

SUBMISSION ON THE DEVELOPMENT OF AUSTRALIA'S SUSTAINABLE POPULATION STRATEGY

**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**

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ABOUT THIS PUBLICATION

This Business Council of Australia (BCA) submission to the Department of Sustainability, Environment, Water, Population and Communities on the Sustainable Population Strategy is based on the BCA publication *Framework for the Development of Australia's Population Strategy* (and associated research paper), released in December 2010.

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EXECUTIVE SUMMARY

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.)

EXECUTIVE SUMMARY

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.

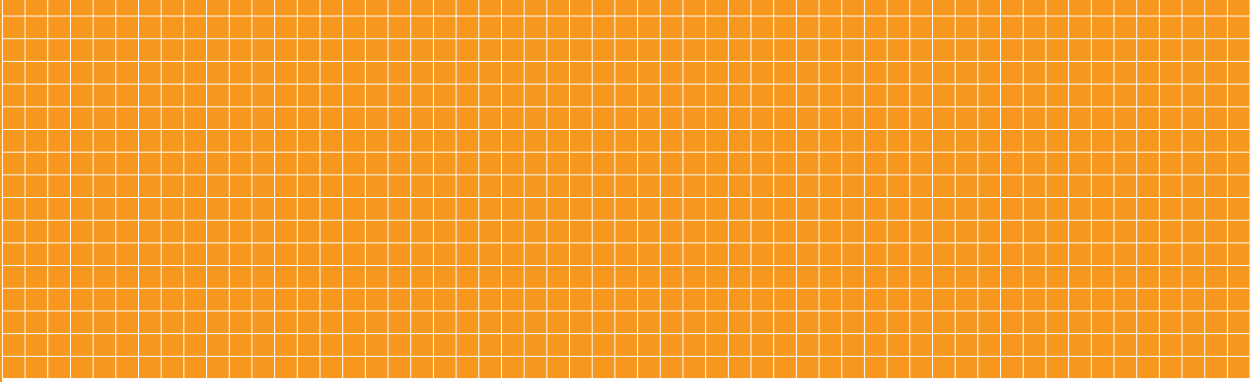
But a bigger risk is that governments will not develop, explain and proceed with a serious, comprehensive set of national population policies – whether they support or seek to limit population growth. Not because they don't recognise the need to do so but because they shrink from providing the necessary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

EXECUTIVE SUMMARY

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.

EXECUTIVE SUMMARY

... 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.

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- 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.

SUBMISSION ON THE DEVELOPMENT OF AUSTRALIA'S SUSTAINABLE POPULATION STRATEGY

THE NEED FOR A SUSTAINABLE POPULATION STRATEGY

Population growth has been a cornerstone of Australia's social and economic development. With our population now reaching almost 23 million, on most indicators Australia is a better place to live today as a result. We have a stronger, more diverse and more open economy and society.

High levels of recent population growth have helped to sustain economic growth through the commodities boom and the period of the global financial crisis, but have also raised concerns about clogged roads, poor housing affordability and environmental degradation.

A range of views emerged in 2010 about the merits and costs of future population growth and how population policies could best support achieving the goal of a sustainable Australia.

A national population strategy is now needed to weigh up all these considerations and set out a clear long-term direction for Australia's population size and mix and ensure all governments have policies to plan and invest for the population of the future.

Uncertainty about Australia's future direction is not conducive to sound long-term planning and investment in the myriad decisions that governments, businesses and households make every day – decisions which are influenced by an understanding of the direction the nation is headed in, and the confidence Australians have in our future.

The BCA recommends that governments commit to well-managed population growth as the best strategy for Australia through the first half of the 21st century. This submission sets out our views on Australia's sustainable population growth and the policies needed to support the vision of making Australia the best place in the world in which to live, learn, work and do business.

WHAT SHOULD THE SUSTAINABLE POPULATION STRATEGY DO?

Getting Australia's long-term population strategy right will be critical for realising the future goals and aspirations of Australians during a period of significant change at home and in the world around us.

