WHAT’S THE FUTURE, AUSTRALIA?

AUSTRALIANS’ VIEWS, MISCONCEPTIONS, AND BURNING QUESTIONS ON THE ENERGY CRISIS, THE FUTURE OF WORK, HOUSING AFFORDABILITY, AND THRIVING KIDS

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Angela Han
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1 WHAT WAS ‘WHAT’S THE FUTURE, AUSTRALIA?’

1.1 BACKGROUND

What’s the Future, Australia? (henceforth referred to as WTF Australia) was a national community engagement initiative led by the Australian Futures Project to engage Australians in an informed discussion and action on four of the country’s biggest issues: the Energy Crisis, the Future of Work, Housing Affordability, and Early Childhood Education and Care.

Over a two-month period (8 October – 15 December 2017), WTF Australia partnered with nine other Australian organisations in a bid to inform, engage and seek ideas from the community.

1.2 THE PROBLEM

Australia is failing to act on the big issues that everyday Australians care about. These issues are not getting the attention they need from decision-makers, nor are the views of the community on these challenges being adequately taken into account.

The public is thus hungry for an informed discussion that is currently missing. Further, Australians have lost their sense of community, and trust in government is the lowest it has been in 20 years.¹ Only 11 per cent of Australians in 2017 think the system is working,² revealing a lack of hope and confidence and a desire for change.

As such, WTF Australia aims to offer Australians a platform to be engaged in informed discussion and take action on issues that affect and matter to them.

australianfutures.org
1.3 THE VISION AND WHY AUSTRALIAN FUTURES PROJECT?

The Vision

The vision of WTF Australia is an Australia where every Australian has the opportunity to genuinely engage on the issues they care about. It is an Australia where an informed conversation about the country’s future is commonplace, where Australians have the agency, capability, and support to take action towards that future, and where Australians have an abiding sense of possibility in contributing to the future that they want.

Why Australian Futures Project?

This vision of Australia is one that the Australian Futures Project (AFP) shares. AFP is a non-partisan, registered charity with a mission to stimulate and support leaders, experts, and the community to identify, test and build initiatives to create the Australia we want tomorrow, today.

Over the last five years, AFP has worked with government, business, media, experts, and the public to identify, test, and build initiatives to deliver on its mission to improve how Australia creates its futures. WTF Australia is a new community engagement initiative that aligns closely with AFP’s mission. It seeks to build upon a 2016 AFP community engagement initiative, My Big Idea.

<table>
<thead>
<tr>
<th>Aims of WTF Australia</th>
<th>Mission of Australian Futures Project</th>
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<tbody>
<tr>
<td>• Improving Australians’ understanding of key challenges and opportunities on the four big issues;</td>
<td>• Improving Australians’ understanding of key challenges and opportunities facing our country</td>
</tr>
<tr>
<td>• Increasing the quality of discussion by connecting Australians with experts in the field via a Q&amp;A session; and</td>
<td>• Increasing the quality of discussion towards the future Australians want</td>
</tr>
<tr>
<td>• Supporting quality action by developing solutions to the four big issues through an idea submission process.</td>
<td>• Increasing the quality of action towards the future Australians want</td>
</tr>
</tbody>
</table>

3 For a full list of Australian Futures Project’s past and current programs and projects, including 21st Century Service, Parliamentary Leaders Program and My Big Idea, please visit http://www.australianfutures.org.

4 My Big Idea was a 2016 national ideas competition to stimulate discussion and action on the most important topics for the future of Australia, based on a statistically valid national poll on the issues Australians care most about. For more information, please visit www.mybigidea.org.au.
1.4 FIVE KEY INSIGHTS FROM WTF AUSTRALIA

Over the course of two months, the Australian Futures Project gathered data and information from the various initiatives that were part of WTF Australia to investigate how Australians viewed the four main topics. On the following page are five key insights that we have synthesised from the following sources:

- A nationwide poll (henceforth referred to as “Australian Futures Poll”)
- Online forum analysis by La Trobe University (henceforth referred to as “WTF Online Forum Analysis”)
- Expert articles from Australian Futures Project and partner organisations
- Q&A sessions between the experts and public.

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5 The Australian Futures Poll was conducted by Galaxy Research and conducted between 30 August – 4 September, 2017. The Poll surveyed a representative sample of 1,515 respondents, distributed throughout Australia. Please refer to Appendix A for more information about the methodology of Australian Futures Poll.
6 La Trobe University’s Research Centre for Data Analytics and Cognition conducted an online forum data analysis of posts associated with each topic issue for WTF Australia. Natural language processing techniques and text mining were used to extract useful information from the forum posts. The analysis identified the key topics, sentiments and emotions of people in Australia.
7 The Australian Futures Project received expert articles from the following partners: Australian Council of Social Service, Australian Research Alliance for Children and Youth, AT Kearney, Business Council of Australia and the Foundation for Young Australians. All articles can be found under the topic pages at http://wtf.org.au/topics.
1. **Australians and experts are losing trust in political leaders to solve problems**

   57 per cent of all Australians are not confident that Australia’s political leaders will make the right decisions for the future of the country (Australian Futures Poll). Across the four different topics, experts also agreed that politics have slowed down the process in making the right decisions for the country.

2. **Australians hold many misconceptions about the four topics**

   Answers to seemingly simple questions are seldom straightforward but are often nuanced and complex. If communication with and education of the public is the goal, then public communication strategies are paramount to better inform our national debate and solve problems as complex as the four issues of WTF Australia.

3. **Connecting experts to members of the public is a useful exercise to clear misunderstandings and facilitate information sharing**

   Thirty of Australia’s experts and leading voices in their respective fields volunteered their time to connect with and answer questions from members of the public. Many issues and policy alternatives were discussed during the Q&A Sessions and many misconceptions dispelled.

4. **Many of the problems that we face are complex, multi-disciplinary and involve different sectors**

   The problems we face today are complex, seldom stand in isolation and often overlap with a range of other systems surrounding a range of other problems. For example, the issue of housing affordability also intersects with immigration, tax, financial, and economic systems. We need to explore better processes to facilitate cross-sector conversation to solve Australia’s most pressing issues.

5. **Australians want to discuss solutions, explore policy alternatives and have ideas to solve Australia’s key problems**

   Throughout the initiative, Australians displayed the desire to discuss issues with experts and contribute ideas to solve Australia’s biggest problems. Contrary to the notion that today’s citizens are entitled and hard to please, many Australians from all walks of life are not waiting for the solutions to be handed to them. Members of the public who took part in WTF Australia displayed the desire and ability to play a part in finding solutions to the nation’s most pressing issues.
2 FINDINGS FROM ENERGY CRISIS

2.1 THE PROBLEM: AUSTRALIANS SEE ENERGY AS THE MOST PRESSING NATIONAL ISSUE AND POLITICS AN OBSTACLE TO FINDING SOLUTIONS

In the last decade, retail electricity prices have leapt far above inflation, increasing by as much as 106 per cent. In some states, prices have soared by as much as 135 per cent and have now reached historical highs. It is thus no wonder that when Australians were asked in a nationwide online poll conducted for WTF Australia (henceforth referred to as ‘the Australian Futures Poll’) to select three priority areas for the Federal Government, most (54 per cent) selected Energy Costs, making it the most pressing concern for Australians.

Please indicate the three issues in this list that you believe the federal government should make its top priority?

<table>
<thead>
<tr>
<th>Issue</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy costs</td>
<td>54%</td>
</tr>
<tr>
<td>Terrorism and security</td>
<td>48%</td>
</tr>
<tr>
<td>Housing affordability</td>
<td>46%</td>
</tr>
<tr>
<td>Job security</td>
<td>32%</td>
</tr>
<tr>
<td>The quality of education</td>
<td>28%</td>
</tr>
<tr>
<td>The environment</td>
<td>24%</td>
</tr>
<tr>
<td>Stable government</td>
<td>22%</td>
</tr>
<tr>
<td>Same-sex marriage</td>
<td>16%</td>
</tr>
<tr>
<td>Cost of childcare</td>
<td>10%</td>
</tr>
<tr>
<td>Australia becoming a republic</td>
<td>5%</td>
</tr>
<tr>
<td>None of the above</td>
<td>2%</td>
</tr>
</tbody>
</table>

Seven in ten households also said they felt that rising power bills were putting pressure on their household budgets, making it the primary source of financial stress for Australians.

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10 The Australian Futures Poll was conducted by Galaxy Research and conducted between 30 August – 4 September, 2017. The Poll surveyed a representative sample of 1,515 respondents, distributed throughout Australia. Please refer to Appendix A for more information about the methodology of Australian Futures Poll.
Which of these are putting pressure on your household budget?

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power bills</td>
<td>70%</td>
</tr>
<tr>
<td>Food bills</td>
<td>50%</td>
</tr>
<tr>
<td>Wage not keeping up with inflation</td>
<td>38%</td>
</tr>
<tr>
<td>Health insurance</td>
<td>35%</td>
</tr>
<tr>
<td>Rent</td>
<td>27%</td>
</tr>
<tr>
<td>Entertainment</td>
<td>23%</td>
</tr>
<tr>
<td>Mortgage repayments</td>
<td>18%</td>
</tr>
<tr>
<td>Kids/childcare</td>
<td>11%</td>
</tr>
<tr>
<td>Public transport</td>
<td>11%</td>
</tr>
<tr>
<td>None of the above</td>
<td>9%</td>
</tr>
</tbody>
</table>

Not only are households feeling the pinch, small businesses are also struggling to keep up with increasing power bills. In the Q&A Session held with nine of our nation’s energy experts, a number of questions, such as the one below from Leanne of South Australia, revealed how rising energy costs are hurting profits, making it more difficult for small businesses to survive.

“I run a motel in South Australia and the power bills are so high I’ve stopped using heating myself in winters and turned off half the fridges in the motel. I only turn them on when I get bookings, but this means extra work and the potential that I get caught out with drop-ins which looks incredibly unprofessional on my part. My winter power bill this year, although off season, is already the same as my fully booked out December-January period early this year. I am afraid to even think about what it might be next summer with the air-conditioning. As my power bills are around 15 per cent of my earnings, I have already sold my car to pay the bills. I am thinking of selling as I can no longer sustain this. I’m sure many in the accommodation business are in the same boat, please help!”

Most Australians want the government to act on these issues. Almost half (42 per cent) of all Australians in the Australian Futures Poll believed that the federal government was ultimately in the best position to fix the problem, more than the 37 per cent who believed that it was up to energy retailers to do so, and the 15 per cent who chose state governments.

When it comes to the solving the Energy Crisis, one of the biggest obstacles to finding solutions is politics and policy instability. Throughout the Q&A Session, there was general consensus among energy experts that the lack of clarity and decisiveness from the government has caused investment uncertainty, which drives up prices.

“The main road block in Australia is the current political debate around electricity and climate change. If our politicians were to resolve to act, as others have done (such as in California), we could transition to renewable power quickly, and at the lowest cost.”

Petra Stock, Energy and Climate Solutions Analyst, Climate Council of Australia

*Edited for clarity.*
australianfutures.org
“Investors need certainty about how emissions will be treated in the future, they’ll only invest if they can see a stable policy framework that will live through changes in government. A Clean Energy Target is one way to do this but what we actually need is political leaders acting in a bipartisan way, and avoiding the ideological fixation on picking fuel and technology winners.”

