Australia towards 2031

The demographic, consumer and behavioural trends shaping the nation

mccrindle

Australia towards 2031 report is produced by:

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Introduction

Mark McCrindle

Coined in the 1980's, the VUCA acronym has been an apt summary of recent decades (Volatility, Uncertainty, Complexity and Ambiguity). In 2018 at the World Economic Forum, the Prime Minister of Canada highlighted the increasing acceleration of the trends with his statement: "The pace of change has never been this fast, yet it will never be this slow again". Yet all of this was before the global COVID-19 pandemic further disrupted and transformed our times.

In such times, analysis of the trends and regular scans of the horizon is essential to thrive amidst the transformations. The primary characteristic of a leader, which enables the important strengths of vision and decisiveness, is foresight. The reason they can lead is that, having understood the trends, they are able to see things not just as they are, but as they will be.

At McCrindle we exist to empower human flourishing by equipping leaders with research-based insight. Indeed the leader with the honed characteristic of foresight, and equipped with evidence-based insight is able to do more than just see the future, they take up the great responsibility to shape it.

We trust this report will help you understand the times, prepare you for the emerging megatrends, and equip you to lead and grow your team, community and organisation with both humility and confidence.

“

The pace of change has never been this fast, yet it will never be this slow again.

Justin Trudeau — World Economic Forum

Snapshot of the trends impacting the future of Australia

Growing linguistic diversity

% of households where a non-English language is spoken

22% Australia

27% NSW

38% Sydney

56% Sydney city (suburb)

Changing consumer behaviour

79% will increase the number of digital payments they make over the coming years

Consumers increase engagement with organisations who…

60% Support local suppliers

57% Behave ethically in interactions

52% Sell products/services that positively impact the environment

Future financial outlook

63% of Australians believe they will be in a better financial position by 2031 than they are today.

An ageing population

	1971	1983	1999	2010	2031*
Median age	27	30	35	37	39

*projected

The future of work is hybrid

62% of workers say their ideal working environment is hybrid
(a mix of working remotely and in the workplace)

Working remotely helps workers experience

61% Work/life balance

59% Flexible working hours

49% Deep thinking/ reflection

The workplace environment helps workers experience

49% Strong relationships with colleagues

47% Strong relationships with leaders

47% Collaboration

Rise of the regions

60%

of Australians who don't currently live in a regional area have considered moving to a regional area

42% are attracted to the idea of moving away from the city but retaining a city job

Rise of the Central Lifestyle District

In the future, Australians think cities will be the...

85% Epicentre of arts and culture

82% Hub of main events

75% Main source of social connection

Return to local

% who value more now than three years ago

66% Shopping locally

58% Walkable community

53% Strong local community

The wellbeing era

83%

are making an effort to prioritise their health and wellbeing

76%

are making an effort to avoid a sedentary lifestyle

Only occasionally in history do massive demographic changes combine with huge social shifts, ongoing generational transitions and unprecedented technological innovation so that within the span of a decade society altogether alters. Australia is currently in the midst of one such transformation.

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ABS, Census of Population and Housing 2016

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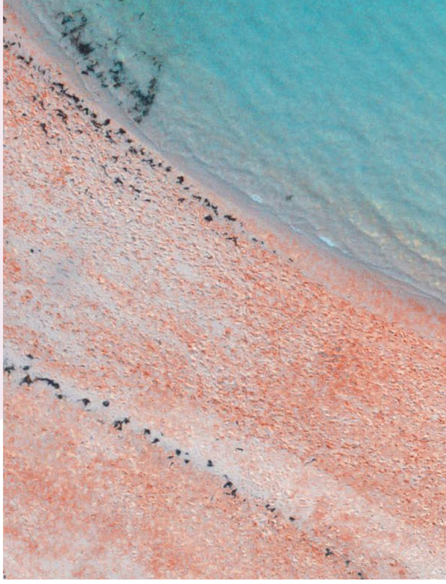


Australia's demographic identity

200 years of growth

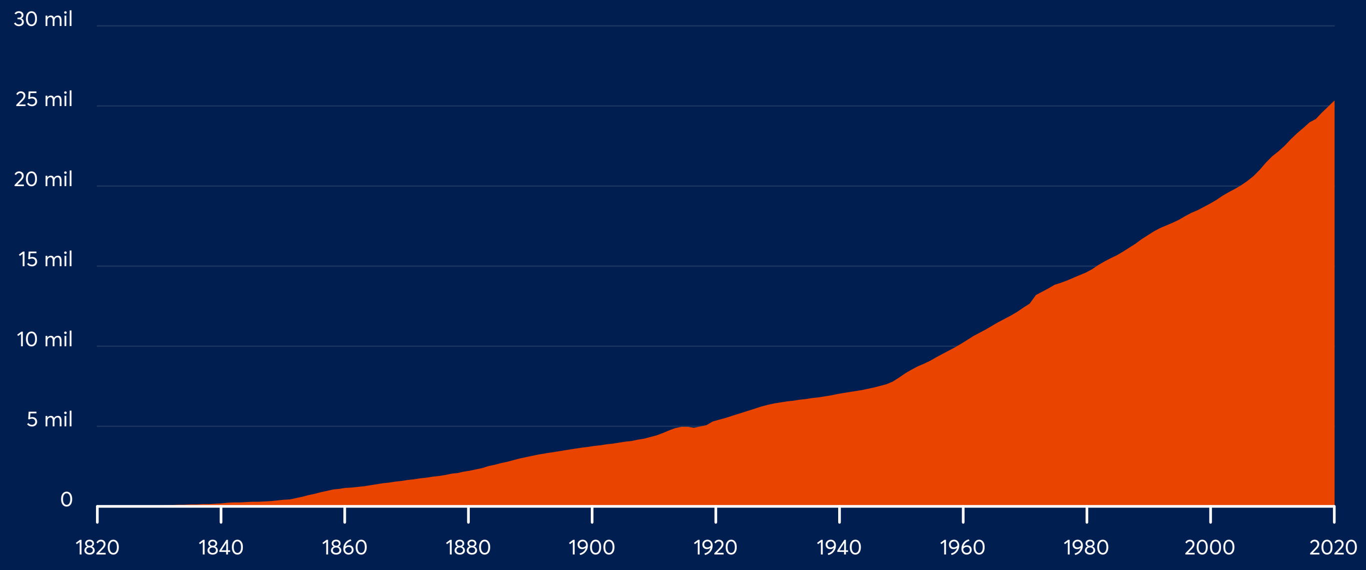
Prior to British arrival in 1788, the Australian Bureau of Statistics estimates there was an Indigenous Australian population ranging from 315,000 to over one million. Since that time population growth has largely been driven by overseas arrivals.

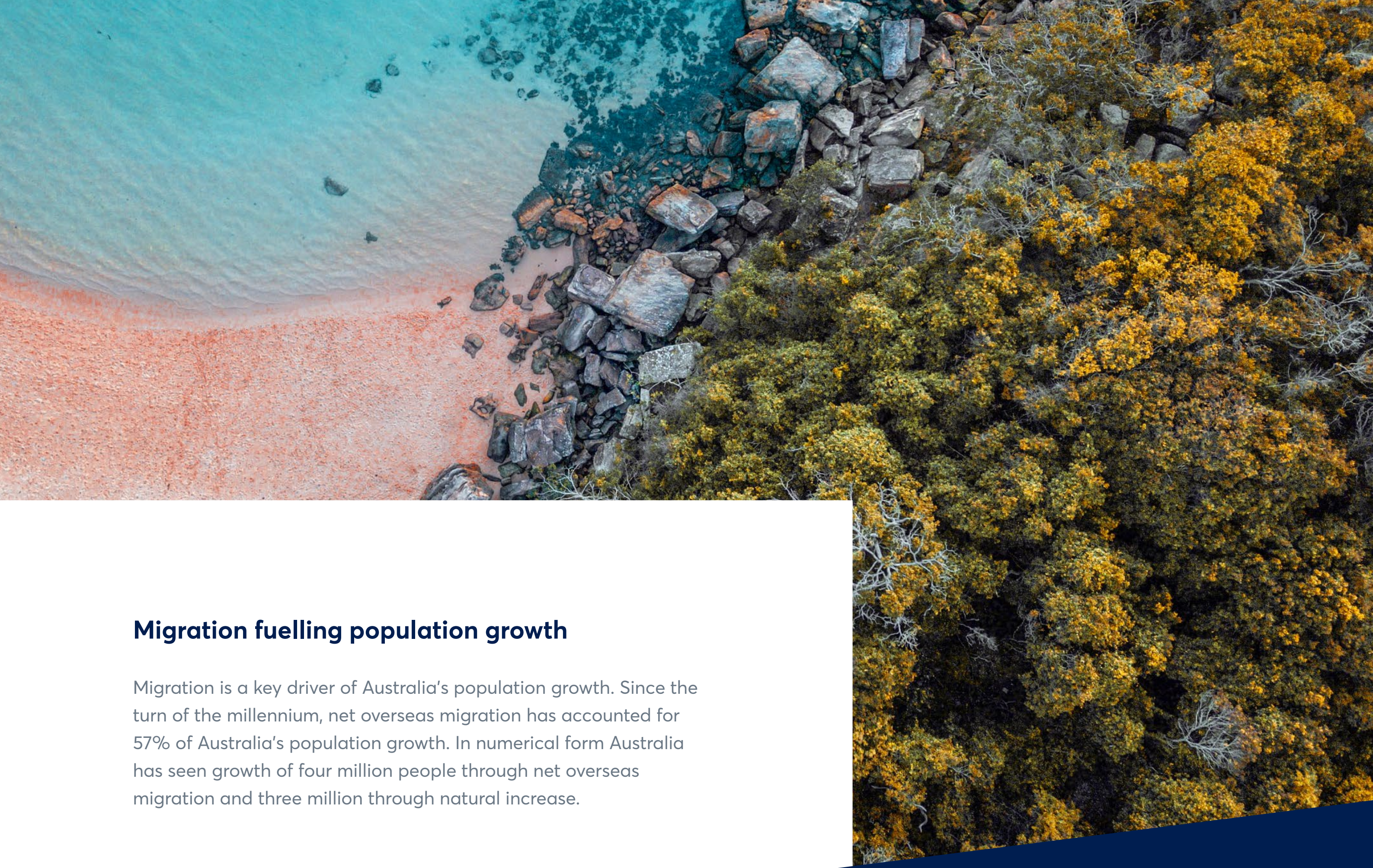
Over the past 200 years, the population of Australia has recorded a net annual growth for all but two years (1915 and 1916 during the First World War) bringing us to a population of more than 25 million today.

