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**The 2015 Intergenerational Report: Misleading  
findings and hidden agendas**

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Bob Birrell and Katharine Betts

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## **The 2015 Intergenerational Report: Misleading findings and hidden agendas**

### **Executive summary**

The Treasurer provides a Foreword to the Intergenerational Report. He tells us that it is a 'social compact between the generations' to guide us through 'the demographic challenges and opportunities we face'. The main challenge is that Australians are living longer. He celebrates this fact but warns that, if we do not do something about it, 'we risk reducing our available workforce' and seeing growth and prosperity falter along with the nation's income. There is a 'burden on Australians' that the policies outlined in the Intergenerational Report (IGR) can relieve.

Thus the report's ostensible purpose is to ensure Australia's future prosperity in the face of demographic ageing. But its real purpose is different. It is to justify the 2014-15 budget cuts to welfare (including pensions) and to health care. It attempts this by focussing on the alleged economic costs of ageing. To this end it makes three key claims, claims which are overstated to the point of being deliberately misleading.

The first concerns labour-force participation. The report says this will fall because the number of people aged 15-64 for every person 65 plus will drop from 4.5 today to just 2.7 in 2055, thus reducing per capita economic growth. The government is so sure of the shocking nature of this statistic that they have used it extensively in advertising.

The second concern follows from the first. The report claims that, as a percentage of GDP, the costs of providing for an older population will increase significantly over the next 40 years. Here it draws on its projections of government spending on health care, pensions and aged care.

The third claim is that, in order to deal with these costs, Australia must maintain high immigration. This is because migrants tend to be younger than the average resident.

### ***Population assumptions***

The IGR assumes a total fertility rate of 1.9 over the next 40 years and that net overseas migration (NOM) will continue at around 240,000 per year to 2017-18, easing to 215,000 in 2018-19 and remaining at that level until 2054-55. (This is still an extremely high figure; annual average NOM from June 1991 to June 2006 was 95,000.) The report also assumes an increase in life expectancy, matched by an increase in healthy life expectancy.

As of mid 2015 Australia's population was 23.8 million. With the IGR's assumptions, in particular its migration assumptions, the total will rise to 39.7 million in 2055, an increase of 15.9 million, or 66.8 per cent. This is huge. One might expect the authors to justify it, but they do not. Their unstated assumption is that the alleged role of high migration in moderating the fiscal effects of ageing is all that matters.

### ***Misleading claim No. 1: Population ageing and Australians' future prosperity***

Like its predecessors, the 2015 IGR is built around the idea that real per capita economic growth is a product of the 'three Ps': population, participation and productivity. Its calculations about the effects of these on per capita economic growth are set out in Figure 1 (see page 4). This shows that the main driver of per capita economic growth will be productivity (defined as output per hour worked). This is projected to contribute 1.5 percentage points each year.

The report projects a slight fall in real per capita economic growth from declining labour-force participation of 0.1 percentage points a year, though changes in unemployment and average hours worked are projected to have no effect. These results will come as a big surprise. Australia's ageing population was supposed to have a major impact on per capita economic growth. This is clearly not the case.

An even bigger surprise is that the graph shows a 0.1 percentage point *increase* in per capita economic growth each year from 'population'. The gain here stems from the report's projections that, over the years to 2055, the proportion of the population who are children will fall relative to those aged 15 plus. This means that any decline in labour force participation of all those aged 15 plus will be offset to the same extent by the rising share of the population in this broad age group.

This is astonishing. The IGR was launched with the claim that demographic ageing means that the ratio of potential workers to older people will drop precipitously, and with it our economic welfare. In fact the report's modelling shows no change in per capita economic growth because the 'population' effect cancels out the small labour-force participation effect.

The reason why the participation effect is so small is simple. The report projects that the labour-force participation rate will only fall from 64.1 per cent today to 62.4 per cent in 2055. This fall translates into the small 0.1 percentage point per year loss of per capita economic growth shown in the chart. The effect is so small because the Treasury assumes that ageing effects will be largely offset by a further increase in participation of those aged 65 plus (from 12.9 per cent today to 17.3 per cent in 2055).

Thus the overt message of the report is contradicted by its more detailed findings. This is only one of a number of instances where such a contradiction occurs.

### ***Misleading claim No. 2: The long-term budget costs of ageing***

The report says that demographic ageing 'has important implications for the demand for health and aged care services and retirement incomes' and emphasises the extra hospital and medical costs expected to flow from this. In the absence of remedial action, Australian government health expenditure will grow from 4.2 per cent of gross domestic product (GDP) in 2014-15 to 7.1 per cent of GDP by 2054-55

But it turns out that almost all of the projected increase in health expenditure is due to the higher costs of providing health care for everyone, including the implementation of new technology. The text of the IGR has a little to say about this, but it is set out clearly in the chart data published on line. This shows that, while Commonwealth spending per person is projected to increase by \$3700 by 2054-55, \$3100 of this, or 84 per cent, can be ascribed to non-demographic causes: ageing is only a minor factor.

What about the costs of age and service pensions, and aged-care funding? Pension payments currently equal 2.9 per cent of GDP. Depending on policies, this percentage may fall to 2.7 by 2054-55 or rise to 3.6. (The 3.6 per cent figure assumes no change to the policies in place before the 2014 budget announcements.)

And according to the IGR, government expenditure on aged care may rise from 0.9 per cent of GDP in 2014-15 to just 1.7 per cent in 2054-55.

Given the panic about the costs of ageing, these two sets of figures are hardly startling. Indeed Australia spends a lower proportion of GDP on government-funded age pensions than most OECD countries. On average, in 2007, public spending on age pensions in the OECD was seven per cent of GDP.

### ***Misleading claim – No. 3: The gains from high net overseas migration***

The IGR asserts that high NOM will result in a younger population than would be the case without it: ‘Migration reduces the average age of the population and slows the rate of population ageing’. To bolster this claim it presents an arresting bar chart. This shows the age distribution of NOM in 2013-14 compared to the age distribution of the resident population in June 2014. Oddly the authors make no attempt to quantify this difference and its effects.

To fill this gap we used two ABS projections published in 2013 (with slightly different assumptions to those of the IGR) and estimated the likely difference that a NOM of 200,000 p.a. might make to the median age in 2055. We found it would produce a median age of around 41.4. By comparison, no net migration over the 40 years would result in a median age of around 46.1.

From the Treasury’s point of view what matters is the influence of this younging effect on participation. A close analysis of their data shows that this effect has a negligible impact on per capita economic growth. From the data that the report does provide we were able to calculate that every extra 70,000 net migrants per year up to 2055 increases the participation rate by 1.2 per cent points in 2055 but, in so doing, it only increases per capita economic growth by a mere 0.06 per cent. A slight increase, but one that comes at a heavy cost. An extra 70,000 NOM per year for 40 years adds over four million more people, almost the current population of Melbourne.

But the report does not assume an extra four million; its goal is an extra 15.9 million. What about the infrastructure costs of such an increase? Here the report makes the bizarre claim that infrastructure costs ‘are not linked explicitly to demographic factors’.

What about productivity? The report does not assume that a high NOM will make a marked contribution to this. All it says is that migration *may* help boost Australian productivity. Even this lacks conviction. The authors write that: ‘There is some evidence that high levels of net overseas migration might increase productivity, as the skills focus of Australia’s migration program means that migrants may, on average, be better educated than the average Australian. Migrants can also be highly motivated, owing to their decision to move to Australia’.

### ***Why the high NOM assumptions in the IGR?***

There is nothing in the report to substantiate the claim that demographic ageing imposes heavy costs. Rather, the phony scare campaign about the long-term costs of ageing has been used to justify the Coalition’s current budget proposals. (We know the report was expected to scare us because the Treasurer told us that it would make us ‘fall off our chairs’.)

But why such high long-term NOM assumptions? First, they help justify the government’s current high migration policy. This is important to the Coalition and its backers because the resources boom has stalled. The government is now desperate to find a short-term solution to the problem of lower economic activity. It expects to find a partial remedy through the stimulus that population growth gives to the housing and city-building industries.