Kieran Donoghue, Policy Director, Business Council Australia

“There has been so much policy instability with the repeal of the carbon price and cuts to the Renewable Energy Target that there has been investment uncertainty and reduction in new energy investment, at a time when old inefficient coal- power stations have come offline.”

Kellie Caught, Senior Advisor, Australian Council of Social Service

“In truth, this energy “crisis” is not one inflicted by circumstances beyond our control, in fact it’s the result of a series of complex policy failures over a number of years. Starting from the Howard government’s 2001 introduction of a Renewable Energy Target, significantly ramped up through the subsequent Rudd years, the energy market has been severely distorted. Soaring investment in poles and wires, a raft of green schemes and state-based policies overpaying households to invest in solar only added to a confused national energy system.“

Jennifer Westacott, Chief Executive Officer, Business Council of Australia

In a light-hearted but apt piece written for WTF Australia, San Danby, Digital Producer at Foundation for Youth Australians (FYA), likened the politics of energy to the Game of Thrones plot. The characters in the show are so preoccupied with getting ahead of each other that they fail to address the biggest threat that affects them all, the White Walkers – or in this case, climate change.

“Above all, Game of Thrones is a story of collective action. The flow of the show is dictated by who gets along with who, with not much getting done without some kind of alliance against a common enemy. Cersei can’t get far without the unwavering protection of Gregor Clegane and the Greyjoys; Littlefinger attempts to jump on the Stark bandwagon; and Daenerys goes to lengths to maintain her alliance with the people of Dorne. But it’s Jon Snow that seeks to unite them all, at least temporarily, to collectively take action in the bigger picture.”

Sam Danby, Digital Producer, Foundation for Young Australians

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13 An expert article written for WTF Australia by Foundation of Young Australians, ‘Is it Just Me or is Game of Thrones Actually about Climate Change?’, retrieved from http://wtf.org.au/articles/is-it-just-me-or-is-game-of-thrones-actually-about-climate-change.
2.2 THE MISCONCEPTIONS: THE AUSTRALIAN PUBLIC HAVE MISUNDERSTANDINGS ABOUT RENEWABLES AND THE CAUSE OF PRICE HIKES, WHICH EXPERTS MANAGED TO CORRECT

The energy debate is filled with jargon and conflicting information, making it difficult for Australians to fully capture the nuances of each argument. Both the Australian Futures Poll and the Q&A Session revealed that the public held many beliefs about the energy issue that were either too simplistic or even untrue. One of the most common misconceptions was the issue that affects almost all Australians directly – the cause of rising prices.

More than half of all Australians polled believed that rising costs were due to profiteering by energy retailers, far more than the 13 per cent who believed that it was due to the investment in wind and solar to replace coal, and the eight per cent who believed that it was due to investment in the poles and wires infrastructure.

What do you think has been the main reason for the rising cost of energy?

- Profiteering by the energy retailers: 57%
- Investment in wind and solar to replace coal: 13%
- Investment in the poles and wires infrastructure: 8%
- Normal market forces like inflation: 8%
- Don’t know: 15%

Similarly, the questions asked in the Q&A Session revealed that the public held implicit assumptions of rising costs, usually attributed the cause to one main factor, such as:

- Excessive coal and gas exports, leading to shortage in domestic supply
- The need to prop up losses in the export commodities market;
- Monopolistic tendencies of energy retailers;
- High labour costs in the energy sector; and
- Shutting down of coal-fired power plants.

In reality, however, the cause of price hikes has multiple drivers. Some of these causes are impacted by structural issues that are often not in the control of any one stakeholder. Experts dispelled these notions and explained that the cause of electricity price hikes was a combination of many factors including:

- Cost of transporting electricity i.e transmission and distribution (“poles and wires”) costs
• Lack of policy stability leading to investment uncertainty which prevents much needed new investment in the grid
• Rising costs of gas (driven by LNG exports)
• Lack of competition in some markets
• Retail costs and margins
• ‘Green schemes’
• Rising wholesale electricity prices
• Deregulation of energy markets
• Sudden tightening of supply caused by coal-fired generators exiting at short notice

The following table summarises common questions and answers during the Q&A Session. It shows that the answers to seemingly simple questions are seldom straightforward but are often nuanced and complex.

| PUBLIC QUESTIONS                                                                 | EXPERT ANSWERS
|---------------------------------------------------------------------------------|-------------------------------------------------------------|
| Is coal cheaper than renewables for Australia to invest in?                     | The answer to this question depends on many variable factors including subsidies provided and cost of carbon/coal (biggest driver).

E.g. We are being told that coal is now more expensive than renewable energy. If it was more expensive, why is China, Japan, India and Turkey building dozens of coal-fired power stations which will be fuelled by coal mainly from Australia?

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14 Summarised for brevity and clarity.
<table>
<thead>
<tr>
<th>PUBLIC QUESTIONS</th>
<th>EXPERT ANSWERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Why aren't solar farms being built on Australia’s plentiful land with abundance of sun?</td>
<td>We already do use lots of solar power – South-East Queensland and South Australia have some of the highest penetrations of rooftop solar in households in the world. However, building solar or wind power plants involve many factors like landowner permission, economic (eg grid connection), technical (eg wind resources assessments, geological conditions) and environmental, heritage and planning requirements that must be met before a power plant can be built. Moreover, building such farms where demand is low might not be economically viable because the cost of transporting it to location of demand would be higher. Solar has also been quite expensive in the last decade, although prices are coming down.</td>
</tr>
<tr>
<td>E.g. Why don’t we utilise solar power more? For example, why are there not masses of solar farms everywhere, considering that sun is something we have a lot of in Australia? I thought it would be cheaper to run than building and running as massive power plant?</td>
<td></td>
</tr>
<tr>
<td>Shouldn’t Australia’s gas stay in Australia and not exported?</td>
<td>Unfortunately, many companies have already made investments in good faith and signed long term contracts for large amounts of gas that makes this situation difficult to undo. Even then, it is not an either/or – it is possible to enjoy the benefits of strong resource exports while also guaranteeing affordable energy for use in our domestic economy. Other countries have done this successfully, such as the US and Qatar.</td>
</tr>
<tr>
<td>E.g. Why is our Prime Minister not telling [gas companies] how much they can export…? What comes out of Australia belongs to all Australians and Australian interests come first and foremost! Do you agree?</td>
<td></td>
</tr>
<tr>
<td>Why is an essential service like electricity privatised, inevitably creating monopolies?</td>
<td>There is no guarantee that outcomes will be better under public ownership. In fact, the states with the nationalised network companies are the ones that have seen their network costs go up most over the past decade. In theory privatisation and competition should lower costs and increase efficiency, but Australia’s scale tends to create natural monopolies. Regulators thus have an important role in this regard to protect consumers when privatising.</td>
</tr>
<tr>
<td>E.g. Should an essential service like energy/electricity really be privatised?</td>
<td></td>
</tr>
<tr>
<td>Why do costs vary between retailers?</td>
<td>Distribution costs are mostly decided by distribution network businesses, not energy retailers. Costs are different because some suburbs and areas do cost more to connect to the electricity grid than others. However, in certain deregulated retail markets, retailers can discount this cost which might explain the variation in costs.</td>
</tr>
<tr>
<td>E.g. I found so called service to property (poles &amp; lines) vary between retailers why?</td>
<td></td>
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</tbody>
</table>

It was not just the policy issues that Australians had misunderstandings about. A number of questions in the Q&A Session were also about the components that made up their power bills and how best to reduce their energy usage.
“How can I find out what’s using the most electricity in my house. My bills are usually over $700 a quarter and I need to figure out what I’m doing wrong. We use more than a 6-person household and there were 3 of us and now there’s only 2.”

“How WTF, when I make contact with energy retailers about Electricity & Gas, I find it so confusing that if you ask what does it cost in cents/kwh or $/ day, it’s always provided EX GST, this confuses people because they think the rate is lower than another retailer but it’s not. The rate per kwh etc should always be given GST inclusive. What’s your thoughts?”

It is expected that, faced with a staggering amount of information, the public relies on straightforward arguments with clear ‘culprits’. However, if communication with and education of the public is the goal, then public communication strategies are paramount to better inform our national debate and solve a problem as complex as the energy crisis.

The media undoubtedly has a role to play in informing and educating members of the public in a digestible and balanced manner. For example, while coverage of blackouts in South Australia is important, so is highlighting Australia’s role as a global leader and early adopter of solar power. Policymakers and corporations can also utilise new media channels to directly inform, educate and engage with citizens and consumers alike.

Besides better communication (a one-way process), giving members of the public an opportunity and platform to participate and have a dialogue with experts in the field (a two-way process) has multiple benefits for the stakeholders involved. First, it is a helpful exercise in dispelling myths and clarifying misconceptions. Second, an open communication process can uncover ‘blindspots’ that experts or policymakers might have on a particular issue. Third, it educates the public about the many different perspectives of a given issue, such that expectations of ‘perfect’ solutions are more realistic.

2.3 THE COMPLEXITY: AUSTRALIA’S ENERGY ISSUE IS A COMPLEX PROBLEM AND IT IS LIKELY THAT THE SOLUTIONS WILL BE JUST AS COMPLEX

It was clear from the discussion between the public and experts that there was no one lever to pull or a silver bullet to solve the energy dilemma. Although solutions might seem simple from the outset, each solution also comes with its own set of costs and benefits.

For example, building more wind and solar farms seem like a straightforward panacea to the supply problem, but there are issues like environmental concerns for planned sites, the need to upgrade the grid (to adapt to renewable generation which often have different frequency and response characteristics), and intermittency and storage issues that has to be taken into account.

With a problem as complex as Energy, it is likely that the solutions will likely be just as, if not more, complex. It is paramount that all stakeholders are given opportunities to step out of their ‘echo chambers’ and provided with the opportunities for cross dialogue across departments and sectors to contribute ideas and find solutions. Real and sustained changes would require a nationally consistent and concerted effort from all segments of society.

For example, to minimise the impact of rising prices on low-income households, solutions do not just lie within the energy market (such as stricter regulations concerning retail practices), but also non-
energy market solutions such as income support payments from Centrelink and state government agencies.

“Moving forward, if we want to ensure we have a more equal society and mitigate climate change, we must place people on low incomes front and centre as we transition into a clean, secure and affordable energy market. Policies and measures are needed to support low-income and disadvantaged households’ access solar and ensure the electricity grid remains affordable for those that can’t. Ongoing reform of retail sector practices, including regulating a no-frills low-cost electricity product, improve comparability to support meaningful choice, ending pay on time discounts that are de facto late fees. And to deal with the 114% rise in electricity prices over the last decade, there needs to be adequate income support, including an immediate increase in Newstart benchmarked to essential costs of living.”

Cassandra Goldie, Chief Executive Officer, Australian Council of Social Service

2.4 THE IDEAS: AUSTRALIANS WANT TO PLAY A PART IN SOLVING THE ENERGY CRISIS AND HAVE IDEAS TO CONTRIBUTE

The price of electricity and skyrocketing bills is a concern for many Australians, especially for low-income and disadvantaged households for whom rising costs might mean serious implications for health and well-being. However, we also experienced many Australians participating in WTF Australia that were not only focused on the problem of rising prices, but were just as curious about possible solutions.