While growth has been constant for Australia, the pattern of growth has been far from steady. In recent centuries, Australia has increased in size rapidly.

It took until 1959 for Australia's population to reach ten million. However, it took just 46 years (1959-2004) to add its next ten million, and so reach a population of 20 million. Based on current forecasts, it will take just 30 years from this point for Australian to add its third 10 million and reach a total population of 30 million in 2034.

POPULATION GROWTH, 1820 - 2020

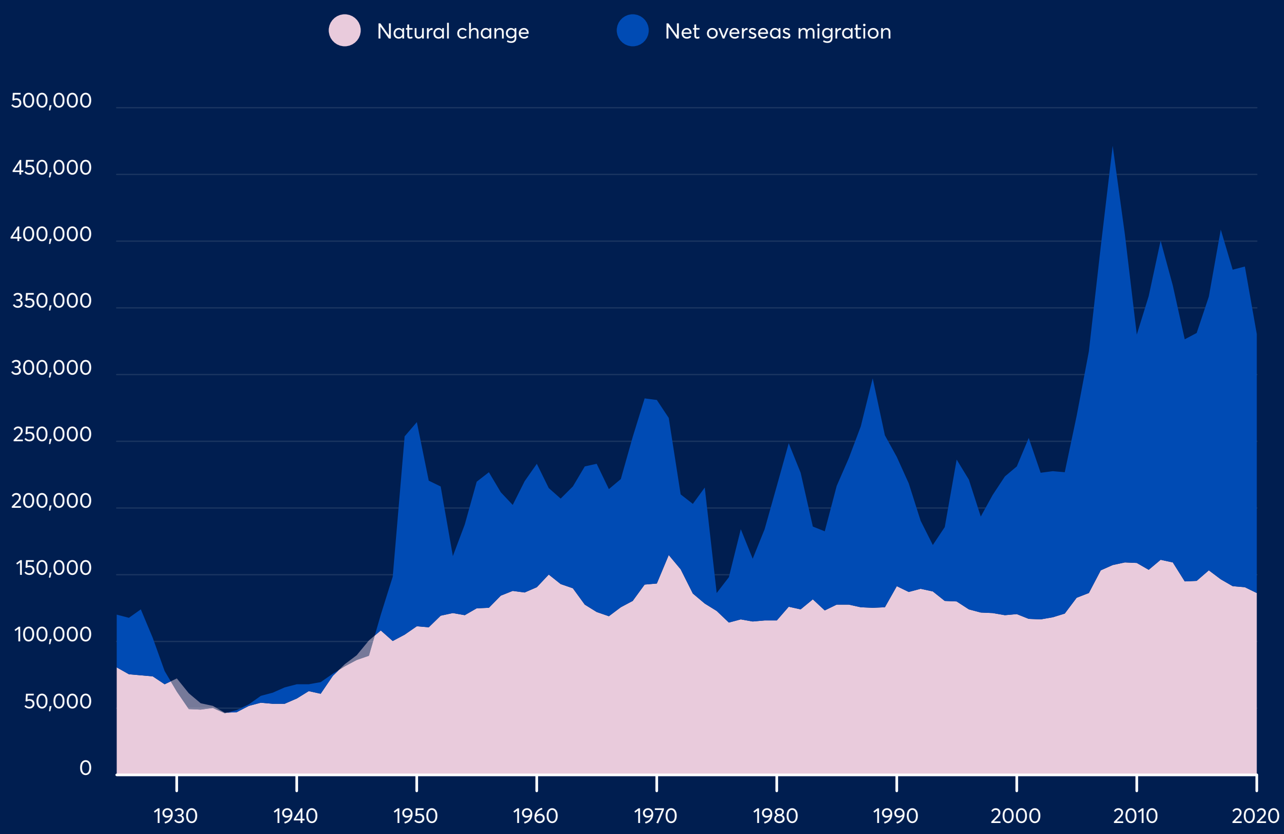




Migration fuelling population growth

Migration is a key driver of Australia's population growth. Since the turn of the millennium, net overseas migration has accounted for 57% of Australia's population growth. In numerical form Australia has seen growth of four million people through net overseas migration and three million through natural increase.

POPULATION CHANGE, 1925 - 2020

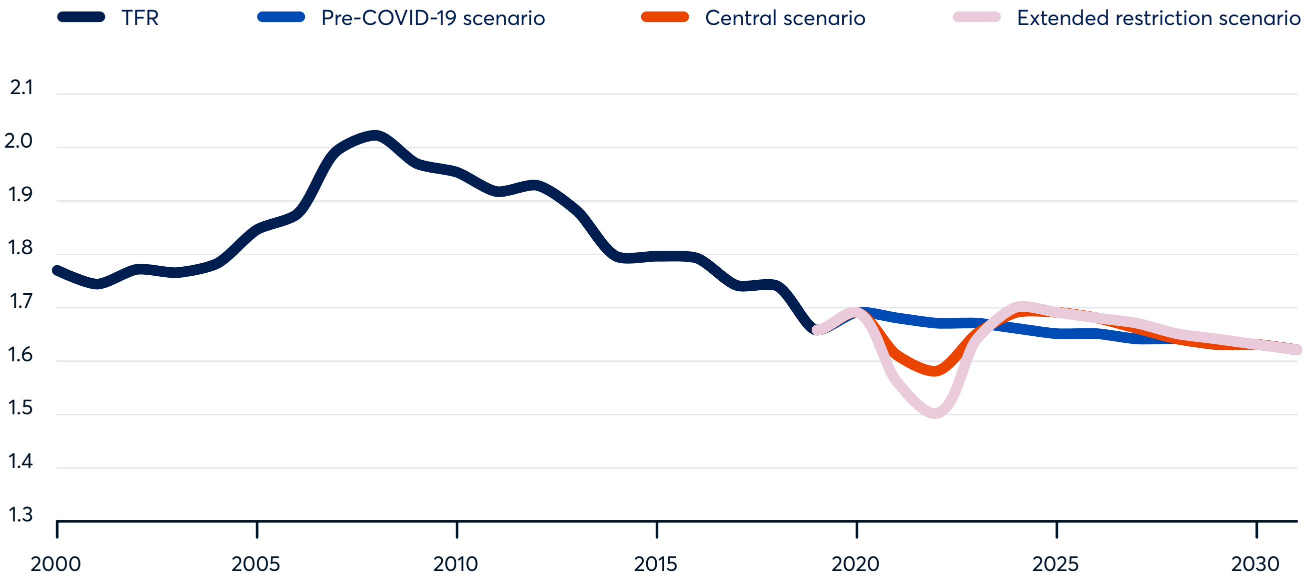


The impact of closed borders on population growth towards 2031

Since the start of the COVID-19 pandemic the question has arisen of how closing borders around Australia will impact population growth. The demographic impact of COVID-19 has largely been a slowdown in population growth as a result of delayed migration, combined with a slight drop in the fertility rate due to economic uncertainty. This will likely rebound for a period of time before steadying to a rate of 1.62 babies per woman. By 2031 it is likely that Australia's population will be 1.1 to 1.4 million people smaller than the pre-COVID-19 estimate of 30 million.[1] Australia's population, however, is still growing with an additional 3 million Australians expected over the next decade.

The impacts of COVID-19 will live on long after the health pandemic has passed. In 2061, Australia's population will be slightly older, smaller and less culturally diverse than it otherwise would have been. The next decades with higher healthcare, aged care, pension and economic stimulus will see higher costs, lower revenues and more government deficits and debt than the pre-COVID-19 forecasts.

FERTILITY RATE, 2000 - 2031



Growing cultural and spiritual diversity

Australia is one of the most multicultural developed nations in the world, with twice as many residents born overseas (30%)[2] as the United Kingdom (14%)[3] or the United States of America (14%)[4]. The diversity of culture is likely to continue growing with a large proportion of Australia's projected growth coming from net overseas migration. Even though COVID-19 has seen closed international borders which will impair Australia's net overseas migration until the middle of this decade, our modelling shows that by 2030, annual migration to Australia will be close to the pre-COVID-19 numbers.

x2

Australia has twice as many residents born overseas as the UK and US

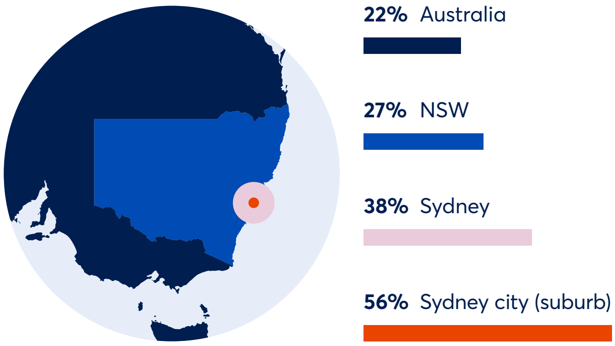
Australia 29%, United Kingdom 14%, United States of America 14%

As a result of shifting migration patterns from Europe to Asia and Africa, there has been an increase in Australia's religious diversity despite the overall decline in religious affiliation (no-religion 30% 2016 cf. 19% 2006). The most recent Census data shows that 2.6% of Australians identify with Islam, 2.4% with Buddhism and 3.2% with other religions.

Increasing linguistic diversity

With three in ten Australians born overseas (30%) and a large proportion of Australia's growth coming from net overseas migration, an increasing number of Australians are using a non-English language in their home. Across Australia just over one in five (22%) households speak a language other than English in their home. What is of note, however, is the growing linguistic diversity of the capital cities. In New South Wales, for example, more than one in four households speak a language other than English in their homes (27%). This rises to 38% for Sydney and 56% for the Sydney city state suburb[2].

% OF HOUSEHOLDS WHERE A NON-ENGLISH LANGUAGE IS SPOKEN



LEADER INSIGHT

It is important to recognise the growing trend of linguistic diversity, so that an organisation can consider its communication strategy with customers and staff. Consider the ease with which an individual who speaks a language other than English can engage with your organisation.