Also, aggregate growth in GDP is the key driver of tax revenue and, in the case of business, of growth in sales. The IGR does not have much to say about aggregate GDP growth except to provide the results of its modelling, which is that Australia's real aggregate GDP is projected to grow by 2.8 per cent per annum to 2054-55. Our calculations show that, while gains in productivity will make a substantial contribution to this aggregate figure, crude population growth will account for nearly half.

### ***Why worry?***

The environmental implications of the IGR's population goal are a concern, and one that the authors do devote a few pages to. They concede that careful management policies will be required. But they do not believe that there will be any serious costs for the Commonwealth as the 'level of Commonwealth Government spending on the environment is not directly linked with demographic factors'.

Because these problems will not impose costs on Canberra, Treasury is off the hook. But all Australians will suffer from their impact on the natural environment and the alienation of agricultural land. The other pressing concern for voters is jobs and the economy. What are the newly arrived migrants going to do, apart from build houses for each other?

As it is, current migration policy feeds escalating housing prices in Sydney and Melbourne and intensifies urban congestion. It also harms resident workers who must compete in overcrowded labour markets. For young people in particular the competition is ferocious.

All this is tough on residents and, through its effects on congestion and land and housing prices, acts as a drag on productivity. But from the point of view of the Australian government and most business interests, aggregate economic growth means more tax revenue and more profits.

### ***Why no controversy about the population growth projections?***

The IGR's population policy should be controversial but it is not.

When its predecessor was released in January 2010 the country was in the midst of the Big Australia debate. This had begun in September 2009 when the then Treasurer in the Labor government announced that the forthcoming IGR would project a population of 35 million by 2049.

'Labor's focus groups went ballistic as voters registered their fears' and vigorous controversy ensued. The ABC's *7.30 Report*, for example, ran a whole week of programs (from 25 to 29 January 2010) which took a critical stance on the likely outcomes of growth of this magnitude.

Where is the public concern and outrage today? There has been no renewed debate about the wisdom of massive population growth. Why not?

A major reason is that the government has managed to convince many people that population growth is essential if the perils of ageing are to be avoided. It could also be that many Australians have got used to the idea of a Big Australia; they've been told so often that high growth is inevitable that they now they accept it. Perhaps, when big numbers like the figure of 39.7 million for 2055 are announced, they no longer shock.



But there is another explanation. Demographic knowledge is not widespread and more than half the population have limited numeracy skills. Without public commentary, the general public probably has only a shaky understanding of what a number such as 39.7 million means.

Political elites have reached a tacit agreement not to debate the numbers. This is combined with a sense of social propriety that means the topics of immigration and population growth are not openly discussed by most respected journalists.

### ***Conclusion (Executive summary)***

The Coalition government's claim to office is that it is the party of fiscal probity. The IGR is designed to bolster this claim by telling voters that the costs of demographic ageing mean that deep budget cuts are essential.

In fact the present budget deficit has little to do with ageing, now or in the future. The evidence for this conclusion is there in the modelling presented in the IGR itself. While the text creates a sense of alarm, the data tell a different story.

The IGR's own data show that the supposed ill-effects of ageing are trivial and should be easily managed by future generations themselves. The best that the authors can come up with is a lukewarm endorsement of massive immigration-fuelled population growth, an endorsement that ignores the equally massive costs.

## Introduction

According to the Coalition Government Treasurer, Joe Hockey, the Intergenerational Report (IGR) is about a social contract between generations, which is intended to guide policy so as to ensure that future prosperity is maintained.

This is not the case.

The real function of the IGR is quite different. Its purpose is to justify the Coalition's current budget proposals. The Coalition took office in 2013 after years of criticising the Labor Government for its alleged mismanagement of the nation's finances, dubbed 'Labor's debt and deficit disaster'. Its major claim to office was that it would be far more fiscally responsible. It also wanted to please its business constituency by curbing expenditure on social welfare, thus allowing more room for the private sector to flourish.

Its 2014-15 budget failed to meet these objectives. Its expenditure cuts were aimed at the less affluent, including pensioners and unemployed youth. It was deservedly pilloried as unfair on this account. Since May 2014, the government has battled to get its measures through the Senate. It has to keep the pressure up. One strategy has been to mount a campaign to convince a sceptical public and cross bench that there is a pressing long-term need for the proposed budget measures.

This is the context in which the 2015 Intergenerational Report should be interpreted. It has been crafted to help make the case for tough budget measures. It does so by asserting that the impending ageing of Australia's population will add significantly to the nation's fiscal burden. The Coalition's strategy is to create such a scare about this outlook that it will put its budget opponents on the defensive.<sup>1</sup>

There may be a case for reining in the Commonwealth deficit, since it is adding \$30-40 billion annually to Commonwealth debt. But this case is not made in the IGR. The report does not explore whether a temporary period of government borrowing may be justified (given Australia's relatively low level of debt to GDP) while the country adjusts to life after the resources boom.

The ageing of Australia's population has very little to do with the current budget deficit. The deficit is a product of tax concessions handed out by the Howard Government in 2005, 2006 and 2007 and of the decline in revenue since 2011 due to the stalling of the mineral resources boom. Nor does the IGR make a plausible case that, over the long term, population ageing will be a threat either to Australia's per capita economic growth rate or to the Commonwealth's budget position.

We focus on three of the key claims that the Coalition Government makes in the 2015 IGR on these issues. All of these are overstated to the point of being deliberately misleading.

The first of these claims concerns the IGR's arguments about the sources of Australians' future prosperity. In his foreword to the IGR, the Treasurer writes that, 'Our economic plan, aligned with the Intergenerational Report, will allow us to focus on the key drivers of economic growth – participation and productivity'.<sup>2</sup> These drivers are threatened, so it is asserted, by population ageing.

The IGR indicates that, as a result of population ageing, by 2054-55 the number of people in Australia aged between 15 and 64 for every person aged 65 and over will fall from 4.5 today to just 2.7 in 2054-55.<sup>3</sup>

The Coalition has taken to advertising this finding across the media. These ads distil the implications into one sentence. They assert:

*That means fewer workers. And less income for Australia.*<sup>4</sup>

The public is being invited to conclude that ageing threatens Australia's wealth and thus the capacity of its working residents to provide for an older population.

The second claim follows from the first. It is that these costs, expressed as costs to the Commonwealth relative to the nation's Gross Domestic Product (GDP) will increase significantly over the next few decades. The IGR asserts this via its projections for government expenditure on the health services, pensions and aged care needed for older people.

The third claim is that, in order to deal with these costs, Australia needs to maintain a high level of migration. This is because migrants are younger than the average resident.

### **Population assumptions in the 2015 IGR**

The 2015 IGR assumes that Australia's fertility rate will be stable at 1.9, which is slightly below the rate needed for the replacement of one generation by the next. It also assumes that Net Overseas Migration (NOM) will continue at the record high level of around 240,000 to 2017-18. After 2017-18 the report assumes that NOM will fall in 2018-19 to 215,000 a year and then remain at that level until 2054-55.<sup>5</sup> The report chooses to express this future annual NOM in percentage terms, saying that by 2054-55 annual NOM will be equivalent to 0.5 per cent of Australia's population (see Figure 3 below).<sup>6</sup> A NOM of 215,000 per year, though lower than 240,000, is still very large; from 1990-91 to 2005-06 the annual average was 95,000.<sup>7</sup> The report also assumes an increase in life expectancy from 80.7 years for men born in 2014-15 to 88.1 for those born in 2054-55, with a corresponding increase for women from 84.8 to 90.5 years.<sup>8</sup> Finally, it expects that this increase in life expectancy will be matched by an increase in healthy life expectancy.<sup>9</sup>

On the IGR's assumptions Australia's population will reach 37.8 million by 2050 and 39.7 million by 2054-55.<sup>10</sup> This is 1.9 million more by 2050 than was projected at the time of the 2010 IGR, when it was assumed that Australia would reach 35.9 million by that year. Recall that this figure was subsequently labelled as the 'Big Australia' projection. It prompted enormous controversy at the time (detailed below).

