescence in the mid 1960s they demanded and got new forms of contraception. They ushered in new sexual mores and introduced new thinking with regard to the rights of women, racial groups, the disabled, and the gay. Boomer optimism and self-confidence led to a much-vaunted Age of Aquarius that reached its Australian peak in a festival at Nimbin in 1973.

Boomer hippies of the late 1960s and early 1970s morphed into DINK and into yuppies during the 1980s. The philosophical mood of boomers shifted from youth culture to making money. Wall Street’s Gordon Gekko best summed up the new thinking in 1987: “Greed is good.”

The back half of this lucky boomer generation escaped conscription when the Whitlam government swept to power in 1972. They also enjoyed fee-free tertiary education for the next decade and a half. Boomers married in their early 20s and quickly bought into the Australian dream of home ownership. Boomer wealth was buoyed in the late 1980s by a property boom. Another property boom in the early years of the new century swelled boomer wealth even further.

By 2004 the boomers were aged between 43 and 58 and neatly straddled middle age. Their receding youth was by then offset by advancing wealth and power. Asset rich boomers started to think about retirement and the next exciting stage of their lives.

Time for another philosophical shift: do the hippie thing? Check. Do the high-corporate thing? Check. How about doing the work-life balance thing?

Now let’s see, we need a simple theme. How about seachange? We also need a philosophy like life’s too short. How about we toss in some cute homilies like organise your work around your life, not your life around your work.

The boomers bought into the new mood. And in so doing they also bought into beachside and lifestyle residential property. The boomers also leveraged off the equity in their suburban dwellings (bought prior to the mid-1980s) to buy investment property in the inner city from the mid 1990s onwards.

But how fared those who follow the boomers? Generation X was born over the 15 years to June 1976. At the turn of the century there were 4.4 million Xers as compared with 4.1 million boomers in Australia. And yet it’s always been about the boomers. Why? The reason why boomers always beat Xers in the social, cultural and economic influence stakes is that the boomers were preceded by barely 2.5 million

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**BABY BOOMERS OBITUARY**

BERNARD SALT
PARTNER, KPMG

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By 2004 the boomers were aged between 43 and 58 and neatly straddled middle age. Their receding youth was by then offset by advancing wealth and power. Asset rich boomers started to think about retirement and the next exciting stage of their lives.

Time for another philosophical shift: do the hippie thing? Check. Do the high-corporate thing? Check. How about doing the work-life balance thing?
The debate between Xers and boomers raged for more than a decade. It really only subsided as boomer numbers started to dwindle noticeably late in the 2020s. By that stage the Xers too had moved on and another Generation, the Ys, otherwise known as the children of the boomers, were stepping to the fore. The Ys were a little more sympathetic to the boomers. But then they could afford to be. Boomers started dying in droves in the 2030s easing the drain on government coffers. The boomers enjoyed brief periods of fashionable interest: after all there was the hippie era, the Gordon Gekko era, and the work-life balance era. Each was featured in a social documentary series on the History Channel in 2046 called The Baby Boomer Movement of the 20th Century.

People got on with their lives. The boomers were forgotten for much of the next decade. By the 2060s the approaching centenary of San Francisco’s Summer of Love prompted social historians to review the contribution, or otherwise, made by the boomers. Their judgement is harsh – the boomers are labelled self-indulgent – but it is in either case an academic point. There are no boomers left to take offence. All the boomers are gone, apart from an old hippie holed up in a Hervey Bay nursing home. His face is beamed across Australian living rooms one night. No one really understands what it is that he says to the camera, and no-one really cares.

Bernard Salt is KPMG Director of Property. He has established an enviable profile within corporate Australia as an adviser and as a commentator on consumer, cultural and demographic trends. He is also author of a best-selling book The Big Shift launched in July 2001.

The philosophical mood of boomers shifted from youth culture to making money. Wall Street’s Gordon Gekko best summed up the new thinking in 1987: “Greed is Good.”

The Asian financial crisis was expected to see our economy and exporters come undone as demand in our Asian major trading partners collapsed. Export diversification, however, was the order of the day – with new success stories told in terms of growing exports to the Middle East.