Australia's ageing population

Since 1971 Australia's median age has increased by 10 years. Just before the turn of the millenium the median age was 35 and since 2010 it has been steady at 37.[2]

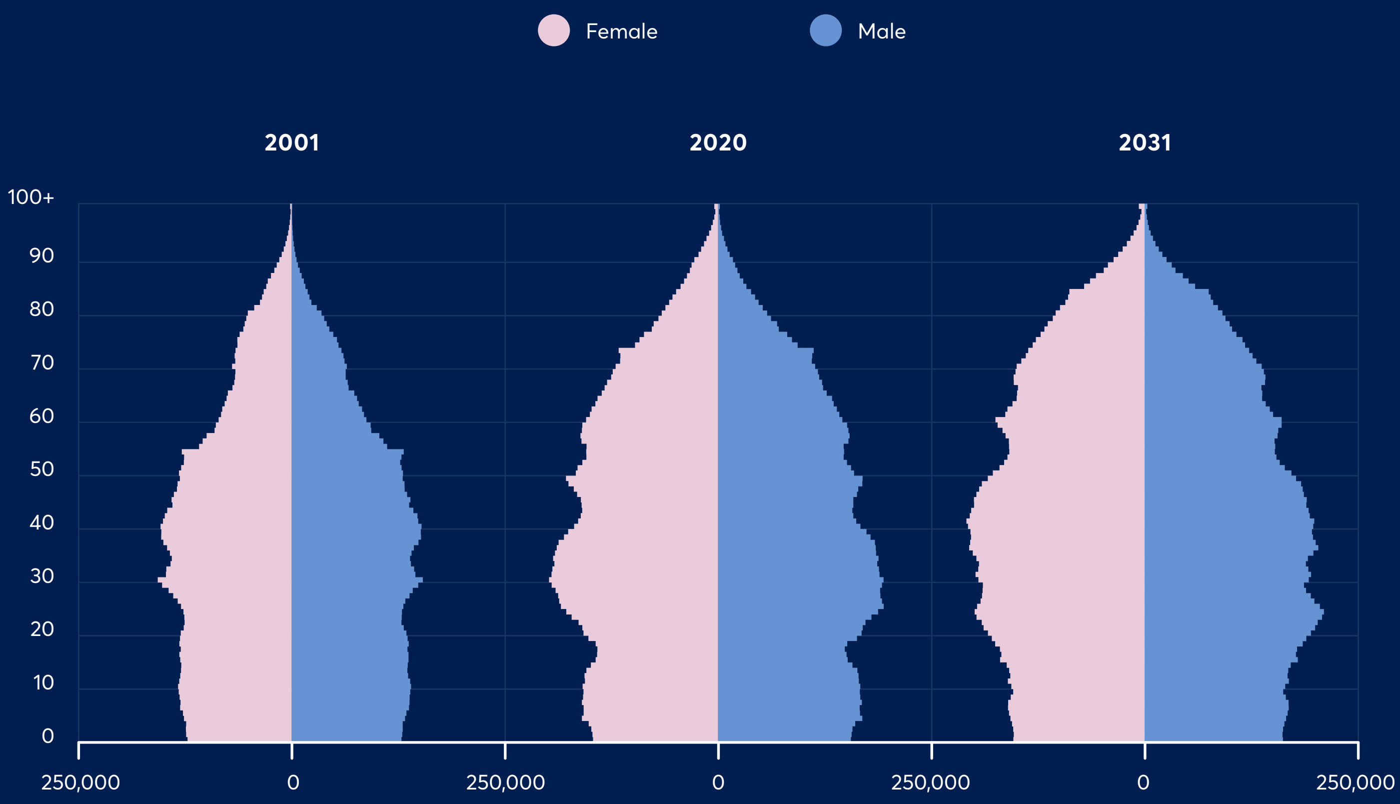
Looking at the population pyramids below, the shape reflects what you would expect of a pyramid. Over time, however, Australia's population pyramid is starting to become inverted as the number of Australians over the age of 60 overtakes those under the age of 18. As a result, Australia's median age was projected to rise and reach 39 by 2031. Considering lower net overseas migration, however, it is likely that Australia will reach a median age of 39, ahead of this forecast, most likely by 2026.

AUSTRALIAN MEDIAN AGE, 1971 - 2031

Median age	1971	1983	1999	2010	2031*
Australia	27	30	35	37	39

**projected*

POPULATION PYRAMIDS



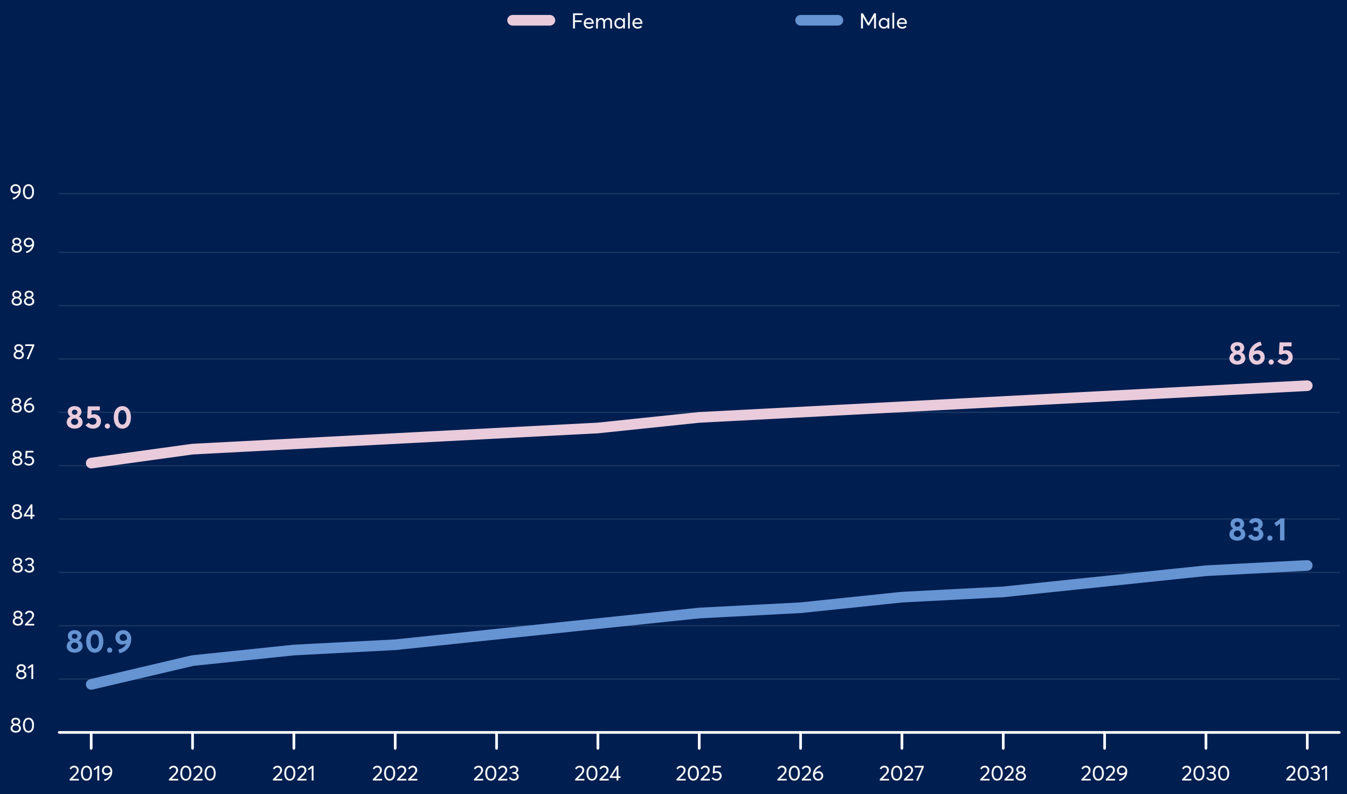
Growing lifespan

A contributor to Australia's ageing population is the growing lifespan of Australians. In 1909, when Australia's age pension was introduced, life expectancy at birth was 57. Today this exceeds 80 when averaged across males and females. Life expectancy is projected to continue rising, albeit at a slower rate. By the end of the decade, female life expectancy at birth is projected to reach 86.5, while life expectancy for males is projected to reach 83.1.

It is expected that with Australians living longer the retirement age will continue to be pushed back. Currently the Age Pension age is increasing at 0.5 years every two years so if it continues at its current trajectory, in 2031 it will be 69. This, in-part, is made possible by the knowledge economy where people can work into their 70s. For younger generations of Australians, it is likely they will have a longer period in the workforce, more careers, more transitions, and more jobs that don't yet exist. The emerging generation, therefore, needs to be equipped, not just in sector-specific skills, but in transferable skills and character qualities to thrive across multiple jobs and in a rapidly changing world.

> **Generations Y and Z, often referred to as the emerging generations of workers, are now the largest generations in our workforce. There are more employed Australians born since 1980 than all of those born before 1980. These younger workers will live longer, work later, transition roles more frequently, upskill and retrain regularly and end up having more careers than any generation in history.**

LIFE EXPECTANCY



Australians' financial health

The topic of financial health is one that many Australians put off for another day. So much so that the number one financial regret of Australians is not prioritising their financial health earlier in life.[5]

#1

The number one financial regret of Australians is not prioritising their financial health earlier in life

Most Australians do not have much saved up for a rainy day. More than half of Australians (53%) have $5,000 or less in their savings account right now. For a fifth of Australians (22%), their financial position is even more precarious with less than $100 in their savings account right now.

Given their limited savings, it is understandable that Australians are reliant on earning an income for survival. If they were to stop earning an income today and could not refinance or take out more loans, more than half of Australians (58%) would run out of money within 6 months. For more than a third of Australians (36%), however, the financial runway is much shorter, being likely to run out within a week or so.[5]

Are Australians financially ready for retirement?

In light of this, just one quarter of Australians (24%) over the age of 18 feel extremely or very financially prepared for retirement. Positively, Australia's oldest residents, Builders (40%) and Baby Boomers (32%) are the most likely to feel extremely or very financially prepared. Generation X, however, are the least likely to feel financially prepared at just 16%. This is notable as the oldest of Gen X will be approaching retirement age by 2031.

16%

Only 16% of Gen X feel extremely/very financially prepared for retirement

The culture around preparing for retirement is likely to be shifting, with younger generations of Australians highly engaged with their superannuation. More than half of Generation Z (54%) and two in five Gen Y (42%) check the balance of their superannuation fund at least monthly. This compares to a third of Gen X (33%) and Baby Boomers (31%) and one in six Builders (17%).

The gender divide

Females are in a more precarious financial position than males, being more likely to have less than $100 in their savings account (26% female cf. 17% male).[5] Meanwhile, males are more likely to feel financially prepared for retirement, being almost twice as likely as females to feel extremely or very financially prepared (30% cf. 18%). Males also have a higher engagement with their super, being more likely to check the balance of their superannuation at least monthly (45% cf. 29%). For the future financial health of Australians, it is important for leaders and Australians to continue to take steps to reduce this gender gap.

