THE VISIONING AUSTRALIA’S FUTURE INITIATIVE:
SYNTHESIS REPORT
Introduction

Visioning Australia’s Future

The Visioning Australia’s Future initiative aims to inform policymaking and public debate on major challenges facing Australia over the coming years. To bring new insights, the initiative is taking a multi-disciplinary and forward-looking perspective. The work is drawing on the public policy research strengths of The Australian National University and its partners and aligning these with government needs and priorities.

The particular themes of this initiative emerged from an extensive engagement with government, as part of the establishment of the HC Coombs Policy Forum. With its long-term focus, this initiative complements the Forum’s other work which includes responding to more immediate government policy priorities.

The HC Coombs Policy Forum

The HC Coombs Policy Forum is part of the strategic relationship between The Australian Government and The Australian National University. The HC Coombs Policy Forum aims to enhance public policy formulation through building collaboration between academics, researchers and government. This partnership approach allows the complementary expertise of each sector to be brought together and provides an opportunity to foster interdisciplinary and exploratory activity. Our work involves learning from the past and also scanning ahead to prepare for the challenges and opportunities of the future.

For further information on the HC Coombs Policy Forum, go to crawford.anu.edu.au/hc-coombs/

This report

The Visioning Australia’s Future initiative includes a series of reports generated from commissioned research, in-house analysis and a number of seminars and events (with domestic and international experts). The initiative aims to bring together current knowledge on issues, to identify cross-cutting themes and to generate new policy ideas. This report summarises the findings of this work.

Following consultation with government and academic partners, the initial themes for the project were identified as:

> Workforce participation: how can Australia raise participation levels over the long-term, and what considerations and policy reforms are needed to bring this about?

> Regional and rural prosperity: can all of settled Australia enjoy economic and social well-being, and what policies and investments are needed to sustain regional and rural Australia into the future?

A call for proposals was published and research commissioned from a range of authors. (See page 5 for list of contributing authors.) The full papers and individual summaries are being published separately.

This synthesis report summarises the commissioned work, together with findings from the workshops and seminars facilitated by the Forum. This report also identifies some cross-cutting themes, data and evidence gaps and policy ideas emerging from the research.
Context

Much of the world in 2012 faces severe economic, social and political challenges. The repercussions of the Global Financial Crisis (GFC), and of the economic and financial practices leading up to the crisis, are still being felt around the world. The United States and many European countries are trying to reduce government debt, in the context of high unemployment and faltering economic growth. Parts of the Middle East continue to experience political turbulence and drought and famine affect large parts of Africa. Climate change and environmental degradation are occurring across the globe.

Australia is faring better than most countries, but alongside its strengths exist major challenges. The economy is generally strong, but uncertainty abroad is affecting our financial markets and the confidence of consumers. The resources sector continues to expand, but the ‘patchwork’ nature of the economy means the availability of jobs and levels of prosperity vary across the country. Australia is well positioned in the global economic shift to China and the East, but the strong Australian dollar is harming some major export industries – tourism, manufacturing and higher education. The drought has broken in most parts of Australia, but has been replaced in some areas with devastating floods and storms. Overall the standard of living is high, but there are still many households on very low incomes and some communities where poverty and disadvantage is acute. This is the platform from which Australia faces the future.

Looking ahead, Australian has a number of significant long-term challenges. These include:

> **Population ageing**: as society ages, and the ratio of working age to retired people decreases, there will be greater pressure on people of working age to support an ageing population. Older people also have more demand for health care putting long-term pressures on Australia’s health and aged care systems.

> **Population growth**: although at a slower pace than in the past, Australia’s population will continue to grow in the future. This will ameliorate to some degree the impact of an ageing population, but it puts additional pressure on infrastructure, housing, services and the environment.

> **Climate change**: a global challenge, but which domestically will hit Australia hard. It is one of the most significant issues the country will face in the coming decades, both for environmental and economic sustainability.

> **Economic sustainability**: the nature of Australia’s economy will continue to change as domestic and global demand for resources and services adapts, particularly as many Asian economies mature further.

> **Regional diversity**: Australia is a diverse country, with ongoing challenges presented by its size, history, climate, geography and population bases. As in the past, remote and rural Australia will face different policy priorities to cities and urban centres in the future.

> **Poverty and inequality**: intergenerational poverty, unemployment and disadvantage, particularly amongst Aboriginal and Torres Strait Islander communities, blight Australia’s social and economic record.

> **Digital and information revolution**: new information technology has allowed unprecedented access to information and will continue to transform social, workplace and government communications.

The policy response

An enduring focus of public policy has been preparing Australia to meet future challenges. For example,

> **Economic policy**: pursuing economic stability, increased productivity and economic growth so that individuals and businesses can plan for the future and standards of living can rise over time.
> **Education and training policy**: equipping the next generation with the knowledge and skills needed in the future, and the ability to adapt and re-skill across their lifetimes.
> **Infrastructure policy**: investing in physical and communications infrastructure to support quality of life and sustained economic growth.
> **Health and public health policy**: creating the right conditions and services to help people live long, healthy and productive lives.
> **Social policy**: focused on securing the current and future well-being of individuals, families and communities.
> **Regional policy**: supporting the economic and social transformation many regional communities undergo as changes in the economy affect local industries over time.

The current government has responded to the major challenges facing Australia using a wide range of public policy levers. Since 2007, health, education and child care have all seen significant policy reforms, as well as major investment in infrastructure and a renewed emphasis on regional development. Part of this included the Government’s response to the GFC and the economic stimulus package.

The Treasury’s 2010 intergenerational report, *Australia to 2050*, (Australian Treasury, 2010) identified three pillars to sustainable economic growth:
> productivity
> participation
> population.