For example, the WTF Online Forum Analysis revealed that although there were more people taking part in the discussions on Energy Affordability, most posts focused on the topic of Alternative Energy, with 66 per cent of around 54,000 posts touching on this issue.

Almost 6,000 forum posts were devoted to solar power alone and most of these discussions involved debating the pros and cons of solar energy – its reliability, output and whether going off-grid was a good investment. Other issues that concerned Alternative Energy in the WTF Online Forum Analysis were the “causes and solutions to the renewables crisis in South Australia” and the possibility of nuclear power in Australia.

Likewise, the Australian Futures Poll showed that Australians were not waiting for the solutions to the energy crisis to be handed to them. Almost all (94 per cent) have taken steps to reduce their energy usage, such as switching off lights when not in that area of the home and using energy efficient light bulbs. One in five Australians was also active in looking for better deals with a different energy provider in the last five years.

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16 La Trobe University’s Research Centre for Data Analytics and Cognition conducted an online forum data analysis of 54,000 posts from 2013 – 2017 on Energy for WTF Australia. Natural language processing techniques and text mining were used to extract useful information from the forum posts. The analysis identified the key topics, sentiments and emotions of people in Australia regarding Energy. 390 unique topics were identified, which was then categorised into five main categories: Affordability, Alternative Energy, Saving Energy, Usage and Blackouts.
Which of these actions have you taken to reduce your energy usage?

- Switch off lights when not in that area of the home (81%)
- Used energy efficient light bulbs (74%)
- Bought energy saving appliances (47%)
- Turn off electricity mains when away on holiday (35%)
- Switched electricity providers in the last 5 years (21%)
- Using timers and sensors to switch off appliance when not in use (15%)
- None of the above (6%)

In the Q&A Session, members of the public were also curious to explore our renewable and storage options and how we could modernise and adapt our energy grid to accommodate new technologies and innovations. For example, users asked questions that explored:

- The pros/cons of renewable generation (pumped hydro, solar, and other off-grid possibilities)
- Storage solutions
- Potential sources of Australia’s future energy – nuclear power, using gravity and geomagnetism
- Whether the energy market should be re-regulated
- The impact that electric vehicles would have on future energy

They were eager to discuss potential solutions with experts and had ideas arose in the discussion including:

- A battery supply chain which replaced empty ones with ‘full’ ones
- Charging home AC battery systems on off-peak tariffs
- Companies to provide solar leasing
30 ideas were also submitted to WTF Australia in an attempt to solve the energy crisis. The top three shortlisted ideas are as follows:

Fenced in with Affordable Energy (Winner)

*Pete Clausen, Queensland*

Residential housing estates have millions of square metres of fencing, which stand dormant and could be utilised for energy generation. Tesla’s Tiles or Solar Shingles can harness solar energy as well as continue providing waterproof roof shelter. A variation on this idea is making use of the combined surface area of a fence to generate clean energy.

Solar Pole (Shortlisted)

*Mary Zegura, New South Wales*

Incorporate a solar panel on top of every power pole. If all power poles had a solar panel feeding electricity back into the grid it would be a simple, clean, efficient way to produce more affordable electricity.

Energy Trade-offs App (Shortlisted)

*Kate Chaney, Western Australia*

An app that shows the energy cost of common appliances and compares them, gamifying energy savings. For example, running the dishwasher = electric blanket for 12 hours = a load in the dryer. The app could be linked to home smart metering and video-game style rewards: “Congratulations! No dryer today! You can use your electric blanket for 1 hour and still meet your daily savings target!”

Although the ideas from WTF Australia were not particularly new or ground-breaking, it revealed the desire of citizens not only to express dissatisfaction with the present situation of rising bills, but also the want to ask questions about the future and explore ideas that might alleviate our nation’s energy problems. Citizens are seeking to be active agents in governing, are increasingly educated and willing to challenge and propose alternatives. As such, the right tools and platforms for participation should be provided such that ideas from the public are incorporated into the policymaking process.
3 FINDINGS FROM FUTURE OF WORK

3.1 THE PROBLEM: AUSTRALIANS ARE WORRIED ABOUT THE IMPACT THAT AUTOMATION WILL HAVE ON THEIR JOBS

More than half of all Australian workers are not feeling secure in their jobs. The Australian Futures Poll revealed that job security was a regular concern for 45 per cent of Australian workers while another 14 per cent said that job security was a ‘constant threat’ for them.

How secure do you feel in your current job?

- Very secure - I can have this job as long as I want it: 37%
- Every now and then I have concerns about my job security: 45%
- Job security is a constant threat for me: 14%
- None of the above: 4%

Automation and technological advancements are disrupting the way we work and this is creating a sense of apprehension among Australian workers. By some estimates, almost 40 per cent of the workforce – around five million Australian jobs – face the high probability of being replaced by computers in the next 10 to 15 years, while a further 18 per cent face a medium probability of having their roles eliminated.17

Almost half of all Australian workers polled (46 per cent) believed that automation and robots will play an increasing role in their profession, including 16 per cent who believed that robots would make their jobs redundant within the next 20 years and 11 per cent who anticipate this happening in the next 5 years.

Indeed, the effects of technological advancements are two-fold: while it lowers barriers and grants greater freedom and accessibility to a large pool of workers, it also enlarges the pool of people competing for the same job, increasing job insecurity for workers that are not equipped to take advantage of this phenomenon.

australianfutures.org
“How do I prevent gig job sites such as Airtasker from taking over my job? I currently charge at the market value as a consultant, however there are individuals on Airtasker undercutting my rates significantly.”

While high-income earners will take advantage of machine intelligence and achieve ever-better results, Australia’s most vulnerable workers might not fare as well, especially older workers and workers in flexible work arrangements such as self- or part-time employment.

In WTF Australia, older workers seem observably more concerned about new technologies disrupting their jobs. As seen in the Australian Futures Poll, Gen X and Baby Boomer workers were a lot more apprehensive about technological advancements at the workplace.

**How do you feel about technological advancements at the workplace?**

There were also a number of questions in the Q&A Session that touched upon the issue of older workers, whether they had the ability to learn the ‘skills of the future’ so late in their career, and whether the concept of retirement now has to change.

“What do you think us old folks should do about this phenomenon? I’m already 58 and am likely to be working longer than ever. I am too old to learn IT skills. What are my options?”

“Will older people still be able to get work? What type of jobs?”

“People are living longer so ‘retirement’ as it was previously understood no longer applies for the next generation of people leaving the workforce after 20-30 years of their main career. What opportunities can be created by organisations in the private and public sectors for skilled professionals over 50 who are in the process of planning their retirement lifestyle or already transitioning from their full-time careers to help them find meaningful and active life in the wider community?”

Another group of vulnerable workers were workers in flexible work arrangements, such as those in casual, self- or part-time employment. Only 30 per cent of part-timers in the Australian Futures Poll were ‘excited’ or ‘very excited’ about the effect that technological advancements will have on their jobs, compared to 44 per cent of full-timers who felt the same way.
Likewise in the Q&A Session, a number of questions addressed the trend toward flexibility in labour arrangements such as self-employment and the policies that needed to be place to support such workers. Experts advocated for stronger labour regulations to protect such workers and better monitoring of these trends to inform effective labour policy.

“Self-employment in various forms is becoming more common, but sometimes in a very artificial way. Employers often desire to re-categorize workers as self-employed rather than employees just to avoid normal responsibilities like minimum wage or paid leave. This is a long-standing practice but some technologies (like digital platforms) are making it more common. Labour regulations should be strengthened and modernised to limit these unfair practices.”

Jim Stanford, Economist and Director of the Centre for Future Work, The Australia Institute

“It is particularly this new ‘online economy’ that remains largely undetected in statistics. Data on the impacts of automation on labour markets is also lacking. It may never be clear exactly which jobs will be replaced and when, but we can do a better job of monitoring and interpreting trends. The signals of supply and demand in the new world of work will not only come from ‘traditional’ business interests, but increasingly the self-employed and alternative modes of work. We need to start listening.”

Fiona McKenzie, Co-Founder and Director of Strategy, Australian Futures Project

### 3.2 THE MISCONCEPTIONS: THE PUBLIC IS CONCERNED ABOUT ‘JOBS’, BUT EXPERTS THINK THAT THE CONVERSATION SHOULD BE ABOUT ‘SKILLS’

During the Q&A Session, approximately one in five asked about the future prospects of specific industries, such as public relations, education or law, and whether these sectors were ‘safe’ options for the future.

“Can you suggest the future career paths which would ensure a job for my 14-year-old granddaughter when she has completed her education?”
“Will public relations be a safe job for the future?”

“What is the future of jobs in the education sector?”

Similarly, in the WTF Online Forum Analysis\(^8\) of around 11,855 posts that discussed job security, the most popular forum topic was “No 1 job that won’t be around in 3 to 5 years,” with 4,316 posts and 583 unique users contributing. In this forum, industry sectors such as logistics, banking, construction and mining, and postal service, as well as specific jobs like drivers, librarians, cashiers and accountants, were identified by users as most vulnerable to automation and technology.

In their answers to the public, however, experts cautioned against thinking about the future of work in terms of ‘jobs’ or ‘roles’. Instead, a better way to think about the issues, they argued, was in terms of ‘skills’ or ‘tasks’.

This is because it is hard to predict what future jobs or roles of the future will look like. There is a high chance that it will look nothing like they do today, with each employee having a diverse portfolio of skills which is continually updated or amended. Unlike jobs, skills are highly transferrable and can be found in many different roles. We can also make better guesses about the kind of skills that will be valuable in the future.

“Our research has shown that all jobs are going to be impacted by digital technology and automation. We’re really keen to see a conversation that shifts from asking which jobs will be impacted (they all will be!) or safe, to one which is about which skills will be most useful and transferrable in the future.”

Maggie Hill, Public Affairs and Marketing General Manager, Foundation of Young Australians

What, then, are the skills that we need to have for the future? Experts agreed that although digital and STEM skills will most certainly be valuable skills in the future workforce, certain ‘human’ skills, such as emotional intelligence and creativity will also be highly sought after because they cannot be as easily replaced by robots or artificial intelligence. As robotic process automation replaces the manual, repetitive tasks in the workplace, it should free up humans to focus on higher-value, more purposeful activities, helping humans become more human at work.

“There are many jobs in society that require human judgment, human connection, communication, that cannot be performed by robots. This includes millions of jobs in human and caring services. The idea that we are all going to be replaced by machines has been vastly overstated.”