The tech boom relegated Australia to old economy status for a time, reflecting our reliance on resources exports, and imports of technology. Yet once again we weathered that storm. We readily and willingly point to Australia’s niche successes such as wine, and strong growth in higher value added manufactured exports. Not to mention $25 billion natural gas contracts with China. The completion of a Free Trade Agreement with the United States and prospects of a significant deepening of our links with China are also to be lauded.

Not surprisingly, however, the Scenarios present some obvious challenges to our recent string of successes and our ability to sustain them without appropriate long-term planning.

“Stormy Seas” raises questions about our capacity to adjust to a systemic and sustained collapse in demand in Asia, after a period in which we have further entrenched our links with, and reliance upon, the region. Can we reasonably expect that in such circumstances a weaker $A would again offer the same buffer over a sustained period of time that it did in the late 1990s? To what extent will the composition of our trade with Asia have changed and how easy will it be to diversify trading partners in the future? More generally, will our economy be as well placed as it was in the 1990s to adjust to the broader impacts of a weaker $A?

Perhaps more controversially, could the circumstances outlined in “Stormy Seas”, including sustained weak Asian demand, a deteriorating fiscal position, a re-assessment of our long-term export opportunities, and our proximity to geo-political hot spots in a period of global turmoil, precipitate a $A currency crisis? Such a crisis would of course have significant implications for our capacity to attract investment and finance imports as well as our broader policy framework.

“Changing the Crew” addresses the future path of the $A directly, by raising the prospect of a sustained improvement in our terms of trade, and hence the prospect of a structural appreciation of the $A. The recent $A strength has focused attention sharply on Australia’s underlying competitiveness - the questions being raised now will be writ large if this aspect of “Changing the Crew” emerges. It is also important to acknowledge that as global transactions have become increasingly complex, including within multinational companies, the implications of currency movements have become more significant and complicated and less easy to predict than has previously been the case.

“Stormy Seas” reminds us that trade opportunities can be, and usually are, as much about politics as economics. Australia is, and will remain, a small player in the global stakes. To ensure our ongoing trade and global success we will need to continue to punch above our weight. This means not only making the most of all opportunities that present themselves but also continuing to proactively cultivate and create opportunities. “Riding the Wave” outlines circumstances in which Australia’s inability to tackle a longer term agenda ultimately undermines the capacity to capture the full benefits of thriving global markets.
The next wave of globalisation is already seeing the movement of people and jobs gain considerable momentum. These trends are likely to up the ante in debates surrounding liberalisation. Against such a background, is it so unrealistic to suggest that a rising tide of nationalist sentiment and/or declining economic and employment circumstances could significantly undermine liberalisation, or at least substantially lessen the pace of further progress?

How aggressively Australia is prepared to promote the cause of further liberalisation, including the benefits that it will bring to many developing countries whose access to global markets is restricted by protectionism in more developed economies, is an important consideration. In addition, to what extent will Australia work to enable further liberalisation, not just in terms of supporting trade agreements, but importantly in terms of supporting the development of the necessary political, legal, financial, and governance infrastructure necessary to underpin sustainable trade and investment liberalisation in less developed countries.

None of the Scenarios contemplates or projects a serious challenge to the benefits of trade and investment liberalisation in Australia or globally. While this proposition may appear heretic in this day of enlightened globalisation, it is worth recalling that the middle of the last century saw a steady and marked reversal of the openness that characterised Australia in the early 1900s. We are only now getting back to where we were some 100 years ago.

The emergence of the free versus fair trade debate and protests surrounding meetings of the World Trade Organisation and the like clearly demonstrate that there is a constituency prepared to challenge the terms of globalisation, and in many instances the trend itself. Australia is not immune to these debates. We engage, to varying degrees, in our own buy Australia campaigns, which can sit uncomfortably with the rationale underpinning liberalisation. An unwillingness to engage in fulsome debates of the merits and costs of liberalisation for Australia and the world may serve as a precursor to the malaise of “Riding the Wave”.

While the above issues are interesting and important, in other ways the Scenarios may not be challenging enough in terms of understanding Australia’s possible trade and global future.