The government has invited comment on the scope of a sustainable population strategy. The strategy should first define a long-term vision of what a sustainable population would be and then lay out three things needed to achieve that vision:

- set the long-term path for population growth that will give us the best opportunity to achieve our goals for a sustainable population
- design population policies that will support natural increase and migration outcomes consistent with both that direction over time and with the immediate needs of the economy
- identify and commit to a comprehensive policy package to plan and invest for future population growth and to support growth in living standards.

The most important outcome of the population strategy should be a clear statement of the Commonwealth Government's long-term vision for Australia's future and the trajectory our population growth will need to take to achieve it.

The Commonwealth Government is responsible for providing national leadership on population growth in our federal system. It controls the policy levers that influence the mix and size of our population, primarily through migration program settings, but also indirectly such as through the provision of support for those wanting to raise a family.

Clear direction on future population growth will in turn support better and more informed long-term decision making by governments, businesses and individuals at home and strengthen our economic and political relationships with the rest of the world.

Considered evidence should be drawn upon to guide the development of the strategy. Economic and demographic modelling suggests Australia's economy would benefit from annual net migration of around 180,000 coupled with a continuation of birth rates at their current levels through to the middle of this century. That would lead to a population of around 30 million by 2030 and 36 million by 2050.

The sustainable population strategy should set out the policies to prepare for and manage population change over time and give Australians the confidence that governments at all levels are doing what's needed to plan and invest for a higher population and an ageing population. The strategy must be a whole-of-government initiative with input from all Commonwealth Government departments. And it must seek to engage the support of the state and territory governments who will be largely responsible for managing population growth in our cities and regions.

SETTING OUT A VISION FOR A SUSTAINABLE AUSTRALIA

Australians are proud of our country, way of life and unique natural environment. We aspire for our country to be the best place in the world in which to live and work now and for future generations. Australians will want to live in a country where they can:

- participate and contribute to society and the economy
- be productive and entrepreneurial
- live healthy lives and have access to health care and aged care
- have access to quality education
- feel safe and secure
- be able to afford a home to live in
- have a sense of belonging and feel connected to the community and the world
- have access to clean air, water and the natural environment
- live in a society that cares about others and its environment
- move around freely and efficiently
- have a good balance of time spent working, with family and in recreation.

The BCA's vision is for Australia to be the best place in the world in which to live, learn, work and do business. We want Australia to consistently rank in the top five countries in the OECD measured by GDP per capita, acknowledging that this is but one among many measures of national wealth and wellbeing.

All of these aims should be considered within the concept of a sustainable population. Sustainability should be consistent with growing our standard of living through continuously improving our economy, communities and natural environment and building stronger connections with the rest of the world.

The BCA recommends that the government's population strategy be designed to deliver a sustainable Australia based on improving our **prosperity, security and influence, liveability** and **environmental sustainability**.

This vision for Australia is broadly consistent with the themes in each of the reports of the advisory panels and in the discussion paper released by the government, which sets out a sustainability objective broadly defined to take in environmental, economic and social objectives and is linked to the maintenance and improvement of wellbeing over time.

The population strategy should be set to achieve these aims and consider the policies needed to answer questions like:

- How do we ensure that Australia remains prosperous and competitive during the Asia–Pacific century, while dealing with the twin challenges of an ageing population and likely skills shortages?
- How do we grow Australia's international connections and make Australia more influential and secure in a changing world?
- How can we improve the liveability of our cities and regions?
- How can we preserve the quality of our natural environment and transition to a low greenhouse gas emitting economy?

A strong economy is essential for achieving sustainable development and higher levels of wellbeing. Growing our economy through the '3 Ps' of productivity, participation and changes in our population mix will raise GDP per capita – an important measure for translating economic success into individual prosperity. A strong and growing economy will also provide the capacity to make long-term investments in new sciences and technologies, in the economic and social infrastructure of our cities and regions and in the energy technologies we need to transition to a low greenhouse gas economy – all important elements of a better and more sustainable future.