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**Productivity**
- Infrastructure
- Skills
- Macroeconomic stability
- Microeconomic frameworks
- Innovation and technology
- Climate change

**Participation**
- Tax incentives and transfer system
- Child care, paid parental leave
- Employment services
- Health
- Education
- Housing

**Population**
- Migration
- Ageing
- Population growth
- Regional and remote settlement
- Service delivery
The ageing of the population will contribute to lower overall participation levels in future years. This is only partially offset by population growth and puts additional pressure on productivity increases to secure economic growth and living standards in the future. Yet, whilst its causes and distribution are complex, we know productivity growth has stagnated in recent years. The diagram below illustrates the breadth of relevant policy areas within the 3Ps framework.

The measures in the 2012-13 Federal Budget (see Swan, 2012) are designed to bring public finances back into surplus and confirmed the Government’s commitment to a number of economic, social and environmental reforms. These include the Carbon Tax, the Minerals Resource Rent Tax (MRRT), additional financial support for people on low and moderate incomes, the National Disability Insurance Scheme (NDIS), reform of aged care and further workforce and employment initiatives. The Government has also released a White Paper ‘Australia in the Asian Century’ which aims to provide a ‘roadmap’ for Australia’s future position in the region and world, in the context of how much of Asia is rapidly changing. Looking beyond these reforms and initiatives, this report aims to inform what further action the Australian Government should take to meet future challenges.
Findings

Issues and methodology

Following consultation with government and a call for proposals, the Forum prioritised two themes:
> workforce participation
> regional and rural prosperity.

The Forum commissioned researchers from the ANU and elsewhere to draft papers related to these issues. The brief was to examine the issues in a way that would inform a forward-looking policy perspective.

The papers commissioned are:

**Workforce participation**
- A review of Australian government labour market policies since 1945 by Natalie Cooper
- Participation in the labour force in the UK: A review of data and policies by Jill Tuffnell
- The new National Quality Framework: Quantifying some of the effects on labour supply, child care demand and household finances by Robert V. Breunig, Xiaodong Gong, and Declan Trott
- Care to work? Expanding choice and access to workforce participation for mature-aged women carers by Bettina Cass, Trish Hill and Cathy Thomson

**Regional and rural prosperity**
- Scoping a vision for the future of rural and regional Australia: A discussion paper by Anthony Hogan and Michelle Young
- Mapping the ‘patchwork economy’ in rural and remote Australia: How employment in industry sectors plays out across regions by Dean Carson
- Characteristics of economic sustainability in regional Australia by Kim Houghton

**Cross-cutting**
- Small-scale survey data collection: Improved coordination of Commonwealth government activities and more efficient data usage by Robert V. Breunig

In addition to the commissioned work, the Forum hosted the following speakers and events:
> Visioning Australia’s Future: Maximising workforce participation – a post budget workshop.
> UK workforce participation, welfare reform and social inclusion policies: Their relevance for Australian policymakers – a public lecture with international visiting fellow, Professor Dan Finn, Professor of Social Inclusion, University of Portsmouth.
> Welfare to work policies in tough economic times – an invitation only workshop with Professor Dan Finn.

Theme one: workforce participation

Introduction

By international and historical standards, Australia’s economy is in good health and the national unemployment rate is low at around five per cent. Delving deeper, it becomes clear there is no room for complacency. Over 1.4 million people in Australia are unemployed or underemployed and a further 1.3 million people are outside of the labour force but would like to work (Cooper, 2011). The related social and economic costs to individuals and to the
nation are widely accepted. Given the challenges of an ageing population, increasing workforce participation is a legitimate and pressing public policy goal.

The current Government has made increasing workforce participation a priority. The 2011-2012 Budget included a range of measures to increase participation through a combination of incentives, supports and responsibilities. The Building Australia’s Future Workforce package includes investment in skills development and a range of welfare reforms. A new National Workforce and Productivity Agency will deliver a National Workforce Development Fund and further wage subsidies and employer incentives will target long-term unemployed people and disability support pensioners. The 2012-13 Budget complemented these measures with reforms to employment services and community development in remote areas, and additional investment in the Jobs, Education and Training Child Care Fee Assistance. Over the course of this Government, a range of longer-term policies has also been put in place to increase participation, including increased investment in education and measures to support parents who work, such as Paid Parental Leave, the right to request part-time or flexible working and help with the cost of childcare.

The Forum commissioned a number of papers to help inform future workforce participation challenges. Cooper (2011) provides a historical backdrop for the analysis by reviewing labour market policies in Australia since 1945, and looks at their relevance to labour participation issues today. The outcomes of a collaborative workshop between researchers and policy-makers, which explored potential avenues for increasing participation, are also reported. Tuffnell (2012) reviews employment and welfare policy in the United Kingdom and details the various approaches that have been tried since 2000. A workshop with Professor Dan Finn provides further insight from the UK, in particular into the major reform agenda currently being taken forward by the UK’s Coalition Government.


The key findings of each paper are summarised in turn below, followed by suggested avenues for future work.

**A review of Australian government labour market policies since 1945**

Cooper (2011) describes how the labour market changed dramatically in post war Australia, particularly from the 1960s onwards with the entry of large numbers of women into the labour force. Overall participation levels, however, only increased slightly as there was a broadly equivalent decrease in male participation. The rise in female participation also led to an increase in the number of Australians working part-time.