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These are fundamental issues that are at the core of the prospects for further liberalisation in the movement of goods, services, investment and people. How Australia positions itself for these challenges will determine the extent to which external markets remain a driver of our growth and prosperity.

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CONSULTATION OF YOUNG AUSTRALIANS
Geraldine Chin
Senior Executive Adviser, Mallesons Stephen Jaques

INTRODUCTION

The Business Council of Australia’s Scenario project sought to capture the views and thoughts of young Australians on Australia in 2025. The primary method of consultation was a survey that was distributed by email to young Australians aged 30 years and under. A total of 323 survey responses was received. This age group is a key segment of the emerging generation that will grasp the reins of leadership in Australia in the next 20 years.

PROFILE OF RESPONDENTS

It is important to realise that this survey does not profess to be representative of the views of all young Australians. The aim of the survey was to target a group of young Australians and find out their opinions on a range of issues to feed into the scenario planning process.

A concerted effort was made to achieve diversity in respect of the gender, age, sexual orientation, socio-economic background, political inclination, occupation, educational level and residence of the respondents.

The profile of the 323 survey respondents is as follows:

AGE: The age of the respondents was between 14 and 30 years, with the average age being 24.97 years.

GENDER: Of the 323 respondents, 60.06% were female and 39.94% were male.

STATE OF RESIDENCE: Responses were received from young people in every Australian State and Territory. Of those, the most significant number (37.15%) were resident in New South Wales. 24.15% did not disclose their state of residence. The survey was also distributed to young Australians living overseas, with responses being received from a range of countries including the United States and the United Kingdom.

OCCUPATION: An attempt was made to elicit responses from a wide range of occupational groups. The three main occupations from which the participants were drawn were students (high school, TAFE and university), lawyers (government, community and private practitioners), and public servants (federal and state). However, responses were also received from broader occupational areas including early school leavers, waiters, musicians, administrative staff, engineers, bankers, analysts, gym instructors, and novelists among others.

METHODOLOGY

The survey was distributed to as broad and as representative a cross section of young Australians as was possible in the time available. A commonly accepted definition of young Australian as one aged 30 years of age or under was adopted. The survey was sent by email to a large number of youth oriented organisations and mailing lists in each of the Australian States and Territories and overseas.

The questions asked of the respondents were:

- What are the three things changing in Australia today that most concern you?
- What are the three things that most concern you about your future over the next 20 years?
- What do you see as the three greatest challenges or issues for the government over the next 20 years?
- What do you see as the three greatest challenges or issues for the Australian community over the next 20 years?
- What is your age, gender, occupation and place of residence?

To ensure that the views of young Australians without access to the Internet were not overlooked, surveys were also conducted in hard copy, in person and over the phone.
As the survey does not purport to be statistically representative of young Australians, we set out to analyse the survey results in a qualitative rather than quantitative way. However, in order to identify which issues dominated among young Australians, we categorised all of the answers to the survey and sorted them into a number of broad headings.

The wide distribution of answers across various categories can be explained by the format of the survey. We deliberately adopted a free-form format for the survey to allow respondents to be as open and as discursive as possible and to avoid directing the discussion in any way by suggesting answers. However as a consequence of this, many respondents gave more than three answers for each question.

The following section discusses some of the key issues raised by the respondents in more detail.

**Environmental Sustainability**

The environment was the most important issue for respondents. By a significant margin, it was the most commonly listed challenge perceived to be facing the community and the government over the next 20 years.

A plethora of individual environmental concerns were raised in the survey including:

- Logging;
- Loss of biodiversity;
- Land degradation;
- Water conservation; and
- Global warming.

“The amount of funding towards environmental programs by most of our State and Federal Governments has been pitiful compared to what is needed. This should be a priority as it is more costly to our future and our environment also has intrinsic value. Australia should ratify the Kyoto protocol, and take a global lead on environmental issues.”

Individuals surveyed were concerned as to how continued environmental degradation would impact on their quality of life and that of their children.

“Part of what I love about Australia is the environment and the fact that just an hour away from where I live is pristine bush that I can walk in and enjoy. I worry about that not being there in 20 years for me and my children.”