A FRAMEWORK FOR DETERMINING A SUSTAINABLE POPULATION STRATEGY



Given the importance of decisions on population for Australia's future, a robust and comprehensive strategic framework should be used that weighs up the benefits and risks of future population scenarios and allows for a considered and informed assessment of the best way forward.

In 2010 the BCA released a strategic framework for determining Australia's population strategy, accompanied by a research paper that canvassed the economic, security, social and environmental issues that need to be taken into account. In this submission we have used that framework to set out our position in favour of well-managed population growth.

FRAMEWORK FOR A NATIONAL POPULATION STRATEGY

This framework outlines the essential, but not exhaustive, elements of each stage.

1.

ESTABLISH COMMON NATIONAL GOALS

Establish long-term goals for our prosperity, security, liveability, sustainability and overall way of life

Get agreement across all levels of government

Set timeframes for achieving the goals, e.g. 2015, 2030, 2050

2.

LAY THE FACTS ON THE TABLE

Set out and analyse the facts

- Historical population growth in Australia
- Projections for Australia's population growth due to birth rates, life expectancy, and people who come to Australia for short periods and/or to settle permanently
- Projections for global and regional population growth

3.

ASSESS THE FUTURE CONTEXT

Identify and assess – through consultation, professional advice and scenario analysis – all relevant issues

- Economic opportunities and challenges from growth in the Asia-Pacific region
- Australia's influence and security in a changing world
- Natural environment, including water and land management, and reducing greenhouse gas emissions
- Our quality of life, including transport, housing, health and ageing, and community cohesion

4.

FORMULATE A POPULATION STRATEGY

Decide the population strategy that will give us the best chance to meet our goals

Three key elements to a population strategy:

1. A long-term path for Australia's population
2. All the interrelated population policies including migration, family support, etc.
3. Planning and investing for population change

5.

COMMUNICATE, IMPLEMENT AND MONITOR

Communicate the strategy clearly to the community and paint a picture of success

Promote community and business understanding and support

All governments to implement systems to manage population change

Monitor and communicate progress in achieving common national goals

Regular review and, where necessary, adjustment of the strategy

The framework offers a conventional approach to population strategy formulation and was designed to give Australians the opportunity to weigh up the implications of the population choices we face and what those decisions mean to them.

The BCA has evaluated Australia's population options, and recommends in this submission that the best strategy for a sustainable Australia is to commit to well-managed population growth through the first half of the 21st century. This submission outlines our considerations in coming to that view.

All future population scenarios have benefits and risks. Alternative low or even zero population growth options may appear to offer a safe approach but in our view deliver poorer outcomes overall and entail greater risks. We consider low-population growth scenarios later in this submission.

ASSESSING AUSTRALIA'S FUTURE OPPORTUNITIES AND CHALLENGES

Designing a long-term sustainable population strategy in Australia's national interest requires first undertaking a comprehensive assessment of the changing international and domestic landscape and the opportunities and challenges ahead.

We are fortunate to be living in a period of rapid economic development in the Asia-Pacific region that will provide the impetus for strong growth at home. These historic changes will form an important backdrop to the decisions we make about our future population and the evolution of Australia's relationships with the rest of the world.

This section gives consideration to a range of demographic, economic, national security and influence, and social and environmental factors that will contribute to the future context within which we should set a sustainable population strategy for Australia.