Currently (as of mid 2015), Australia's population is 23.8 million. The extra 15.9 million by 2054-55 is a huge increase (nearly 67 per cent). One might expect the government to justify this but the IGR does not do so. The unstated assumption is that the alleged role of high migration in moderating the fiscal effects of ageing is all that matters to the government.

We begin by interrogating the 2015 IGR's arguments about the seriousness of the impending ageing outcome. Attention then turns to the role that the Coalition Government expects population growth to play in replacing lost economic activity due to the downturn in the resources boom. The final part of this paper deals with the public response to the 2015 IGR. It explores why the government has (so far) been able to escape critical scrutiny of the report, at least by comparison with that which occurred after the release of the 2010 IGR.

### **Misleading claim – No. 1: Population ageing threatens Australians’ future prosperity**

The 2015 IGR focuses on participation (defined as the share of the population aged 15 plus who are in the labour force) and the productivity of each employed person (defined as output per hour worked). The outcome for these two factors determines how much richer Australians will become, in per capita terms, over the next four decades. The third P is population growth. It is a major determinant of aggregate economic growth.

The pace of population growth may also be relevant to per capita economic growth. For example, in a negative sense it is likely to entail capital widening due to the huge infrastructure expenditure required to accommodate extra people. In a positive sense it may encourage economies of scale. The IGR does not explore these issues. Its focus is on the extent to which the ageing of the population affects Australia’s age distribution and thus the share of the population in the conventional working ages. It does make a passing and reassuring reference to the environmental consequences of the population outlook it projects. There is also some brief but ambivalent comment on the possibility that migration will deliver a better educated workforce (touched on below).

The IGR’s calculations as to the contribution of the three Ps (population, participation and productivity) to per capita income are shown in Figure 1 below (Chart 1.21 in the report). As is evident, the main driver is productivity. This is assumed to grow by 1.5 percentage points per annum over the 40 years to 2055.

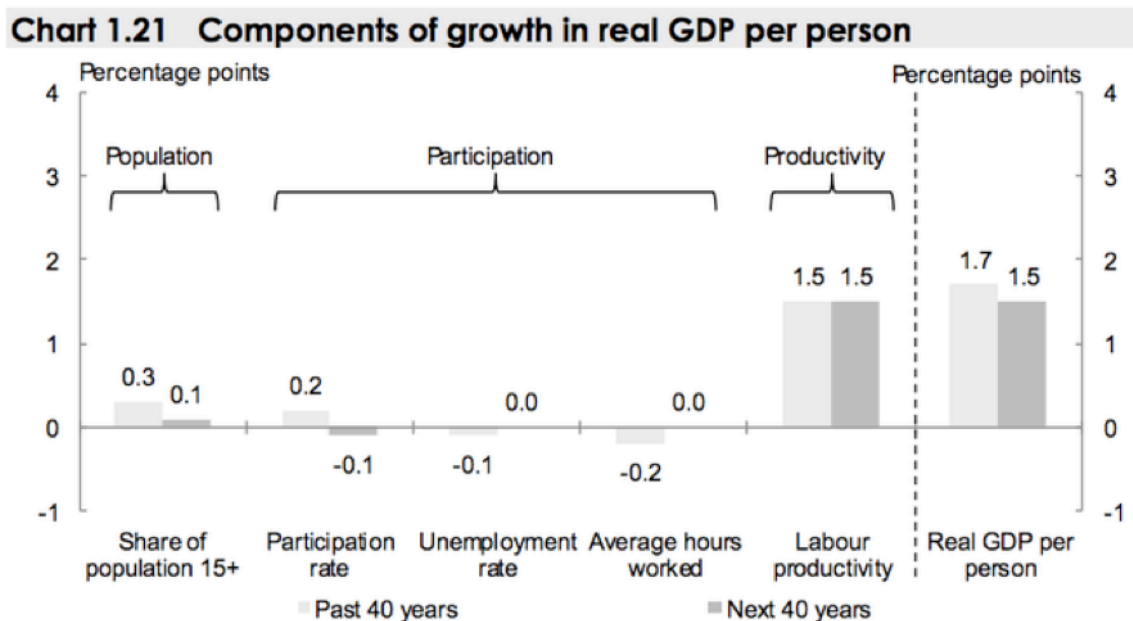
As might be expected, given the alarm about the impact of ageing on lowering the participation rate, the IGR states that the greater share of the population in the ages 65 plus will decrease economic growth in the following ways:

Over the next 40 years, the proportion of the population participating in the workforce is expected to decline as a result of population ageing. A lower proportion of Australians working will mean lower economic growth over the projection period.<sup>11</sup>

This is the basis for the claim in the advertisement cited above about ageing’s dire effects. It refers to the projection that, by 2054-55, the number of people aged between 15 and 64 to those aged 65 and over will fall to 2.7 for each older person.

But this claim rests on crude demographic ratios. It ignores the reality of actual participation in the labour force by people of different ages. There will, probably, be a slight fall in labour force participation due to demographic ageing but the report itself shows that its impact is tiny. As the authors acknowledge, deep in the text: ‘This declining participation rate is projected to detract *slightly (our emphasis)* from real GDP growth per person over this period.’<sup>12</sup> Figure 1 shows that the decline in the participation rate lowers growth in per capita income by just 0.1 percentage points per annum over the next 40 years. As Figure 1 also shows, there will be no effect from changes in the unemployment rate or from changes in average hours worked.

Figure 1: From IGR 2015, p. 30



In addition, Figure 1 shows that there is a gain of 0.1 percentage points in per capita GDP growth from a compensating demographic effect, that is, from an increase in the share of the population aged 15 plus. This may surprise given all the clamour about the effects of population ageing on the participation rate. It comes almost as an unexpected bonus. But it is due to the expected decline in the share of the 0-14 year old cohort in the total population. It is a consequence of the IGR's reasonable assumption that fertility will remain at 1.9, or a little below replacement level.

How could the alleged terrors of the decline in the share of the population aged 15-64 relative to those aged 65 plus in 2054-55 turn out to have such a minor impact on participation and thus on per capita income growth? It is because the effect of demographic ageing on the participation rate (defined as the share of the 15 plus age group actually in the labour force) is small. The IGR projects that the proportion of those who are aged 15 plus and are in the labour force will only fall from 64.1 per cent today to 62.4 per cent in 2054-55.<sup>13</sup>

The drop is so small because the Treasury is assuming that the ageing effect on participation will be substantially offset by an increase in the participation rate of those aged 65 plus. This is assumed to grow from 12.9 per cent today to 17.3 per cent by 2054-55.<sup>14</sup> This is a reasonable assumption in the light of the improvement in this rate over the past decade or so. The labour force participation of those aged 65 plus will surely continue to increase given the advances in health of the 65 plus cohort and the greater share with post-school education.<sup>15</sup> This is why the effect of the change on participation and thus on per capita GDP is so 'slight', to use the IGR's own words. (As we have seen, it is just minus 0.1 percentage points a year.)

The IGR might have added, but does not, that in any case this tiny loss is offset from a projected parallel gain flowing from the increase in the share of the total population aged 15 plus.

## **Misleading claim – No. 2: Ageing imposes long-term budget costs**

The government's main emphasis is on the extra hospital and medical costs that it expects to flow from population ageing. The 2015 IGR states that, in the absence of remedial action, Australian Government health expenditure will grow from 4.2 per cent of GDP in 2014-15 to 7.1 per cent of GDP by 2054-55.<sup>16</sup> Even if the government's 2014 budget proposals to curb this health expenditure (including GP co-payments) had been implemented, the IGR calculates that, in today's dollars, health spending per person will more than double from \$2800 in 2014-15 to \$6500 in 2054-55. State government expenditure is also expected to be significantly higher.<sup>17</sup>

However, it turns out that almost all of this increase in health expenditure is expected to be attributable to the higher costs of providing health care for everyone, including the implementation of new technology. The IGR's analysis of this issue indicates that, of the \$3700 increase in spending per person by the Commonwealth by 2054-55, \$3100 or 84 per cent, is attributable to non-demographic causes.<sup>18</sup> Ageing is only a minor factor in the projected escalation of Commonwealth health costs.