Likely to have less than $100 in their savings account

Female	Male
26%	17%

Feel financially prepared for retirement

Female	Male
18%	30%

Likely to check their superannuation balance at least monthly

Female	Male
29%	45%

LEADER INSIGHT

With a younger generation of Australians highly engaged with their superannuation and looking to prioritise their financial health earlier in life, how can organisations equip them to succeed?

THE FADING GREAT AUSTRALIAN DREAM

*House and unit prices compared to earnings four decades ago compared to today, five capital city summary**

LEGEND

HOUSE | UNIT

City	Year	Median house price	Median house price to annual earnings ratio	Average fulltime annual earnings (national)	Median unit price to annual earnings ratio	Median unit price
Sydney	1981	$78,900	5x	$15,800	4.3x	$67,300
	2021	$1,190,000	13.4x	$89,000	8.8x	$782,000
Melbourne	1981	$44,000	2.8x	$15,800	2.3x	$36,500
	2021	$908,000	10.2x	$89,000	6.8x	$606,000
Brisbane	1981	$45,325	2.9x	$15,800	3.1x	$48,308
	2021	$642,000	7.2x	$89,000	4.6x	$412,000
Perth	1981	$43,825	2.8x	$15,800	2.3x	$36,004
	2021	$546,000	6.1x	$89,000	4.4x	$392,000
Adelaide	1981	$39,100	2.5x	$15,800	2.2x	$34,334
	2021	$543,000	6.1x	$89,000	4.0x	$356,000

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House prices: CoreLogic, 2021

Historic house prices: Abelson, 2004

Average annual earnings historic and current: ABS

Future financial outlook

Despite the financial challenges many Australians face, they are positive about their financial future. More than three in five Australians (63%) believe they will be in a better financial position by 2031 than they are today.

63%

of Australians believe they will be in a better financial position by 2031 than they are today.

The rise of the regions

Looking to the future, the focus on Australia's regions is rising with three in five Australians who don't currently live in a regional area (60%) having considered moving to one. In fact, more than a third have strongly/somewhat considered it (36%). The property data from the last year reflects this with dwelling values in capital cities rising by 9% compared to a 15% increase for regional markets.[11]

60%

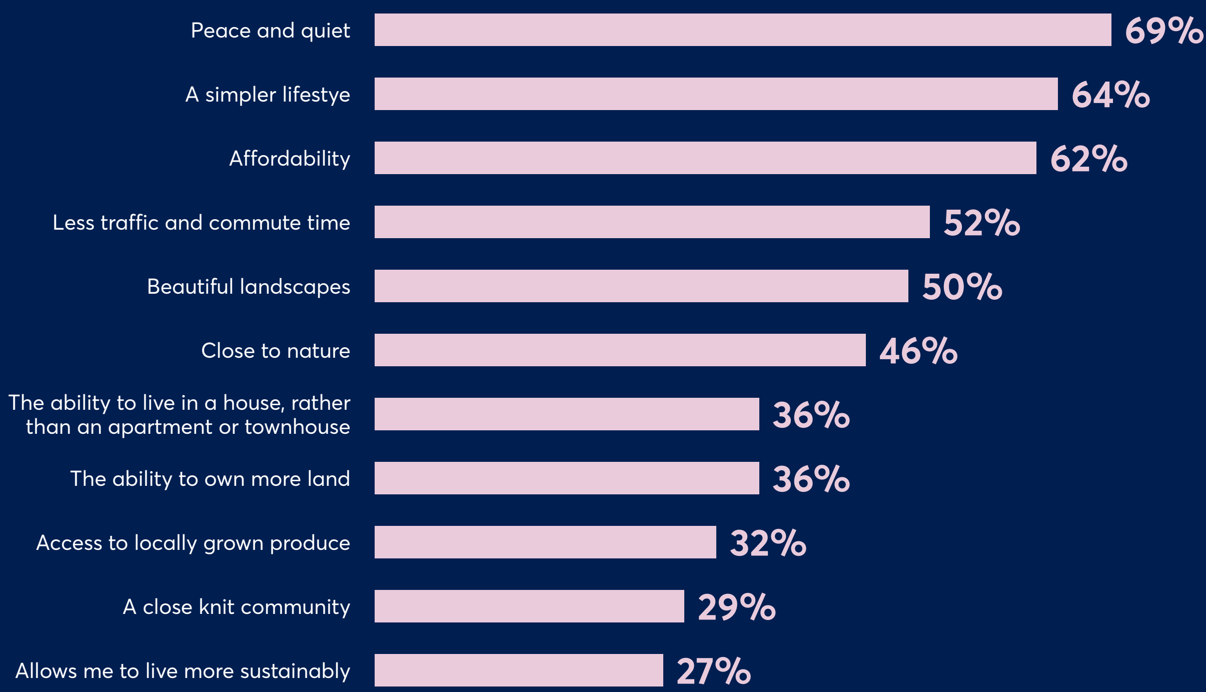
of Australians who don't currently live in a regional area have considered moving to a regional area

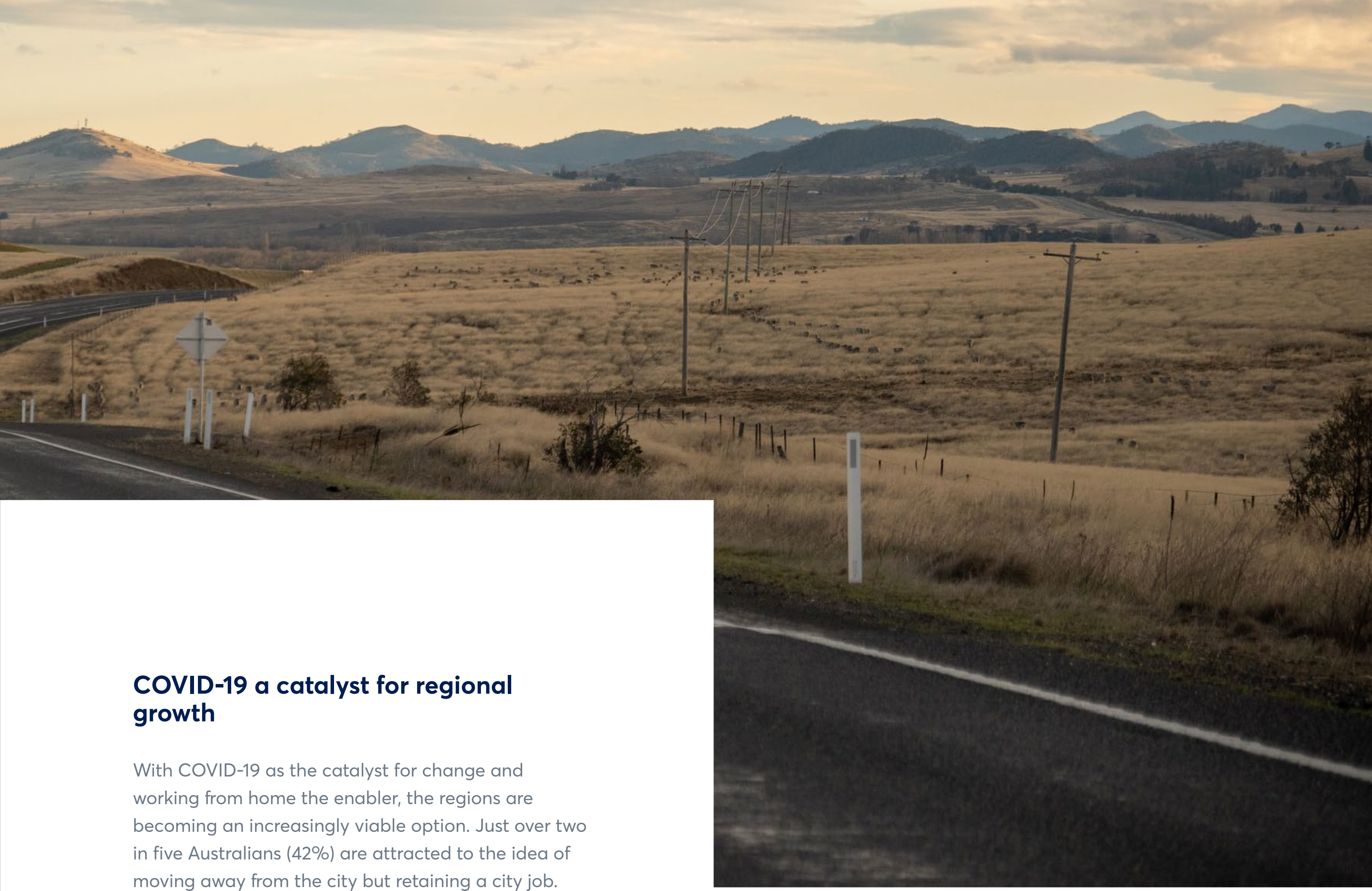
Key benefits of regional living

Australians see the peace and quiet (69%), a simpler lifestyle (64%) and affordability (62%) as the key benefits of regional living.

WHAT DO YOU THINK ARE THE KEY BENEFITS OF LIVING IN A REGIONAL AREA?

Please select all that apply





COVID-19 a catalyst for regional growth

With COVID-19 as the catalyst for change and working from home the enabler, the regions are becoming an increasingly viable option. Just over two in five Australians (42%) are attracted to the idea of moving away from the city but retaining a city job.

Younger Australians driving the rise of the regions

Younger Australians are more likely than their older counterparts to be attracted to the idea of moving away from the city but retaining a city job (59% Gen Z, 56% Gen Y cf. 46% Gen X, 19% Baby Boomers, 13% Builders).

Likely due to the financial constraints of city living and being in their family forming years, Gen Y are also the most likely to have seriously or somewhat considered moving to a regional area (46% cf. 39% Gen Z, 34% Gen X, 24% Baby Boomers, 15% Builders).

Buying property has been difficult for many Gen Y Australians who are trying to enter the property market in their family forming years, where their desires surpass the two-bedroom unit and extend to a family home with a backyard. It comes as no surprise therefore that the housing benefits are a key driver for Gen Y to consider moving to a regional area. Almost half of Gen Y see the ability to own more land (48% cf. 35% Gen Z, 36% Gen X, 28% Baby Boomers, 17% Builders) and the ability to live in a house rather than an apartment or townhouse (42% cf. 35% Gen Z, 30% Gen X, 35% Baby Boomers, 39% Builders) as key benefits of regional living.

LEADER INSIGHT

If the shift from capital city centricity continues to grow, this will create a change in demand for infrastructure, housing, education and services in regional areas. To future proof your organisation, consider if this growing trend will impact you.