Since 1945, Australia has experienced a number of challenging economic episodes with periods of high unemployment. A variety of policy approaches have been tried to increase employment levels. This has included social security reform, job subsidies and training programs. More recent developments (the 1970s onwards) have included the introduction of active case management, the extension of the principle of ‘mutual obligation’ and the privatisation of employment services. The concept of an ‘active society’, promoted by the OECD and others, came to prominence in the 1970s. This fundamental idea formed the basis of Australia’s approach to labour market participation for decades, and is still reflected in the policies of both major political parties today. With Australia weathering the GFC well (in part due to the Keep Australia Working package), the current Government has stuck with a ‘low unemployment, high disadvantage labour market strategy.’
Cooper reviews past policies, in particular comparing Working Nation and Job Network, and highlights how:

- Different approaches are needed for short-term and long-term unemployed people, with the latter often facing additional and severe obstacles.
- Active case management seems to be a key component of success, but this process can be time-consuming (and expensive) particularly for very disadvantaged people and in order to secure long-term employment outcomes.
- Contract arrangements with employment service providers and incentives are critical in getting the best outcome for jobseekers. For example, Job Network provided a greater incentive to getting an early placement, often at the expense of up-skilling or re-skilling unemployed people prior to placement.

Cooper (2011) notes that the high-impact economic shifts that increased participation, such as the entry of women en masse into the workforce, are unlikely to be repeated. The paper argues that policy responses which target specific groups and specific disincentives now need to be the focus, such as looking at older workers and women with children.

**Timeline of welfare reform in Australia**

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-1940</td>
<td>Australia’s economy was closed, with almost full employment, a system of wage arbitration and the concept of a ‘living wage’ based on the Harvester judgment of 1907. Limited social security was provided primarily by the States.</td>
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<tr>
<td>1940s</td>
<td>Australia declared a goal of full employment. The Commonwealth Employment Service (CES) was established to match job seekers with vacancies. National unemployment and other social security benefits were introduced. Unemployment remained low until the oil shocks of the 1970s.</td>
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<tr>
<td>1973–1976</td>
<td>Introduction of large-scale labour market programs that included measures to provide temporary public sector jobs and training for both adults and young people.</td>
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<td>1977</td>
<td>Establishment the Community Development Employment Program (CDEP) to promote Indigenous employment.</td>
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<tr>
<td>1980–1989</td>
<td>Several reviews of employment and social security were undertaken to address growing unemployment: the 1982 Carney report on youth unemployment; the 1985 Kirby report on employment services and the</td>
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<tr>
<td>1986</td>
<td>Introduction of the first ‘activation measures’ as a requirement for receiving unemployment benefits. These included compulsory registration with the CES and reporting of job search efforts.</td>
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<td>1988</td>
<td>Further activation measures were introduced for unemployed youth. Youth unemployment benefits were repackaged as the Job Search Allowance. Further reporting requirements and incentives to stay in fulltime education were introduced.</td>
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<tr>
<td>1991</td>
<td>Newstart replaced traditional unemployment benefits. The principle of ‘reciprocal obligation’ was established. Case management, compulsory ‘activity agreements’ and a plan to return to work were required for the unemployed.</td>
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<tr>
<td>1994</td>
<td>Working Nation was released. A Job Compact with the long-term unemployed was introduced and several disincentives were removed</td>
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from the welfare system: changes were made to the treatment of married couples and women and to the taper rate for part-time work. More case management, training programs, a training wage and tailored assistance for individuals were introduced.

1997  
Introduction of Work for the Dole for 18 to 34 year olds.

1998  
Labour market assistance was reformed through the privatisation of employment services under the Job Network.

2000  
Establishment of the Reference Group on Welfare Reform, which provided a report endorsing the concept of mutual obligation.

2001  
The Australians Working Together – Moving Forward package of reforms was announced in the 2001–2002 Budget. Work for the Dole was extended to 35 to 49 year olds, changes were made to the Job Network and stricter participation requirements were introduced for parents, the mature-aged and those with a disability.

2008–2009  
As a response to the Global Financial Crisis, the Keep Australia Working package was developed. The package included a ‘compact’ with retrenched workers and Local Employment Coordinators were placed in regions of high unemployment.

2009  
A new employment services system, Job Services Australia, was introduced on 1 July 2009 following a review of employment services in 2008. The system maintained mutual obligation principles and strict participation targets, and made changes to funding arrangements for employment service providers to support more disadvantaged and intractable clients.

2011  
A training and welfare reform package, Building Australia’s Future Workforce, was announced as part of the 2011–2012 Budget. The package tightens participation requirements for young people, single parents and those with disability, and provides an industry-focused training fund, wage and training subsidies, and more funding for apprenticeships.

A workshop on maximising participation was also held following the 2011-2012 Budget and in the context of the Government’s Building Australia’s Future Workforce initiative. The following points were discussed:

> There are multiple policy goals for increasing participation, such as increasing social inclusion, reducing public expenditure, and increasing workforce productivity. This matters because different strategies are needed for different goals. In the workshop, some argued that a focus on economic indicators and analysis has been at the expense of sociological and social inclusion perspectives.

> Participation also includes caring and volunteering, as well as participation in paid work. Recognising these forms of participation is complex, but necessary.

> There are many building blocks to participation, which include housing, health care, child care and transport, as well as in-work support and on-going income security.

> Locational disparities are significant. Further work is needed to understand these differences as well as to develop new initiatives to address high rates of unemployment in some regions. This would build on evaluation of the current place-based trials.
Participation in the labour force in the UK: a review of data and policies

Tuffnell (2012) provides data on the scale and nature of the UK’s participation challenge over time and sets out the different approaches that have been taken since 2000. This period covers two Governments and the onset of a recession in 2009.

The Labour Government (in power May 1997 to May 2010) introduced a new ‘welfare to work’ framework, which included a range of New Deal programs targeted at particular groups, e.g. young people and lone parents. The key principle driving these programs was ‘rights and responsibilities.’ A New Deal for Communities (NDC) was also introduced in 30 localities, taking an area-based approach. Evaluation of the New Deals showed that the role of the ‘personal adviser’ was particularly important. Services to help people back into work were reorganised as Job Centre Plus. Private and voluntary sector providers were contracted to help people back into work with providers paid for what they achieved in securing and retaining jobs. Significantly, the first National Minimum Wage, in-work tax credits and improved childcare support were rolled out alongside the New Deals.