The IGR analyses two other sources of increased costs deriving from population ageing. These are age and service pensions, and aged-care funding. Pension payments currently equal 2.9 per cent of GDP. Depending on pension policies, this figure may fall to 2.7 per cent by 2054-55 or rise to 3.6 per cent. The 3.6 per cent figure assumes the maintenance of the aged pension policies in place prior to the 2014 budget announcement.<sup>19</sup>

According to the IGR, government expenditure on aged care may rise from 0.9 per cent of GDP in 2014-15 to 1.7 per cent in 2054-55.<sup>20</sup>

These are hardly startling figures given all the noise about the public costs of ageing. Moreover, if the lower bound of 2.7 per cent comes to pass for pension payments, the cost (in relation to GDP) could actually be lower in 2054-55 than is currently the case. The 2.7 per cent figure will eventuate if the 2014 Budget proposal to increase the age of eligibility for the aged pension from 67 by 2023 to 70 by 2035 is implemented. This proposal was defeated in the Senate. However the costing of this measure indicates how readily the budgetary costs of aged income can be accommodated should the need arise. It is also worth bearing in mind that, on average, in 2007, public spending on age pensions in OECD countries was seven per cent of GDP.<sup>21</sup>

We are not necessarily advocates of the proposal to increase the age of eligibility for the pension in Australia. However, though it seems harsh, especially for manual workers, it may seem less so if the increases in longevity and improved health of older people that the report assumes come to pass.

It might be wondered why, despite the introduction of compulsory superannuation in the 1980s, the Treasury modelling still has the costs for aged income support increasing to 3.6 per cent of GDP by 2054-55 (assuming the lift in the eligible pension age to 70 does not proceed). The answer is in large part due to the policies of the Howard Coalition Government which, over the years 2005, 2006, and 2007, increased the eligibility threshold for the income and assets tests for the age pension. These concessions have meant that most of those benefiting from increased super payments have also been able to continue to receive at least a part pension. This helps explain why the Treasury modelling, reported in the IGR, indicates that (even if the eligibility age is increased to 70 by 2035) the share of those aged 65 plus receiving the pension (or part pension) will fall only marginally to 67 per cent by 2054-55 from the current 70 per cent.<sup>22</sup>

In the 2015 Budget the Coalition proved how important these concessions were to government finances when it announced that it intended to reduce the asset test thresholds for eligibility to the pension (from \$1.3 million to \$1 million in the case of a home-owning couple) and to increase the taper rate for assets above the lower threshold. The taper measure will mean that the amount of the pension received will be reduced by \$3.00 per fortnight per \$1000 of assets above the threshold, rather than by \$1.50 per \$1000 of assets as was previously the case. These measures, when fully implemented will save \$974.9 million in 2017-18 and just over \$1 billion in 2018-19.<sup>23</sup> (They were passed in late June 2015.)

The IGR did not model the impact of these measures to 2054-55. However there can be no doubt that the savings will increase rapidly given the inevitable growth in superannuation balances of those nearing the retirement ages over the next few decades. These superannuation balances are included in the assets test.

There remain other pots of gold should pension payments become onerous. One of the largest is the no-tax provision on super payments introduced in 2007. This is allowing relatively wealthy super holders to reap billions of dollars in tax-free payments.

In any case, the IGR calculates that per capita income will be very much higher in real terms by 2054-55 than it is today. Its modelling indicates that (largely as a result of the assumed increase in productivity of 1.5 per cent per annum) per capita income will increase from \$64,400 today to \$117,300 by 2054-55,<sup>24</sup> in constant dollars. As a consequence, our descendants should themselves be able to comfortably deal with any extra costs of providing for a proportionately larger cohort of older persons.

### **Misleading claim – No. 3: High migration delivers significant per capita income gains**

The IGR asserts that high NOM will result in a younger population than would be case with lower NOM. It makes this claim by showing a bar graph of the age distribution of NOM in 2013-14 compared to the age distribution of the population in June 2014.<sup>25</sup> It does not quantify this difference nor does it quantify its long-term effects. Using the online chart data, we estimate that the median age for the net intake in that year was 22.1 and for residents 35.6. Using two ABS projections published in 2013 (with slightly different assumptions to those of the IGR) we estimate the likely difference that a NOM of 200,000 p.a. might make to the median age in 2055 would be to produce a median age of around 41.4 (as opposed to the 46.1 that would result from nil net migration).<sup>26</sup> Thus immigration does produce a younger demographic profile in 2055 and, as a result, there will be an increase in the participation rate, since younger people are more likely to enter the workforce than older people.<sup>27</sup>

However, it turns out that this younging effect has very little impact on per capita economic growth. This can be deduced from data in the IGR itself.

The report compares the impact on the overall labour force participation rate of NOM at 180,000, 215,000 and 250,000 a year. By 2054-55 the participation rate under the 180,000 scenario would be 61.8 per cent, compared with 62.4 per cent for 215,000 and 63 per cent for 250,000.<sup>28</sup> That is, an extra 70,000 NOM increases the participation rate by 1.2 percentage points by 2054-55.

As noted earlier, the report finds that a 2.2 percentage point gain in participation results in an annual per capita income gain of 0.1 per cent. Given this, a 1.2 percentage point increase in participation due to an extra 70,000 NOM will deliver an annual income gain of just 0.06 per cent (1.2 is 54.5 per cent of 2.2, as is 0.06 of 0.1).

The reason for this tiny gain is the same as that indicated above. This is that the Treasury projections on the participation rate outcomes for various levels of NOM incorporate the effects of the expected increase in labour market participation of those in the older age groups.

It follows that, discounting any other effects of NOM (such as infrastructure costs or economies of scale) changes to the scale of NOM have little effect on per capita economic growth. (That is, little effect within the assumptions of Treasury's modelling. A full cost-benefit analysis which included effects on cities, infrastructure and the environment could tell a very different story.) As we show later, the real motive for the assumption of high NOM is the boost that it gives to aggregate economic growth.

What about productivity effects? Is the government assuming that high NOM will make a big contribution to this factor? It is not.

All the report offers is the statement that migration *may* help boost Australian productivity, and thus help Australian enterprises compete against foreign competition. Even this reassurance is not delivered with much conviction. The report states that: 'There is some evidence that high levels of net overseas migration might increase productivity, as the skills focus of Australia's migration program means that migrants may, on average, be better educated than the average Australian. Migrants can also be highly motivated, owing to their decision to move to Australia'.<sup>29</sup>

This muted statement follows another that declares that there is little evidence that recent slower productivity growth in Australia has been the result of inadequate investment in skills, education and innovation more broadly.<sup>30</sup>

### **Why the high NOM assumptions in the IGR?**

#### *Justifying current high migration*

If the preceding analysis is correct, why has the government included such high long-term NOM assumptions in the report? One reason (others are canvassed below) is that they help justify its current high migration policy. This is important to the Coalition and its backers because the government is desperate to find a short-term solution to the loss of economic activity resulting from the downturn in the resources investment boom. The government is casting around for a replacement for this activity. It expects to find it, in part, through the stimulus population growth gives to the housing and city-building industries.

The current high migration policy should be controversial because it is adding an impetus to housing price escalation in Sydney and Melbourne and to metropolitan congestion. There is also a stark conflict between the interests of the resident workers who must compete in the same labour markets with the large number of new migrants entering the workforce. This is particularly the case for young residents who are looking for lower skilled entry level jobs (as in hospitality). They are encountering ferocious competition from the hundreds of thousands of migrants in Australia on temporary visas. Young resident graduates in the professions are also having to compete with the high numbers of accountants, nurses and IT professionals (amongst others) recruited under the skilled migration program.<sup>31</sup>

However, just as the phony scare campaign about the long term costs of ageing has been used to justify the Coalition's current budget proposals, so the claims about the contribution of migration in helping to defray these costs seems to have helped divert attention from the housing and employment issues.



