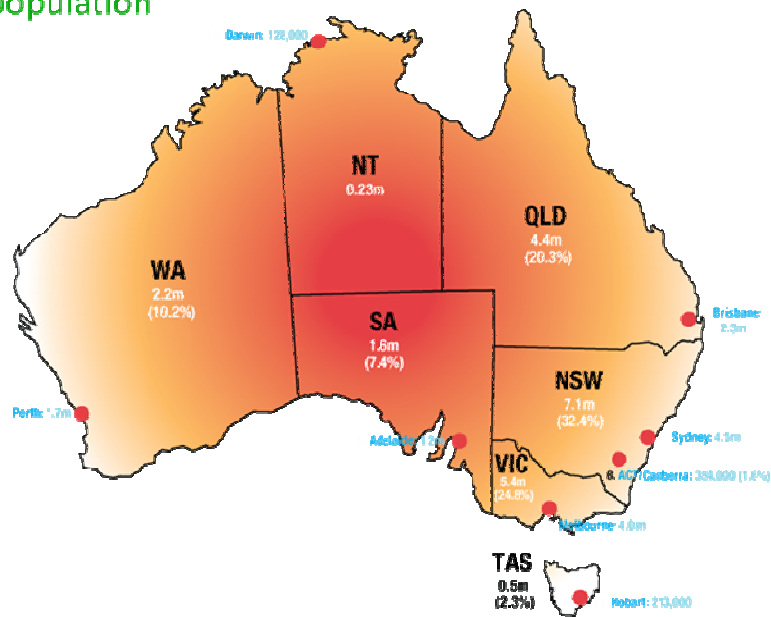


2020: Looking to the future-

10 Demographic & Social Trends Impacting Australia & Hornsby LGA

Trend 1: Boom

Changing population



	Hornsby LGA	National
Total population	159 211	22,412,236
Birth rate	1.8	2.1
Death rate	5.5	6.0

In 2000 Australia had a population of 19 million and the population growth rate had slowed to 1.2%. However over the last decade it has defied the predictions and rather than slowing, the population increase has accelerated, finishing 2009 breaking 22 million with a population growth rate twice what was expected, hitting 2.1% per annum (compared to a world average of 1.2%). This decade to 2020 will see Australia's population hit 27 million. This population increase is due to the highest migration numbers ever and the highest birth numbers ever.

Australia began the last decade with the lowest birth rate on record with a total fertility rate (babies per woman) of 1.7 (2001). It was thought that the birth rate would drop to 1.5 by the end of the decade but the reverse occurred. Australia finished 2009 with the highest total fertility rate for 32 years (now at 1.97 it is close to 2.01 of 1977) and the highest number of births ever (296,261). Also the women having the most babies today are those in their 30's rather than those in their 20's of a decade ago. The highest fertility continues to belong to females aged 30-34 years (127.8 babies per 1,000 women) – the highest for this cohort since 1961. Similarly, women aged 35-39 years reached the highest rate for this cohort since 1948! This baby boom will continue with annual births exceeding 300,000 throughout the decade ahead. The number of women having no children in their lifetime is rising- currently it is 1 in 4 yet the Total Fertility Rate is also rising – caused by the women who are having children having slightly larger families than those of a decade ago. Indeed the average number of children per household (of those who are having children) is now back up to 3.

Trend 2: Ageing

	Population	65-75	% of pop	Life Exp 65
1950	7.9 mil	449,770	5.8 %	77
2010	22.3 mil	1.6 mil	7.6 %	85
2050	40.0 mil	4.1 mil	10.6 %	90

	Hornsby LGA	National
Average age	38 years	37.2
	The age bracket containing the most people was the 0-14 age group (18.8%), with those between the ages of 45 to 54 coming second (15.6%), followed by those aged 15-24 (14.8%).	The age bracket containing the most people was the 0-14 age group (19.3%), with those between the ages of 35-44 coming second (14.5%), followed by those aged 15-24 (14.0%).