From 2002, there was a renewed effort to help people with disability or ill-health move into work. This included additional skilled adviser support, new work-focused rehabilitation program and improved financial incentives for recipients (the Return to Work credit). This approach was piloted and then rolled out across the country following the 2006 evaluation. In 2008, a new Employment & Support Allowance (ESA) was also introduced (replacing Incapacity Benefit) which placed significantly more responsibilities on people with disability or ill health to engage in the labour force.

Tuffnell (2012) details the series of independent reviews that informed the next stage of reform. The Leitch Report (2006) reviewed the UK skills strategy and gave recommendations for its renewal. The Freud Report (2007) put forward a model for a major restructuring of both the benefit system and employment programmes, which was particularly influential. In response, the Government developed a new two-tier ‘Commissioning Strategy’ whereby ‘prime providers’ would secure long-term, large scale contracts, and then sub-contract to smaller, specialist providers. The Gregg Report (2008) also suggested a ‘personalised conditionality and support’ model.

The Coalition Government, which formed government in May 2010, has placed welfare reform at the heart of its new agenda. Simplification is a key priority. A Universal Credit, an integrated working-age benefits designed to improve incentives for people to work, is being introduced. It will provide a basic allowance with additional payments for children, disability, housing and caring and will replace all working age benefits. The new system is due to be rolled out in phases, starting in 2013. Alongside the simplification measures, the Coalition Government is introducing a single Work Programme. This new framework for delivering employment services is an evolution of the previous Labour Government’s approach, with contracted providers paid for securing employment outcomes.

At the workshop with Professor Dan Finn, there was further discussion on how the British ‘welfare market’ is developing under the Work Programme model. The new program is expected to reduce transaction costs for the Department for Work and Pensions, the commissioning authority. The degree of competition for contracts has secured good value for money and the contracts mean active assistance will be extended to previously inactive claimants. The longer contracts and performance expectations, together with the structure of outcome and sustainment payments, are expected to stimulate innovation and improve service delivery especially around job retention. Being structured around outcomes, it is hoped providers can be more creative in finding jobs and in building improved relationships with employers. There was also discussion of the risks of this approach. The funding model is not generous and the performance requirements may not be achievable in a tougher
labour market. This may also mean that there will be ‘parking’ of the most disadvantaged people and those in deprived areas or areas it is more costly to serve. Some providers may be ‘too big to fail’ and so the risk has not been transferred effectively to the provider.

The new National Quality Framework: quantifying some of the effects on labour supply, child care demand and household finances

There is a broad consensus that early childhood development is critical for a wide range of social, psychological, health and economic outcomes. The Council of Australian Governments (COAG) agreed to a new National Quality Framework (NQF) in 2009. This framework is now coming into force. The reforms include better qualified staff and lower staff-to-child ratios, as well a new transparent rating system which will provide parents with the information to compare providers. The NQF should improve the quality of care but will also increase the cost of providing child care. To at least some degree, these costs will flow through to higher prices for child care.

Breunig et al (2012) address four questions in their paper. How will the increased costs affect:
- women’s labour force participation
- the amount of child care demanded by households
- household budgets
- government expenditure?

Overall, the study finds that the NQF will have modest, negative effects on women’s labour supply and on household budgets across all of the cost scenarios analysed. These effects are statistically significant. Previous research, which used different measures of child care prices, has not shown a statistically significant result.

> If an increase of $13 per child per day (a mid-range price scenario) in costs of child care is assumed, which is fully passed on to the gross price of child care, the study finds that married women’s labour force participation decreases by just over one-half of one per cent. Hours worked decreases by 20 minutes per week on average. It is important to remember that many households will not change at all while some households may have changes much larger than the average.

> The study also finds that the demand for child care goes down as the price goes up. For a price increase of $13 per child per day, the study finds a decrease in formal child care demand of 25 minutes and a decrease in formal child care usage of three-quarters of one per cent. Household disposable income decreases by $12.50 per week and net government expenditure increases by $10.82 (this includes reduced tax revenue as well as the effect of subsidies on child care being paid out against higher gross prices.)

The study also shows that the policy changes seem to be slightly more favourable to the less well-off.

Given the expected future benefits of the NQF, the authors suggest that the findings strengthen the case for the NQF. The benefits of investing in children and the effect of quality are beyond the scope of the paper, but its findings provide an important input into a fuller discussion of the costs and benefits of the NQF.

Care to work? Expanding choice and access to workforce participation for mature-aged women carers

This paper explores policies to enhance mature aged women’s participation in the labour market, with a particular focus on fostering employment choices for women with current or past informal caring responsibilities.
> 2.6 million Australians over the age of 15 years provide informal care. Around 1.28 million mature aged Australians (45–70 years) are informal carers, of whom 58 per cent are women. Carers foster the social participation of aged parents, spouses and children with disabilities or illness. However, the provision of care often competes with other life domains and constrains economic and social participation, placing carers at risk of social exclusion.

> Just over half (52.6 per cent) of female mature aged carers are employed compared with 61.5 per cent of women who are not carers. The comparable figures for men are around two thirds (64.2 per cent) of carers and three-quarters (75.5 per cent) of non-carers in employment.