The IGR has nothing to say about housing and employment. It simply states that its migration assumptions are taken from the 2014-15 Mid-Year Economic and Financial Outlook (MYEFO).<sup>32</sup> An examination of the MYEFO reveals that it, too, provides no economic rationale for the current policy. All the MYEFO says is that the assumption that NOM will continue at one per cent of Australia's population or around 240,000 a year to 2017-18 derives from the government's immigration policy settings. These, it acknowledges, are 'subject to review each year as part of the Budget process to reflect evolving economic and social circumstances.'<sup>33</sup> Nor does the MYEFO provide any cost/benefit assessment of the consequences of having to accommodate such numbers. Yet such numbers will present an enormous challenge.

### **The current high levels of migration – why such a high priority?**

From the point of view of the Australian Government and most business interests, aggregate economic growth is just as important as per capita economic growth. Aggregate growth in GDP is the key driver of tax revenue and, in the case of business, of growth in sales. The IGR does not have much to say about aggregate growth except to provide the results of its modelling, which projects that Australia's real GDP will grow by 2.8 per cent per annum to 2054-55.<sup>34</sup>

This 2.8 per cent growth figure, as noted earlier, is the product of contributions from population, participation and productivity. Productivity, as we have seen, is assumed to grow at 1.5 per cent per annum. Participation declines slightly but is offset by gains due to the increased share of the population aged 15 plus (see Figure 1). The rest, 1.3 per cent per annum, that is, the difference between the 2.8 per cent and the 1.5 per cent productivity contribution, derives from population growth.<sup>35</sup>

The IGR does not comment on this outcome. Nevertheless, this outcome reveals how dependent the Australian economy is on population growth if it is to achieve the government's aspirations for aggregate economic growth. Just on half (46 per cent) of Australia's expected growth in aggregate GDP per annum over the projection period is to come from population growth.

### **The current role of population growth**

The contribution of population growth to Australia's current aggregate economic growth is even more striking. Productivity growth has slowed in recent years and so, since 2012, has participation. The government and business interests are well aware of this situation. As business guru Alan Kohler writes:

Productivity growth finished long ago, and the investment boom is coming to an end now. Although mining and energy exports will continue to support GDP, the burning question is: what will replace resources investment as the new driver of growth? The answer is people, or more specifically, the infrastructure required to house, feed and transport them.<sup>36</sup>

By 2015, the annual rate of growth in aggregate GDP had fallen to about half the level it had reached during the resources boom (2003 to 2011). The Treasury forecast for the 2015 Budget was that real growth in GDP would be just 2.75 per cent in 2015-16.<sup>37</sup> This means that the contribution of population growth to this 2.75 per cent figure must be almost a half.

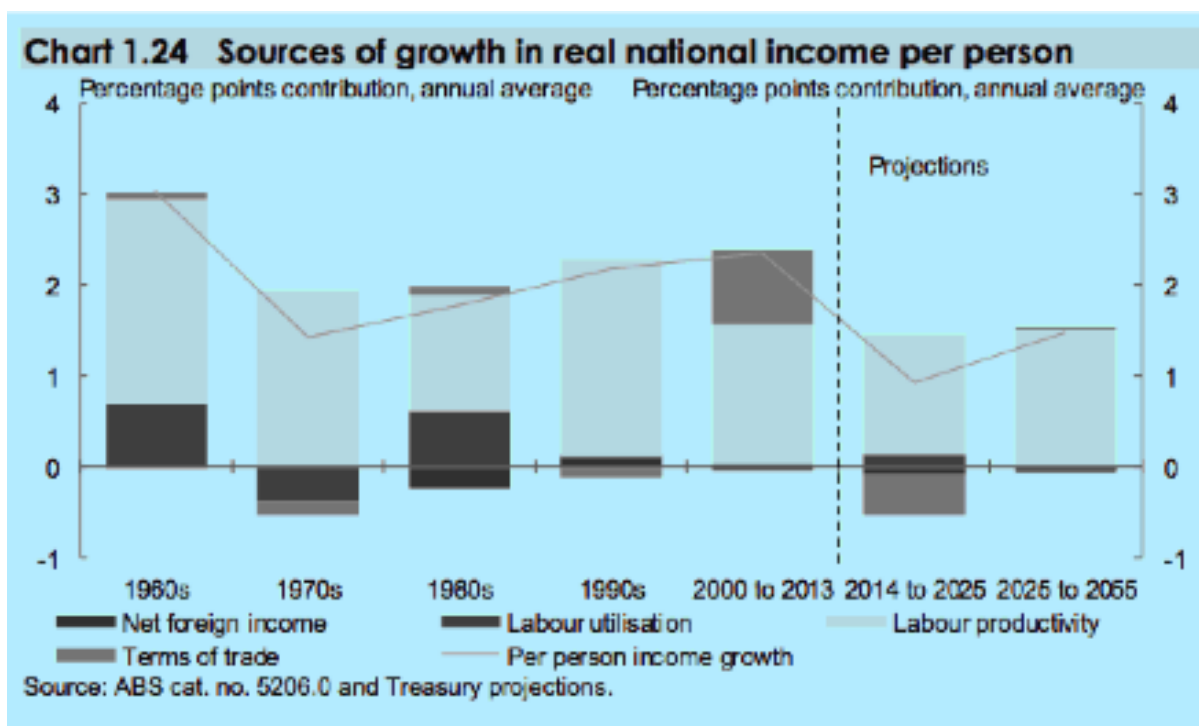
No wonder the Coalition Government has quietly maintained a large permanent migration program, and has done nothing to cap the influx of migrants on temporary visas. The Coalition

Government affirmed in the course of the 2015 Budget that the permanent entry migration program would remain at around 205,000 to 2017-18.

This 205,000 cannot be directly compared with the 240,000 NOM assumption in the IGR to 2017-18. This is because NOM is not based just on permanent arrivals and departures. It includes the contribution of all movers in and out of Australia, not just those arriving on permanent entry visas. The various temporary-entry programs, including those granted temporary work visas (the 457 visa), students and Working Holiday Makers, all add to NOM, as long as they stay in Australia for 12 months of the 16 months following their arrival here. Those who leave, including Australian born persons are, of course, subtracted from NOM.

It is unlikely that there will be any quick reprieve from Australia's difficult post-resources boom situation. Australian enterprises will have to contend with much lower growth in consumer purchasing power than was the case during the resources boom. The IGR provides a chilling forecast relevant to this issue (Figure 2 below). It shows that per capita income growth in Australia will drop from just over two percentage points per year over the years 2000 to 2013 to well below this level over the years to 2025. This has ominous implications for domestic consumption spending. The forecast is a reminder of how serious the slowdown in the Australian economy is likely to be on the downside of the resources boom. Everything went well on the upside as Australians' income went up and they were able to buy more stuff with each Australian dollar because the price of imports fell (in Australian dollars). On the downside the reverse will be the case.

Figure 2: From IGR 2015, p. 33



### Why worry?

The environmental implications of a population increase on the scale put forward by the IGR are a concern, and one that the authors devote a few pages to. Yes, they concede that careful

management policies will be required to 'mitigate the risk of biodiversity loss'.<sup>38</sup> But they do not consider there to be any serious costs involved for the Commonwealth as the 'level of Commonwealth Government spending on the environment is not directly linked with demographic factors'.<sup>39</sup> For Treasury there seems little cause for concern, but for Australians knowledgeable about the heavy impact of human settlement on biodiversity, and on the nation's agricultural land, there are causes indeed for concern.<sup>40</sup>

The other pressing cause for concern is jobs and the economy. What are the newly arrived migrants going to do? In a context where aggregate economic growth (real GDP) is expected to fall to below three per cent they will add to the competition for available jobs. Thus the 2015 Budget forecast that unemployment will increase to 6.5 per cent in 2015-16.

The government's expectation is that the continued rise in Australia's population will drive the building and Infrastructure industries. This is especially true of Sydney and Melbourne, which are the destinations of just over half of all recently arrived migrants. Sydney is growing by around 85,000 a year and Melbourne by 95,000, most of which is attributable to overseas migration.