The last decade began with the Baby Boomers ranging in age from the mid 30's to early 50's and it concludes with some of the Boomers entering retirement and becoming pensioners. This is the start of the age wave hitting Australia. By the end of this decade (2020) there will be more 65 year olds than 1 year olds. In 2020 life expectancy at birth will exceed 81 for a male and 86 for a female and almost 1 in 5 Australians will be aged over 60. Over the next 4 decades while the total population will increase by just over half, the 65 and over population will more than double and the 85 and over population will triple. This ageing population will affect everything from the national accounts, to demands on health and housing, to the workforce. In 2020 the never-grow-old Baby Boomers will be in their 60's and 70's, and the oldest Gen Xers will be in their 50's- and themselves beginning to exit from the labour force.

These demographic shifts are not without an impact on the bottom line. The Commonwealth Treasury have calculated the economic impacts of the slowing population growth and the ageing of the population. The workforce challenges, higher labour cost and production constraints caused by the slowing population growth will reduce Australia's real GDP by 1 percentage point. The ageing population and its effect of ageing the workforce, and the corresponding rise in part-time work, sick and carers leave, and productivity impacts will reduce GDP per person from 2.1% to 1.6% over the next 4 decades.

Trend 3: Staff Shortages

Participation challenges – 7 enduring issues

- | | |
|--|---------------------------|
| 1. Ageing population: | 40 in 2020 |
| 2. Past peak labour: leaving F/T roles > entering: | 2011 |
| 3. Leadership succession | 1 in 3 by 2020 |
| 4. Trend of declining normative tenure: | 12 yrs to 4 yrs |
| 5. Portfolio careers and positions | 5 careers, 20 emp. |
| 6. Global and entrepreneurial: | 1 in 4 |
| 7. Skills shortages still remain: | 2% |

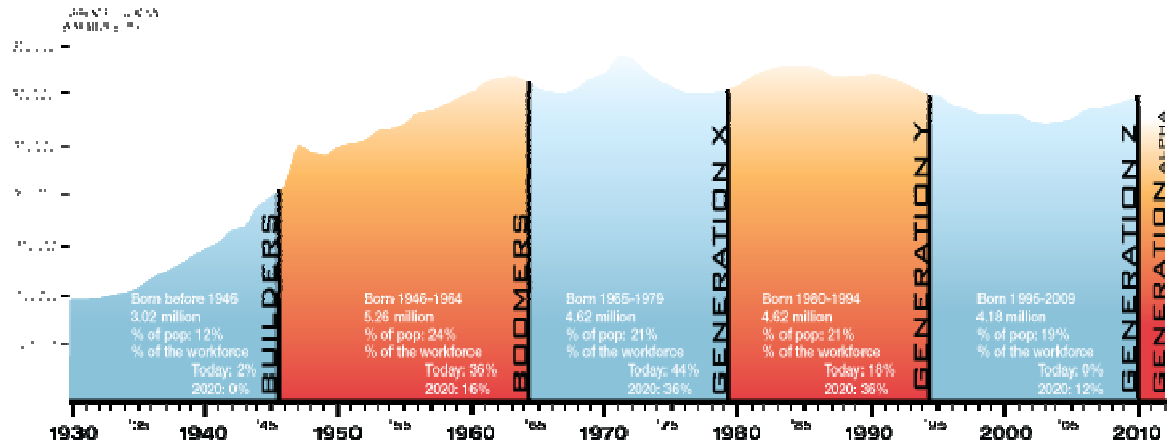
In tandem with an ageing population, Australia is experiencing an ageing workforce. While Australia's media age now exceeds 37, the median age of an employed person exceeds 40 in almost every industry sector, and in some like education and health it exceeds 45.

With the Baby Boomers approaching retirement in record numbers, with Generation Y staying in education longer, and with almost 1 in 3 workers employed on a part-time basis, it is estimated that next year Australia will hit peak labour, when there will be more people exiting full-time roles than there will be people entering them.