Source: ABS SDAC 2009, authors’ calculations

Cass et al (2012) set out how the current Australian policy framework situates individuals’ choices around work and care at the nexus of two policy agendas:
> the social inclusion agenda, which envisages all citizens as active participants
> the workforce participation agenda, which aims to address anticipated labour shortages, enhance productivity and fund the costs of an ageing population.
The authors show how the interaction between these agendas leads to important questions about who will provide care in the future (if more mature aged women are in paid work), how individuals balance the right/opportunity to care with other forms of participation (such as paid work) and whether policies provide genuine choices to work and/or care. Current retirement income policy, which emphasises occupational superannuation, also means than carer’s decisions to reduce or leave paid work have immediate and long-term financial consequences.

The paper also includes new analysis which considers five outcomes of relevance to social inclusion for carers: subjective poverty; financial stress; time pressure; social connectedness; and social support. Preliminary results suggest that different combinations of caring and employment may have different outcomes: non-employed carers had higher rates of subjective poverty and lower rates of social connectedness than carers working full-time, and carers who were working had relatively high rates of time pressure compared to non-employed carers.

The authors outline a set of integrated policies based on the principles of recognition, conferral of rights and redistribution of resources.

> Recognition would entail legislative and socio-cultural recognition of the value of care and the costs of care borne by caregivers.
> Conferral of rights would entail carers’ rights to have their needs recognised and assessed so that they can combine caregiving with other life domains, in particular paid employment.
> Redistribution would entail redistribution of resources and services, so that the costs of care are redistributed across community/governmental/services/employment relations spheres.

**Avenues for future work**

> Improving individual-level data collection to track how individuals move through different types of benefits and their engagement with employment and other services.
> Obtaining better information on the demographic breakdown of job seekers and disability benefit recipients to improve understanding of their personal circumstances and barriers to work. (Cooper, 2012) This would contribute to a better understanding of the interaction of benefit provision with the personal and social circumstances of welfare clients; caring and family responsibilities; the episodic nature of some mental health problems. Where and for what groups could participation be increased?
> Evaluating the impact of skills and training policy on return to work and employment retention. Which interventions are productivity enhancing?
> Evaluating the impact of conditionality on behaviour change, and the appropriateness of work expectations.
> Evaluating the role of part-time work in sustaining employment or in supporting a return-to-work.
> Evaluating the new UK delivery model for employment services and the introduction of the new Universal Credit, and lessons for Australia.
> Developing a better understanding of the supply of child care. Why do child care centres open or close? What determines the number of places? What is the nature of competition?
> Exploring whether households should be compensated for the increased cost of childcare resulting from the NQF, and how?
> Exploring a citizen-centred approach to welfare reform and employment services, where the circumstances of individuals and the characteristics of affected cohorts are taken more into account.
> Evaluating the effectiveness of early intervention in facilitating transitions from school to work and from care to work?
> Considering further how should location be treated? How mobile should we expect people to be?
> Examining the future role of new technology in providing jobs in regions? Exploring the reasons for the persistence of gendered patterns of employment and care-giving across the life course.
> Examining, in the Australian context, mature aged carers’ access to and use of flexible working arrangements and employer responses to the issues faced by mature aged carers.
> Undertaking further analysis to identify whether specific combinations of caring and employment are associated with social inclusion outcomes, how these vary over time, and whether mature aged women carers are specifically disadvantaged on these measures compared to carers in general and mature aged male carers.
Theme two: rural and regional prosperity

Introduction

Economic and community life in rural and regional Australia is undergoing massive change. Today, growth in the resources sector, changing patterns of agricultural and manufacturing employment and the impact of climate change, among other factors, mean rural and regional Australia must continue to evolve and adapt. Rural and regional Australia remains diverse, with some areas blessed with a wealth of resources and economic growth, whilst other areas struggle with economic, social and environmental sustainability. What the future holds for rural and regional Australia is uncertain.

The current Government has placed a renewed emphasis on rural and regional Australia, with a raft of new initiatives and funding. The Department of Regional Australia, Regional Development and Local Government was established in 2010 and a House of Representatives Standing Committee on Regional Australia set up. A network of Regional Development Australia committees is working at a local level to drive forward economic, social and environmental well-being in rural and regional areas. The Regional Development Australia Fund has invested $10bn over five years in regional Australia.

The Forum commissioned three papers to inform a debate on the future of rural and regional Australia. Hogan and Young (2012) at the National Institute for Rural and Regional Australia (NIRRA) have been facilitating a dialogue between policy researchers in the rural and regional space and with rural industries, communities and Australian Government policymakers. Their report summarises a number of commissioned papers as well as interviews with selected key opinion leaders. Carson (2012) has examined patterns of employment across ‘regional’ Australian between 1996 and 2006 using Census data. This period is critical for many parts of Australia as it covers both the beginning of the most recent resources boom and a record period of drought. The paper suggests that this analysis can help inform discussions about ‘what is regional Australia?’ and provide insights into how different regions might develop over time. Finally, Houghton (2012) seeks to identify characteristics of long-term economic sustainability in regional Australia. The paper explores the journeys that regional communities make, focusing on the impact of population movements, economic growth cycles and investment cycles. It also looks at how communities respond to external drivers, such as commodity and resource prices and the preferences of consumers and residents.

The key findings of each paper are summarised in turn below, before common themes and avenues for future work are suggested.

Scoping a Vision for the Future of Rural and Regional Australia: a discussion paper

Hogan and Young (2012) identify a number of themes emerging from their commissioned papers and interviews with key opinion leaders. An overriding concern is the inherent tension in simultaneously trying to achieve economic, social and environmental outcomes for rural and regional Australia. This reveals itself in three important policy shifts:
> The fundamental shift in economic policy relating to rural and regional Australia has been from protectionism to market based approaches. This shift has underpinned a restructuring of rural and regional Australia. Policies included increasing agricultural efficiency and productivity; removal of tariffs and industry-protectionism; and opening up Australia industry to world markets. While many policies could be considered successful in economic terms, the study suggests that transactional costs (the social and environmental impacts) occurring from the resulting structural change were often not sufficiently addressed.
The fundamental shift in natural resource management over time has been towards better recognition of scarcity and degradation and the need to manage natural resources better. Tensions continue to exist in the management of natural resources. For example, there is an ongoing struggle to achieve balance between treating water as an ‘economic’ and an ‘environmental’ resource. The Murray-Darling Basic Plan clearly exposes these tensions.

