

**TITLE: Population Policy Ignored**

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Population policy in Australia is operating like an enormous Ponzi scheme. The same state and federal governments that say they can't afford to invest in the infrastructure our bursting cities need, tell us that rapid rates of population growth will be good for the budget.

It's very difficult to determine what the right rate of population growth should be, but it's very easy to determine the wrong one. If there are no spare seats on the trains, no spare beds in the hospitals and no room on the roads then we aren't ready for the anticipated net migration of 1 million people in the next five years.

From a budgetary point of view, immigration creates a "stock-flow" problem. New arrivals need a "stock" of infrastructure, such as roads, schools, hospitals and housing as soon as they arrive.

Over the course of their working life they will contribute a "flow" of tax revenue to government, but for governments obsessed with their short-term budget deficit this is cold comfort.

Just as businesses that want to grow quickly need to borrow to fund the capital equipment they need before the money starts flowing in from greater sales, so it is for governments.

But rather than make such investments, Australian governments have opted instead to gradually reduce the quality of the infrastructure they provide. In fact, what better way to gradually lower the quality of publicly funded health, education and transport infrastructure could there be?

Ministers get the short-term benefits of announcing new roads, new rail lines and new hospitals safe in the knowledge that such new investment is growing at a slower rate than the population.

Opinion polls have shown again and again that a substantial majority of Australians are concerned about the rate of population growth. Indeed, when Kevin Rudd let the cat out of

the bag in 2008 in declaring that he was a fan of “a big Australia” there was community outrage. But despite its political potency, it’s a safe bet that the major political parties will work hard to ignore the issue in this longest of election campaigns.

For all of the daily theatrics, the Coalition and the ALP share bipartisan consensus in a wide range of major policy issues. They both support spending up to \$50 billion to build 12 new submarines in Adelaide; they both prioritise the pursuit of economic growth over the social and environmental dimensions of their responsibilities; and they both support a “big Australia”.

The significance of bipartisan consensus is that having convinced each other of the virtues of a policy position, they need not bother convincing the population. While the minutiae of unfair dismissal laws and the character of Peter Slipper is debated endlessly, the policy case for building the equivalent of a new Canberra every two years is typically left unstated.

Of course, from time to time politicians make reference to the need for rapid population growth in order to “tackle the ageing crisis” or “address the skills shortage caused by the mining boom” but such half-hearted defence only remains standing due to the lack of any sustained attack.

The demographers make the point that the age profile of our migrant intake, and the families that accompany them, is simply not sufficiently different to the existing age profile to make any real difference to the shape of the Australian age distribution.

Similarly, the economists at the Productivity Commission have shown the skilled migration intake does little to influence the average productivity of the Australian workforce, as the skilled migrants aren’t much more skilled than the average Australian worker.

The fact that only about 260,000 people work in mining, a figure that is dwarfed by net migration in the past 10 years, shows the mining boom clearly cannot be the main driver of the need for large numbers of skilled migrants. Ironically, the infrastructure needs of a growing population take labour away from the mining industry.

Immigration and population growth have contributed many benefits to Australian society and the economy and it is not at all clear what the right level of population is. But what is clear is that the rate of population growth has major implications for both government finances and the quality of public services. Even clearer still is the determination of the major parties to keep these implications out of this year’s election campaign.

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