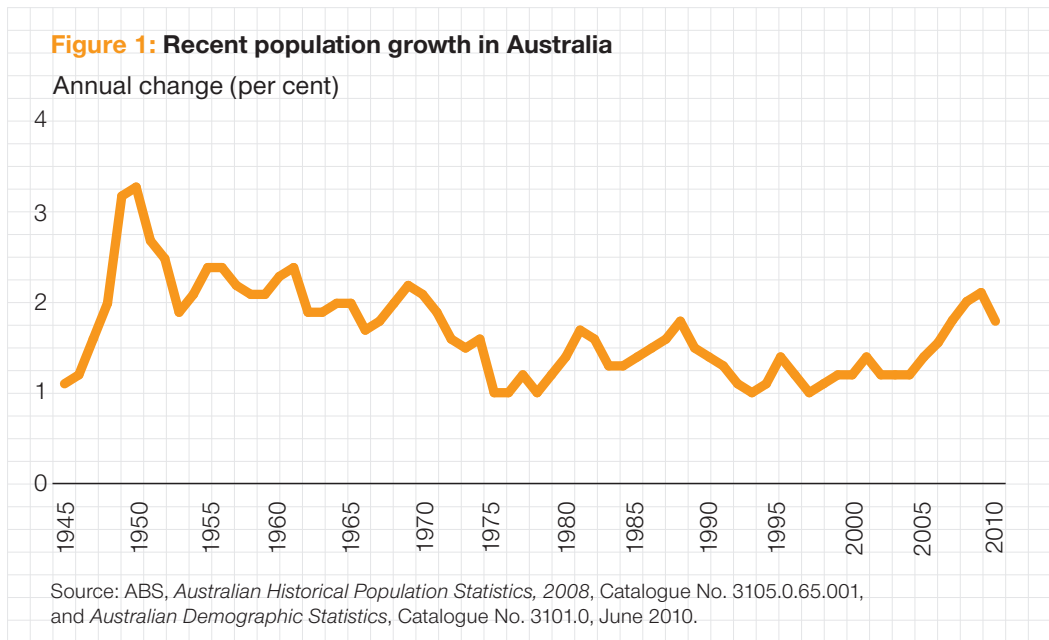
AUSTRALIAN AND WORLD POPULATION TRENDS

Understanding past and likely future population trends in Australia and around the world will provide us with information on how Australia's population size and make-up is likely to evolve, and helps to frame realistic future population scenarios.

AUSTRALIAN POPULATION TREND AND PROJECTIONS

Australia's annual population growth rate has averaged 1.4 per cent since the early 1970s. A spike in the second half of the 2000s saw the annual growth rate rise momentarily to over two per cent but it has since fallen back to 1.8 per cent and is presently on a downward trend (Figure 1).

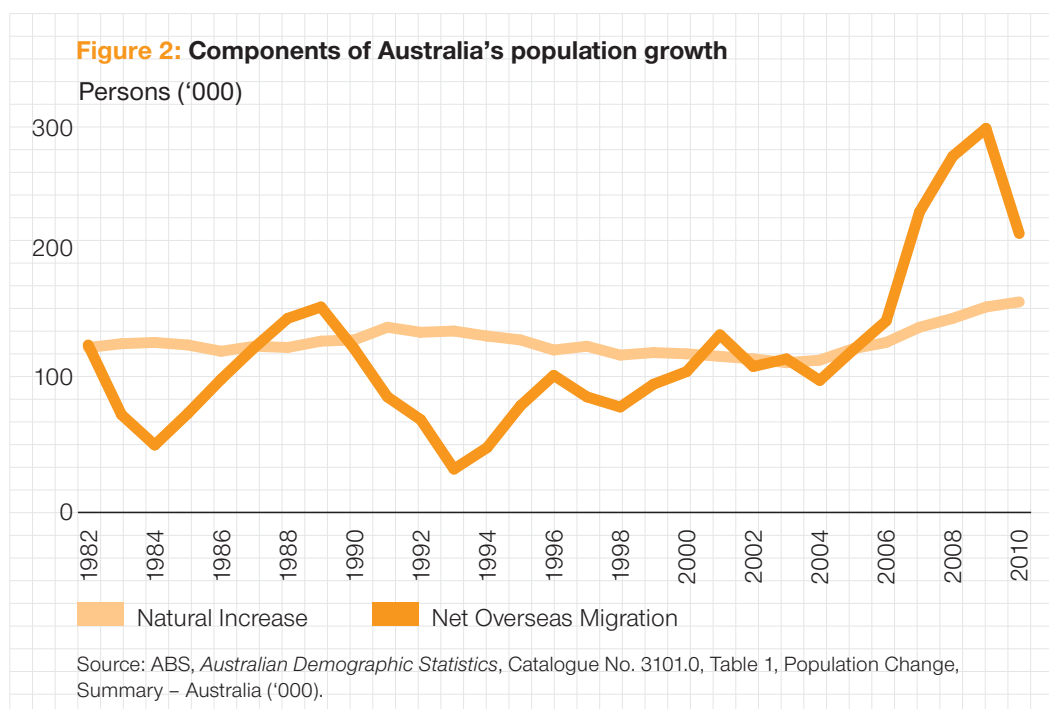
The most recent spike in growth is symptomatic of several factors, including our economic success and the rising prevalence in the modern global economy of people travelling for work, study and to live. Australia is an attractive destination for those purposes.