Here are some of the top trends and statistics which will redefine Australia's workforce as we approach 2020:

- There are currently 4.65 million Australians in GEN Y, comprising 21% of our workforce. In 2020 this number will double to 35% while over this same period of time, Baby Boomers will decline from 36% of the workforce to just 15%
- There are 4.22 million Australians in GEN Z and although not currently working, by 2020 they will comprise 12% of the workforce.
- It has never been harder to attract, recruit and retain staff. Those aged 20-24 are three times more likely to change jobs in a year than those aged 45-54. Currently, more than 1 in 4 workers change jobs in any given year!
- Treasury's Intergenerational Report (February 2010) states that today for each person of retirement age there are 5 people in the working age population but by mid-century this ratio will almost halve- to just 2.7 people of working age per retiree.
- 86% of Generation Y's expect a promotion within 2 years compared to 70% of Baby Boomers
- 89.6% of Generation Y agree regular training from their employer would motivate them to stay longer

Trend 4: Transitioning

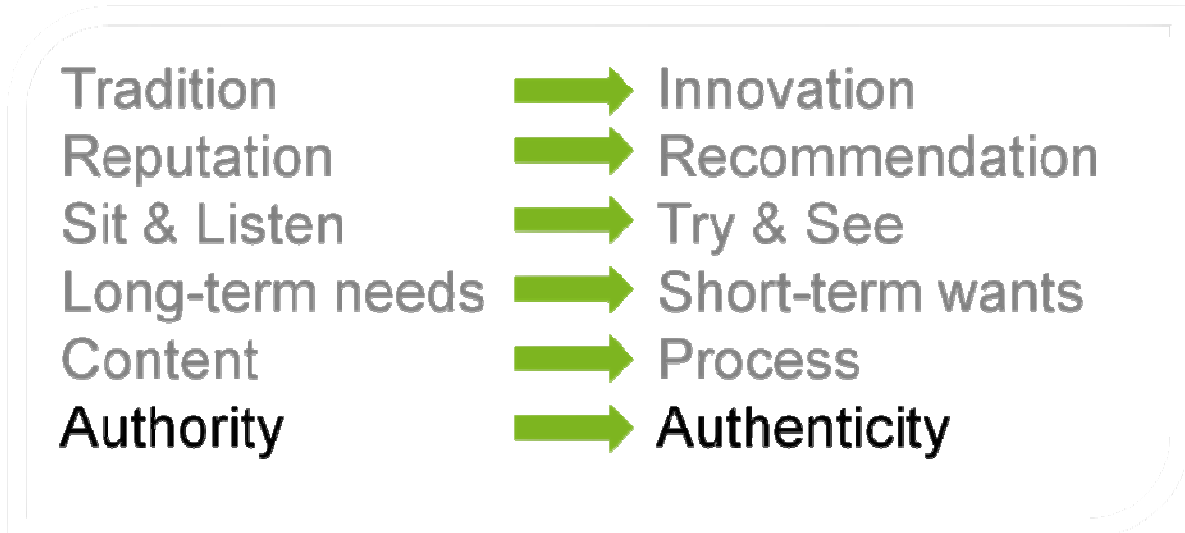


Hornsby LGA	National
Male / female ratio - 2008	
In 2008, 82 020 males, 77 191 females	(2010) 10 660 917 males, 10 770 864 females.
For 106 males per 100 female	99.0 males per 100 females
Income	
In 2007, the average taxable income was \$52,199.	2008 - \$42 476
Employment	
In 2007 – 28.9% employed were professionals, 16.8% were Intermediate Clerical, Sales and Service Workers, and 12.6% were managers and administrators.	2006 – 19.8% Professionals, 15% were clerical and administrative workers, and 14.4% technicians and trades workers.
In 2008 – 2709 people were unemployed, contributing to an overall unemployment rate of 3.0.	2008 – 467 961 Unemployed. Unemployment rate was 4.2%

Education	
In 2006, 64.1% of the Hornsby population (aged 15 and over) held post-school qualifications.	2006 – 52.5%
Overseas born residents	
In 2006, 33.5% of the population was born overseas. Of this percentage, most were from North-East Asia (8.9%), North-West Europe (7.5%), and South-East Asia (3.7%).	In 2008, 26% of the population was born overseas. <ol style="list-style-type: none"> 1. United Kingdom (5.4%) 2. New Zealand (2.3%) 3. China (1.5%)
24.8% of the population speak a language other than English.	In 2008, 16.8% of the population speak a language other than English

The last decade began with us analysing Generation X and welcoming Generation Y. Born since 1980, Gen Y in 2000 were children and teenagers while in 2010 the oldest of them turn 30 and become parents (30 is the average age of an Australian woman having a child). While the last decade saw the birth of Generation Z - born from 1995 to 2009, it will be in the decade ahead that most in this generation move through their teenage years and move towards independence. A generation today spans 15 years which means that 2010 marks the start of the next generation: Generation Alpha. They will be the most formally-educated generation in history – starting education younger than ever and projected to stay in education for longer than ever. As the children of older, wealthier parents, in two-income households and with more entertainment and technological options, it is likely that they will be the most materially-supplied generation of children ever.

