

POPULATION – CEDA'S PRIORITIES AND FOCUS

Australia should establish a strategic and sustainable framework for managing immigration and population growth and settlement across governments. The components of such a framework must include:

- a statement of policy objectives
- regular, robust and transparent evaluations of recent trends and their impacts on people and the communities and environments in which they live and work
- the capacity to recalibrate targets and policies based on evaluation results and in line with long-term pressures and goals
- critical evaluation of the practicality, impacts, sustainability and effectiveness of regional settlement policies
- a multifaceted approach to planning that incorporates access to employment, housing and essential services
- coordination across governments and jurisdictions
- the role of immigration in meeting short- and long-term skills needs
- the role and impact of temporary migration.

CEDA's research and advocacy will focus on how to get the components right and ensure effective coordination and planning across jurisdictions.

POPULATION PERSPECTIVE FIVE

Advancing population wellbeing through demography

Dr Liz Allen

Demographer,
Centre for Social Research and Methods,
College of Arts and Social Sciences,
The Australian National University

Population considerations are central to advancing Australia's future wellbeing, yet also pose significant challenges for the nation. Complex interdependencies between population dynamics and characteristics – demographic composition, components of population change, and geographic distribution – translate and impact on quality of life. Australia is faced with the challenges of socioeconomic inequalities and uneven population distribution, both of which are exacerbated by population ageing.

The challenges posed by Australia's demography are similarly the source of myriad opportunities. Among the demographic challenges for Australia include how to connect the interdependent policy domains related to ensuring population wellbeing. Preparedness and responsiveness are key for Australia to weather demographic difficulties.⁴³

Demographic challenges and opportunities

The major demographic challenges for Australia stem, largely, from an ageing population. These include intergenerational inequalities (further confounded by pre-existing socioeconomic inequalities) relating to housing and population distribution.⁴⁴

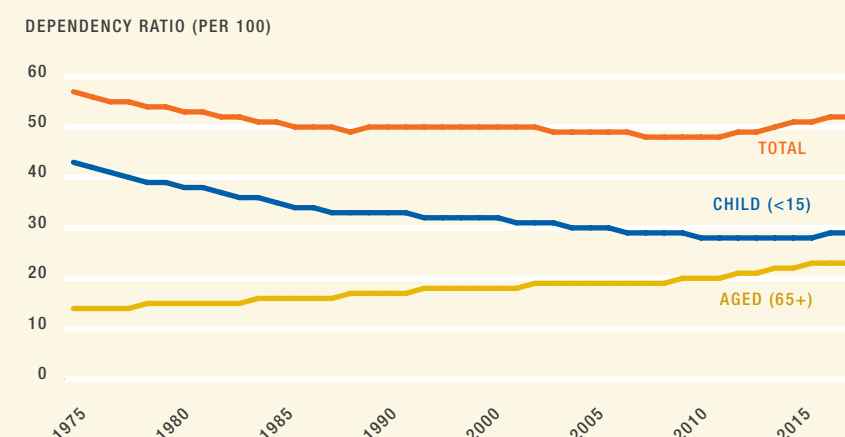
Population ageing

Gains in health have seen life expectancy increase – such success means Australians are living longer.⁴⁵ Population ageing is not a new phenomenon. Yet the scale and future prospects of structural population ageing are the likes of which Australia has never seen, and to that end, Australia is faced with a demographic crossroad.

The challenges associated with an ageing population can lead to opportunities potentially maximised through demographic and economic actions. Conversely, the pressures posed by a proportionally shrinking workforce could entrench intergenerational inequality.

Population ageing places fiscal pressures on the economy as the proportion of older people typically not in the labour force and not contributing personal income tax (aged 65 years and over) increases proportionally to the working-age population (15 years and over). Figure A illustrates the relative increase in the old-age dependency ratio (people aged 65 years and over compared to the working-age population). Meanwhile, the child dependency ratio of children aged under 15 years has remained relatively stable over the 12 years to

FIGURE A AGE-RELATED DEPENDENCY, AUSTRALIA—1975–2017⁴⁶



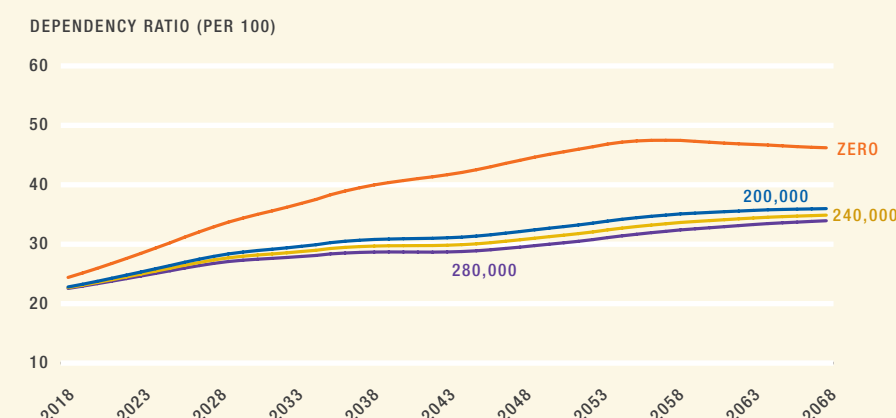
Source: ABS *Australian Historical Population Statistics*, 2014, cat. no. 3105.0.65.001; ABS *Australian Demographic Statistics*, Sep 2017, cat. no. 3101.0.
Notes: Annual figures to 30 June.