There have been strong recent rises in each of the two statistical contributors to population growth:

- higher natural increase (defined as the net sum of births over deaths) driven mainly by rising fertility rates but also increasing longevity
- higher Net Overseas Migration (NOM) due to rising permanent and temporary migration and the movement of Australian and New Zealand citizens.

Figure 2 shows natural increase and Net Overseas Migration components of population growth since the early 1980s.



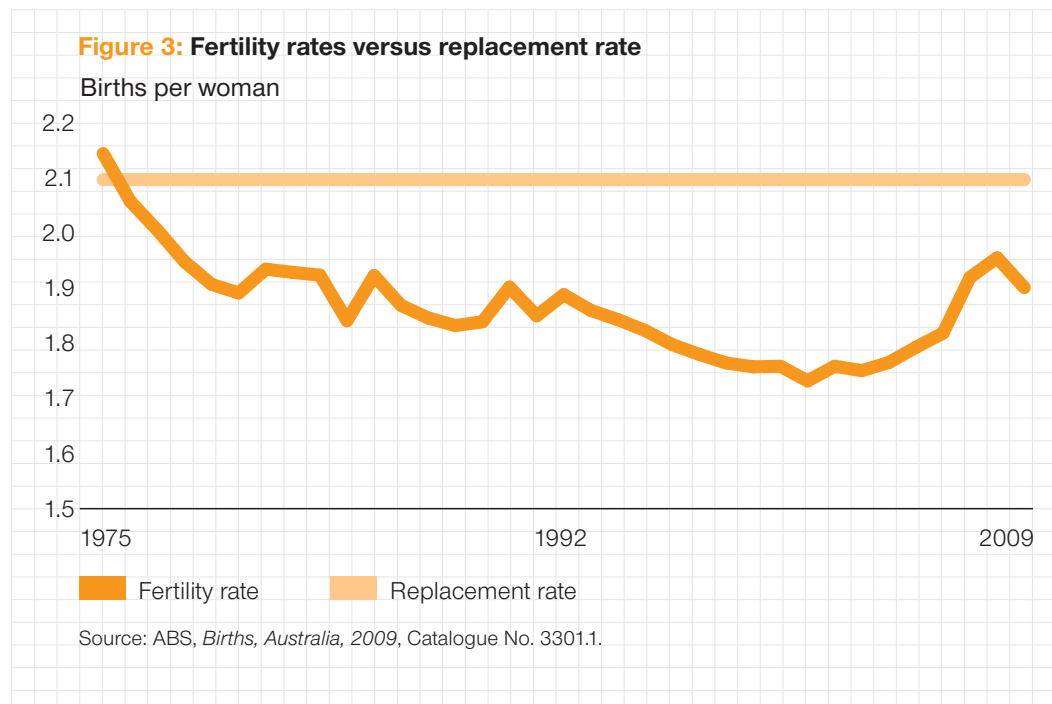
Some conclusions from the Australian experience are worth drawing upon as pointers to possible future trends:

- Natural increase is more often the higher contributor to population increase. NOM has been significantly higher in recent years but is retreating quickly from its recent peaks.
- The key reason for the recent growth in NOM has been the growth in long-term temporary migration, largely reflecting the growth in foreign students but also growth in working holiday and 457 working visas. Temporary migration is now in decline due to policy changes, economic circumstances and statistical factors.
- Net Overseas Migration is far more volatile than natural increase, by a factor of up to 20 times. This reflects the more cyclical nature of NOM and its far greater responsiveness to policy settings.