Numerous responses raised questions as to how best the Australian Government and community could tackle the environmental problems it faces, such as:

- Encouraging investment in environmentally friendly technologies;
- Promoting greater environmental awareness; and
- Encouraging community based environmental restoration projects.
**EDUCATION**

Education was the most commonly listed concern in response to the question: “What are the three things changing in Australia today that concern you?”. It was the second most commonly listed challenge for the Government over the next 20 years.

Most responses in this category were critical of:

- Cuts to university funding;
- The move to a user-pays education system; and
- The redirection of funds from public to private schools.

Many linked the inaccessibility of quality public education to the development of a tiered society, characterised by an ever-widening gap between the educated rich and the uneducated poor.

“Education is the great social leveller and Australia has (or had) been a country where anyone with the intelligence and determination could go to university and seek their preferred career. With up to 50% of places now being given to people who couldn’t get into the course on marks but happen to be rich or have rich parents this will reduce educational standards and make Australia more of a place where your opportunities are linked to your family’s wealth.”

Other respondents were critical of what they perceived as:

- The move of universities away from intellectual pursuits towards a more vocational orientation;
- Trends towards corporate sponsorship of tertiary education; and
- The lack of respect paid by society to teachers and educators.

On a more personal level, a substantial number of respondents listed access to education for either themselves or their children as one of their major concerns about their future.

**AGEING POPULATION**

Another concern of the young Australians surveyed was that of the ageing population. The 2001 census revealed that the number of Australians aged 85 and over has increased by a third in just five years while the number of people aged 20 to 29 has fallen. Medical advances and the adoption of healthier lifestyles have lead to longer life expectancy, presenting young Australians with the dilemma as to exactly how they are going to fund the retirement of their ‘baby boomer’ parents.

Many young people who responded to the survey were not convinced that their superannuation contributions would be sufficient to support either themselves or their parents in retirement. A sample of comments is as follows:

- “Massive tax increases needed to finance the lifestyle of baby boomers who have not planned for retirement and who find their superannuation inadequate.”
- “That my superannuation will not be enough to survive through the three times it will be taxed before it hits my pocket at the age of 65.”
- “Superannuation - Will I be able to afford to retire if the pension is cut.”

Respondents were also concerned as to the implications of demographic change on the continued viability of public health care.

“Coping with an aging population. The load placed on the health and age care system will be huge. This challenge is intertwined with that of welfare and drugs - to do our oldies justice and improve our own standard of living, we need to ensure the best is brought out of all working age people. This means cracking down on drugs and the growing culture of dependency on unconditional welfare”

**PUBLIC HEALTH CARE**

Participants saw access to public health care as one of the major issues for the Australian Government over the next 20 years. Of particular concern was the continuation of the Pharmaceutical Benefits Scheme, bulk-billing and Medicare.

“Health and hospitals, our hospitals are heading down hill rapidly.”

Many expressed concern as to the consequences of the move to an increasingly privatised user-pays system of health care.

“Privatisation of the public health system... again no equality in health service for the poor.”
**Housing Affordability**

When asked what concerned them about their personal future over the next 20 years, the most popular response of the young Australians surveyed was housing affordability.

“I’m concerned that I will spend the rest of my life paying off the interest on the loan I take out to buy my over-priced home.”

Housing prices in Australia have been rising at an accelerating pace. In the last year, prices increased by 12% in Perth, 7% in Darwin, 21% in Sydney, 13% in Hobart, 20.6% in Adelaide, 13.7% in Melbourne and 21.9% in Brisbane. With such growth, many participants expressed concern that by the time they are able to save up a deposit, they will be priced out of the market.

**Terrorism and International/National Security**

This was a concern that was raised across every question in the survey.

“(I am concerned that) if I have children, they will be sent to a war.”

“Following the USA to unjust wars – will we go into Indonesia/North Korea?”

“We have become a target for international terrorism.”

“National Security – the threats from which our borders cannot protect us, posed by people who hate freedom who increasingly have the capacity to take ours away.”

“Indonesia” (challenge for government over next 20 years).

“. . .the countries around us are far from stable.”

Many respondents disagreed with Australia’s involvement in recent international conflicts and what they saw was a misdirection of resources away from social priorities to those associated with defence.