Jim Stanford, Economist and Director of the Centre for Future Work, The Australia Institute

Even skills like coding, programming and STEM could quite possibly become outdated or replaceable as new languages and technologies emerge. Any prediction about the future value of these skills would be difficult due to the pace of change in these fields. Instead, we should educate

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\(^8\) La Trobe University’s Research Centre for Data Analytics and Cognition conducted an online forum data analysis of 11,855 posts from 2013 – 2017 on the Future of Work for WTF Australia. Natural language processing techniques and text mining were used to extract useful information from the forum posts. The analysis identified the key topics, sentiments and emotions of people in Australia regarding Energy. 56 unique topics were identified, which was then categorised into seven main categories: Job Security, Digital Disruption and Globalisation, Casual jobs and part-time workers, Unemployment, Outsourcing, Skills, and Government and Policies.
and prepare our workforce to hone future-proof skills that are not only ‘human’ but transferrable across a range of roles. These include:

- Complex problem solving (including the ability to identify novel patterns)
- Critical thinking
- Adaptability and Cognitive flexibility – increasing need to work autonomously and be less reliant on managers directing our work
- Creativity
- Social and emotional capabilities (people management, collaboration, emotional intelligence, personal service)
- Communication (persuasion, negotiation)
- Lifelong and self-directed learning: more time must be spent learning while working
- Entrepreneurship and innovation

In essence, although many Australians asked questions about what will change, experts argued that the question of what will not change is perhaps as, if not more, important a question. The ability to communicate, work in teams and solve problems would always be important human skills in the workforce that technology will have difficulty replacing. Above that, being innovative in how you can create value in areas that computers cannot.

For example, in response to a question lamenting the role of online gig websites such as TaskRabbit or AirTasker, one of the experts gave this advice:

“Those competitors were always there, they were just hidden from the market – now you need to double down on your craft, learn new methods, invent new ways of delivering value to your customers to retain your premium.”

Nigel Dalton, Chief Inventor, REA Group

3.3 THE COMPLEXITY: FUTURE OF WORK IS AN ISSUE THAT AFFECTS AND REQUIRES SOLUTIONS FROM ALL SECTORS

The Future of Work is an issue that, although seemingly confined to the labour market and the economy, is an issue that affects a wide range of sectors and policies. In the discussion with experts, they agreed that the conversation about the future of work should not be conducted in isolation from other dialogues around economic and social transformation. Below is a summary of certain sectors, players or policies that will need to adapt to the future of work.

Employers

Instead of viewing employees as cheap, just-in-time input, employers will increasingly need to invest time and money into providing basic-on-the-job skills development and learning. This is essential to upskill employees into taking on tasks that cannot be automated. In an increasingly competitive labour market, employers also need to think about non-financial ways to retain talent such as
adopting best practices such as remote working. Employers will also need to gather input from employees about the best ways to use technology in the workplace.

“I am more worried... about the effects of technology on the quality of work, more than on the quantity. Many businesses are using technology to intensify work, subject workers to intrusive forms of surveillance and monitoring, and expand the use of pseudo-self-employment. Giving workers more power to influence how technology is introduced in their workplaces, and more rights and supports as they confront the resulting changes, will be key for enhancing the upsides and avoiding the downsides of automation.”

Jim Stanford, Economist and Director of the Centre for Future Work, The Australia Institute

Employees

Workers' views of what constitutes 'work' has to change. In order to stand out, lifelong learning and the ability to keep reinventing oneself, taking charge of attaining a portfolio of skills that would greatly increase an employee’s ability to adapt to constant disruptions, would be crucial preconditions for success in the workplace.

“[We are being confronted with] a new workforce reality: There are no secure jobs, just secure people.”

Robert Holt, Vice President, AT Kearney

“Rather than choosing one job to train or study for, think about what your strengths are, what you’re interested in and how you could apply them to a range of jobs. You can then study or train to develop a portfolio of skills that can help you in a range of jobs.”

Shona McPherson, Media Manager, Foundation for Young Australians

Government

An appropriate regulatory framework to incentivise future members of the workforce to gain vocational skills needs to be provided, one that also includes more funding for TAFE. Labour regulations have to also be amended in accordance with the trend towards flexibility in labour arrangements, such as making superannuation simpler for self-employed people and restricting the artificial use of the self-employment category to avoid normal labour regulations (through sham contracting and similar practices). More support for restructured workers to move to new roles or transition to early retirement, such as stronger social security or improving accessibility to exiting programs like Newstart, would also be ideal.


australianfutures.org
Occupational Bodies and Colleges

To limit the ‘gigification’ of professions and uphold the quality of work, stronger enforcement of regulations and standards are needed to retain professional standards, credentials and safety regulations.

Education

The role of teachers and schools needs to be reformed to include the ‘human’ skills mentioned in Section 4.2 that build the foundation for future learning, such as problem-solving, social skills, adaptation, entrepreneurship, resilience and self-awareness. Current teaching techniques and classroom environments have to move away from rote learning and pen-and-paper tests, and updated to deliver meaningful learning opportunities.

“Instead of focusing on protecting the jobs of the past, we need to enhance the skills and capabilities of our workers, and build the competitiveness of our industries. Our education and training system should be improved so young people are trained in the kinds of roles that machines can’t do as well – lateral thinking, creativity and emotional skills.”

Jennifer Westacott, Chief Executive Officer, Business Council of Australia

Tax

The fact that the nature of employment has, and will continue to, changed means that the taxation system will also need to adapt. How will workers be taxed if they are working from all around the world? How can tax and other ‘transfer’ measures accommodate and possibly ameliorate the growing phenomenon of the digital divide?

Immigration

If machines were replacing the jobs of manual labour workers, what are the areas that we are lacking that economic immigration can replace? How can we attract highly-skilled employers whilst maintaining cultural and social cohesion?

Retirement

While we should support workers who want or need to work longer and are able to do so, we should not mandate it for those who are willing to step aside. At the other end of the labour market, many young people are experiencing unemployment and underemployment in record numbers.

3.4 THE IDEAS: AUSTRALIANS ARE KEEN TO TAKE STEPS TO SOLVE CHALLENGES OF THE FUTURE OF WORK AND HAVE IDEAS TO CONTRIBUTE

Many Australians were not waiting for the government or employers to find solutions for the future of their jobs and industries. It was clear that many participating in WTF Australia were taking it on themselves to come up with solutions and to take steps to ensure future job stability.

In the Australian Futures Poll, for example, 82 per cent of respondents who indicated that they were ‘worried’ or ‘very worried’ about technological advancements at the workplace have chosen to take consequential actions to ensure that they do not lose their jobs, such as upgrade their skills, work longer hours and even accept a pay cut. Only a minority (18 per cent) have chosen to do nothing.

What steps have you taken to ensure that you do not lose your job?

<table>
<thead>
<tr>
<th>Action</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upgrade my skills</td>
<td>38%</td>
</tr>
<tr>
<td>Improve performance</td>
<td>35%</td>
</tr>
<tr>
<td>Work longer hours</td>
<td>26%</td>
</tr>
<tr>
<td>Look for new jobs</td>
<td>26%</td>
</tr>
<tr>
<td>Work in a more casualised role</td>
<td>21%</td>
</tr>
<tr>
<td>Not use up all leave entitlements</td>
<td>15%</td>
</tr>
<tr>
<td>Accept a pay cut</td>
<td>11%</td>
</tr>
<tr>
<td>None of the above</td>
<td>18%</td>
</tr>
</tbody>
</table>

Australians also displayed eagerness to discuss solutions and ideas. During the Q&A Session, the public discussed with experts a range of potential solutions, such as:

- The viability of taxing robots
- The feasibility of a Universal Basic Income
- New technological concepts like AI, machine learning and blockchain/cryptocurrency
- Possibilities of entrepreneur robots
- Policy solutions to cater to the rising trend of self-employment and the gig economy
- The costs and benefits of extending retirement age
17 ideas were to solve the challenges related to Future of Work. The top three shortlisted ideas are as follows:

**Reading the Future (Winner)**

*Doug Jacquier, South Australia*

Tackle the literacy, digital literacy and numeracy roadblocks to jobs of the future through harnessing the skills and experience screened and trained people who can provide one-on-one coaching to job seekers.

The Reading the Future program would help illiterate adult Australians build their strengths and coach them towards improving the literacy they need for their circumstances, including re-entering formal education and training for the jobs of the future.

**Fighting back! (Shortlisted)**

*Paul Reynolds, New South Wales*

To assist people who are fighting or recovering from cancer gain employment through developing partnerships and relationships with companies. This idea comes from my personal battle with cancer and the realisation that I would never be able to return to my previous career. I would like to set up a labour hire company that can assist to place people fighting cancer in part time work and assist people to return to work full-time in the long run.

**Make Home Support Work Tax Deductible (Shortlisted)**

*David Week, Victoria*

Service workers are increasingly vulnerable and home support work is underdeveloped. Making child-care and other forms of home support tax deductible could help both kinds of workers. If in-home support services were tax deductible, knowledge workers could focus on what they do best: knowledge work. Everyone would benefit and the economy would be more efficient.
4 FINDINGS FROM HOUSING AFFORDABILITY

4.1 THE PROBLEM: HOUSING AFFORDABILITY IS NOT ONLY A WORRY FOR PROSPECTIVE BUYERS BUT ALSO MORTGAGE HOLDERS AND RENTERS

Three in four Australians (75 per cent) say housing affordability has affected them in some way, including 25 per cent who said that they cannot afford to buy a property, as revealed in the Australian Futures Poll.

How does housing affordability affect you?

<table>
<thead>
<tr>
<th>Description</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>I have had to cut back on other expenses to afford my rent/mortgage</td>
<td>36%</td>
</tr>
<tr>
<td>My kids will not be able to afford to buy a home</td>
<td>28%</td>
</tr>
<tr>
<td>I can’t afford to buy any property</td>
<td>25%</td>
</tr>
<tr>
<td>None of the above</td>
<td>25%</td>
</tr>
<tr>
<td>I can’t afford the house/unit I would like</td>
<td>21%</td>
</tr>
<tr>
<td>I can’t afford to live in the suburb I would like</td>
<td>19%</td>
</tr>
</tbody>
</table>

This is a problem most keenly felt by the younger generation. Eighty-two per cent of Millennials said they were personally affected by housing affordability, compared to only 69 per cent of Gen X and 47 per cent of Baby Boomers.\(^22\) Home ownership rates for under-35s fell from around 60 per cent in the 1980s to 45 per cent in 2016.\(^23\) This means that young adults are either renting or living with their parents for much longer.\(^24\)

The Australian Futures Poll also indicated that housing affordability was a concern not only for home buyers yet to purchase a house, but also for those that already own property – 48 per cent of mortgage holders say that they have had to cut back on other expenses in order to afford their mortgage and half say mortgage repayments are putting pressure on their household budgets. In fact, a surprisingly high proportion of young home owners (between 30% and 40%) actually increase their debt from one year to the next, despite most of them remaining in the same home.\(^25\)

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\(^22\) Please refer to Appendix A for the age range of Millennials, Gen X and Baby Boomers as defined in the Australian Futures Poll.
The Australian Futures Poll also revealed another group being hit hard by housing costs – renters. Renters are pessimistic about ever being able to afford a house. Half of all renters polled saw home ownership as out of reach for them and view renting as a long-term solution. Many in this group are families – 61 per cent of renters who have children see renting as a long-term solution. Despite renting becoming a lifelong reality for many, only a meagre 4 per cent of renters see renting as a choice.

For which of these reasons do you rent?