This is good for the building industry and for aggregate economic growth. But in the short term these population gains are helping to fuel a boom in housing prices. They are also adding to the demand for health and educational services, especially in the outer western suburbs of Melbourne and Sydney. This is occurring in a context where the Coalition Government is trying to curtail Commonwealth expenditure. One of the targets has been payments to the states, which are responsible for providing the services and infrastructure.

The implications are disturbing. The one area of Australia's economy sure to flourish in the medium term is investment in housing and the required infrastructure. This means an increase in dependence on debt (needed by the buyers or investors in housing) and on the part of the public authorities financing the infrastructure. Australia's capital will be directed towards property and public infrastructure, rather than to enterprises capable of competing internationally. This is not sustainable.

### **Why no controversy about the population growth projections?**

Both before and after the release of this third IGR on 7 January 2010 Australia was in the midst of an unusually frank and vigorous debate about population growth. This had begun in September 2009 when the Treasurer in the then Labor Government, Wayne Swan, announced that the forthcoming IGR would project a population of 35 million by 2049.<sup>41</sup>

This was a shock to those worried about the natural environment, the capacity of Australia's metropolitan centres to provide the necessary infrastructure for the extra population, and the implications for the quality of life in these metropolises. For his part, the Prime Minister at the time, Kevin Rudd, pronounced on national television that the Big Australia outlook (as it became known), was a challenge that he thought Australians should embrace: 'I actually believe in a big Australia. I make no apology for that. I actually think it's good news that our population is growing'.<sup>42</sup>

'Labor's focus groups went ballistic as voters registered their fears'<sup>43</sup> and a vigorous debate ensued.<sup>44</sup> In January 2010 the third Intergenerational report was released, projecting a NOM of 180,000 p.a. through to 2050. On that assumption Australia's population would grow, not to 35 million but to 36 million by 2050 (from 20 million in 2010). This was much higher than had been projected in the previous two Intergenerational Reports.<sup>45</sup> The earlier 'Big Australia' debate

continued.<sup>46</sup> The ABC's *7.30 Report*, for example, ran a whole week of programs (from 25 to 29 January) which took a critical stance on the likely outcomes.

Despite Rudd's enthusiasm for growth, the government set up various committees to look into the question and, in April 2010, appointed a Minister for Population (Tony Burke) to manage the electoral consequences.<sup>47</sup> In June 2010, Julia Gillard took over as PM. She pronounced that she did not believe in a Big Australia and promised, in the lead up to the August 2010 Federal election, to legislate accordingly. 'I don't believe in simply hurtling down a track to a 36 million or 40 million population, and I think if you talk to the people of western Sydney or western Melbourne, or the Gold Coast growth corridor in Queensland, people would look at you and say, "Where will all these people go?"'.<sup>48</sup>

In July 2010, Tony Abbott, then leader of the Opposition, 'vowed to cut Australia's immigration intake to no more than 170,000 a year within three years [in order] to return the nation's population growth rate to its long-term average of 1.4 per cent a year'.<sup>49</sup> This promise was well-received: 64 per cent of respondents to an Essential Media survey approved (including 91 per cent of Liberal/National Party voters).<sup>50</sup>

But the Labor Government did not deliver on Gillard's promise. Tony Burke's title was changed from Minister for Population to Minister for Sustainable Population and, a few days before the August 2010 election, he appointed three panels to produce discussion papers on population growth.<sup>51</sup> The government 'quietly backed away from the idea of specific population targets, focusing instead on skills shortages and regional growth'.<sup>52</sup> The resources investment boom took off again after the Chinese Government's own massive domestic investment stimulus, starting in late 2008. The Gillard Government expanded the immigration intake in order to meet business concerns about labour shortages. It increased the permanent entry program from 158,630 in 2007-08 to 168,623 in 2009-10, 184,998 in 2011-12 and 190,000 in 2012-13 (or 205,000 when the Humanitarian stream is added). Also, the temporary-entry visa subclasses were revised to provide employers greater scope to sponsor migrants. As a result of these measures and the enormous interest prospective migrants showed in taking up these options, NOM increased from 196,100 in 2009-10, to 229,000 in 2011-12 and 235,700 in 2012-13.

#### *Where is the public concern and outrage?*

In March 2015 the fourth Intergenerational Report was published together with its projection of 39.7 million by 2055. Since then there has been no questioning of the implications of this figure for the natural environment. There is a continuing undercurrent of concern about metropolitan congestion, house prices and quality of life, but there has been no renewed debate about the wisdom of such numbers, as occurred around the time of the publication of the 2010 IGR. Nor has there been any debate about the job-market implications of continuing high migration over the years to 2017-18 (after which, as we have seen, the IGR assumes NOM will decline from 240,000 a year to 215,000 a year).

Many books have been written and remain to be written about why Australia's green movement is deaf, dumb and blind to the impact of population growth on both the natural environment and the quality of life in the cities. True to form, the Australian Greens have been mute on the 2015 IGR's population assumptions. We leave the task of explaining this to others.

The green movement was also relatively silent in 2010 on this issues, yet this did not stop a short surge of concern and vigorous public debate. So why has the current report, which foreshadows even higher numbers, been so quietly received?

We have argued above that a major reason is that the government has managed to convince many people that population growth is essential if the perils of ageing are to be avoided. It could also be that many Australians have got used to the idea of a Big Australia. It has been drummed into them repeatedly that the population growth experienced in recent years is inevitable and that they have no choice but to accept it. Perhaps, when big numbers like the figure of 39.7 million for 2055 are announced, they no longer shock. The lack of media commentary on this population outlook after the release of the 2015 IGR may also have contributed.

But there is another explanation. The general public may have only a shaky understanding of what such numbers mean. Demographic knowledge is not widespread. For example in June 2010 38 per cent of survey respondents thought that boatpeople made up 10 per cent or more of the migrant intake. Indeed 10 per cent of respondents thought that they constituted half or more (and 30 per cent simply said 'don't know').<sup>53</sup> In fact in 2009-10 boatpeople made up 2.9 per cent of net overseas migration and, in 2008-09, 0.3 per cent.<sup>54</sup> Past research shows that many people do not know what the current population of Australia is, or whether a given number of immigrants is big or small.<sup>55</sup> And in 2012 the Australia Bureau of Statistics (ABS) found that 21.5 per cent of adults aged 15 to 74 had very limited numeracy skills (for example most of them could only count or sort numbers in simple contexts, or understand the concept of 50 per cent) and that 52.5 per cent were unable to identify numerical information unless it was visual or explicit.<sup>56</sup>