2017. Balancing the needs of the older population with those of the young population will continue to feature in Australia's economic narrative.

Population ageing is a significant challenge to Australia's economic wellbeing if the demographic opportunities are not realised.

Immigration has been a key contributor to the economic progress and success of Australia, particularly over the period since the nation-building program of overseas migration post World War II⁴⁷. Figure B presents a crude but indicative demonstration of the impact of different net overseas migration intake levels on the old-age dependency ratio. Immigration is shown to minimise potential adverse consequences of an ageing population by moderating the proportion of older people relative to the working-age population.⁴⁸

FIGURE B PROJECTED AGE-RELATED DEPENDENCY FOR 65 YEARS AND OVER, AUSTRALIA—2018–2070⁴⁹



Source: ABS *Population Projections, Australia, 2012 (base) to 2101*, cat. no. 3222.0.
Notes: Medium fertility and life expectancy assumptions.

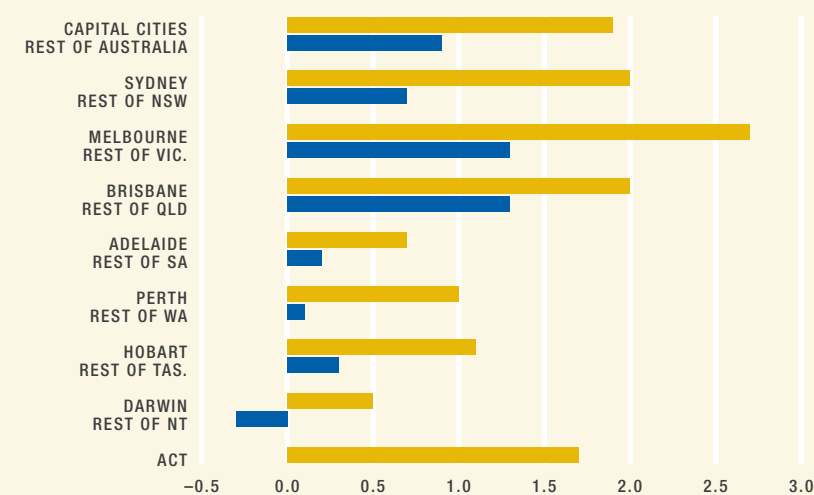
Balancing immigration intake to meet the needs of the Australian economy is an essential element for advancing population wellbeing.⁵⁰ As Figure B shows, of the three immigration scenarios examined, net overseas immigration (NOM) of 280,000 people per year provides the most benefit in moderating old-age dependency. NOM has averaged under 220,000 annually over the period 2004–05 to 2016–17.⁵¹

Additionally, immigration has the potential to reduce intergenerational inequality by easing pressures on the workforce. This is important, because pressures – perceived or real – on the nation’s workforce could have flow-on demographic consequences by impacting family formation, thereby influencing already low fertility rates⁵². The interaction between immigration and fertility, by way of social impacts on the workforce are not common considerations but are features of the demographic situation Australia finds itself.

Redressing two-speed population growth

Population size⁵³ is commonly identified as a concern among Australians – but size belies the real issue of unequal population distribution. Major cities in Australia are growing considerably faster than areas in other parts of the country. This dual-speed growth places enormous pressure on essential infrastructure in the cities, while restricting the potential opportunities for populations outside the city limits. Figure C depicts the two-speed population growth experienced in Australian cities versus non-metropolitan areas.

FIGURE 4C PERCENTAGE POPULATION GROWTH BY GREATER CAPITAL CITY AND REST-OF-STATE, 2016–17⁵⁴



Source: ABS Regional Population Growth, Australia, 2016–17, cat. no. 3218.0

Notes: Preliminary data. Geographic classification based on ABS Greater Capital City Statistical Areas.

Higher population growth in the three major Australian cities of Melbourne, Brisbane and Sydney over 2016–17 highlight the potential disparities in opportunities and access, and thus inequality between regional and urban areas. These three major cities are the destination for the majority of overseas migration to Australia⁵⁵. Employment, education, housing and transport infrastructure are just a few sources of sociodemographic disparities reinforced by population distribution in Australia.

A blueprint for the future

Socioeconomic inequality and uneven population distribution are priorities for Australia to advance wellbeing through demography for equal opportunities and access. Challenges regarding population ageing exacerbate the difficulties of these priorities for Australia.

Just as these priorities are barriers to success of the country, these priorities are also the solutions through which to advance Australia’s progress and success.

Immigration remains fundamental to Australia’s continued progress and success. Moving forward, a contemporary population policy for Australia⁵⁶ is a matter of priority – a connected suite of policies which seek to address wellbeing and quality of life, through demography.

A population policy for Australia is not about targets for or limits of size or growth. Targets for sociodemographic wellbeing offer tangible goals to aspire to. Additionally, infrastructure which supports the population (physical, social, environmental or economic) is an essential part of strategies to make opportunities of the nation’s demographic challenges.

The most effective population policy for Australia is a whole-of-government approach with a life course model to policy and practice with the aim to place people and wellbeing at the fore of population considerations. And evidence is core to informing the path forward. For example, the workforce of the future are the children of today and tomorrow. Sufficient government investment is required for babies to have a good start at life, particularly with respect to health and education.

Policy (re)investment in the basics of population wellbeing – including health, education and training, housing, employment, and transportation – is key to making opportunities of the demographic challenges Australia faces.