

# **SUBMISSION ON THE DEVELOPMENT OF AUSTRALIA'S SUSTAINABLE POPULATION STRATEGY**

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**Improving the quality of life of  
all Australians within prosperous,  
secure and liveable communities  
requires well-managed population  
growth over the first half of  
this century**

## **EXECUTIVE SUMMARY**



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# **SUBMISSION ON THE DEVELOPMENT OF AUSTRALIA'S SUSTAINABLE POPULATION STRATEGY: EXECUTIVE SUMMARY**

## **ABOUT THIS PUBLICATION**

This is an executive summary of the Business Council of Australia (BCA) submission to the Department of Sustainability, Environment, Water, Population and Communities on the Sustainable Population Strategy. That submission, available at [bca.com.au](http://bca.com.au), is based on the BCA publication *Framework for the Development of Australia's Population Strategy* (and associated research paper), released in December 2010.

# The BCA's Point of View

The main purpose of developing a sustainable population strategy is to help chart a course towards Australia's future that reflects the shared goals and aspirations of the Australian people.

The strategy needs to put forward a vision for Australia, and then set out the population policies that are most likely to help us achieve that vision during a period of significant change at home and in the world around us.

The Business Council of Australia's vision is to make this country the best place in the world in which to live, learn, work and do business.

We believe that improving the quality of life of all Australians within prosperous, secure and liveable communities is more likely to be achieved through well-managed population growth over the first half of this century.

And we view the pace and scale of growth projected in the Intergenerational Report that would see our population increase to around 30 million in 2030 and 36 million in 2050 as a moderate and sensible guide to what is likely to be needed to meet Australia's long-term goals.

While some people may say that business only supports population growth because it is good for business, the BCA has thought long and hard about the best population strategy for all Australians.

In developing our submission we have looked at the facts and figures, assessed the global trends that will shape the context for Australia's future, and considered the benefits and risks of alternative population policies from the viewpoint of our quality of life and environment, national security and future prosperity.

To do this, we have used a simple framework we developed late last year to help people weigh up different choices for our national population strategy. (That publication, titled *Framework for the Development of Australia's Population Strategy*, can be downloaded from [bca.com.au](http://bca.com.au).)

The BCA recognises and respects that other submissions will take a different view on what is best for Australia, and we encourage the government and individual Australians to thoroughly examine the full implications of alternative policy choices.

It is important to recognise that none of these choices is without risk. All depend for success upon coherent policy settings, skilfully executed by governments, state and federal.

Unambiguously, however, we do not believe that low or no population growth is the way to preserve the Australian way of life we all cherish and to enhance the quality of life for future generations of Australians.

Low population growth is not the low-risk option some people suggest.

But a bigger risk is that governments will not develop, explain and proceed with a serious, comprehensive set of national population policies – whether they support or seek to limit population growth. Not because they don't recognise the need to do so but because they shrink from providing the necessary leadership, policy honesty and national cooperation.

Without a clear and committed population strategy, governments won't plan well to manage future population outcomes. They won't equip Australian cities and communities to manage the growth already occurring.

And they won't consider the fundamental changes Australia would need to make to our well-established economic and social model to adjust for the profound impact of low or no population growth over coming decades should this policy ever be embraced.

Taking all considerations into account, with our eyes wide open to the challenges it will entail, the BCA's advice to the government is that Australia's best option for achieving our shared national goals is a sensible, well-managed, openly explained, regularly and transparently monitored population growth policy over the next four decades to 2050.

Our support for managed growth sits hand in glove with our advice on the policies needed to make it work in the interests of all Australians. This includes a mix of migration policies, coordinated infrastructure planning, city and regional planning, health and education reform that meets the needs of a growing population, and policies to protect our natural and built environment.

## WEIGHING UP OUR POPULATION CHOICES

Lagging productivity and economic growth, with high unemployment

Declining standing in international community

Poorly planned and congested cities

Environmental degradation

Housing shortages and poor affordability

### POOR GOVERNMENT POLICY

A smaller economy, with an ageing workforce and low productivity

Inadequate health, education, aged care and welfare services

Urban decay, deteriorating infrastructure

Unstable public finances and poor international credit rating

Weak international standing, national security risks, branch office economy of the region

### MODERATE POPULATION GROWTH

Strong, more resilient and diversified economy

Growing global connections and influence, enhanced security capability

Diverse communities in well-planned, higher-density cities and regions

Stable public and external finances

Effective management of natural resources and greenhouse gas emissions

### GOOD GOVERNMENT POLICY

### LOW POPULATION GROWTH

Narrow economic base vulnerable to workforce ageing and global demand shifts

Less congestion and environmental impact in our cities

Reduced capacity for funding public services and retirements

Niche global player, low capacity to influence, limited national security capability

Potential to lose job-creating foreign investment

## Shared national goals

Late last year, the federal government released an issues paper to help the community take account of different economic, social and environmental factors raised by three specially appointed advisory panels.

Drawing on the issues paper and advice from the panels, the BCA identifies the shared goals Australia's sustainable population strategy must target as being:

- future prosperity
- liveability of our cities and regions
- environmental sustainability
- international influence and national security.

## How population growth helps to achieve those goals

**PROSPERITY:** population growth will enable us to continue to improve Australians' living standards by attracting investment and keeping our economy strong in the face of labour shortages, an ageing population and increased competition in an increasingly global economy.

**LIVEABILITY:** embracing population growth will require governments to address the existing and future need to plan and invest in communities. Growth will offer the revenue for governments to provide quality services including health and education, public transport and infrastructure and environmental management.