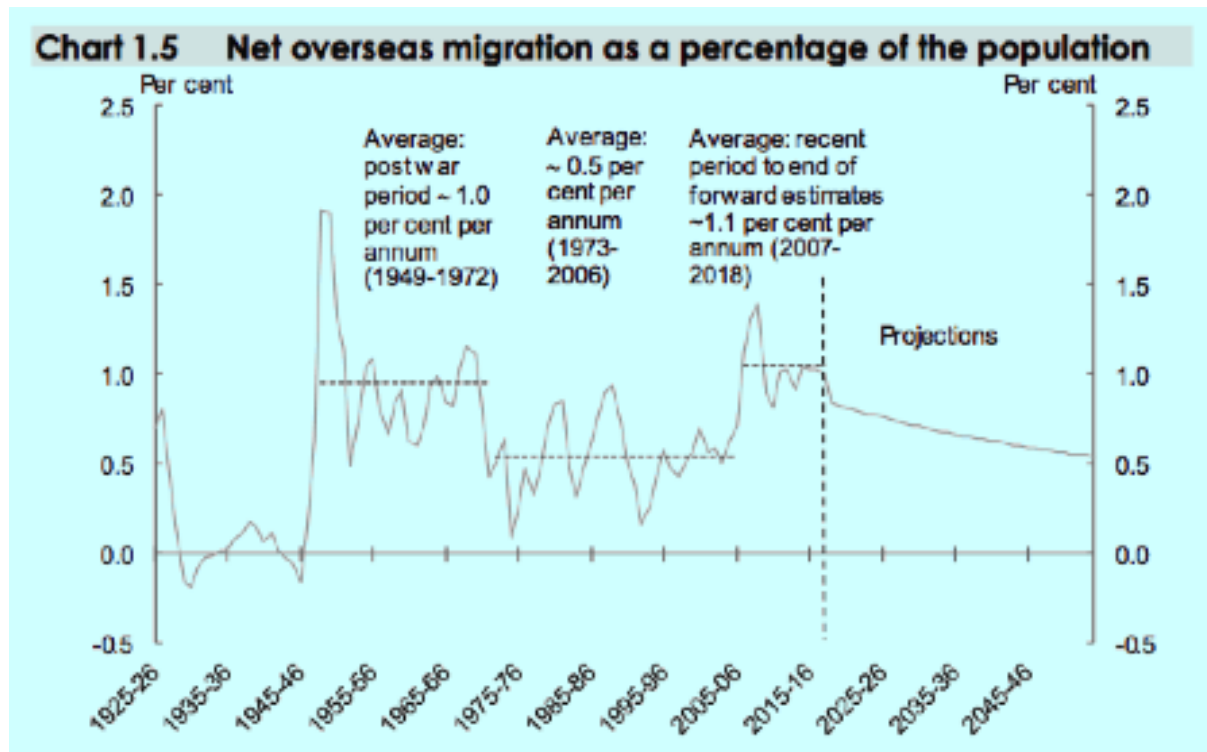
There was debate about population growth in 2009-10, sparked by Rudd's incautious remark in October 2009 (and his hectoring manner when a member of the audience questioned his Big Australia enthusiasms). It was this that ignited the general debate, not any sophisticated understanding of demography. Normally a combination of political bipartisanship and a sense of social propriety means that the topics of immigration and population growth are not openly debated by public figures or respected journalists.<sup>57</sup> One could add to this the possibility that many journalists themselves do not understand the numbers; Crispin Hull, journalist and former editor of *The Canberra Times*, writes that 'Journalists are a fairly innumerate lot'. (He adds that many are 'bizarrely, quite proud of it'.)<sup>58</sup>

The Charter of Budget Honesty obliges the government to produce an Intergenerational Report within five years of the previous report, and to make projections over a forty-year period.<sup>59</sup> (The current IGR should, by the five-year rule, have appeared by 1 February 2015: in fact it came out on 5 March.)<sup>60</sup> But the stipulated forty-year period means that the end date for each report is different (in this case 2055 rather than the 2050 of the 2010 report.) This makes it harder for voters to compare the demographic projections of different reports. The fact that 2055 is the end date for IGR 2015 and that the authors state that by this time NOM would fall to 0.5 per cent of population, could make it difficult for readers to compare this forecast with the NOM of 180,000 p.a. and the 2050 population of 35.9 million in the previous IGR. However the current report contains an appendix (which we have drawn on above) taking the projections of all four reports to 2050. For those who discover it, this does permit readers to make comparisons. It shows that under the 2015 IGR assumptions Australia's population will reach 37.8 million in 2050, as opposed to the 35.9 million projected at the time of the 2010 IGR.<sup>61</sup>

### The reassuring fall of NOM to 0.5 per cent a year

A NOM of 0.5 per cent p.a. (even though it is only reached in 2054-55), contrasts with the level of around 1.0 per cent p.a. experienced in recent years (See Figure 3 below). Perhaps this reduction in the annual rate of NOM expressed in percentage terms, relative to recent years, has taken the edge off potential critics. But it is also possible that the switch from absolute numbers to percentages has confused the majority who have difficulty with arithmetic.

Figure 3: From IGR 2015, p. 12



Expressed in absolute numbers NOM remains at around 240,000 for three years. In 2018 it eases to 215,000 but does not decline from this number through to 2055. But expressed as a percentage of the expanding resident population, it may look as though it does decline. Some potential critics may have been confused, and misinterpreted this as an absolute decline. Given the way the numbers are presented this would not be surprising. For example, the report states that 'under the central scenario net overseas migration is projected to fall as a percentage of the resident population over the next 40 years, to just over 0.5 per cent per annum, which would bring it back in line with the average of 0.5 per cent observed between 1973 and 2006.'<sup>62</sup>

It is likely that the Coalition Government incorporated the 215,000 figure to allay any prospect of another Big Australia debate. According to David Uren, Economics Editor with *The Australian*, Treasury was instructed not to include projections with an end-point population above 40 million.<sup>63</sup>

This was because Tony Abbott had warned in 2010 about the possibility of Australia reaching this level and, as we have seen, he promised to cut NOM to 170,000 a year in order to ensure that it could not happen.

Perhaps the public should be grateful that in three to four years NOM may decline in absolute terms. Nevertheless even with the decline, it will remain at 215,000 per year, which is still a very high level and, as we have seen, one that will propel Australia well beyond even the Big Australia outlook.

## **Conclusion**

The 2015 IGR is not about policy to deal with long term issues in the interests of future generations.

It is about short term political expediency, namely how the Coalition Government can justify its claim to office on the grounds that it is the party of fiscal probity. The IGR is designed to bolster this claim through its conclusion that the impending cost of dealing with an ageing population legitimates the government's current proposals for deep budget cuts.

The reality is that the present budget deficit has little to do with population ageing now or in the future. The evidence used in here to substantiate this conclusion is not concocted by us. It derives solely from the modelling presented in the IGR itself. While the text creates a sense of alarm the data tell a different story.

Treasury have done their best to support the government's case that population ageing is a valid reason for reducing the current deficit. However, their own data show that the supposed ill-effects of ageing are trivial and should be easily managed by future generations themselves. The best that they can come up with is a lukewarm endorsement of immigration-fuelled population growth, an endorsement that ignores the costs. Their IGR presents us with a bogey, but it's a phantom bogey.

A more serious outlook for our descendants is that the population policies pursued by successive Labor and Coalition governments, and endorsed by the IGR, will condemn them to a massive patch-up job. They will have to face the bill of dealing with the bloated cities and the consequent congestion and deterioration in urban quality of life resulting from the extra millions that the IGR assumes will settle in Australia.

There is not a word in the IGR on this issue. It makes some weak claims about the benefits of high migration but has nothing to say about who will pay the costs of such a policy. These will include costs required to cater for the 'younging' of the population that migration will deliver. Young migrants have children; they will have little choice but to move to the only remaining areas of affordable housing in Australia's metropolises, that is the outer suburbs.

There has not been a whisper of concern voiced about these issues amongst Australia's business communities or its economic policy elites. This quietude hides their real interests, which are to use high migration as a lever to promote the housing and city building industries they hope will provide some 'replacement' economic activity for that lost with the decline in resource investment.

However, for the reasons just indicated, this is not a sustainable solution. Among its other legacies will be the massive problem of what to do with the extra millions looking for work. They will have to find it in an Australian economy that has restructured to such an extent that its main area of globally competitive activity is as a commodity producer and exporter employing relatively few people.