The fundamental shift in social policy has been a move from major state support to greater self-sufficiency. For example, drought policy now focuses on individual farmers taking responsibility for their own socio-economic viability. The focus on self-sufficiency extends to the community level, and it is clear that some rural communities have access to resources which will enable their continued social and economic survival while others will not.

In general, there was a concern that a focus on the economic goal had been to the detriment of the social and environmental effects and that the productivity discourse that had dominated the policy arena for several decades has led to a short-term focus. There was also concern that sustainability as a central theme has been devalued, as it is often related to particular silos eg agricultural sustainability, mining sustainability.

Hogan and Young (2012) also highlight that the economic, social and environmental sustainability of parts of rural and regional Australia is a pressing issue. The current resources boom combined with the prolonged drought has remodelled employment patterns across rural and regional Australia. The authors suggest that policy has not yet caught up with new employment models, such as mobile workforces.

Another issue confronting future policy is the capacity of Australian landscapes to support existing or increased settlement. One opinion leader pointed out that much of Australia has been settled where sustainability is questionable. Policy has also not yet confronted the vexed issue of how government responds to communities undergoing steady decline.

A further theme is the diversity of rural and regional Australia. This gives weight to the new localism agenda and to the need for national policy to be responsive to local diversity. Wheller (2012) has argued for nationwide policies to be effective in a diverse range of communities, given the enormous variation in the working of local labour markets, industries, workers and communities. It means flexible policy approaches and adopting a place-based vision for each rural and regional community.

The question of population is frequently raised with regard to rural and regional Australia, often in the context of rural decline. In May 2011, the Australian government introduced ‘Sustainable Australia – Sustainable Communities: a Sustainable Population Strategy for Australia’. The framework focuses on economic prosperity, liveable communities and environmental sustainability, rather than providing population targets. Houghton (2012) points out that Australia’s economic history has a strong parallel with the Canadian-derived ‘staple thesis’, which puts resource exploitation as the driver of economic activity, with population movements following. One of the issues confronting future policy is the capacity of Australian rural environments to support existing or increased settlement.

Employment, and workforce patterns, is a further focus of the work. Carson (2012) illustrates how the current resources boom, combined with the prolonged drought suffered in much of Australia, has remodelled employment patterns across regional and rural Australia. Both Carson (2012) and Houghton (2012) illustrate that jobs in Australia have followed industry development and settlements followed workers. (See below for more on Carson’s and Houghton’s analysis.) The decline in agricultural and manufacturing employment has been offset in part by new jobs in the mining sector. However, this does
not necessarily mean that areas with mining enjoy a net increase in rural population. New trends of working (e.g. use of fly-in, fly-out workforces in mining) mean employment policy needs to give increasing attention to how society supports mobile workforces. A National Resource Sector Workforce Strategy and Taskforce have been set up by the government to ensure there are sufficient workers for major projects. Concern was also expressed about the competitive model of employment service delivery and how this works against collaboration at a local level. Keep Australia Working and Local Connections to Work policies both provide for collaborative place-based processes, which may help in this regard.

An overall vision for rural and regional Australia will need to address these issues and others, such as the wellbeing of Indigenous Australians and the future of agricultural production. Hogan and Young (2012) suggest this new vision will need to resolve the tension between economic, social and environmental objectives.

Mapping the ‘patchwork economy’ in rural and remote Australia: How employment in industry sectors plays out across regions

Carson (2012) examines patterns of employment across ‘regional’ Australian between 1996 and 2006 using Census data. The paper examines what might be normally termed ‘rural’ or ‘peripheral’ regions. These regions are sub-divided into rural-regional and remote-regional. Regions with strong labour migration links to their State or Territory capital cities are considered rural, while those with weak links are considered remote. The analysis is at the Statistical Division (SD) level. The largest industry of employment was identified for each SD and whether that industry was a ‘dominant’ employer. An industry was considered ‘dominant’ if it employed more than 1.5 times the number of people as the next largest industry of employment.

**Rural and Remote Statistical Divisions (SDs), Australia, 2006**

The core themes emerging from Carson’s analysis relate to diversity, scale, clustering and transition:

> The ‘patchwork’ nature of employment by industry across rural and remote Australia in 2006 (and in 1996) is apparent, even at the high levels at which ‘industry’ and ‘regions’ have been defined for this research. Carson illustrates how diversity is evident not only between regions, but within regions, where specific localities may be dependent on a particular industry that is not so critical at the regional level.

> The importance of ‘scale’ reveals itself in the analysis. For example, mining was the largest and dominant employer in three regions (South Eastern Western Australia, the Pilbara and North West Queensland), but it was also dominant in 24 urban centres and localities outside of those regions. This implies ‘patchworks within the patchwork’ which highlights the need for an even more detailed understanding of the diversity of employment patterns across rural and remote Australia than is provided in this paper.

> Clustering effects are also apparent in the analysis. For example, manufacturing, retail trade, and agriculture, forestry and fishing are more prominent near major urban population centres, and mining and government administration and defence more prominent in more remote regions. This clustering of (sectoral) patterns of employment can make it difficult for policymakers to recognise diversity and scale. This can lead to inappropriate regional policies where regional differences are not recognised.