Liveable cities

People and place are two key components of a city. As society changes, the place often begins to shift too. Central Business Districts (CBD) have largely been the hub of cities, drawing commuters in each day to work, and surrounding infrastructure has been built to support this. With the societal shifts of working from home, the decentralisation of work and the rise of the regions, however, it is likely that cities will look different in the future. The Central Business Districts (CBD) may even give way to the rise of the Central Lifestyle District (CLD).

The rise of the Central Lifestyle District

More than four in five Australians agree that in the future, city centres will be the epicentre of arts and culture (85%) and the hub of main events (82%). City centres are also likely to remain the main source of social connection (75%), house more people than ever before (74%) and become destination retail hubs (74%). Over two thirds of Australians (68%) believe city centres will increase in popularity in the future.

Younger Australians are more likely to see the CBD shifting to a CLD. More than four in five Gen Z (86%) and Gen Y (81%) agree city centres will become destination retail hubs compared to seven in ten Gen X (71%) and three in five Baby Boomers (64%) and Builders (60%). Similarly younger generations see the future of cities as the main source of social connection (88% Gen Z, 82% Gen Y cf. 72% Gen X, 65% Baby Boomers, 69% Builders) and the hub of main events (87% Gen Z, 86% Gen Y cf. 82% Gen X, 75% Baby Boomers, 77% Builders).[12]

THE FUTURE OF CITY CENTRES

% strongly/somewhat/slightly agree

85% city centres will be the epicentre of arts and culture

82% city centres will be the hub of main events

75% city centres will remain the main source of social connection

74% city centres will house more people than they ever have before

74% city centres will become destination retail hubs

68% city centres will increase in popularity

The Aussie dream of a house with a backyard continues to live on

When it comes to choosing where to live there are often three considerations: location, the home itself and affordability. Rarely do people find their dream home and there is often a compromise on one of these criteria. In the next year or two, half of Australians (50%) plan on looking for a new home to rent or buy that incorporates more of what they value, with more than one in five (22%) extremely/very likely to do so.[viii] It is therefore important to understand what Australians value in their home and the liveability of their area.

When it comes to their home, Australians are likely to value a backyard (59%), detached housing (54%) and a home office (41%) more than they did three years ago. Given they are entering their family forming years it is understandable that younger Australians are more likely than older Australians to value detached housing (64% Gen Z, 64% Gen Y cf. 52% Gen X, 45% Baby Boomers, 36% Builders) a backyard (70% Gen Z, 68% Gen Y cf. 60% Gen X, 49% Baby Boomers, 35% Builders) and a home office (59% Gen Z, 56% Gen Y cf. 44% Gen X, 20% Baby Boomers, 6% Builders).

> **Gen Z are the most likely generation to value detached housing, a backyard and a home office more than they did three years ago.**

The return to local

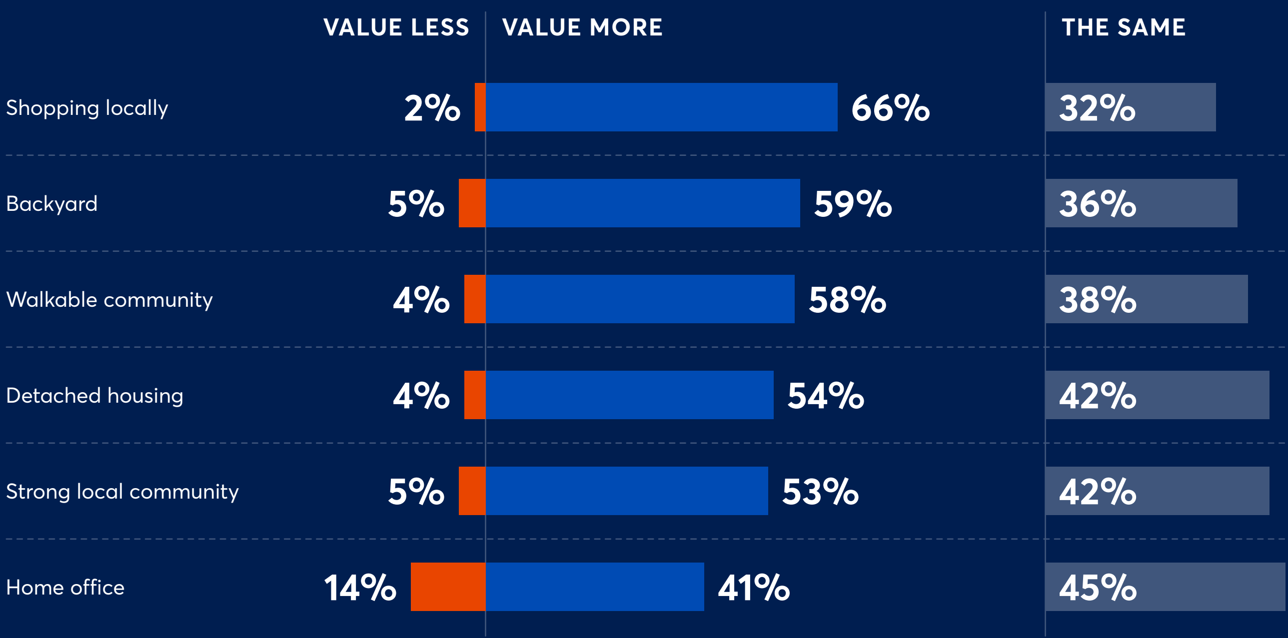
In recent years there has been a trend to support local, ethical and sustainable. This is likely to continue with 66% of Australians valuing shopping locally more than they did three years ago. Australians are not just looking to return to local through their shopping habits, but they also have an increasing desire for a strong local community, with more than half (53%) valuing this more now than three years ago. The preference for local is likely related to the increasing desire for walkable communities, with 58% of Australians valuing a walkable community more now than they did three years ago.

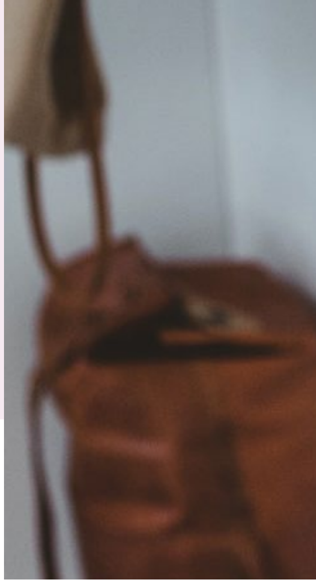
> **Much of what we had pre-COVID-19 we will never see again. From regional growth to redefined work practices, it's not the continuation of how things were but the start of a whole new reality. We are not experiencing a reset as much as a reinvention.**

LEADER INSIGHT

With the return to local, understanding and investing into your consumer community matters now more than ever. Regardless of your size how can you create and facilitate a local experience with consumers?

DO YOU VALUE THE FOLLOWING MORE OR LESS THAN YOU DID THREE YEARS AGO?





Changing consumer behaviour

The last decade has seen significant shifts in consumer behaviour. With the growth in digital stores from bricks and mortar, the rise of personalisation and the desire for a frictionless transactional experience, it is safe to say that consumer expectations are rising. If organisations want to thrive in the current market, it is more important than ever to gain insight into today's consumers.

Australia, a cashless society?

Almost seven in ten Australians (69%) agree Australia will be a cashless society by 2031. The data supports this growing trend, with the number of card payments 2.4 times what it was just a decade ago. In 2007 69% of payments were made in cash, while today, cash is used for just 27% of consumer payments.[6]

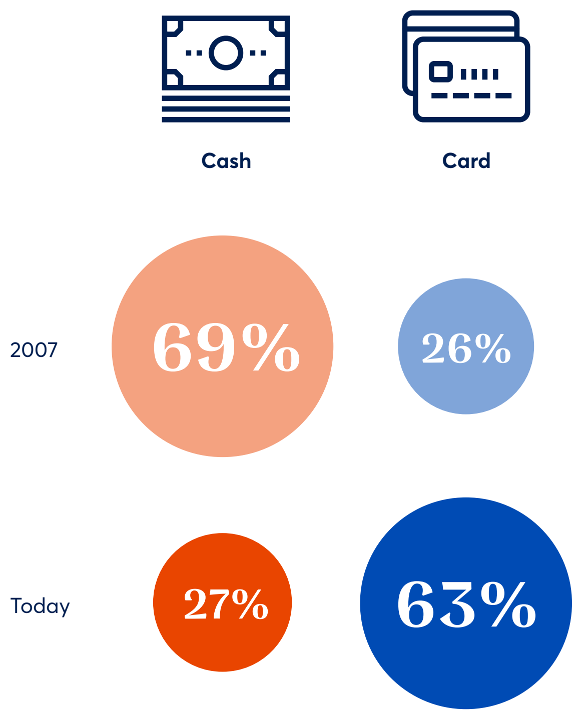
69%

of Australians agree Australia will be a cashless society by 2031

Younger generations driving the cashless society

Younger Australians are more likely to agree Australia will be a cashless society by 2031 (79% Gen Z, 77% Gen Y cf. 71% Gen X, 55% Baby Boomers, 55% Builders). The decisions they make today are affecting this, as younger generations are less likely to currently carry cash in their wallet (54% Gen Z cf. 83% Builders)[v] and more likely to agree they will increase the number of digital payments they make over the coming years (92% Gen Z cf. 65% Builders).

While younger generations are driving the transition to digital, older Australians are not being left behind. Almost two thirds of Builders (65%, aged 76+) still expect to increase the number of digital payments they make over the coming years.



The digital shopping experience

With the number of digital payments on the rise it is understandable that two thirds of Australians (66%) expect to purchase more online than in-store in the future. Transactions that do take place in-store, however, are increasingly 'tap and go' payments. Today more than three quarters of Australians (76%) are comfortable making a 'tap and go' payment with their mobile device or other payment enabled device. Younger Australians are more comfortable with the integration of digital in their lives, with nine in ten Gen Z (89%) and Gen Y (89%) comfortable with 'tap and go' purchases compared to 76% of Gen X, 60% of Baby Boomers and 56% of Builders. This signals that 'tap and go' purchases are likely to continue increasing in the future.

Younger generations value the seamless integration of digital purchases

The rise of the digital consumer experience is being driven by the seamless integration of digital into every facet of Australians life, from the way they connect relationally, to working and purchasing. In fact, four in five Australians (79%) value the seamless integration of digital purchases in their everyday life.

Younger generations place a higher value on the seamless integration of digital purchases in their everyday life with more than nine in ten Gen Y's (91%) valuing this compared to one in two Builders (56%) (86% Gen Z, 82% Gen X, 64% Baby Boomers).