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- <sup>2</sup> 2015 *Intergenerational Report, Australia in 2055* (IGR), Treasury, p. iii
- <sup>3</sup> *ibid.*, pp. viii, 1
- <sup>4</sup> See Dr Karl explains the Intergenerational Report <<https://www.youtube.com/watch?v=wJ9mwSIDBQQ>> accessed 10/6/2015.
- <sup>5</sup> 2015, IGR, op. cit., Chart Data, Chart 1.5, Net overseas migration as a percentage of the population. The data are at <<http://www.treasury.gov.au/PublicationsAndMedia/Publications/2015/2015-Intergenerational-Report/HTML/Chart-Data/chpt-1-chart-data>>
- <sup>6</sup> If a constant number of migrants per year is expressed as a percentage of the resident population that number will always seem to decline. This is because each year it is being expressed as a percentage of a larger resident population. For example, the second person to disembark from the first fleet increased the European population of Australia by 100 per cent, the eleventh by only ten per cent.
- <sup>7</sup> Calculated from 3101.0 Australian Demographic Statistics, TABLE 1. Population Change, Summary - Australia ('000), electronic file, September 2014
- <sup>8</sup> IGR, 2015, op. cit., Appendix C, Box C.1, p. 107. These are period measures. The report in fact relies on cohort measures of life expectancy, but it also provides the period measures which are more familiar.
- <sup>9</sup> *ibid.*, Box 1.2, p. 8
- <sup>10</sup> *ibid.*, Chart 1.5
- <sup>11</sup> *ibid.*, p. ix
- <sup>12</sup> *ibid.*, p. 16
- <sup>13</sup> *ibid.*, p. 16
- <sup>14</sup> *ibid.*, Table 1.5, p. 18
- <sup>15</sup> K. Betts, 'The ageing of the Australian population: triumph or disaster?', Centre for Population and Urban Research, Centre for Population and Urban Research, Monash University, 2014 <[tapri.org.au](http://tapri.org.au)>
- <sup>16</sup> IGR, 2015, op. cit., p. xvi
- <sup>17</sup> *ibid.*,
- <sup>18</sup> *ibid.*, Chart data for Chart 2.11 (URL at note 5)
- <sup>19</sup> *ibid.*, p. 69
- <sup>20</sup> *ibid.*, p. 71
- <sup>21</sup> See OECD Factbook 2011-2012: Economic, Environmental and Social Statistics, Pensions expenditure <<http://www.oecd-ilibrary.org/sites/factbook-2011-en/11/03/02/index.html?contentType=/ns/StatisticalPublication,/ns/Chapter&itemId=/content/chapter/factbook-2011-97-en&containerItemId=/content/serial/18147364&accessItemIds=&mimeType=text/html>>
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- <sup>23</sup> 2015 Budget Paper, no. 2, Expense Measures, Social Security Assets Test-rebalance asset test thresholds and taper rate
- <sup>24</sup> IGR, 2015, op. cit., p. xii
- <sup>25</sup> *ibid.*, p. 11, Chart 1.4



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- <sup>26</sup> The two projection series used here are series 38 (NOM 200,000 p.a, TFR 2.0, high life expectancy) and series 56 (Nom 0, TFR 2.0, high life expectancy). See data published online with *Population Projections, Australia, 2012 (Base) to 2101*, Catalogue no. 3222.0, ABS, 2013
- <sup>27</sup> IGR, 2015, op. cit., p. 11
- <sup>28</sup> *ibid.*, Chart data for Chart 1.13, Participation Rates by NOM assumptions, p. 20 (The URL for the chart data is at note 4.)
- <sup>29</sup> *ibid.*, p. 26
- <sup>30</sup> *ibid.*
- <sup>31</sup> Birrell and Healy, 2014, 'Immigration and Unemployment in 2014', The Australian Population Research Institute <tapri.com.au>
- <sup>32</sup> IGR 2015, op. cit., p. 11
- <sup>33</sup> *ibid.*, p. 10
- <sup>34</sup> *ibid.*, p. 27
- <sup>35</sup> *ibid.*, Chart 1.19, p. 27
- <sup>36</sup> Alan Kohler, *Business Spectator*, 3 April, 2014
- <sup>37</sup> The Treasury, 2015 Budget Papers
- <sup>38</sup> IGR, 2015, op. cit., p. 38
- <sup>39</sup> *ibid.*, pp. 40-42
- <sup>40</sup> See for example, R. Dickson, 'Food, land and water: lessons from the Murray-Darling Basin'; M. Jeffrey, 'Save the soil to save the planet'; and G. Jones, 'Balancing water use for food and the environment: looking to the North based on lessons from the South', in J. Goldie and K. Betts (Eds), *Sustainable Futures: Linking population, resources and the environment*, CSIRO Publishing, 2014.
- <sup>41</sup> Laura Tingle, 'Population blow-out to strain budget', *Australian Financial Review*, 18 September 2009, pp. 1, 4
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- <sup>44</sup> See for example M. Peacock, 'The population debate', 7.30 Report (transcript) ABC TV, 26 January 2010; M. Moore, 'New party wants population debate', *The Sydney Morning Herald*, February 8 2010, p. 4; B. Salt, 'Is the property industry too timid?' Propertyoz.com.au, 27 January 2010; J. Gordon, 'Congestion the ultimate cost of people ingestion', *The Sunday Age*, 28 February 2010, p. 17.
- <sup>45</sup> The first report had projected a NOM of 90,000 p.a. leading to a population of 25.3 million in 2042, see IGR 2002, p. 22. The 2015 IGR shows that this earlier projection would have resulted in a population of 25.7 million in 2050: IGR, 2015, p. 106.
- <sup>46</sup> See for example B. Cohen, 'Populate and we will perish', *The Australian*, 2 February 2010, p. 12; S. Carney, 'Slow down Kevin, it's policy time', *The Age*, 3 February 2010, p. 15; M. Moore, 'New party wants population debate', *The Sydney Morning Herald*, 8 February 2010, p. 4; D. Smith, 'Too many people packed into dirty crowded cities', *Daily Telegraph*, 11 February 2010, p. 27; ABC, 'Opposition backs call for population inquiry', *Australian Broadcasting Corporation News*, 15 March 2010; B. Salt, 'Get the facts before decrying the idea of a Big Australia', *The Australian*, 7 October 2010, p. 33.
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- <sup>49</sup> He also promised 'a white paper review of migration settings that would be completed in time for the next federal budget'. S. Maher, Abbott vows intake cut to no more than 170,000, *The Australian*, 26 July 2010, p. 6

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- <sup>52</sup> J. Gordon, ‘Gillard must get things back on track in new year’, *The Sunday Age*, 26 December 2010, p. 25
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- <sup>54</sup> Data on boat arrivals are from Boat arrivals in Australia: a quick guide to the statistics <[http://www.aph.gov.au/About\\_Parliament/Parliamentary\\_Departments/Parliamentary\\_Library/pubs/rp/rp1314/QG/BoatArrivals](http://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/rp1314/QG/BoatArrivals)>, net overseas migration (NOM) figures are from *Demographic Statistics*, Australia Bureau of Statistics 3101.0 various issues. (By 2012-13 the number of boat arrivals had risen sharply, to over 25,000 and was then 10.7 per cent of NOM.)
- <sup>55</sup> See K. Betts, *The Great Divide: Immigration Politics in Australia*, Duffy and Snellgrove, Sydney, Duffy and Snellgrove, 1999, pp. 101-109.
- <sup>56</sup> Programme for the International Assessment of Adult Competencies, Australia, 2011-12, ABS, October 2013. The figure of 21.5 per cent refers to those performing at level 1 or below in the test. The figure of 52.5 per cent includes the 31 per cent performing at level 2 (on a five-point scale). In all, only 47.5 per cent could understand ‘mathematical information that may be less explicit, embedded in contexts that are not always familiar and represented in more complex ways’ – ie they could perform at level 3 or above.
- <sup>57</sup> For example Tim Colebatch discusses at length the grievous infrastructure problems that our record high level of immigration are creating but, in his exploration of policy remedies, does not mention the idea of trimming the intake. T. Colebatch, ‘How to bridge the infrastructure gap’, *Inside Story* (online), 8 April 2015
- <sup>58</sup> C. Hull, ‘Population projection not so simple’, *The Canberra Times*, 3 October 2009
- <sup>59</sup> *Charter of Budget Honesty Act 1998*, Part 6, sections 20.1b and 21
- <sup>60</sup> See Luke Smith, ‘Intergenerational Report now officially late’, *SolePurposeTest* (online), 19 February 2015.
- <sup>61</sup> IGR 2015, op. cit., Appendix C, Table C.1, p. 106. The first report used a projected NOM of 90,000 (and a low fertility rate of 1.6) and arrived at a population of 25.7 million in 2050; the second assumed a NOM of 110,000 and fertility of 1.7, arriving at 28.5 million in 2050. The big growth came with the third and fourth reports. They both assume fertility of 1.9 and similar life expectancy, but the 2010 report assumes a NOM of 180,000 and arrives at 35.79 million in 2050 while the fourth, as we have seen, assumes a NOM of 215,000 and arrives at 37.8 million in 2050.
- <sup>62</sup> *ibid.*, p. 12
- <sup>63</sup> David Uren, ‘Fertile Grounds for Big Country’, *The Australian*, 26 March 2015, p. 12