> Carson shows that the connections between sites of productive activity and the urban centres are no longer contiguous. There are vast regions where productive industries have very little presence and employment is focused on the public and social services industries.

> The timing of the available data makes it difficult to assess the causes of transition in Australia’s rural and remote labour economies. The author suggests that there is some evidence of the effects of the twin ‘shocks’ of the drought and the first stage of the mining boom, but points out that the growth in mining employment was not as dramatic as might have been assumed. Carson suggests that this might be because substantial ‘mining’ employment during this period was in construction projects.

> The analysis also shows that another major transition has been towards the increasing importance of service employment, and particularly public and social services. Rural and particularly remote regions which have not been able to profit directly from the mining boom (and this includes some parts of Queensland and Western Australia where mining activity is located) have been compensated by increased investment in government and health and community services jobs.

At a policy level, Carson (2012) makes clear that the paper ‘provides further evidence of how ‘one size fits all’ approaches to regional development policy in Australia are ill suited to the complexity of conditions that apply here..., there is a need for place-based assessments of what works and does not work and what might be needed to prepare local and regional economies to adapt.’

**Characteristics of economic sustainability in regional Australia**

Houghton (2012) aims to identify characteristics of long-term economic sustainability in regional Australia. He undertakes three pieces of analysis:

> The link between population growth and incomes is analysed, and he examines the possibility that ‘a population tipping point’ exists for a town or region above which a sustainable future is guaranteed.

> Socio-economic histories of eight regions are used to explore approaches to adaption in regional economies since Federation.

> Economic diversity is examined and the extent to which a natural resources endowment drives economic development but how such a narrow economic base might also expose the regional economy to external shocks.
Houghton suggests that concepts of sustainability are central to analysing the future of regional Australia. Following a path of 'dynamic transition', areas typically experience rapid growth, associated with exploitation of a natural resource base, followed by a long tail of adjustment (shrinkage) to a level of population and economic activity that makes a settlement more sustainable (or not) in the long-term.

The paper reveals that population levels, employment diversity, commodity prices and adaption (a community’s ability to transition from one state to another) all play important roles in economic sustainability in regional Australia.

> Population is commonly thought to be a key driver of regional economies. This analysis shows that while population levels will determine the level of services available in a region, per capita income has only a weak relationship with population size, and higher levels of population do not bring higher levels of per capita income. There is increased recognition that the key ingredients to sustainable per capital income growth, and thus increased economic welfare, are investment in physical and human capital.

> The analysis suggests that a critical mass for a sustainable population is around 15,000 people. A population of that size can support a broad enough mix of businesses and jobs to sustain a vibrant local servicing economy more resilient to external shocks. Below that level there are risks that dwindling services on offer will only serve to heighten population decline.

> In all the case studies examined here, there have been major cycles of growth and population decline. Economic sustainability in regional Australia appears to be more dependent on adaption and capacity for regional transitions, than on population growth.

> Australia has weathered external price shocks well compared to other resource and agricultural exporting countries, with economic diversity key to this relative success. However, Australia’s regions are still highly vulnerable to changes in commodity prices, exchange rates and consumer preferences. There are no mechanisms to help regions to invest gains from boom times for use in lean times. In fact, Houghton suggests that recent history shows the opposite - that regions will reap all they can from a boom on the expectation that government assistance will help bail them out of the next bust.

Houghton identifies that a key issue for policymakers is how to assist with transitions more effectively. How can adaption be facilitated in a more strategic way? As Houghton suggests, ‘Predicting and preparing for boom-bust cycles, and assisting regions with the consequent transitions, is a more forward-looking and effective policy goal than using short term assistance measures to preserve the recent status quo.’

Historically, adaption seems to have been helped by a mix of regulatory factors (such as supporting producer prices, for example), which have worked in the short-term, and through the fortunate circumstances and tenacity (or wealth) of local populations. The depth of local social and financial capital seems to be a vital ingredient in adaption. The case-studies also suggest that economic diversity adds to sustainability, but also that lack of diversity (or building on strengths) can be an asset if boom/bust cycles are well managed.

Houghton (2012) also makes the point about clear goals helping determine the most suitable tools. ‘For example, a goal that no resident or worker is displaced from a transition will require one set of responses, whilst an alternative goal that no one leaves in difficulty would require another.’
Avenues for future work

> How can we use the 2011 Census data, now available, to further our understanding?
  > As Carson (2012) comments ‘this data will capture rural and remote Australia at a point when the mining boom has experienced a second wave and the drought has broken in many parts of Australia, yet been replaced in some locations by floods and destructive storms. The strong Australian dollar has also challenged manufacturing, retail and tourism in particular, and this is likely to be reflected in the 2011 data.’

> What constitutes effective community-based decision-making in a regional and rural context?
  > How do we facilitate improved public participation in policy development?
  > How can community representatives be equals at the policy development table?

> What are the key characteristics of sustainable or resilient communities?
  > Is there a tipping point regarding the socio-economic viability of given communities?
  > How can we better understand the inter-relationships between local economies and sustainability of their communities?
  > Is it more feasible to aim for sustainable rather than growth based rural economies?
  > Which place-based interventions work?

> What is an appropriate vision for rural and regional Australia?
  > Will the nation continue to populate non-urban Australia and if so, on what basis?
  > What size of settlement warrants the provision of public services?
  > What does sustainability mean for rural and regional Australia and would we know it if we saw it?
  > What does self-sufficiency mean? What will the relationship be between citizen and state, in a rural and regional setting?

> How can public policy assist with economic and community transitions more effectively?
  > How can adaption be facilitated in a more strategic way?
  > How do you build the likelihood that a community will be able to adapt?
Improving co-ordination and efficiency of small-scale survey data

The Forum commissioned a further paper on the collection and use of data. Breunig’s paper (2012) explores possibilities for improved efficiency, lower cost, higher quality and broader usage in departmental-level, federal government data-gathering initiatives. The paper asks: could a framework be developed which would harmonize data collection efforts within and across departments?