“The fact that the issues such as environment, health and education have taken a back seat to defence and national security.”

**Increasing Economic Inequality**

Connected to the issues of access to health and education was the concern of a large number of respondents about the growing gap between rich and poor.

“Perhaps partly (or even mostly) due to the predominance of middle-class conservative politics in Australia in recent years, the well-off are prospering even more, but sadly those less fortunate are being crushed by financial and social pressures even more.”

Official statistics that show that:

• The top 10% of households now earn more income than the bottom 50%; and that

• Since 1969, the share going to the bottom half has dropped from 28.2% to 23.6%, and the share going to the top 10th had risen from 24.8% to 26.3%.

Some respondents identified a gap between the baby boomers and the younger generations:

“Economic/financial burden on post-baby boomer generation of changing demographics - including the increasingly difficult, and inequitable access and affordability of quality education at every level the decreasing affordability of the first home.”

Reducing economic inequality between Australians was one of the major challenges that the respondents saw faced the Government in the next 20 years.
“The recent foreign policy decisions made by the Federal Government in relation to the war on terrorism/Iraq have effectively served as a mandate for a militaristic policy focus. Aided by the conservative media, the Government has been allowed to free its arms and emphasise national security and defence policies at the expense of education, health, and social justice.”

Others feared that military spending is not high enough given the threats that Australia faces.

“National and regional security must also become a priority of any government over the next 20 years. While Australia has taken on the role of the regional peace keeper, adequate resources must be kept to defend the nation against terrorist or overt military threats.”

**AUSTRALIA’S INTERNATIONAL RELATIONS AND POSITION IN THE WORLD**

A large number of responses were in support of even greater Australian engagement in the Asia Pacific, seeing this as one of the greatest challenges for the Government in the future.

“...realising that we need to be closer to Asia – this is our future, socially, commercially and politically. Sydney can be the financial hub of Asia.”

There was a perception by many that Australia’s current foreign policy stance had alienated us from our Asian neighbours and that we should focus more on obtaining free trade agreements with Asian nations vis-à-vis the United States.

**BECOMING MORE LIKE THE US**

A substantial number of respondents were concerned with the increasing tendency for Australia to follow American trends and policy. Although most responses concentrated on fears associated with the increasing tendency of Australia to follow the lead of the US in international affairs, other responses objected to the Americanisation of Australian culture generally – in terms of food, entertainment and media content.

“The perception that Australia is America’s deputy sheriff and yes-man.”

“A vibrant culture of our own is the only way to resist the growing mono-culture that is the US.”

“A feared consequence of this was the loss of a unique Australian identity.”

“Maintaining an Australian cultural identity...without being submerged in US-type entertainment.”

**MULTICULTURALISM**

This growing intolerance towards those who are different was seen as a great challenge to the continued success of Australia as a multicultural society. Multiculturalism was the second highest response to the question about what were the greatest challenges for the Australian community over the next 20 years.

“Multiculturalism and population – how to ensure that our diversity is built upon and accepted.”

“Increasing openness and understanding of the diversity of the population. Currently multiculturalism means understanding that no one culture/religion etc is superior to any other. The next progression that needs to take place is understanding that this permeates experience and learning and every aspect of life and that therefore the way people think can also be different. An Australian challenge is to manage and leverage through diversity.”

“Definitely learning to live as a multicultural society without losing our Australian identity. We are doing quite well but I feel there needs to be further education of both native Australians and immigrants on how to live harmoniously to completely wipe out racism and discrimination.”

“The rise in racism is an unfortunate but natural consequence when immigration is so high and diverse.”
GREATER INTOLERANCE AND XENOPHOBIA IN AUSTRALIAN SOCIETY

Racism and the politics of fear was the third most commonly listed concern about things changing in Australia and the third most commonly listed challenge for the community. According to a great number of survey participants, Australia is increasingly becoming a racist, xenophobic and intolerant country:

“(There is) chronic racism and prejudice against minorities and ethnic groups.”

“Tolerance of people who are different. Where did it go?”

“…racism is rife in Australia. The Government needs to take active steps to stop this.”

