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# Editorial

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“Demography is destiny,” said the then-Federal Treasurer, Peter Costello, upon launching Australia’s first Intergenerational Report in 2002. The report and its successors, which are required of the Federal government every five years under the *Charter of Budget Honesty Act 1998*, “focus on the implications of demographic change for economic growth and assess the financial implications of continuing current policies and trends over the next four decades” (<http://www.treasury.gov.au/igr>).

This year saw the release of the third Intergenerational Report, *Australia to 2050: Future Challenges*, which considers a complex mix including health, an ageing population, economic growth, infrastructure and the environment. The report cites population ageing as a pressure on “the economic growth that drives rising living standards” and on government services, including health care. A growing population will help to manage these pressures, it says, but in its turn “put pressure on our infrastructure, services and environment”.

So population shift, shape and size each present their own challenges. This edition of *Issues* features opinion and analysis on these factors and their effects on the economy, the environment, health care, quality of life and more.

## Is Bigger Better?

Infrastructure investment is needed for a growing population, according to the 2010 Intergenerational Report. Policies that lift productivity and participation “will contribute to higher rates of economic growth and higher living standards”. These include investment in social and economic infrastructure such as communications and transport, education and health, support for skills and education, and tax

reform. The Business Council of Australia (p.42) believes that “managed growth is in Australia’s best interests and is necessary and achievable”.

Is there a limit to the capabilities of nation-building? How do such growth and the infrastructure to support it affect the environment, such as in “biological hotspots” in south-east Queensland (p.17, 21)?

The national reports on the state of the environment before and between the intergenerational reports identified a worsening of problems of greenhouse gas emissions, biodiversity loss, pressures on coastal zones and the condition of inland rivers. Ian Lowe (p.17), who chaired the advisory council behind the first state of the environment report, sees a need to decrease human demand by increasing water and energy efficiency, and by moderating our consumption.

Graham Turner of CSIRO Sustainable Ecosystems (p.25) agrees that increased efficiency alone will not achieve sustainability: “Our reliance on technological fixes is likely to worsen environmental outcomes unless we change our lifestyle in substantial ways”. He suggests a rethink of work–life balance.

Much discussion about population sits on economic grounds. Living standards are frequently measured by GDP but the debate about population growth is more than an economic equation, and quality of life is different to living standards.

GDP is deficient as a measure of progress in several ways. How, for example, does it account for inadequate transport systems that are already overloaded despite “an orgy of road building” (p.17), or the effect of bigger populations on recreational space? GDP doesn’t seem to have much potential when it comes to improving Australia’s present levels of happiness and life expectancy (p.29).

A recent TNS Sustainable Population Growth Study found that 61% of Australians surveyed think population growth will change the sense of community in their local region for the worse, and 79% think population growth will change safety in the community for the worse.

So how big is Australia's population going to get and how do we plan?

The 2010 Intergenerational Report forecasts an Australian population of 34.9 million by 2047. Compare this with the 2007 report's forecast of 28.5 million for the same year. Forecasting is difficult, and getting it wrong can have very negative consequences for planning outcomes (p.34). Setting several scenarios is an alternative that would "define an envelope within which we could be reasonably sure the actual population would lie" (p.29).

## A Changing Population

This year will be a key year in global demographics, according to Professor Graeme Hugo during a media briefing in April. Sometime in 2010 there will be a labour force "split" between low- and high-income countries – the labour force will begin to decline in the latter at the same time as a large increase occurs in the number of working-aged people in low-income countries.

In Australia, age structure is an important factor in population dynamics according to Hugo (p.12). Labour force projections show declines in the average hours worked and in the number of people working or seeking work (p.46). The 2010 Intergenerational Report says the ageing population – projected to be only 2.7 people of working age per person over 65 in 2050 – means slower economic growth and more demands on services. Hence we have a trade-off situation between growing the population to meet workforce demands and problems such as environmental pressures exacerbated by climate change (p.12).

Both Hugo and the 2010 Intergenerational Report say that increased participation rates, productivity and improved skills and education are among the changes needed. Hugo says that migrant and population growth need to be environmentally sustainable. Lowe reminds us that immigration, despite its benefits, will not solve our ageing population dilemma unless "the average age of migrants is dramatically less than the population as a whole" (p.17).

"But we must start now to put in place measures which will sustain a decent health system and aged care system into the future. If we ignore moderate changes now the challenges will only get greater, the decisions will get harder, and the solutions will slip outside our grasp."

Hon. Peter Costello, 2002 Intergenerational Report release

"The first IGR put the ageing of the population on the map... The fact is that the lower fertility rates of the seventies, eighties and nineties are still winding their way through the system. The large population bulge caused by the post-war baby boom is moving through the population and heading towards retirement... And this will lead to slower economic growth."

Hon. Peter Costello, 2007 Intergenerational Report release

"We don't expect living standards to shrink, but we do expect them to grow more slowly than they have done in the past. Real GDP per person is projected to grow at 1.5 per cent annually over the next 40 years, compared with 1.9 per cent over the past 40 years."

Hon. Wayne Swan, 2010 Intergenerational Report release

## Global Challenges

Attitudes to global population growth take a necessarily different perspective. Claire Maloney of Marie Stopes International Australia (p.40) says of developing populations: "The largest contributing factor to high fertility rates and population growth is lack of access to family planning and contraceptives". Developing countries share Australia's environmental problems but they also face malnutrition, water-borne illness and impoverished living conditions.

The 1994 International Conference on Population and Development's 20-year Programme of Action, adopted by 179 countries, argues that "if needs for family planning and reproductive health care are met, along with other basic health and education services, then population stabilisation will happen naturally, not by coercion or control" (p.37).

## The IGR and Beyond

In his 2007 Intergenerational Report release Peter Costello said: "In every portfolio area – health, education, family benefits, welfare, superannuation, pensions – the IGR now provides the overall architecture within which we operate". Whether or not the architecture supports and sustains Australia's future population reality will be seen in future reports.