<table>
<thead>
<tr>
<th>Reason</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short term solution - I am renting now but hope to own property in future</td>
<td>35%</td>
</tr>
<tr>
<td>Long term solution - I see home ownership as out of reach for me</td>
<td>50%</td>
</tr>
<tr>
<td>Choice - I choose to rent even though I can afford to own a house</td>
<td>4%</td>
</tr>
<tr>
<td>Investor - I pay rent where I live and collect rent from a property I own</td>
<td>3%</td>
</tr>
<tr>
<td>None of the above</td>
<td>8%</td>
</tr>
</tbody>
</table>

Similarly, in the WTF Online Forum Analysis of 44,306 posts on Housing Affordability, although the number one issue discussed was related to ‘costs’, the analysis showed the second most discussed issue was related to ‘rent’. Among those discussing rent, many forum users shared their rental ‘horror stories’ and sought advice about issues associated with renting. Common discussion topics included unfair rent increases, landlords not allowing pets and questions about rental application rejections. Another popular discussion topic concerned the portion of income that tenants were spending on rent and whether this proportion was justified.

Although renting is often seen as a less costly solution compared to buying a house, many renters are still struggling to keep up with rent payments. According to the Australian Futures Poll, most renters (55 per cent) say that they still have to cut back on other expenses to afford their rent and 70 per cent say their rent is putting pressure on their household budgets.

The Australian Futures Poll also revealed that many renters are unhappy with their current housing arrangement. When asked about the best measures to improve housing affordability, only 28 per cent of renters picked ‘increase the pool of rental properties’, while 55 per cent of renters chose ‘provide grants to first time home buyers’, indicating that most renters would still prefer to buy property rather than continue renting.

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26 La Trobe University’s Research Centre for Data Analytics and Cognition conducted an online forum data analysis of 54,000 posts from 2010 – 2017 on Housing for WTF Australia. Natural language processing techniques and text mining were used to extract useful information from the forum posts. The analysis identified the key topics, sentiments and emotions of people in Australia regarding Housing. 590 unique topics were identified, which was then categorised into nine main categories: Costs, Rent, Legal Matters, Investors, Mortgage, Loans, Housing Policy, First-time Owners and Public Housing.

australianfutures.org 26
The ubiquity of home ownership in Australia (around 2 in 3 Australians own their own homes)\(^\text{27}\) means that there is a widespread belief that real security can only come about from home ownership. In the Australian Futures Poll, as many as 85 per cent of renters in the Australian Futures Poll believed that “every Australian deserves to own the home that they live in”. This belief might stem from the insecurity that tenants feel in their current living arrangement. In an article written for WTF Australia, Sam Danby explained how, after four years of being perfect tenants, his housemates and him received, without warning, a notice of eviction:

“The realisation of how little power renters have hit me. Throughout my years living in that share house, it was nearly impossible to get someone to come out to look at, say, a messed up tap or a door that wouldn’t close. But 1 piece of paper and it’s time for us to find a new place to call home after 5 years.”

Sam Danby, Digital Producer, Foundation for Young Australians\(^\text{28}\)

Considering that almost one in three Australians now rent,\(^\text{29}\) we need to have discussions about solutions that go beyond home ownership, like the ways we can improve tenant regulations and renting security.

During the Q&A Session, experts pushed for reforms to tenancy laws, arguing that improved rental laws were necessary as more Australians start to rent and for much longer. They pointed out that it was no longer true that renting was more common for younger people and singles. Instead, the renter demographic in Australia is now fairly representative of our total population, by income and household type. If house prices were to keep increasing, part of the solution must be to increase security of tenure (especially for households with children or older renters) and regulation regarding the increase of market rental rates.

4.2 THE MISCONCEPTIONS: THE AUSTRALIAN PUBLIC HAS A NUMBER OF MISCONCEPTIONS ABOUT THE HOUSING DEBATE

When it comes to the reasons for rising house prices, Australians believed that the top three culprits were foreign investors (60 per cent), over-population in major cities (50 per cent) and investors taking advantage of negative gearing (40 per cent).


Which of these do you think are pushing housing prices up the most?

<table>
<thead>
<tr>
<th>Reason</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign investors</td>
<td>60%</td>
</tr>
<tr>
<td>Over-population in major cities</td>
<td>50%</td>
</tr>
<tr>
<td>Property investors/negative gearing incentives</td>
<td>40%</td>
</tr>
<tr>
<td>Stamp duty is putting homeowners off selling and buying</td>
<td>31%</td>
</tr>
<tr>
<td>Low interest rates are encouraging buyers, driving up prices</td>
<td>28%</td>
</tr>
<tr>
<td>Not enough housing stock for sale</td>
<td>24%</td>
</tr>
<tr>
<td>None of the above</td>
<td>7%</td>
</tr>
</tbody>
</table>

However, when it comes to foreign buyers, experts have concluded that foreign investment has at best only a modest effect on house prices in Sydney and Melbourne and practically no effect in other capital cities.

During the Q&A session when similar questions were asked about foreign property investors driving up prices, experts were quick to dispel these misconceptions by explaining that Australia’s foreign investment rules for housing were already very strict. For example, foreigners could only purchase newly constructed houses, which not only added to jobs and economic activity, but also helped create new housing supply, a major problem in capital cities.

Moreover, the Federal Government and the Reserve Bank have also introduced measures to restrain overseas speculative interest in real estate. Some State governments are also currently applying vacancy taxes to unoccupied dwellings.

All experts agreed that these rules on foreign investment are ‘reasonable’ and foreign investors were not the main reason for rising house prices. Instead, housing supply is a much bigger problem where efforts might be more worthwhile.

“The truth is that the Australian economy is built on an immigration programme, stemming from the 1930s, which continues to supply skilled labour to meet this country’s growth and expansion. By any measure, this has been spectacularly successful. We need to celebrate this and resist the temptation, evident in other parts of the world, to blame our immigration policies for the housing affordability situation we find ourselves in. It is truly not that simple.”

Michael Lennon, Managing Director, Housing Choices Australia

During the Q&A Session, housing supply was repeatedly mentioned as a fundamental issue that was not receiving adequate attention from policymakers. Supply, experts explained, was a major issue for the future of our four biggest cities – Sydney, Melbourne, Brisbane and Perth – where more than 75 per cent of population growth is found.

This is at odds with what the general public thought was the source of housing affordability issues. When asked what measures the government should introduce in order to make housing more
affordable, the top answers were to reduce stamp duty (56 per cent), provide first home buyer grants (48 per cent) and ensure interest rates remain low (43 per cent).

Which of these measures do you think the government should introduce in order to make housing more affordable?

<table>
<thead>
<tr>
<th>Measure</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduce stamp duty</td>
<td>56%</td>
</tr>
<tr>
<td>Provide first time home buyers grants</td>
<td>48%</td>
</tr>
<tr>
<td>Ensure interest rates remain low</td>
<td>43%</td>
</tr>
<tr>
<td>Deter investors by limiting tax savings available through negative gearing</td>
<td>38%</td>
</tr>
<tr>
<td>Make more land available for housing</td>
<td>32%</td>
</tr>
<tr>
<td>Let first home buyers use their superannuation for a deposit</td>
<td>30%</td>
</tr>
<tr>
<td>Promote the building of more medium and high density homes</td>
<td>25%</td>
</tr>
<tr>
<td>Increase the pool of rental properties</td>
<td>19%</td>
</tr>
<tr>
<td>None of the above</td>
<td>6%</td>
</tr>
</tbody>
</table>

With these choices, it is interesting to note that Australians appear to have a preference for demand-side measures to solve the housing affordability issue. This was the opposite of what experts believed, which was that efforts made in increasing housing supply was the most worthwhile in solving the housing problem.

A key problem in this regard, experts argued, was planning – while many apartment blocks were being built, this does not solve the most pressing problem which is with affordable housing, something that many experts warned was one of the most pressing issues in the housing debate that has received far less attention than it deserves.

When it comes to affordable housing, Co-founder and Director of Strategy of the Australian Futures Project, Fiona McKenzie, highlighted one of the main misguided assumptions about the housing system, the difference between ‘housing affordability’ and ‘affordable housing’.

“The cost of home ownership has long been of concern for governments and people. These discussions largely relate to “housing affordability”, as it applies to those who live in – or aspire to live in – their own home. There are two other categories in the housing market, which are less glamorous and well publicised. These are those in the private rental market (with or without government assistance), and those who cannot access the private rental market (and thus require access to social housing). ‘Affordable housing’ largely relates to these latter two categories. Specifically, it refers to public and community housing, as well as the affordable end of the private rental market.”

Fiona McKenzie, Co-Founder and Director of Strategy, Australian Futures Project

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A lack of wider public awareness about the role that affordable housing plays in both society and the economy means voters do not rate it as a priority and, as a result, neither do governments. Other experts agreed that the issue of social and affordable housing was not given enough priority when discussing housing issues. The complex policies, planning and charges that are in place act to slow down housing supply and make it more expensive than low-income earners can afford.

“Australia has been underinvesting in social housing and affordable housing for decades and we need a national plan to provide the suite of tools essential to build specific supply of affordable housing for those who need it (people with disability, older women, young people, low income workers, Aboriginal and Torres Strait Islanders), people who are often discriminated against in markets and who don’t have options available to them. The supply problem isn’t general but specific and the solution is specific as well, building more affordable and social housing using the community housing sector in combination with a range of other measures in planning, government incentives, equity investment, land, capturing the value of rezoning and applying it to affordable housing.”

Adrian Pisarski, Executive Officer, National Shelter

“The biggest and most acute demand right now is for affordable rental housing. In 2009 the National Housing Supply Council (NHSC) reported that the supply of affordable rental homes for low income people had fallen in absolute and relative terms in the decade to 2006, despite a 20% increase in the overall supply of housing. Since then things have got considerably worse. The estimates of the gap between underlying demand for housing and supply range from 369,000 (NHSC 2012) to 527,000. We have a major supply problem at the lower to bottom end of the income scale. What we really need is solid independent reliable information on which Government, policy makers and housing market players can really rely on.”

Michael Lennon, Managing Director, Housing Choices Australia

4.3 THE COMPLEXITY: HOUSING IS A COMPLEX ISSUE THAT CAN BE CONTENTIOUS FOR DIFFERENT SEGMENTS OF THE PROPERTY MARKET

House prices are affected by an interaction of many different and complex factors – interest rates and ease of borrowing, land and zoning restrictions, infrastructure planning, tax structures, the state of the economy and immigration policies.

These are all difficult issues to solve, especially when most of the factors just mentioned do not fall within the traditional notion of ‘housing policy’. The effects of housing affordability will not only be felt by Australian households, but the economy as a whole. A lack of affordable housing near workplaces might affect labour market participation and labour mobility, which can then have a consequent negative impact on economic productivity.

Moreover, the housing challenge is also very different in each state. New South Wales and Victoria have a much higher density of dwellings and investor-driven rise in prices than other states. Therefore, policies to discourage investor speculation in housing that work in Sydney or Melbourne might not work or be relevant elsewhere.
Housing policies will also affect different segments of the property market in sometimes conflicting ways. In the Australian Futures Poll, respondents were asked if lower house prices were a good or bad outcome for them. The results differed widely across states and different segments of the property market, showing how divisive the topic of house prices is. Often, a policy choice aimed at one segment of the market would have knock-on effects on another part of the market.

If house prices fell significantly would that be good for you or bad for you?