AUSTRALIA'S DIGITAL CONSUMER BEHAVIOURS

79%
will increase the number of digital payments they make over the coming years

79%
value the seamless integration of digital purchases in their everyday life

76%
are comfortable making 'tap and go' payments with their mobile device or other payment-enabled devices

69%
agree Australia will be a cashless society by 2031

66%
expect to purchase more online than in-store in the future

LEADER INSIGHT

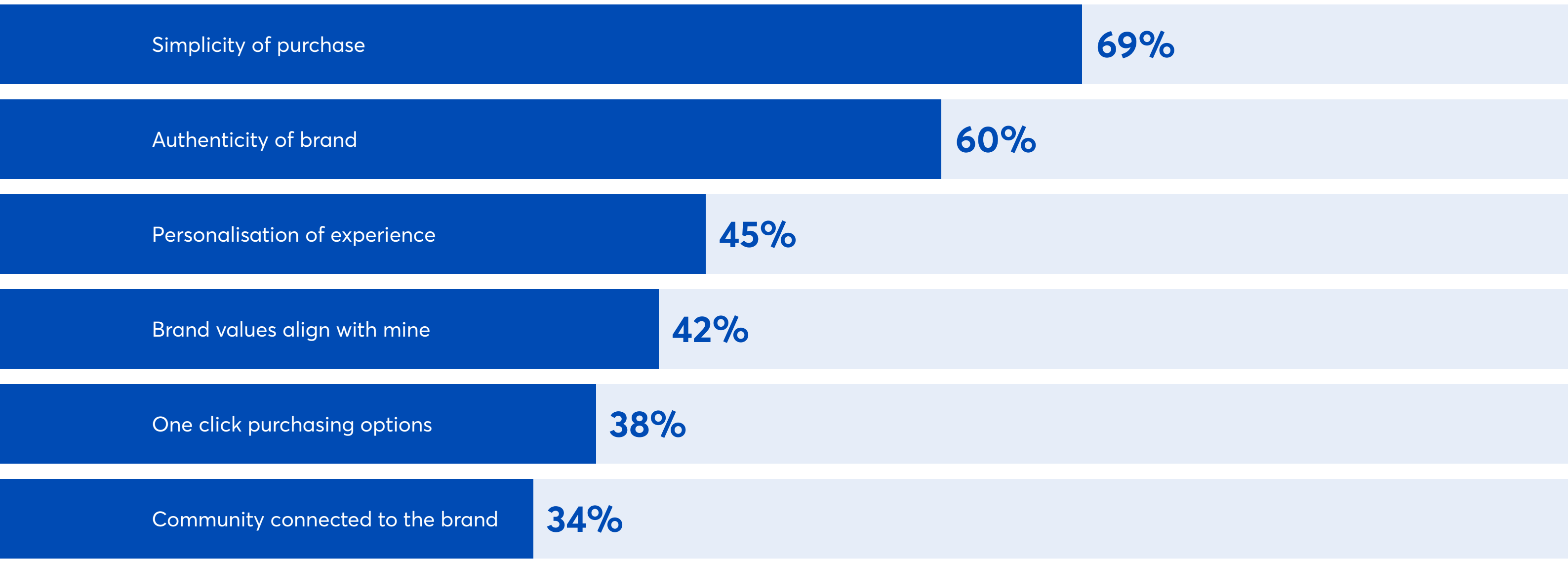
With digital purchases on the rise how are you creating a frictionless transaction experience?

Simplicity as a service is crucial to the consumer experience

The most important aspect of the buying experience for Australians is the simplicity of the purchase (69% extremely/very important). This is followed by the authenticity of the brand (60%), personalisation of the experience (45%) and the alignment of the brand values with their own (42%). Almost two in five Australians (38%) see one click purchasing options as extremely/very important while more than a third (34%) value the community connected to the brand.

HOW IMPORTANT ARE THE FOLLOWING TO YOU IN A BUYING EXPERIENCE?

Extremely/very important

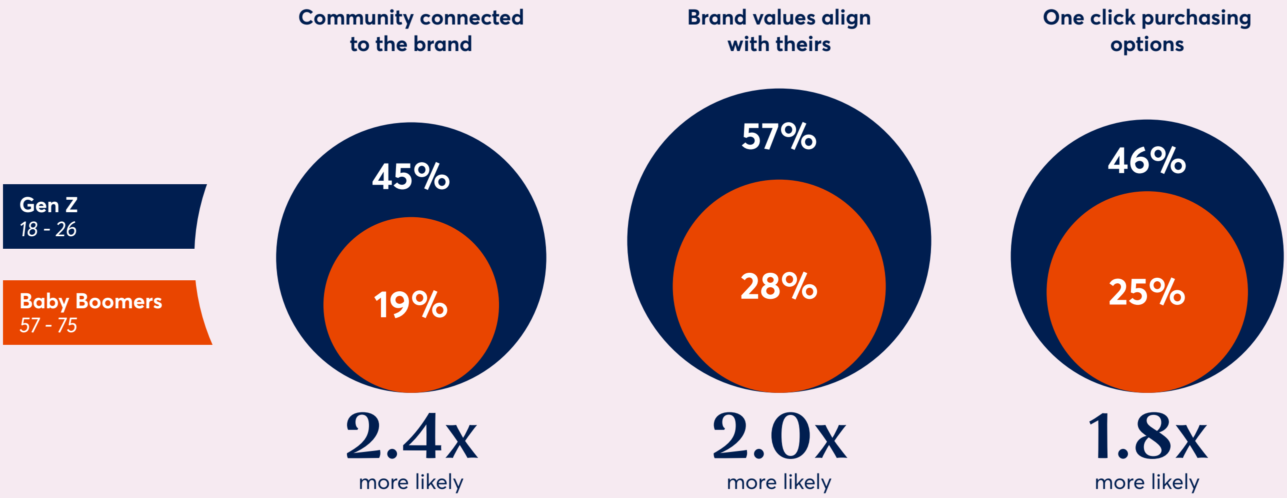


Younger Australians are values driven in their purchases

The areas of greatest difference between the generations highlight that younger consumers are significantly more likely to view their values alignment with the brand, the community connected to the brand and one click purchasing options as extremely or very important.

YOUNGER CONSUMERS VIEW THE FOLLOWING AS IMPORTANT

Extremely/very important



Ethical and sustainable is a priority for Australians

The focus on sustainability, environmental impact and ethical purchases has been rising in recent years. These topics are important to Australians with two in three (66%) seeing it as extremely/very important to reduce their food waste, the waste from their packaging (64%) and to choose products with a low environmental impact (51%). There is also a return to local with 61% of Australians believing it is extremely/very important to shop from local businesses. In addition to this, more than half of Australians want their money to bring about social good with 51% believing it is extremely/very important to invest their money ethically.

HOW IMPORTANT ARE THE FOLLOWING TO YOU?

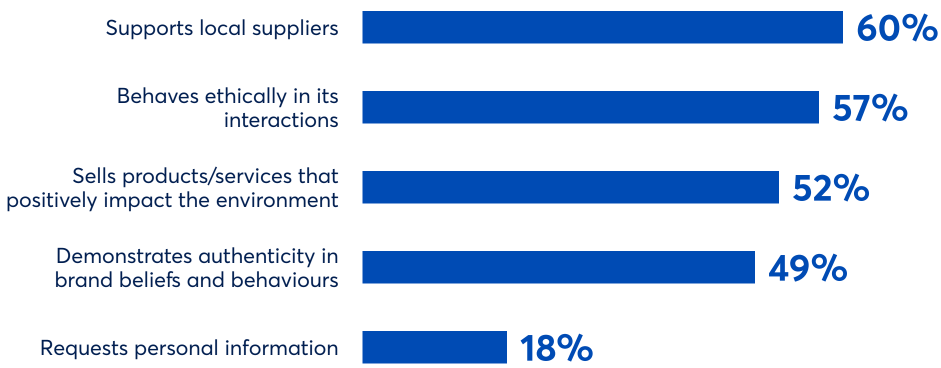
% Extremely/very important

Engagement rises with organisations that are focusing on authenticity and sustainability

Australians' actions align with their beliefs, with three in five significantly/somewhat increasing their engagement with an organisation who supports local suppliers (60%) or behaves ethically in their interactions (57%). One in two will significantly/somewhat increase their engagement with organisations who sell products/services that positively impact the environment (52%) or demonstrate authenticity in brand beliefs and behaviours (49%). If an organisation requests personal information, this is more likely to be a barrier for engaging, with one in five (19%) significantly/somewhat decreasing their engagement with an organisation that requests personal information.

IF AN ORGANISATION DOES THE FOLLOWING, HOW DOES THAT AFFECT YOUR WILLINGNESS TO PURCHASE FROM THE ORGANISATION

Significantly/somewhat increases engagement



LEADER INSIGHT

With Australians increasingly focused on ethical purchases and environmental sustainability, expectations on businesses are rising. Australians are not afraid to support businesses they believe are doing it right with their wallet.

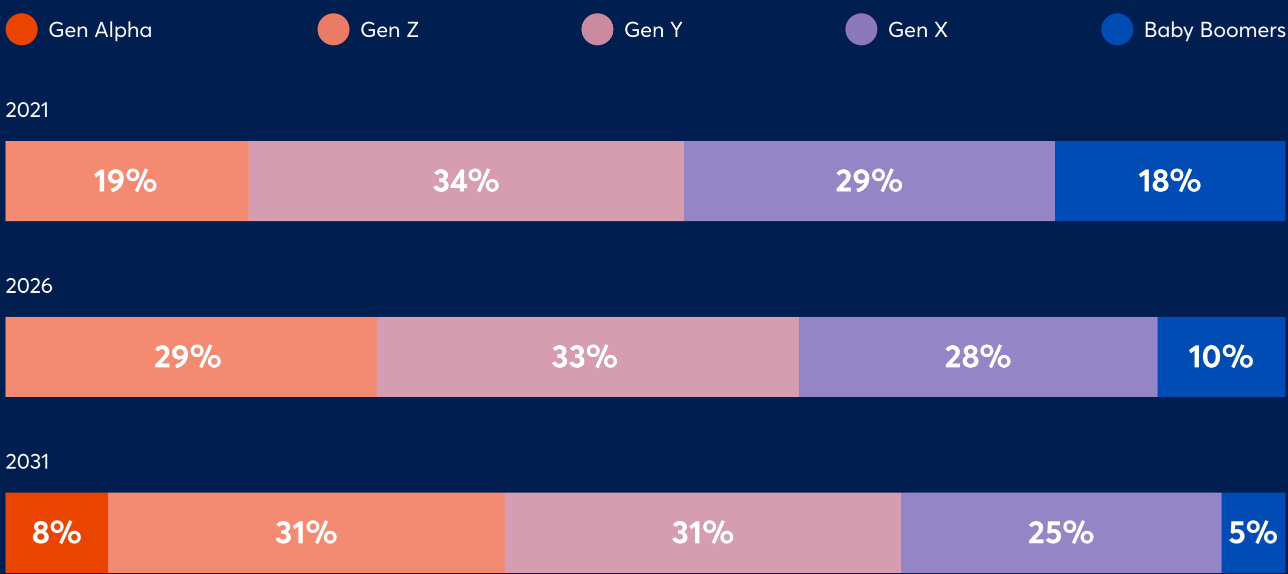
The future workforce

With Australians living longer and working later, the workforce is becoming increasingly generationally diverse. Today Australians over 65 have a workforce participation rate of 13% compared to just 8% in 2006.[i]

Although Baby Boomers are currently more active in the workforce for their age than those before them, the next decade will see a changing of the guard in the workforce.