A further consideration is that while the ‘natural increase’ component is positive now, and is expected to be for some years to come, it is only because of the current age profile of the Australian population. The current birth rate of around 1.9 babies per woman is high compared to more recent trends and the experience in other developed countries but below the theoretical long-term ‘replacement rate’ of 2.1, and will not be sufficient to sustain a positive contribution from natural increase in the future as shown by Figure 3. A strategy to increase Australia’s population would require persistent levels of positive Net Overseas Migration to complement birth rates at these levels.

Future population projections for Australia point to continuing growth sustained by birth rates staying at their current levels and by positive Net Overseas Migration levels driven largely by confidence in our economic outlook.

Longer-term projections by the ABS and Treasury, based on birth rates staying around 1.9 and annual Net Overseas Migration of around 180,000, reveal a likely growth path for the Australian population to around 30 million in 2030 and then to around 36 million by 2050. Population growth over the past 40 years has averaged 1.4 per cent but is projected to average 1.2 per cent per annum over the next 40 years.



As the report of the Productivity and Prosperity advisory panel points out, even a lower average annual NOM of 70,000 will lead to a population of around 30 million by 2050.

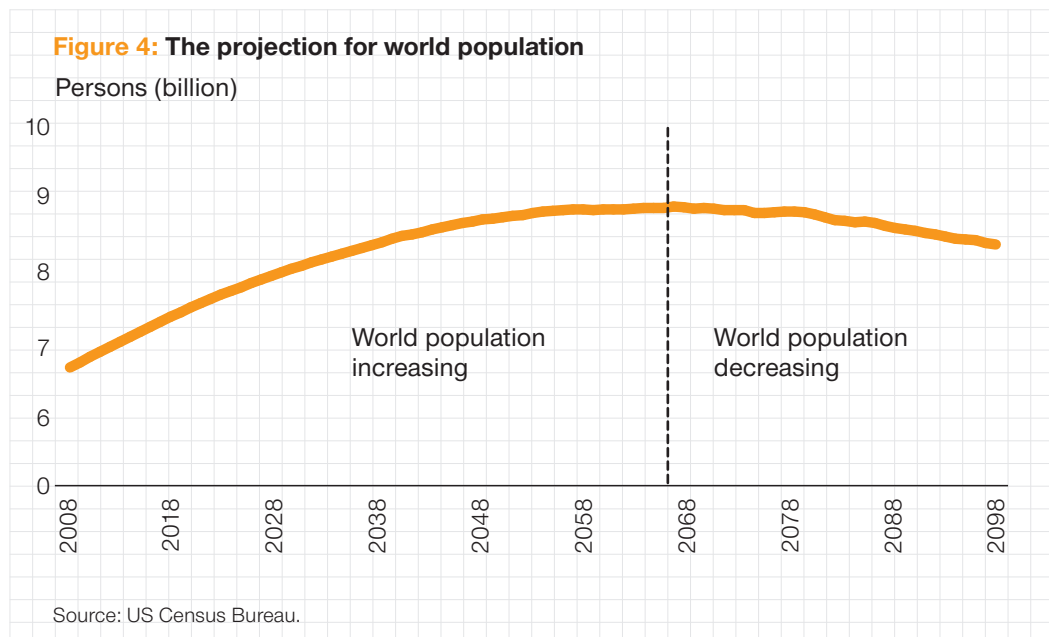
Australia's population will continue to age due to the demographic effects of the baby boomer generation and as people live longer overall. Australia's median age is projected to increase from 36.9 years in 2008 to 42 years by 2056 under these population growth scenarios.