Trend 5: Asymmetrical



Keep in mind that what defines us is our age and life stage: Those in their 20's are at a very different life stage to those in their 40's.

However the different technology and social trends further differentiates us. The digital generation of today have been shaped by different technology in the classroom and in their home.

The events that we live through are social markers which leave fingerprints on an entire generation. These are also defining and shape our views, and often values.

How we engage with staff today is defined by their characteristics and expectations.

Clearly the workforce of the 21st Century is different to that of the past.

Once we understand them, defined by this right-hand column, we can effectively connect with them.

	Traditional Australia	21st Century Australia
Place in the World	Tyranny of distance	Close to new epicentre of world
	Isolation from bustle of busy world	Home to some global cities
	Independent, separated	Global connections, regional hub
	insignificant, down under	Influencer, regional leader
	Insecure, cultural cringe	New posture, cultural exporter
Character & Lifestyle	Stereotypes, clichés	Sophistication, complexity
	Self deprecating, dinky-di	National self confidence, Aussie pride
	Ocker, snags & beer	Cosmopolitan, marinated steak & wine
	Success in sport	Leading-edge technology, world class medical innovation, business leadership
	Beach & 'burbs	Urban, cafe culture, city cuisine, 24/7
Values & Self Image	Diggers, cobbers, blokes, mates	Rich diversity, community engagement
	Give us a fair go	Give all a fair go
	Anti-authority	Anti-pompous
	Community- geographically connected	Community- culturally & globally engaged
	Male, younger-middle age	Gender, generational & cultural diversity
Community & Culture	Self consciously embraced, intentional engagement	Who we are, intrinsic, part of our national DNA
	Culturally defined, ethno-centric	Diverse, mature, post-category
	True blue= Aussie	True blue = authentic, real
	Little more than food & festivals	Our national identity & way of life
	Different groups & cultures	Diverse lifestyles, richness of culture
Australian Brand & Spirit	Outback, red centre	Urban life, built environment
	Uluru, untouched beaches	Festivals, global events
	Koalas & Akubras	Cafe culture, suburban lifestyles
	Football, meat pies, caravans	Small business, focaccias, overseas holidays
	Tradition, nostalgic, historical	Innovation, engaging, emotional
Attitude & Work ethic	No worries- it doesn't matter	No worries- we'll sort it out
	Land of the long-weekend, lazy	Committed, hard working & social
	Care-free, laid back,	Relaxed, warm but professional
	Less demanding, average quality	Casual, enjoyable yet high standards
	Tall poppy syndrome	Celebrate success
	Lucky country	Can-do attitude

Trend 7: Post-structural

The ideal manager is one who values communication and creates an environment of transparency and respect for staff. Their preferred leadership style is simply one that is more consensus than command, more participative than autocratic, and more flexible and organic than structured and hierarchical.

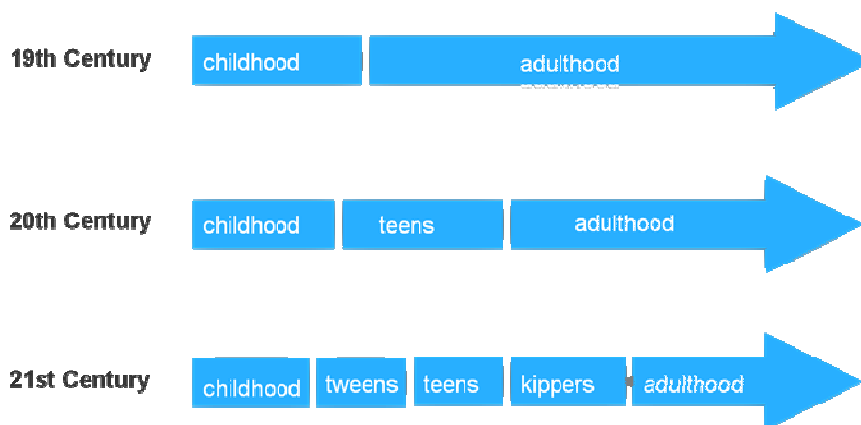
The positional approach relies on rank and role. The leader points the way from afar and delegates the tasks. Perhaps acceptable in the military or in the 1950's- but not today. They want guidance not gurus. Mentoring not micromanagement.