Breunig concludes that there is significant potential for improving co-ordination and making more efficient and effective use of data. To achieve the best outcome, and to ensure the benefits outweigh the costs, he suggests it would require a partnership between government departments and academic researchers. This partnership approach could ensure the policy-related research needs of government, the publication requirements of academic jobs and the confidentiality of survey recipients are all met. Breunig highlights that some momentum for change exists with the recent publication of a National Government Information Sharing Strategy and the setting up of a Cross Portfolio Statistical Integration Committee, as well as other initiatives. These all share the aspiration of research information being a strategic asset.

The paper suggests that progress could be made in three key areas:
> Improve research practice - by including a common battery of questions in all surveys and ensuring appropriate data collection methods are being used.
> Making the data available to others - through a compulsory ‘unit record file’ and ensuring confidentiality is maintained.
> Making the most of the data - by integrating academics into projects as research partners and by raising awareness of existing data sources.

To implement the proposals, a body to oversee the commissioning of data collection and a separate but linked data repository would be required. Breunig flags that the paper is intended to be the beginning of a conversation about what better data sharing arrangements might look like and how data can be most efficiently and effectively used.
Key themes

The following themes could help guide future research and policy development:

> **Understanding diversity and complexity.** This relates to the diversity and the complexity of individuals, their lives, and the communities and local economies in which they live. It is clear that policies need to recognise and respond to diversity and complexity if they are to meet their objectives. This leads to a strong case for policies that reflect individual and local conditions and preferences, and to the need for data and analysis which fully identifies these differences.

Part of the complexity of the policy environment comes from the interplay of specific issues with a wider context. For example, it is clear from the Australian and UK evidence on employment policies that the wider economic context is a bigger determinant of participation levels than employment services or work incentives. This does not mean that welfare and employment policies (if done well) are not effective in increasing participation, but it does support the priority that should be given to the Government’s role in managing the overall economic health of the nation, and to the need to understand the relationship between the wider economy and specific welfare and employment policies.

> **Achieving policy coherence.** This relates to the extent to which policies are whole and coherent. It involves an awareness of the interactions and potential tensions that exist between policy objectives and the tools deployed to achieve those objectives, and the extent to which balance needs to be achieved. These interactions exist at the individual and at the community level, but also at the macro-level, for example between workforce participation and social inclusion objectives and policies.

Some of the papers refer to the need for clarity over desired policy priorities and outcomes. Whilst this might seem self-evident, there are sufficient examples of current policies lacking clear goals or well-defined outcomes to warrant attention. This matters because it is prescribed outcomes that guide the development of effective strategies and policies. For example, if the primary goal of employment policies is to reduce social exclusion, then a focus on those most disadvantaged would be appropriate. If the primary goal is to increase productivity or fill immediate skills shortages, then it might be more appropriate to target people closer to the labour market.

> **Supporting transitions.** This relates to public policy designed to ease transitions from one state to another. The transition from unemployment to work can be a difficult for some individuals and families, and can require support from a range of bodies and clear financial incentives. Likewise, the transition of a regional or rural community from one economic state to another can come at great cost to those communities, particularly when there is no strategy in place to ease that transition. This would include the growing pains of rapid resource-connected growth or the challenges of a community in economic, and associated population, decline.

> **Building resilience.** This relates to the resilience of individuals and communities to respond positively to change, particularly to personal or economic ‘shocks’. This includes the attributes which help people sustain employment and the factors which can help communities build resilience and sustainability.

There would seem to be some common factors that lead to communities being more resilient and sustainable than others. Houghton (2012) identifies some of these - such as population levels, employment diversity, commodity prices and adaption (i.e. a community’s ability to transition from one state to another) - but it is an issue which would merit further work.
> **Designing citizen or community-focused policy.** This relates to policies which are designed with and around the individual and community. For example, if one policy objective is to get someone into work and to sustain that work, then transfer payments and employment services are only part of the picture. Developing skills, availability of child care, affordable housing, access to health care, together with balancing caring and other responsibilities, all impinge on someone’s ability to enter and stay in employment. Cooper (2011) suggests further exploration of a ‘citizen-centred approach’ whereby transfers, employment services and a range of other services (housing, child care etc.) are designed around the individual and their needs, rather than fitting within institutional or contractual arrangements.

Finally, the papers all refer to gaps in data, research or understanding. This is unsurprising, not least because as political, economic and social circumstances change, and policies evolve, new data and knowledge is needed. Bob Breunig’s paper also shows that better use could be made of the data we do have, and that a partnership between government departments and academic researchers could provide a way forward.
Future Work

The HC Coombs Policy Forum is consulting with the Government and other stakeholders to explore how these themes might be incorporated into future research and policy development activity.

Some of these themes are already being taken forward in the HC Coombs Policy Forum’s ‘Social Policy and Participation’ program. On participation, the work aims to build a shared understanding of how and why future levels of workforce participation are a public policy concern, set out the range of objectives (social and economic) that need to be balanced in pursuing increased participation, and identify practical policies for enhancing participation. The Treasury’s 3Ps (Population, Participation and Productivity) framework will also be used to guide the analysis and debate.

This work will cover six specific topics, selected because there is a good match between academic research/capacity and government interest:
> older workers
> families, children and work
> minimum wages and in-work support
> employment services
> working mothers
> work and health.

The work will involve commissioning new research, synthesising existing research and policy analysis, and hosting a range of forums to progress thinking. This work will involve early discussions between public servants and academics and, wherever possible, be undertaken in partnership with a government department.
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