Treasury's Intergenerational Report projects the number of people of working age for each Australian over 65 (the current retirement age) will fall from 5 today to 2.7 by 2050, even with Net Overseas Migration of 180,000 per annum. That we can expect to live longer is a positive development, but it will create significant challenges for the workforce as people seek to leave work or reduce their time in work.

WORLD POPULATION TREND AND PROJECTIONS

World population will continue to grow through the first half of this century but the pace of growth is slowing. Birth rates have plummeted in recent decades all across the world and this will see world population peak at around nine billion in the late 2060s and then start to decline. Most of the growth in population and labour forces will be in developing countries. China and India will make up around one-third of the world's population. A large number of developed economies such as Japan, Germany and Italy are facing population decline, a situation that many more countries will have to deal with as the century progresses.

World population trends are important to a consideration of Australia's sustainable population strategy as they form a backdrop to shifting economic and political powers across countries and regions, which in turn have implications for our economy and external relationships. A further consideration for Australia is that competition for skilled temporary and permanent migrants will probably increase in future as countries look to tap into the global talent pool to deal with declining workforces.



AUSTRALIA'S ECONOMY IN THE ASIA-PACIFIC CENTURY

Australians have good cause to be optimistic about our future economic prospects. The unprecedented development of many of our major trading partners is expected to continue for years to come. Dominique Strauss Kahn, head of the International Monetary Fund, says 'Asia's time has come', and its 'economic performance will continue to grow in importance'. China's economy is projected to surpass the US economy in size sometime in the next decade, and India could be equal in size to the US economy by mid-century. This growth is expected to offset the more sluggish performance that many developed economies (such as Europe and Japan) are experiencing.

Sustained growth in demand for Australian products will drive large-scale business investment and employment growth for some time to come, as evidenced by the scale of recently announced projects in the energy and minerals sectors. This will be good for the living standards of all Australians as it will underpin high levels of income and new investments will bring world-leading technologies to Australia which will further help to raise labour productivity.

Our economy operates on a growth-based model requiring high capital inflows to fund those large investments, which in turn generate jobs and exports. This requires Australia to run a regular current account deficit that is underwritten by global capital markets that rate Australia as a growing and sound investment destination. Australia is entering its 20th consecutive year of growth.

Sustaining this economic model requires us to maintain a balance between labour demand and labour supply. We face a period of high demand for labour, particularly skilled labour, at a time when we can also expect large-scale retirements due to an ageing workforce. We will need to grow our workforce to address this looming mismatch and find ways to make our labour market more adaptive.

Skills Australia projects there could be 9.3 million job openings over the next 15 years – 4.8 million from economic growth and 4.4 million as replacement jobs from retirement. Skills Australia says the skills shortfall will be most pronounced in the years to 2015, probably even more so than out to 2025, and has called for the participation rate to increase from around 65 per cent currently to 69 per cent in 2025. Other studies point to these skills shortfalls, with the National Resources Sector Employment Taskforce identifying a potential shortfall in the resources sector of 36,000 tradespeople by 2015.

Labour supply can be expanded by raising the participation and skills levels of local workers, attracting skilled migrants to settle permanently in Australia and, increasingly, from skilled workers coming to Australia on a long-term but temporary basis. All three sources will be needed.

Our economy increasingly benefits from transient flows of people who come here for defined periods of time to work, study and to consume services like education and tourism, a key feature of globalisation. Our migration policies should work to facilitate these movements through more flexible criteria and faster visa processing, and we need to better plan for this type of transient population. Australians benefit from enjoying the same opportunities in other countries and many return with new skills and perspectives.

In the case of overseas students, care especially needs to be taken to ensure that population policies do not unnecessarily curb opportunities for overseas students to come to Australia to learn, build lasting connections and support our education sector. Furthermore, fees for domestic students can be kept lower the more full-fee paying overseas students there are in Australia's higher education system.