An overly relational approach is equally inappropriate in that it fails to give clear direction, frameworks and constructive feedback.

Balance is the key. In the mid-ground the leader asks the questions and includes the team. The leader is participative - leading from within and leading by example and so both directs and empowers the team.

This style of leadership is not a positional role but more an influence relationship.

Trend 8: Post Lifestage



A century ago people, when they turned 15 or 16 moved from childhood into adulthood. With that came the responsibilities of work and financial obligations.

As educational expectations and opportunities grew in the 20th century so the life stages changed.

The Baby Boomers were the first generation to have a defined period of teenager-hood. From a sociological perspective the growing genre of rock and roll, television, and young fashion created a dedicated youth culture. Childhood morphed into a period of greater freedom without the constraints of adulthood and this new life stage was identified, embraced, and marketed to.

Today children are “older younger”, being more technology-savvy, media-saturated, and information-empowered.

The implications for managers are clear: today’s young people have more diversity, variety, and life stages than previous generations. Life is not linear and structured but unplanned and changeable. It is therefore essential that that job progression, career pathways and effective mentoring are provided.

The last decade saw the emergence of the TWITS (Teenage Women in Their Thirties). This emerging segment provides a real comment on our times. Once adulthood was marked by marriage, getting a mortgage and starting a family but today for many, these milestones have been delayed. Indeed many women have extended their adolescence, and others, after starting a family and reaching their 30’s have entered a second teenage life stage. The poster girls might be Pink, Victoria Beckham or Gwen Stefani, however the segment is alive and growing in the Australian suburbs too.

NETTELS (Not Enough Time To Enjoy Life) are the very busy couples and families, usually found in the capital cities burdened with a large mortgage, a relatively expensive lifestyle, and a long working week- often with a long commute as well. The NETTELS are a fast-growing segment increasing by 7% per year.

It is not just younger Australians that are reinventing themselves. Our research has identified the Downagers. These are Australians aged over 60 for whom age is just a number. They comprise 24% of this demographic and feel and act far younger than their age would suggest. They are the fastest growing segment of the 60+ demographic and they value travel, lifestyle, social connection, and they adapt quite easily to new technology.

The last decade brought us the stay-at-home twenty-somethings who were labeled the KIPPERS (Kids In Parents Pockets Eroding Retirement Savings). Nearly 1 in 4 (23%) people aged 20-34 continue to live in the parental home. And it’s not just those in their 20’s. In Australia there are 117,547 people in their early 30’s still living at home with their parents (8% of Australians aged 30-34).

Generation Y have also been labeled the Boomerang Kids because it is increasingly likely that once they have moved out of home they will move back there again. Of Australians aged 25-29 who live in their parental home, more than half of these (54%) have moved out, and returned again. Most (52%) last less than 2 years before moving

back to the parental home with 20% lasting less than 1 year. 16% last more than 4 years before returning home. Indeed many Gen Xers and Yers are returning to the parental home with their own young children in tow.

All of this has given rise to the Sandwich Generation. This describes those Baby Boomers sandwiched between the need to care for their dependent children and the responsibility of caring for their older parents. This sandwich generation arises from the combined trends of delayed childbirth, the delayed financial independence of children, and the increasing life expectancy of the older generation. Consequently we have seen this decade the emergence of the multi-generational household with the parents housing their adult children (sometimes with their own young children in tow) along with their own ageing parents. This multi-generational household, while new in our era, is simply a return to what was the norm a century ago.

Trend 9: Post Linear

This is the traditional employment model: pour a lot of staff in the top in the knowledge that many will fall away but knowing that the best will eventually emerge.

When the population structure mirrored this employment structure (a large supply of emerging workers) this model worked fine. But not today. If we don't like the staff we can't get rid of them and reach into the bucket and grab another- the bucket is close to empty.