Racism and xenophobia, in the opinion of some respondents, has links to international events, in particular Islamic extremism, the September 11 attacks and Australia’s support for the war in Iraq and Afghanistan. Many were concerned with what they saw as the unjustified paranoia and fear generated by these events and a substantial number arguing they had caused Australia to become increasingly inward-looking.

“The harsh treatment to Muslim people nowadays since September 11th is just ridiculous.”

“(My concern is) xenophobia brought on by September 11, Iraq and Bali.”

“Insular and paranoid attitudes to the rest of the world and towards those of foreign origin in Australia.”

ABORIGINAL AUSTRALIANS

Reconciliation and the improvement of the position of indigenous people in Australian society were noted as one of the major challenges for the Government and community respectively in the next 20 years. Many respondents expressed a desire for the Government to say sorry to indigenous Australians for the past injustices they have suffered. Other indigenous issues raised included:

Addressing the state of indigenous health and suicide rates among the young;

Land rights; and

Improving the access of indigenous people to economic opportunities.

“I believe the Government needs to acknowledge the sins of the past and do what it can to make amends. It needs to acknowledge and deal with the appalling health and quality of life of indigenous Australians and do whatever it can to allow Aboriginal and Torres Strait Islander people to regain and maintain their cultural identity, reclaim their past and look forward to their future.”

LOSS OF FAITH AND IMPROVING SENSE OF INCLUSIVENESS AND COMMUNITY

A number of respondents saw the tendency away from religion as a development of concern.

“The declining interest in Christianity and religion in Australia. I don’t think the substitutes of materialism and hedonism are filling the void left by this change very well.”

A number of survey responses echoed similar sentiments, citing the rise of individualistic, materialist and anti-community tendencies of Australian society as one of greatest challenges for Australian society in the next 20 years.

“(need to) re-engage in societal participation.”

“Maintaining ‘communities’ within big cities.”

“Coming together as one and working together for the good of the community. We’re too segregated – we are too materialistic and we are all too selfish.”
FAILURE OF POLITICIANS TO LISTEN TO COMMUNITY CONCERNS

The need for politicians to listen more to community concerns and demonstrate leadership and integrity was identified as one of the major challenges facing Australia going forward.

‘The Governments’ (Federal and State) consistent failure to listen to the general public. This ranges from how the coalition handled the war in Iraq and immigration in general to how the Carr Government runs public transport and crime issues.”

“LEARN TO LISTEN TO YOUR PEOPLE!”

FAILURE OF THE PUBLIC TO QUESTION GOVERNMENT POLICY

Across all categories, this was classified as a negative development. Many saw their capacity for dissent as encumbered by media bias, and identified the maintenance of an independent and critical media as a major issue for the Australian community to deal with in the next 20 years.

“Australians are traditionally and healthily sceptical of those in authority. It was scary when channel nine rebuked us for not fully supporting the participation in Iraq”.

Some drew links between public apathy and the potential demise of responsible government going towards 2025.

UNEMPLOYMENT AND JOB SECURITY

Other major issues that concerned young Australians were that of unemployment and job security. Unemployment was the fifth most commonly listed concern that young Australians had about their future and a substantial number of responses listed it as one of the greatest challenges for the Government in the next 20 years.

“Instability in the job market. A number of people at my workplace have recently been retrenched. I am very conscious that my job is temporary.”

“The increasing percentage of the workforce becoming casual and on demand as opposed to full-time employment with associated benefits.”

CONCLUSION

The consultation of young Australians gives an interesting insight into potential Scenarios for Australia in 2025. It will most probably be a nation that continues to grapple with the serious issues of environmental sustainability, economic inequality, health care, an ageing population and education. Young Australians aspire for Australia to strive to retain its commitment to multiculturalism through becoming an increasingly more tolerant, less racist and more outward looking society.

The young Australians surveyed place a priority on immigration and Aboriginal affairs. They view the challenges for international relations as engaging more strongly with the Asian region and re-evaluating relations with the United States as Australia seeks to assert a uniquely Australian identity, both at home and abroad. In terms of governance, young Australians look to a government that will seek to cope with an increasingly hostile international situation in a way that is democratic and inclusive, and encourages debate through open and independent media.