By 2031 Gen Y and Gen Z will comprise almost two thirds of the workforce and Generation Alpha almost a tenth (8%). In this time the youngest of the Baby Boomers will sail past 65 and ease out of the workforce. This will leave a very significant knowledge, labour and leadership gap for the following generations to take up.

WORKFORCE PARTICIPATION RATE BY GENERATION



Intergenerational workforce

With five generations represented in the Australian workforce, the opportunity for intergenerational division is ripe. As leaders it is important to understand the values and perspectives each generation brings to harness the strengths and be aware of the potential challenges. Positively, three in five Australian workers (61%) believe their workplace is extremely or very effective at creating a culture that is inclusive of all generations. It is not just about cultures that are inclusive, however, but cultures that value the strengths of the different generations. More than half of Australian workers (56%) believe their workplace is extremely or very effective at valuing the experience and wisdom of older staff.

Younger generations are more positive about their workplace's effectiveness at creating a culture that is inclusive of all generations than their older counterparts (68% Gen Z, 63% Gen Y cf. 60% Gen X, 49% Baby Boomers). Similarly Gen Z (65%) is more likely than other generations to believe their workplace is extremely or very effective at valuing the experience and wisdom of older staff (cf. 56% Gen Y, 52% Gen X, 53% Baby Boomers).

61%

believe their workplace is extremely or very effective at creating a culture that is inclusive of all generations

56%

believe their workplace is extremely or very effective at valuing the experience and wisdom of older staff

Preparing for the intergenerational knowledge transfer

There is still work to be done in the workplace to effectively prepare for the intergenerational knowledge transfer. Baby Boomers have a lifetime of experience, wisdom and relational capital that, if leaders are not careful, will simply walk out the door as this generation approaches retirement. This next decade is an opportunity for leaders to be intentional about creating opportunities for the younger to learn from the older. Currently, half of Australian workers (49%) believe their workplace is effective at creating opportunities for older staff to impart their wisdom and learnings to younger staff and just 43% believe their workplace is actively preparing for transferring knowledge between leaving or retiring staff and other team members.

LEADER INSIGHT

Think about what steps you are taking today to create an environment for older generations to share their wisdom and prepare for the intergenerational knowledge transfer.

26%

of Baby Boomer workers believe their workplace is actively preparing for the intergenerational knowledge transfer

Baby Boomers particularly believe there is more that can be done in this space with just 26% believing their workplace is actively preparing for the knowledge transfer and 38% seeing their workplace as extremely or very effective at creating opportunities for older staff to impart their wisdom and learnings to younger staff.

Voluntary turnover remain a much higher cost to business than involuntary turnover. Even during the pandemic-induced recession of 2020, more Australians left their job than lost their job. We have consistently found that many people leave jobs not because there is an acute reason to leave, but because there is no compelling reason to stay.

Wellbeing in the workplace

A third of Australians' waking hours are spent in the workplace and more than half of an individual's years of life are spent at work[7]. With the magnitude of time an individual spends in the workplace, it is essential for leaders to create an environment that helps their workers thrive.

Our research into work wellbeing found that the most important elements of a workplace are:[7]

72%
Work wellbeing

65%
Relationships with peers/colleagues

60%
Collaborative work environment

60%
Flexible working hours

58%
Inspiring & accessible leadership

Currently, Australian workplaces are doing a reasonable job on some of these, with more than half of Australian workers (53%) believing their workplace is extremely or very effective at prioritising the wellbeing of their employees. A similar proportion (55%) see their workplace as effective in its provision of flexible working options for staff looking to reduce their hours from full-time to part-time. The area of greatest growth, however, is in providing development pathways for staff with just under half of Australian workers (46%) believing their workplace is extremely or very effective in this area.

To find out more, visit:

workwellbeing.com.au

The hybrid workplace

The experience of work has radically shifted throughout COVID-19, with the pandemic causing the greatest transformation to work in a century. As the global workforce continues to adopt changes brought about by the work from home (WFH) era, it is important to understand workers' experiences and expectations for how they can do their best work in the future.

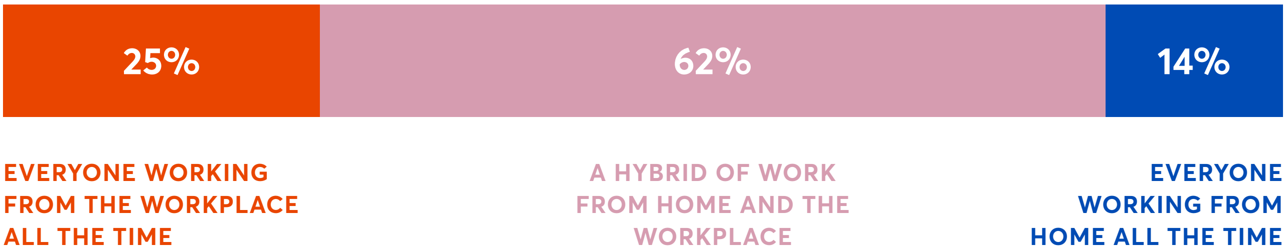
When considering their ideal working conditions, three in five Australian workers (62%) see a hybrid model as their ideal arrangement, incorporating a mix of working from home and the workplace. One in four (25%) want everyone working from the workplace all the time, while just 14% see their ideal as everyone working from home all the time.[8]

70%

of Australian workers say the workplace is where they experience meaningful and regular social connection and community

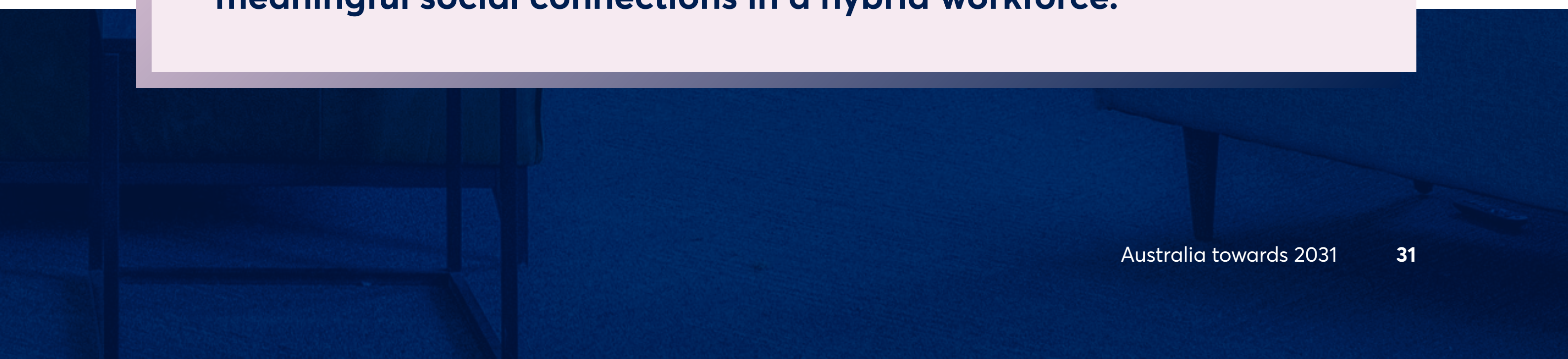
As leaders think about the future of the workplace it is important to understand that the workplace is so much more than an environment where productive work is done. For 70% of Australian workers, work is the place they experience meaningful and regular social connection and community. This is higher than the proportion who experience connection in their households (54%) or local neighbourhood (32%), highlighting the significance of the workplace in building meaningful social connections.[9]

THE FUTURE OF WORK WILL BE HYBRID



LEADER INSIGHT

The relationships that are built in the workplace are a significant part of many workers' lives. In the current era of WFH it is imperative to think about how as leaders you will facilitate meaningful social connections in a hybrid workforce.



Different work environments facilitate different experiences

With remote working growing rapidly, it is important to explore how this impacts a worker's experience. When asked which working environment – remote or in the workplace – has best helped them experience different aspects of work, workers indicate the environment differs based on the element.

For elements such as work/life balance (61%), flexible working hours (59%) and deep thinking/reflection (49%), workers are more likely to say that the remote working environment has best helped them experience these elements. For building strong relationships with colleagues (49%), leaders (47%) and collaboration (47%), however, workers are more likely to experience these in the workplace.

With the working environment impacting the experience of different elements of work, it is important therefore that a hybrid working environment is considered in the future of the workplace. Employing this approach allows organisations to intentionally use the different working environment to focus on facilitating different experiences for the worker.

WHICH WORK ENVIRONMENT (REMOTE/WORKPLACE) BEST HELPS YOU EXPERIENCE THE FOLLOWING?

Australian workers who have worked both remotely & in the workplace

	MORE IN THE WORKPLACE	MORE REMOTELY	THE SAME
Work/life balance	14%	61%	26%
Flexible working hours	19%	59%	23%
Deep thinking/reflection	22%	49%	29%
Productivity	28%	43%	29%
Idea generation and innovation	32%	39%	29%
Connection to vision of organisation	34%	29%	37%
Building strong relationships with leaders	47%	28%	25%
Professional development	40%	27%	33%
Building strong relationships with colleagues	49%	27%	25%
Collaboration	47%	26%	28%

Expectations of the future workforce

Members of the emerging workforce are part of a values-driven generation. As Gen Z students think about their future career, the most important (extremely/very) considerations for them are that they have purpose and meaning in their work (72%) followed by an alignment between their work and their core values (68%).

In keeping with their social and mobile outlook on life, today's students believe it is important that their future career involves a workplace where there is a community of strong social connections (65%) alongside workplace flexibility (64%).