So what does it take to attract and retain staff today aged Under 30?

Work life balance: For employees their job matters to them and it is a major part of their life. However it is not their life- but rather it provides the funds to fuel their life.

Therefore a career that allows them the opportunity to continue the other aspects of their life stage whether they be educational, social, spiritual, or entrepreneurial is highly attractive.

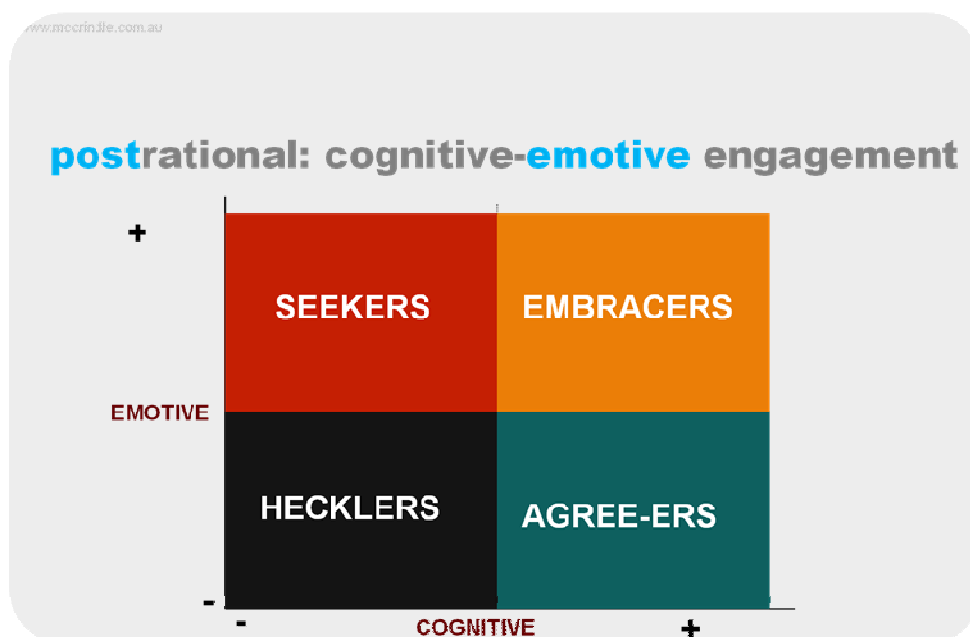
Workplace culture: This has to do with the relationships with others at work. 42% of all survey respondents placed "relationship with peers" as one of the 3 top reasons for getting or keeping their job. An environment where they could interact socially and work collaboratively was highly regarded.

Management Style: Before we can manage and lead we must be able to understand and connect. The findings are clear: unless their direct supervisors and the leadership hierarchy manage in an inclusive, participative way, and demonstrate people skills and not just technical skills, retention declined.

Job Content: A job description involving variety and the opportunity for advancement was critical for staff. 38% of respondents selected "opportunity for advancement" in a job as one of their top 3 must-haves. Clearly a job that doesn't lock them into a narrow task but offers variety, change, and the chance of a promotion is sought after.

Training: Many people leave jobs not because there is a compelling reason to leave but because there is no compelling reason to stay. Enhancing skills through ongoing development is a key retention tool. Why have them change jobs by moving to a new organisation when through T & D they may be able to change jobs within their existing organisation.

Trend 10: Post Rational



This is a model to help identify in which quadrant staff lie- and how to shift them to the top-right.

The point is that an employee engaged cognitively (what they know) but not engaged at a heart level, emotively (how they feel) is not an engaged staff member.

It is not “either...or”, but “both...and” which is required.

Work –Life Balance is today the most influential factor in staff retention and engagement.

More than 80% of staff states that achieving work-life balance is key to their career.

By the time Gen Y occupies managerial roles, work-life balance will be a given and not a demand.

Yet work-life balance is not simply an issue relevant to parts of the workforce such as Generation Y or working mothers. This research shows that work-life balance is valued by all and increasingly being demanded by all.

Their preferred methods of training were on the job coaching/mentoring as well as in-house or outsourced training courses. There are today different learning styles which dominate: kinaesthetic and visual rather than literate and procedural. There are also new expectations that learning will be social, collaborative, interactive, and fun!