**ENVIRONMENTAL SUSTAINABILITY:** population growth will help underpin investment in the new infrastructure and cleaner technologies needed to give us better environmental outcomes while keeping our economy strong.

**INTERNATIONAL INFLUENCE AND NATIONAL SECURITY:** population growth will help maintain and strengthen our standing internationally, and support our national security in a changing world.

## Considering the facts and the future context...

**FACT:** Throughout Australia's history, population growth has played an important role in delivering better living standards.

**FACT:** Our population is ageing – by 2050, with population growth at the same level as today, the number of people of working age to each Australian aged 65 or over is projected to fall from 5 to 2.7.

**FACT:** World population growth will continue, but the pace is slowing and total population is expected to decline around the year 2060. Population trends are a big part of the story behind shifting economic and political power across countries and regions.

**FACT:** Economic growth in our region will increase demand for Australian products and services. Our economy operates on a growth-based model that is strongly linked with rapidly developing countries.

**FACT:** The Australian workforce will need more people over the next decade at a time when large numbers of Australians are reaching retirement age.

**FACT:** Australia will need to address the challenges of transitioning to a low greenhouse gas emission economy while maintaining a strong economy under all population scenarios.

**FACT:** A growing economy builds the confidence that encourages international investment in Australia and allows us to access affordable finance.

## ... the best option for Australia's population growth

A considered, 'eyes wide open' assessment of the outlook for Australia in the next 40 years points towards population growth over this period as the best way of achieving national goals, including:

- a larger, more dynamic, resilient and diverse economy that is better integrated with the global economy
- more revenue to fund government services including health, education and infrastructure, as well as protecting our environment
- better-designed cities that can accommodate more people while improving liveability and sustainability
- low environmental impact achieved through explicit policies and increased investment in sustainability
- better-funded retirement and access for older Australians to properly funded, quality health and aged care
- stronger relationships, connections and influence with other growing countries in our region.

## Consider the alternative ...

People who argue for low or no population growth say it would not hamper our economy because we could still be productive while also stabilising impacts on our cities, regions and environment.

This is a very different model for our economy and for Australians to take on.

And it presents risks the BCA believes outweigh potential benefits:

- loss of economic confidence, leading to investor withdrawal and 'brain drain'
- less funding for services, including health and aged care, as our tax base decreases and the population ages
- higher deficits, higher public debt with less funding and fewer available workers to deliver services
- a more specialised, less diverse economy, more dependent on resource exports and functioning more as a 'branch economy' of the region.

# Managing population growth

While the BCA finds a compelling case for population growth over the next 40 years to meet shared national objectives, our assessment also reinforces the importance of good planning, good policy and good management.

The kind of planning, policies and management we expect from our governments already, and that will be reinforced by a clear and committed national population policy that acknowledges where Australia is heading.

We need:

- commitment by all levels of government to work together on an effective population strategy
- planning and investment by governments and businesses
- population policies that include a mix of migration designed to meet Australia's needs with a particular focus on skilled migration, while also investing to raise the skills and participation of local workers
- a national infrastructure plan, and focused planning for cities and regions
- a national energy policy and the necessary investment to meet future demand and transition Australia to lower-emission energy sources
- regular review of the population strategy to account for significant changes in Australia's outlook.

## Telling it like it is

The population strategy the BCA believes to be in our nation's best interests will only be adopted if the Australian community trusts that government will keep people informed on an ongoing basis.

The strategy should be assessed and reported regularly, independently and transparently to check whether Australia is on track to meet identified national goals, including:

- quality-of-life measures
- economic measures
- better cities indicators
- infrastructure service level indicators
- environmental objectives
- ongoing community understanding and support.

## KEY RECOMMENDATIONS

- Australia's first sustainable population strategy should make a commitment to well-managed population growth through the first half of the 21st century.
- The population projections to 2050 in the Intergenerational Report (IGR) should be adopted as a moderate and sensible guide to what is likely to be needed to meet Australia's economic, social, environmental and external influence and national security goals.
- The sustainable population strategy should clearly signal to Australia's governments, businesses and households that Australia's population levels are most likely to rise to around 30 million by 2030 and 36 million by 2050 and that the population strategy is designed to give the community and businesses confidence that this can be done well.
- The sustainable population strategy should set out population policies consistent with this growth path, that is, a rate of Net Overseas Migration that averages around 180,000 per annum and sustaining current fertility rates to support the natural increase of our population.
- Australia's migration program should remain predominantly focused on skilled migration with intake quotas to be informed by advice from a formalised partnership between the Productivity Commission, Skills Australia and Infrastructure Australia as well as consultation with industry and the community.
- Australia's immigration programs should include an effective temporary migration program that recognises the increasing propensity for people to travel to work, live and study, to fill short-term labour needs and to support growth in Australia's exports.

- To manage population growth well, the strategy should set out a policy framework that is coordinated across all government portfolios and that will:
  - raise productivity and strengthen our economy
  - grow Australia’s international connections
  - implement better long-term planning for growth in our cities and regions
  - provide services to support the settlement of migrants
  - develop infrastructure and energy markets to meet our future needs
  - manage impacts on the environment and reduce greenhouse gas emissions
  - develop the skills of Australia’s workforce
  - raise workforce participation
  - adjust retirement policies to reflect longer lives
  - raise efficiency in the provision of health and aged care services.
- The strategy should clearly lay out how the federal government will engage the support of the state and territory governments who will be largely responsible for managing population growth in our cities and regions.
- The strategy should be periodically reviewed for progress against a broad set of sustainability indicators and to take into account any significant changes in the Australian and global outlook.



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