Those who completed the survey see themselves working longer and harder and facing difficult decisions as to their financial security, career and if they have children, as to how they will properly raise them.
The purpose of thinking explicitly about the future is to challenge our assumptions, and as a result, make better decisions in the present. The BCA’s intention in facilitating the Scenarios is to catalyse an informed debate about Australia’s current and future capacity and adaptability.

In the Scenarios, alternative futures are traced out, each raising a different set of challenges for Australians. In the accompanying modules, areas of challenge and opportunity are explored in detail. The Scenarios have been presented in such a way as to enable people to use their imaginations and add additional dimensions if they wish. In other words, the Scenarios are intended to set the stage rather than be a detailed script.

A central question emerged during the course of scenario building. What relationships will shape Australia’s capacity to build security, prosperity and social harmony? This question is a useful anchor for scenario application, and is used as the basis for the approach outlined below.

Scenarios are most useful when the individuals and groups of people using them start with a clear understanding of their current assumptions about the future and their plans and strategies.

Without these reference points, Scenarios are most likely to promote an interesting general discussion in which people can exchange views and learn from others. However, the process is of most value when exploration is linked to planning and decision-making.

1. What assumptions, implicit or explicit, are being made now?

Before using the Scenarios, it is useful to capture your assumptions about the future, by addressing the central question:

Looking out 20 years, what relationships will shape Australia’s (or your organisation’s) capacity, and why?

The question can be asked of individuals or groups of people. In addition, strategies and plans can be reviewed in order to derive implicit and explicit assumptions about the future.

2. What are the alternative Scenarios for the future?

First, become familiar with the Scenarios by studying the three Scenarios in detail. That will provide you with an overview of the three sets of stories and the varying possibilities they present.

Then read the modules as both an extension of the Scenarios and a demonstration as to how our expert contributors have drawn on the more general big picture stories to define strategic long-term positions in the particular areas they have covered.

This will guide you as you use the Scenarios as a tool for testing your own policy and strategy. Ask yourself:

What are the most important relationships for you in the scenario? Were these relationships on your own list?

Are there important relationships that are missing from the scenario, and need to be added? How might these play out?

3. How do the Scenarios challenge your assumptions?

The most important step is to consider the challenges that we face at present and those you are aware of that will emerge in the immediate future. Test these against the challenges outlined in each of the Scenarios.

In which scenario, or elements of the Scenarios, did you feel most uncomfortable? Why?

What did you find most surprising in the Scenarios? Why?

Which scenario, or elements of the Scenarios, did you relate to most?

What assumptions arise from the Scenarios and how do they compare with your own assumptions about the future?

4. What are the implications of each scenario?

In order to consider the implications for you, your business or organisation, it is very useful to make explicit your current plans and strategies. Having done this, ask yourself the following questions.

What risks to your plans/strategy have been highlighted by the Scenarios?

What opportunities, previously unidentified, have emerged?

If any or all of the Scenarios were to eventuate, would you change your course? How?

Do you have systems/triggers in place that enable you to detect and adapt to potential change?
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Mr Tim Warren
Shell Australia Limited
Mr Jeremy Sutcliffe
Sims Group Limited
Mr Ray Horsburgh
Smorgon Steel Group Ltd
Ms Gail Kelly
St George Bank Limited
Mr Matthew Quinn
Stockland
Mr John Mulcahy
Suncorp-Metway Limited
Ms Theresa Gattung
Telecom New Zealand Limited
Dr Ziggy Switkowski
Telstra Corporation Limited
Mr Patrick Forth
The Boston Consulting Group
Mr Ian Smith
The Communications Group
 Mr Ted Okada
Toyota Motor Corporation Australia Limited
Mr Chris Mackay
UBS Australia and New Zealand
Mr Harry Debney
Visy Industries
Mr Michael Chaney
Wesfarmers Limited
Dr David Morgan
Westpac Banking Corporation
Mr Andrew Michelmore
WMC Resources Ltd
Mr Keith Spence
Woodside Energy Ltd
Mr Roger Corbett AM
Woolworths Limited

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Printed on
Mohawk Opaque
Insize Chagall

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Progress is the result of individuals