The desire to live a life of impact is strong, with almost two in three students (64%) believing it is extremely/very important that the work they do has a positive impact on the world around them.[10]

By 2031, 31% of the workforce will be Gen Z workers who bring a unique set of values and perspectives to their work. As a generation they are looking to have a work experience that is for purpose, aligns with their values and has a positive impact on the world around them. The trends that are already being seen in Gen Z are likely to continue in Gen Alpha, signalling an opportunity for leaders to take steps now to prepare their organisation for the workforce of the future.

> **The next generation aren't looking for a job as much as an opportunity. To some work is simply employment. But to many more it's a lifeline to social interaction, purpose, contribution, identity and a place of belonging.**

KEY DESIRES FOR FUTURE CAREERS

Extremely/very important

1 **72%** having purpose and meaning in their work

2 **68%** work aligns with their core values

3 **65%** a workplace that is a community of strong social connections

4 **64%** work they do has a positive impact on the world around them

5 **64%** workplace flexibility

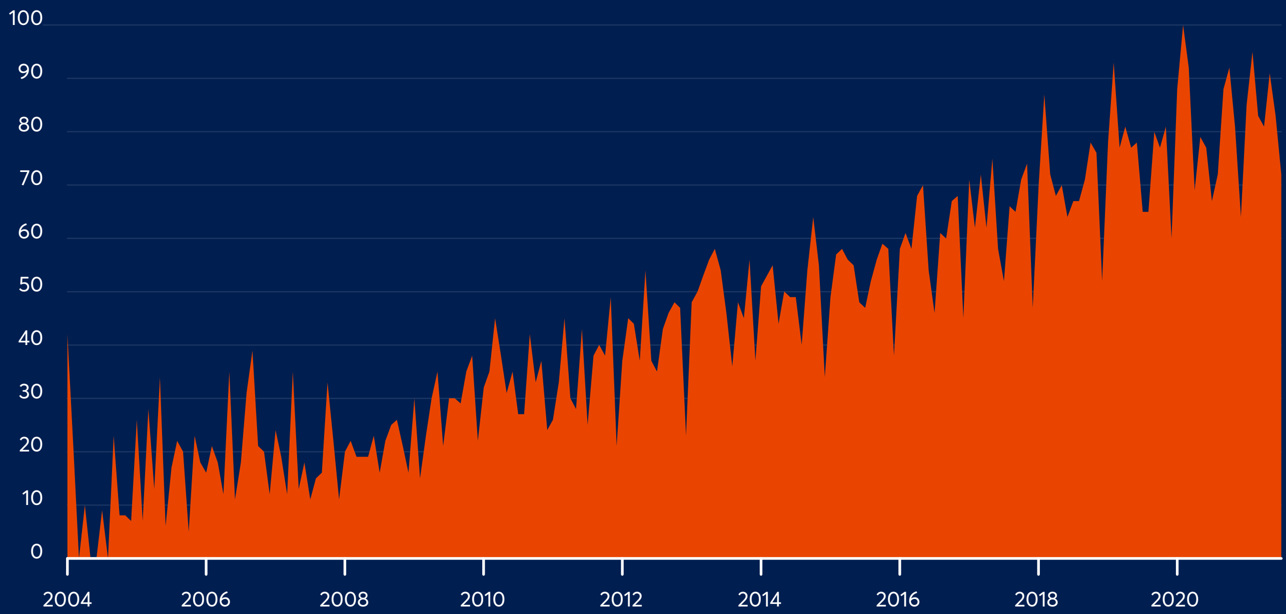
The wellbeing era

As Australians live longer and have a desire for their extended lifespan to be one of health and freedom, health and wellbeing becomes an increasingly important topic for consideration for health providers and Australians themselves. Particularly when you consider that the obesity rate is higher in Australia than many other OECD countries.[13] Looking to the future it is important to explore how Australians can ensure they are setting themselves up well to live longer and lead healthier lives. Positively, more than four in five Australians (83%) are already making an effort to prioritise their health and wellbeing.

83%

of Australians make an effort to prioritise their health and wellbeing

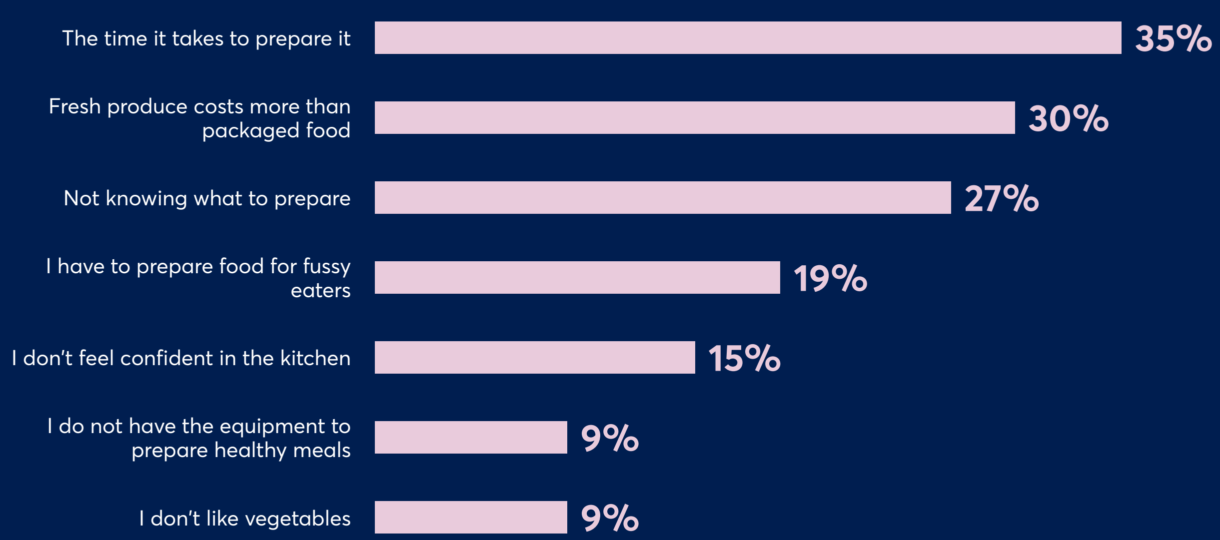
WORLDWIDE GOOGLE SEARCHES FOR 'HEALTH AND WELLBEING' SINCE 2004



The healthy food focus

Food is a key component of a healthy lifestyle and, positively, 80% of Australians say they prioritise making healthy food choices. The key reasons Australians stop making healthy food choices, however, are the time it takes to prepare it (35%), that fresh produce costs more than packaged food (30%) and not knowing what to prepare (27%). For almost one in five Australians (19%) a key barrier to making healthy food choices is they have to prepare food for fussy eaters.

WHAT STOPS YOU MAKING HEALTHY FOOD CHOICES?



Fear of sedentary lifestyle

Australians are aware of the benefits of an active lifestyle with more than three in four (76%) making an effort to avoid a sedentary lifestyle. Australians are not just trying to avoid a sedentary lifestyle but two thirds (64%) believe they are doing enough exercise to stay healthy. Three in five Australians (61%), however, are still worried their life is too sedentary.

The health focus differs by generation

The fears younger Australians face are different to their older counterparts. Younger Australians are more likely than their older counterparts to be worried their lifestyle is too sedentary (79% Gen Z, 70% Gen Y cf. 60% Gen X, 45% Baby Boomers, 47% Builders). Younger Australians are also more likely to agree that social media is having a negative impact on their mental health (73% Gen Z, 69% Gen Y cf. 48% Gen X, 27% Baby Boomers, 25% Builders).

Builders, however, are the most likely to be prioritising making healthy food choices (90% cf. 73% Gen Z, 76% Gen Y, 83% Gen X, 82% Baby Boomers).

TO WHAT EXTENT DO YOU AGREE WITH THE FOLLOWING STATEMENTS?

% strongly/somewhat/slightly agree

From demographic shifts to technological advancements the future of work is changing.

Yet our research shows that the health, stress, and relational connection of workers — wellbeing — is the essential factor that will most impact and define the future of work.

What does this mean for leaders?

The world as we know it is changing. The demographic, consumer and attitudinal trends all combine to create a world that is different from the one we have known before. While innovation and change occur on a societal scale, within your industry there will still be smaller waves of innovation. It has been said that the only thing constant in life is change. As leaders, therefore, it is imperative that you equip yourself with the broader societal trends but also the nuanced trends that impact your industry and sphere of influence.

We love partnering with great people to help you stop guessing and get clarity on your context. If, while you have been reading this report, you have been thinking, 'I love the big picture but there is more I need to understand about my context', we would love to assist. Whether that is understanding your customers, finding growth areas for your business or gaining insight into the trends that shape our lives, we would love to partner with you so that you can have confidence for your next step.

The success of a leader is measured not by what they achieve in their tenure, but by what they set in motion.

How can we help?

The decision to present virtually was made a few days before the event, and Mark's virtual presentation was insightful and engaging.

— Bundaberg Regional Council

Why McCrindle?

For more than a decade, McCrindle has been trusted to provide a clearer picture for business leaders. You want to grow, we get that. To find growth markets you need the latest demographic trends, social analysis and consumer insights to guide your strategies and growth plans. At virtual training days, conferences and team sessions we make the unknown known and bring clarity in complex times through visually engaging, inspiring presentations and workshops.

Book an insights update for your organisation

Getting started in discovering a clearer picture for your strategic decision Our advisory team equip leaders with actionable insights through keynotes, workshops and consulting sessions. We rely on our in-house demographers, researchers, strategists and designers to bring the very best to our presentations. We are a highly intelligent, friendly team that would love to work with you, just as much as we love to work with data!

Even in a virtual environment we could still feel Ashley's energy, laugh at her jokes and soak up the data.

— Future of Leadership

Let's discover the future together

Getting started is simple. Head to mccrindlespeakers.com.au to learn about our frequently requested topics and variety of speakers. Or get in touch with our team at info@mccrindle.com.au to book a session with one of our professional speakers.

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Research methodology

Australia towards 2031 is based on quantitative research, as well as scoping research and data analytics.

A nationally representative online survey of Australians aged 18+ was conducted to gain insights that form much of this report. The survey was in field from the 18th to the 22nd of June 2021. Throughout this report, these respondents are referred to as 'Australians'.

Future predictions utilise existing data that has been extrapolated using internal projections.

Graphs and rounding

Data labels on the graphs in this report have been rounded and may, therefore, sum to 99% or 101%. Any calculations where two data points have been added are based on raw data (not the rounded data labels on the graph) which have then been rounded once combined.

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