<table>
<thead>
<tr>
<th></th>
<th>Bad</th>
<th>Good</th>
</tr>
</thead>
<tbody>
<tr>
<td>NSW/ACT</td>
<td></td>
<td>40%</td>
</tr>
<tr>
<td>SA</td>
<td></td>
<td>27%</td>
</tr>
<tr>
<td>VIC/TAS</td>
<td></td>
<td>32%</td>
</tr>
<tr>
<td>QLD</td>
<td></td>
<td>27%</td>
</tr>
<tr>
<td>WA</td>
<td></td>
<td>22%</td>
</tr>
</tbody>
</table>

Negative gearing, for example, has been a contentious issue that has consistently come up in the housing debate. At first glance, it seems simple enough – most would agree that tax breaks for investors should not come at the expense of first home buyers. Experts agreed, but they also explained that it was a more complicated problem than it appeared. To determine if negative gearing should be abolished to reduce prices, one has to consider issues such as:

- What is the really total effect on house prices and whether this is the most effective policy lever? (By one estimate, repealing negative gearing will decrease house prices by only 1.7 per cent and increase rent by 2.4 per cent)\(^{31}\)

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• Are rising prices primarily due to investor demand? If so, is this the same for all states? (While it might be a problem in Sydney, it might not be as much of a problem in Brisbane, for example.)

• How much will cooling investor demand impact rental housing supply?

• How much does the government rely on the revenue from such tax policies?

These are just some of the debated issues that experts themselves cannot agree on, showing how complex an issue like negative gearing – just one out of many points of contention in the housing debate – really is.

What exacerbates the difficulty in finding solutions is that a contentious issue like negative gearing is sometimes being used as political ammunition. In his reply to the following question asked during the Q&A Session: “Why do we still have negative gearing but very limited public housing?” experts replied with the following:

“Largely due to political bias. There are far more negatively geared owners than social housing tenants and the votes of public housing tenants tend to be concentrated either in electorates which are Labor or Green and the direction of public housing has been to concentrate people on the lowest incomes and the highest needs in specific places ‘estates’. Negative gearing has been seen as a vote winner among swing voters while public housing tenants are seen as locked in voters or insignificant.”

Adrian Pisarski, Executive Officer, National Shelter

“What’s needed? Clear plans based on good planning not politics”

Ken Morrison, Chief Executive Officer, Property Council of Australia

On this point, Michael Lennon, Managing Director at Housing Choices Australia provided a good summary to the issue, saying that each issue must be considered in the context of other national policies and a coherent plan must be developed to tackle housing affordability as a whole.

“Every independent commentator agrees that tax reform must be part of the solution and negative gearing is a component of that reform. What we really need is a plan that looks not only at tax concessions, but wider tax reforms like stamp duty vs land tax, as well as increasing affordable housing supply... There is no silver bullet. Trying to find ‘the one big thing’ opens up the danger of missing the systemic issues that are play here. The answer probably lies in a national coordinated strategy. It is why we need a Plan.”

Michael Lennon, Managing Director Housing Choices Australia

4.4 THE IDEAS: WE NEED INNOVATIVE SOLUTIONS FOR HOUSING AFFORDABILITY AND AUSTRALIANS HAVE IDEAS TO CONTRIBUTE

Complex problems require new ways of thinking. In the Q&A Session, for example, experts and members of the public discussed certain innovative possibilities to solve the housing problem such as:

• Rather than build more houses where people work, can we instead move jobs and therefore, people?
Besides the recent superannuation incentive, how can we better incentivise older people to downsize from larger homes? Could we build more retirement villages that the older generation want to live in?

• Can we build more second dwellings on existing (larger) properties in major cities, such as ‘Fonzie Flats’?

• Would shipping containers or prefabricated housing solutions for apartment buildings be helpful?

• Since most (70 per cent) of landlords are amateurs who do not offer very secure housing, would it be better to have a larger group of large landlords – in particular, not-for-profit, mission-oriented landlords?

• Could a system where individuals invest in property through an institutional portfolio supported by government, with a proportion of affordable and social housing as part of that portfolio that justifies any tax treatment or subsidy, be viable?

Different models of housing were also discussed during the Q&A Session, such as Shared Equity, Build to Rent, and Cooperative Housing. Experts also pointed out that there were already a few innovative schemes in Australia such as Home Start in South Australia, which encourages home ownership by allowing a mix of mortgage and rental payments to be made on a property, and Key Start in Western Australia, which promotes Shared Equity for low-moderate income earners.

We received 10 ideas to solve the challenges related to Housing Affordability. Below are the three ideas that made the final shortlist.

Smarter Living (Winner)

Michael Heffernan, Western Australia

Build multi story villages above existing railway stations to reduce the number of cars needed to enter cities and increase people using public transport.

High rise apartment “villages”: with community spaces and facilities with local shops above railway stations will enable city workers to easily commute to work and shop. We can also encourage distant villages to ride bicycles to the station, with abundant bike parking stations or access to a concourse. The idea focuses on community living.
Housing Affordability through Disclosure and Negotiation (Shortlisted)

Pete Clausen, Queensland

Improve the transparency of line itemised house construction contracts and allow new home owners to more competitively source construction materials and services.

An app currently being designed may assist to resolve this problem by providing a breakdown of costs assisted by a 3D rotated schematic of the house design, where the builder needs to disclose where each of the itemised costs lead to the total contract price.

Extend 1st Home Owner Grant to Rural Buyers (Shortlisted)

Sharon Easton, Queensland

Enabling first home buyers to use grants would help keep younger people in struggling rural towns, where large number of existing homes are for sale.

Many young people want to stay in their outback rural town, but as they cannot use the grant for an existing home, they move to the city and rent. Extend the first home owners grants to existing homes in regional areas.
5 FINDINGS FROM THRIVING KIDS

5.1 THE PROBLEM: THERE ARE SIGNIFICANT ISSUES WITH THE EARLY LEARNING AND CARE SECTOR

“The whole child care sector is a mess, it’s like a leaky bucket and they keep patching up the holes. Fees continue to rise, yet the money is not being passed on to workers. Plus, the government is putting more pressure on centres by increasing the amount of red tape.... The new reforms coming into place mid-2018 [should] completely overhaul the whole system and hopefully that means higher pay rates for workers.”

Melissa Wilson, Editor, Kidspot.com.au

Early Childhood Education and Care (ECEC) serves two main purposes for society. First, it supports parents’ workforce participation by caring for their children while they are at work, and second, to equip children with the knowledge and skills for life and learning. From information gathered in WTF Australia, it seems apparent that Australia was not achieving on both fronts and that there were serious issues that needed to be fixed in order for the next generation to thrive.

On the first issue, the rising cost of child care has had serious implications for parents’ participation in the labour force and our economy. Many parents are feeling frustrated with rising child care costs and want the problem to be solved by policymakers. Among the parents with young children that were polled, around two in five say that kids and child care are putting pressure on their household budgets and more than half (57 per cent) believe that the cost of child care is a ‘major problem’ that needed to be fixed.

The graph below shows that the cost of child care is especially a problem for parents with more than one child under eight, thus acting as a disincentive for parents to have more children. Australia’s fertility rate has been below replacement level since the 1970s32 and in order to slow down the aging of our population, affordable and accessible child care would be paramount in achieving this goal.

In your opinion, is the cost of child care a major problem that needs to be fixed, a minor problem or only a problem for those who have to pay it?

![Chart showing percentages of Australian population, parents with one child under 8, and parents with more than one child under 8 regarding the major problem that needs to be fixed.]

Already, only half of all parents (51 per cent) with one child under eight are working full-time, and this percentage drops to 43 per cent for parents that have more than one child under eight.

**Do you work full time, part time or not at all?**

<table>
<thead>
<tr>
<th></th>
<th>Parents with one child under 8</th>
<th>Parents with more than one child under 8</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-time</td>
<td>51%</td>
<td>43%</td>
</tr>
<tr>
<td>Part-time</td>
<td>22%</td>
<td>26%</td>
</tr>
<tr>
<td>Not working</td>
<td>26%</td>
<td>31%</td>
</tr>
</tbody>
</table>

Yet even among working parents, many say they would have to make significant sacrifices if child care was not available to them, or if costs keep increasing. 42 per cent of parents surveyed said either parent would have to give up their job if child care was not available, while another 27 per cent say that either parent would have to negotiate more flexible work arrangements in exchange for a pay cut.
If child care wasn’t available, what would you need to do?

<table>
<thead>
<tr>
<th>Option</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Me or my partner would need to give up our job</td>
<td>42%</td>
</tr>
<tr>
<td>Me or my partner would need to negotiate more flexible arrangements in exchange for a pay cut</td>
<td>27%</td>
</tr>
<tr>
<td>We would like to call on the grandparents to provide the childminding we need</td>
<td>19%</td>
</tr>
<tr>
<td>We would need to employ an au pair</td>
<td>1%</td>
</tr>
<tr>
<td>None of the above</td>
<td>11%</td>
</tr>
</tbody>
</table>

Regarding the second, but no less important, function of child care, to provide children with quality learning and education, there are also signs that Australia is lagging behind other developed countries. Around one in five Australian children started school developmentally vulnerable in 2015, a statistic that has remained largely unchanged since 2009.33 The enrolment rates of three-year-olds in early childhood education, at 15 per cent in 2015, is also significantly lower than the OECD average of 69 per cent.34

“To ensure early education and care is affordable, society (including our policy-makers) needs to understand and act on the evidence that shows that investing in the early years generates long-term economic and other benefits. As a society, we still invest far greater sums of money in ‘treating’ the problems that are caused by failing to invest earlier. We need to keep trying to get the message across that our children, and our society in general, will benefit far more by being supported in their early years – which includes ensuring quality education and care is available and affordable for when parents return to work.”

Megan Keyes, Manager, Knowledge Translation, Murdoch Children’s Research Institute

In general, experts highlighted in the Q&A Session that compared to other OECD countries, Australia was not as effective at balancing government investment, affordable fees and high quality early education.

For example, 77 per cent of Australian children attended Early Childhood Education and Care (ECEC) in private, not-for-profit or community-run services, compared to an OECD average of 32 per

This market structure is potentially dangerous as it is a system where government is the main funder, yet has limited control over delivery, quality and pricing.

Moreover, Australian parents are also paying proportionately more for ECEC compared to other OECD countries. In almost half of OECD countries, 90 per cent or more of total ECEC expenditure comes from government, while in Australia, 35 per cent comes from families.36

Experts, however, welcomed planned reforms to the Child Care Rebate and Child Care Benefit, commenting that a single subsidy payment will help to streamline and simplify the system and a ‘rate cap’ for different service types will constrain growth in the cost of child care.

However, almost all experts raised concerns about the activity test (where parents must show that they are working or studying for at least eight hours a fortnight in order to receive the new subsidy) and advocated for a more integrated policy where paid parental leave policy and primary aged school system was also considered. They argued that a child’s access to school should not be contingent on their parent’s ability to work. Education benefits the community as a whole and it is the right of every child to attend school.

“*The children who benefit most from early learning - whose participation we should be encouraging - are the children growing up in households where meeting the ‘activity test’ will be hardest. Parents with mental health difficulties, experiencing family violence, in areas with few job opportunities, with insecure/casual work, with few skills or qualifications, etc, can find it very difficult to maintain consistent work or study - and we shouldn’t restrict children’s access to education on the basis of their parent’s ability to work or study.*”

**Stacey Fox, Manager, Strategy and Translation, Our Place**

Other problems that came up during the course of the initiative included the inflexibility of centre-based care, which caused many parents who worked variable or non-standard hours such as nurses and police officers, to face difficulties in balancing child care and work. Take, for example, Michelle Quintner from Melbourne, who asked this question:

“What about those of us who work shifts or outside of normal hours that can’t fit into the model? I have to rely on nannies at $25-$45 an hour... with no rebate because the government doesn’t recognise them as a child care option. My choice is to work for $10 on hour after the nanny is paid or not work. I say that child care should be paid BEFORE tax i.e. Your taxable income should be calculated after child care costs. That’ll rein it in!”

In an article written for WTF Australia, Cassandra Goldie, Chief Executive Officer of the Australian Council of Social Service also called to attention the 731,000 Australian children that live in poverty, with 40 per cent of these children living in single-parent households.

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“Children have a right to be free of poverty. If a parent/s cannot find paid work or can’t be in paid work because of caring responsibilities, a child should not have to live in poverty as a result. We have enough money in Australia to make sure all children have the best start in life. It is up to all of us to commit to end child poverty in Australia, and for our political leaders to do just that – lead and make this happen.”

Cassandra Goldie, Chief Executive Officer of the Australian Council of Social Service

Finally, an issue that also came up frequently during the Q&A Session was the inadequate compensation for early childhood educators. Below are some questions that explored the issue of fair compensation for early childhood educators:

“Why don’t we value childcare? I worked as a child care educator and was paid the same amount as a person who collects trolleys in a supermarket car park. What’s more important – a child or a trolley? Do we value our children so little? Or is it considered women’s work and therefore grossly underpaid?”

“How can we provide affordable childcare whilst also paying our childcare workers a reasonable wage?”

“So how much are the educators/ early childhood teachers getting for high quality work and sometimes EXPLOITATION? An average of $18 -24 with early childhood teachers are getting 15% less income and only 2h per week for documentation, programming and assessment than their peers in primary school who get an additional of 8 weeks off as school holidays and pupil free days! They both go to university for 4 years! Is that fair? What an injustice! Why?”

“How is it that childcare is so expensive but educators are paid so little? Where does all the money go that centres rake in?”

Attendance at early learning services is in itself not sufficient. In order to get the full benefits from early learning, experts clarified that such services needed to be of high quality, with well-trained educators, have small enough educator-to-child ratios and group sizes, great relationships between educator and child with lots of warm and responsive interactions, and lots of support for language development. They warned that studies have shown that not all Australian services were of high enough quality.

In order to ensure the standards and quality of educators and to attract and retain the best in the field, wages and working conditions have to reflect the value of their work. Early learning is one of the best ways to promote children’s learning and development – it sets them up to thrive at school, and its impacts can be seen all the way through to the end of high school.

“I think we are a bit all over the place in terms of how we view child care in the community. On one hand, there is very high expectations from families, government regulations etc and yet wages are low and we have problematic systems for supporting parents at home in this role. From CYDA’s perspective it is something that is incredibly


highly-valued and we would welcome opportunities to further support the range of providers in this role, particularly in relation to building of a system that is inclusive of children with disability.”

Stephanie Gotlib, Chief Executive Officer, Children and Young People with Disability Australia (CYDA)

Another factor that experts highlighted was the role of gender and the undervaluing of what was seen as ‘feminine’ skills in the care and teaching industries.

“We have always undervalued what women brought to the table. This still lingers in the ’care economy’. We don’t economically acknowledge unpaid care. It’s missing from legislation and absent from Treasury. The undervaluing of formal care, despite its critical importance is part of this issue. It’s time to get real. Care matters.”

Terese Edwards, Chief Executive Officer, National Council of Single Mothers and their Children

At the end of the day, experts concluded, the wages of early learning educators are a reflection of the value and importance that society afforded to Early Childhood Education and Care (ECEC). When ECEC is discussed in the media and within policy circles, we often observe a heavier emphasis on the last word of the term – care. Accordingly, educators are compensated as childminders or babysitters.

In reality, what is more important to society as a whole are all the other aspects of the development and education of children, which include health and wellbeing, mental health, social functioning and cognitive development, all of which significantly impact children’s long-term outcomes.

“One of the most significant periods of development is from conception to age five, and yet our society places greater emphasis on the formal schooling years. Ideally, the first five years of a child’s life would receive the same (if not more) investment than the schooling years. I do think society as a whole does value children – but I think there is a lack of understanding of how significant these early years are – and how they lay the foundations for the rest of a person’s life. I also feel that because this important work has been traditionally carried out by women and has been seen as ‘caring’ rather than enhancing development, it has again been undervalued. Across the early years sector, we are trying to change that.”

Megan Keyes, Manager, Knowledge Translation, Murdoch Children’s Research Institute

5.2 THE MISCONCEPTIONS: THE IMPORTANCE OF EARLY LEARNING IS UNDERAPPRECIATED BY THE AUSTRALIAN PUBLIC

Ultimately, many of the symptoms and events in the early childhood sector (such as educators’ wages) were driven by the mental modes and assumptions that society had about early childhood, which in turn influenced the approaches and outcomes in the system.

When asked what they thought was the most important role of child care, Australians were fairly split between its role ‘to support the workforce by looking after children while their parents work’ (40 per cent) and ‘equipping children with knowledge and skills for life and learning’ (38 per cent).
Although parents were slightly more concerned with the educational, social and academic benefits of child care (42 per cent), they too, surprisingly, gave equal weight to the two roles of child care.

**What do you think is the most important role of child care?**

<table>
<thead>
<tr>
<th>Role</th>
<th>Parent with young child</th>
<th>Australian population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supporting the workforce by looking after children while their parents work</td>
<td>40%</td>
<td>40%</td>
</tr>
<tr>
<td>Equipping children with knowledge and skills for life and learning</td>
<td>42%</td>
<td>38%</td>
</tr>
<tr>
<td>Giving parents time out to help their overall wellbeing</td>
<td>13%</td>
<td>11%</td>
</tr>
</tbody>
</table>

Instead, experts repeatedly stressed the profound importance that early childhood education has on a child’s future prospects in life. They explained that many Australian and international studies have shown that attending one (and ideally two) years of preschool significantly reduced the proportion of children that were developmentally vulnerable and played an enormous part in setting them up to adjust better to school and thrive later on in life not only as participants of the labour force, but able, caring, responsible, resilient and well-adjusted citizens.39

Other benefits of early learning included:

- Boost in cognitive and language development
- Improvement in social and emotional skills
- Transformative impact for children experiencing challenging life circumstances, have home environments that are stressful, or do not experience very stimulating and engaging learning opportunities
- Development of resilience and creativity

But not only are the benefits felt by the individual child, but also by society as a whole. ECEC is in essence a public good, where the benefits of investing in the early years, both economic and moral, are felt by entire communities.

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australianfutures.org
“Investing in helping children thrive also makes sound economic sense. Professor James Heckman, Nobel prize-winner for economics, estimates that high-quality birth-to-five programs for disadvantaged children can deliver a 13% per year return on investment: way ahead of almost any other investment a society can make. Other US studies show even higher returns, up to $17 for each dollar spent on early childhood.”

Stephen Bartos, Chief Executive Officer, Australian Research Alliance for Children and Youth⁴⁰

“Economists have been saying for decades that the best investment a country can make is in the early years; in promotion of positive health and wellbeing.”

“If the Australian public and our policy-makers were fully aware of the evidence showing how critical the first five years of children’s lives are to their overall development, I believe we would have a fundamentally different system supporting our children in the early years – including adequate remuneration and recognition for the people taking on the education and care roles.”

Megan Keyes, Manager, Knowledge Translation, Murdoch Children’s Research Institute

Why is early learning not as valued as schools and universities, where teachers are paid a professional wage and fees are guaranteed to be more affordable? How can we better support the public’s understanding (and the understanding of our policymakers) about the importance of the first five years?

In order to change the way that early education is being viewed in society, experts advocated for:

- Child care to be called early education
- Child care should not be linked to parents’ workforce participation but to the development and well-being of children
- Early educators are afforded the time to work with children or parents
- Early education to be part of the education budget
- Two years of universal access to high quality early learning prior to school

5.3 THE COMPLEXITY: “IT TAKES A VILLAGE”

The state of the early childhood sector has significant implications for many other sectors such as the labour market, and the health, education and social service sectors. As such, it is the shared responsibility of the different segments of society and institutions to raise the nation’s children and create the better tomorrow that our children deserve.

Government

Although early learning sits within the education portfolio for the Commonwealth and in most States/Territories, experts commented that it was still not treated with the equal weight as school education in terms of funding.

“Every year or two, the funding agreement for preschool/kindergarten runs out, and there’s a big effort to make sure the funding continues. This creates huge uncertainty for early childhood providers, for educators - who don’t know if they will be employed next year, and for families. We don’t run our school funding this way - there should be an ongoing commitment to fund preschool (ideally for the two years before school).”

Stacey Fox, Manager, Strategy and Translation, Our Place

Moreover, there is still some ambivalence regarding the number and mix of jurisdictions involved in developing policy and delivery frameworks for the care and education of young children. While Federal government is responsible for a nationally consistent system of quality rating and minimum standards for ECEC services across the country, States and Territories are responsible for the delivery of services. There are also considerable variations between and within State and Territory areas of portfolio responsibility. When one adds the complex tapestry of the public, private, not-for-profit, charitable, church and community players, the patchwork becomes even more complex.

“Australia’s federal system of government and the complexity/overlap between Commonwealth, States and Territories can make implementing good policy harder.”

Stephen Bartos, Chief Executive Officer, Australian Research Alliance for Children and Youth

Another issue that came up during the Q&A Session was that early learning was a sector which did not yield immediate results and that a long-term view was crucial in policymaking. An ability to govern for the future was needed to justify the short-term costs needed to develop successful early learning frameworks and programs.

“Meeting the diverse needs of Australian parents may cost more initially... however, in the long term, the benefits provided through greater productivity would outweigh the costs. The biggest barriers to changes to the system are our short-term political cycles, and the lack of bipartisan support on this issue.”

Megan Keyes, Manager, Knowledge Translation, Murdoch Children’s Research Institute

Educators and Service Providers

Besides ensuring that early childhood educators are of high-quality and compensated fairly, experts stressed the need for educators and providers to be adaptable and flexible enough to respond to the uniqueness of each child. More innovative ways to deliver education and improve and update teaching and evaluation methods is needed in the early learning sector.

"One size fits all" never really worked for clothes, and certainly does not work for education. Kids do not develop their capabilities in a standardised way, they acquire them at different times in different ways. In an era where we customise all manner of goods and services, we should also be thinking about customising education, both
early learning centres, pre-schools and during school years. Good early learning centres already do this, tailoring programs to the needs and learning styles of individual kids; so do some pre and primary schools. There is growing evidence on the effectiveness of such approaches.”

Stephen Bartos, Chief Executive Officer, Australian Research Alliance for Children and Youth

Experts commended the current landscape which offered a range of child care and learning services. Playgroup might be more suitable for some but for others, family day care or a community-based program may be perceived as more culturally sensitive. Some kids with special needs might find that their needs can only be met in specialist facilities. Experts also cited other issues like timetabling, location and transport costs (as distance is a barrier for many parents) that service providers should take into account.

Experts

Having a platform where experts and parents can connect proved to be very helpful for two main reasons. First, experts were very effective at explaining policy issues, such as why child care centres charged for their services on public holidays and the changes in the new child care package.

“One of the challenges is that providers are still required to cover the fixed operating costs of services (e.g. rent, electricity, insurance, etc). If we shift to a system where families have to specify exactly what time their child will attend, families will lose the flexibility which they currently value in terms of when they drop off and collect their child. Forcing parents to nominate fixed times may sound simple but in reality, this places families at a disadvantage when they are juggling multiple priorities. Furthermore, it would likely result in increased costs as service providers will still need to cover their operating and compliance costs.”

Yvonne Ries, Acting Social Policy Advisor, Goodstart Early Learning

They were also frank about the policies that worked and those that didn’t, thus offering a credible and balanced opinion to parents. Experts occupied a unique position as they were able to approach an issue with an understanding of the complexities and concerns of not just policymakers but also educators, service providers and parents.

“It is true that child care workers - including educators and teachers - are poorly paid for the work that they do, their level of qualification and responsibility. We would like to see wages increase but we also are concerned about the affordability of services. Unlike public schools, long day care centres have to pay commercial rent, whether they are privately or community run. They also need to be open long hours (usually open before 8am and close after 6pm) so the staffing costs are high across the day and they may incur penalty rates.”

Sam Page, Chief Executive Officer, Early Childhood Australia

Second, experts were also a valuable resource in providing parenting advice, such as the soft skills required to instil resilience in a child, the age at which children benefitted most from child care and how to eliminate guilt when parents returned to work.

“All mothers feel guilt regardless of what we do (it’s in our DNA!). I know I used to sneak into the toilet and cry when I went back to work after maternity leave with my first child.
You need to weigh up all the factors that are important to you. Finances (rebates, PPL), time away from your child, your own career progression etc. Do you have family around to care for your child? That often makes the transition back to work easier. Day care can be incredibly beneficial for a child as well. Mine have both learnt more in child care than I could have taught them at home. And being back at work has made me a better mum. Guilt is unhealthy, so weigh up all the pros and cons and whatever you decide will be right for you and your family.”

Melissa Wilson, Editor, Kidspot.com.au

Parents

Early education, is not only the prerogative of educators and schools. Home is a child’s first and most important classroom and engaged parents are just as, if not more, important for successful early education.

“There is a huge body of evidence that where parents work as a team with educators, the outcomes for children - not only cognitive but also social, emotional and physical skills - are better. Parent engagement is a two-way process: educators should be welcoming of and respectful of parents’ knowledge, parents should be given encouragement and in some cases the skills to engage with educators from early years through school. Need to recognise parents have valuable skills whatever their background (another language, ability to work with their hands, social skills) and what’s more, nobody has better knowledge of their own children.”

Stephen Bartos, Chief Executive Officer, Australian Research Alliance for Children and Youth

In two expert articles written for WTF Australia, the authors also stressed the need to have a broader approach to early learning that also took into account parents and home environments in order to ensure the best outcomes for young children. Especially in times of stagnating wage and rising living costs, do parents have enough support to raise a child well?

“It isn’t just the modes of learning or the way our schools operate that matters, creating a generation of “thriving” kids also means a focus on giving the parents of young people opportunities.”

Jennifer Westacott, Chief Executive Officer, Business Council of Australia

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“A review of 61 studies of the impact of financial resources on children’s outcomes by the London School of Economics found that when families’ incomes increase, child outcomes improve across health, wellbeing and development measures. When families have more money, they spend more on fresh food, education and health. There is less stress in the home, leading to better mental health outcomes... If you reduce poverty amongst families, children can thrive.”

Cassandra Goldie, Chief Executive Officer, Australian Council of Social Service

Society

Besides acknowledging and understanding the equal importance of both education and care in a child’s early years, society also has a huge role to play in supporting parents, or caregivers, in bringing up children. Experts emphasised the importance of a constant presence and a strong attachment and bond in the early years to develop a child’s resilience and ability to cope with future uncertainty.

“In very early years, enabling parents to look after children via paid parental leave is vital... Psychology tells us that it’s vitally important for children to have a constant presence in their lives of an adult who loves and cares for them. Usually that’s a parent, but it could be a grandparent, other family member, foster carer: the main thing is the adult is always there, unconditionally. That makes all the difference for children’s’ ability to cope with future uncertainty.”

Stephen Bartos, Chief Executive Officer, Australian Research Alliance for Children and Youth

To give parents the opportunity to spend the earliest weeks with a child, the appropriate policies must be implemented to facilitate such practices. This might involve conversations around parental leave, flexible work arrangements and how to create a family friendly environment in workplaces.

Nevertheless, it is not just employers and workplaces that are responsible for creating an optimal environment for the best health and well-being of all young children. No family exists in a vacuum, many parents need support to become the best parents they can be. This support can also come from co-workers, doctors, teachers, neighbours or even religious leaders. The greater community – or the village – thus plays a significant role in supporting parents in providing a rich and nurturing home environment for children.

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5.4 THE IDEAS: EARLY LEARNING SECTOR HAVE IDEAS AND WANT TO CONTRIBUTE

“I know that childhood educators have a raft of ideas, voices who represent various population groups also have a raft of ideas.”

Terese Edwards, Chief Executive Officer, National Council of Single Mothers and their Children

In her reply to a question about how we can provide affordable child care whilst also paying child care workers a reasonable wage, Terese Edwards advocated for more consultation before policy was formed. She commented that the early childhood sector had many ideas but were not adequately consulted. Instead, policymaking in the field was more reactive, only seeking feedback when problems arose, such as during the review of the Productivity Commission.

Many ideas were also discussed during the Q&A Session, such as improving support for grandparents who were primary caregivers, having more flexible hours for shift workers, adopting fairer billing practices such as charging parents in smaller blocks of time (most are at 12 hours), and having more play-based learning in early learning centres. On the last issue, experts highlighted certain Australian learning institutes such as Doveton in Victoria, Hands on Learning and Big Picture Schools who were leading examples in such forms of play-based learning.

We received 12 ideas to solve the challenges related to Early Childhood Education and Care. The winning idea was from Olivia Lanchester from New South Wales, entitled ‘Adopt a ‘Grandparent’.

Adopt a ‘Grandparent’ (Winner)

Link local child care centres with local retirement villages. Set up a roster of volunteers from our older population to spend regular time with pre-schoolers, increasing one-on-one time for pre-schoolers.

Our retired population is living longer and have much to contribute. Children benefit from one-on-one attention and the insights of another generation. Child care staff would benefit from small periods of relief/assistance.

Rescue dogs and children (Shortlisted)

Karen Adler, New South Wales

Link the positive, life-changing outcomes that are evident in rescue dogs to early childhood learning so that children are taught emotional intelligence and the impacts of trauma are dealt with early and thereby minimised.

Neuroplasticity shows that the brain can be changed, that the damage done need not be lifelong. Rescue dogs are a highly visible example of how this can happen. Children love dogs. Learning from this area can be transplanted into assisting children to thrive.
Salary Sacrifice for Child Care (Shortlisted)

_Bec Cordony, New South Wales_

To encourage a greater number of organisations to offer salary sacrifice for childcare fees. Working in conjunction with both childcare providers and organisations to promote understanding of the issue of affordable childcare, the provision of salary sacrifice scheme and to seek their support of the scheme as a possible solution.

University credit for part-time nannying (Shortlisted)

_Kate Chaney, Western Australia_

Create elective units in relevant qualifications (e.g. child care and education) so credit can be gained for part-time nannying.

This solves a few problems: students needing part-time work to afford studying, practical experience in university courses and the need for increased professionalism for in-home care.
APPENDIX A: AUSTRALIAN FUTURES POLL METHODOLOGY

The Australian Futures Poll was conducted online among a representative sample of respondents aged 18 years and older.

The sample comprises 1,515 respondents, distributed throughout Australia including both capital city and non-capital city areas.

Galaxy Research designed the questionnaire, a copy of which has been included in this report.

The questionnaire was transferred into Web Survey Creator in order to be hosted online. For each question the respondent had to click on the response which represented their answer.

Fieldwork commenced on Wednesday 30 August and was completed on Monday 4 September 2017.

Following the completion of interviewing, the data was weighted by age, gender and region to reflect the latest ABS population estimates.

Generation Definitions

- Millennials: 18-34 years
- Gen X: 35-49 years
- Baby Boomers: 50-69 years
## APPENDIX B: EXPERT LIST

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<th>Future of Work</th>
<th>Housing Affordability</th>
<th>Thriving Kids</th>
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<td><strong>David Blowers</strong>, Energy Fellow, Grattan Institute</td>
<td><strong>Jarrod Ball</strong>, Executive Director Policy, Human Capital, Business Council of Australia</td>
<td><strong>Nerida Conisbee</strong>, Chief Economist, REA Group</td>
<td><strong>Stephen Bartos</strong>, CEO, Australian Research Alliance for Children and Youth</td>
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<tr>
<td><strong>Aniruddha Chakraborty</strong>, Investment Director, Hastings Funds Management</td>
<td><strong>Maggie Hill</strong>, General Manager, Public Affairs and Marketing, Foundation for Young Australians</td>
<td><strong>Chris Martin</strong>, Research Fellow Housing Policy and Practice, City Futures Research Centre UNSW</td>
<td><strong>Stacey Fox</strong>, Manager, Strategy and Translation, Our Place</td>
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<td><strong>Kieran Donoghue</strong>, Policy Director, Business Council of Australia</td>
<td><strong>Robert Holt</strong>, Vice President, AT Kearney</td>
<td><strong>Ken Morrison</strong>, CEO, Property Council of Australia</td>
<td><strong>Stephanie Gotlib</strong>, CEO, Children and Young People with Disability Australia</td>
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<td><strong>Ben Eade</strong>, Executive Director, Manufacturing Australia</td>
<td><strong>Fiona McKenzie</strong>, Director of Strategy, Australian Futures Project</td>
<td><strong>Peter Phibbs</strong>, Head of Urban and Regional Planning and Policy, University of Sydney</td>
<td><strong>Megan Keyes</strong>, Manager, Knowledge Translation, Murdoch Children’s Research Institute</td>
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<td><strong>Kate Farrar</strong>, Senior Implementation Leader, McKinsey &amp; Company</td>
<td><strong>Jim Stanford</strong>, Economist and Director of the Centre for Future Work, The Australia Institute</td>
<td><strong>Adrian Pisarski</strong>, Executive Officer, National Shelter</td>
<td><strong>Sam Page</strong>, CEO, Early Childhood Australia</td>
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<tr>
<td><strong>Joel Gibson</strong>, Campaign Director, One Big Switch</td>
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<td><strong>Yvonne Ries</strong>, Acting National Social Policy Manager, Goodstart Early Learning</td>
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<tr>
<td><strong>Hugh Saddler</strong>, Honorary Associate Professor, Crawford School of Public Policy</td>
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<td><strong>Melissa Wilson</strong>, Editor, kidspot.com.au</td>
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<td><strong>Petra Stock</strong>, Energy and Climate Solutions Analyst, Climate Council of Australia</td>
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