The IGR showed how important migration will be for Australia's economic growth and the sustainability of the Budget over the next 40 years. Even assuming annual net migration overseas of 180,000, ageing will cause annual GDP per capita growth to fall to 1.5 per cent per annum, down from 1.9 per cent recorded over the past 40 years. We would experience lower GDP per capita growth and worsening fiscal outcomes under lower migration scenarios.

Modelling undertaken for the Department of Immigration and Citizenship (recently updated) suggests an optimal level of Net Overseas Migration to manage the GDP per capita impacts of ageing is between 160,000 and 210,000 per annum over the next 40 years. An average Net Overseas Migration of 180,000 delivers GDP per capita growth that is 10 percentage points higher than under a zero net migration scenario by 2050.

Population growth of this order will support healthy federal and state government budgets underpinning our ability to fund investments in skills and infrastructure along with providing core government services such as health, education, defence and environmental services in the future.

Population growth will also help to smooth the impacts across Australia's economy by ensuring sufficient resources in those regions and sectors that are losing workers and capital.

Australia's net liabilities to foreigners were \$771.3 billion at the end of September 2010. A growing economy builds the confidence of foreign investors and maximises our access to finance, keeps our borrowing costs down and allows us to continue to invest and grow. There are risks of retreating from growth suddenly, with consequences that could cause our international investment position to become unbalanced and result in flow-on effects for foreign investment, debt premiums and our currency.

Clear policies on population are important for building confidence and minimising uncertainty. Confidence is a crucial cornerstone of our market-based economy. Confident businesses will invest, grow and hire. Confident investors – here and overseas – will provide the financing for this to happen. And a confident community will spend, grow families, buy houses, and invest in their own education and training.

AUSTRALIA'S INFLUENCE AND NATIONAL SECURITY IN A CHANGING WORLD

The world is expected to change considerably over the next 40 years. The growth in our trading partners is symptomatic of the shifting balance of economic and political power to the countries in the Asia-Pacific region. This is a situation that contains much promise for Australia but also considerable uncertainty and some risk. A growing population coupled with a strong economy will provide a better platform for managing our external relationships.

Our place in the Asia-Pacific region, the quality of our connections with the countries in our region, our influence in regional affairs and the influence that other countries exert on us are all of high importance in the population debate.

We have an opportunity to cement our future relationships with these countries built on a sustained partnership with them in their growth. The choices we make about our size and how we interact with the countries around us will have a bearing on the types of connections we make and our contribution to each other's development. This in turn will impact on how much influence we have internationally and in our region, including in terms of dealing with important international policy challenges such as climate change policy and trade liberalisation.

The security of our nation is critical to protecting our freedom and our way of life. The size of the population and the strength of the economy are important enablers of investments in defence capability. The 2009 Defence White Paper states that the principle of self-reliance should continue to drive Australia's defence policy and that we will continue to need to engage in humanitarian and peacekeeping efforts. This will mean an expanding demand for resources including personnel.

As Hugh White says in his recent Quarterly Essay, in future we may see any number of scenarios involving the relationships between the United States and Asia's larger countries – some benign and some more worrying.

Australia accepts around 13,500 refugees annually, an important contribution to human rights as a responsible global citizen. This represents an important component of our ongoing migrant intake.

OUR QUALITY OF LIFE AND STRENGTH OF OUR COMMUNITIES

Improving the liveability of our cities and maintaining the social cohesion of our communities will be an important challenge for policymakers if our major cities grow by several million people as projected. Different population scenarios will affect the supply and affordability of housing and lead to changes in the density of living, which for many will lead to changes in lifestyles.

It is the potential for poor outcomes from poor management that make many wary of population growth. Inevitably some people will feel that there are trade-offs they are not comfortable with.

With the right planning and investment policies, growth can provide opportunities to make our cities better places to live through urban development and renewal. The benefit of a growing population and economy is it provides the opportunity to make continuing investments in improving urban amenity and adapting new urban designs.

By contrast, a low-population strategy may appear to be immediately more manageable but presents risks over time if it leads to urban decline and a malaise in our attitude to maintain the quality of our city environments in keeping with their current place among the best cities in the world.

Clearly, birth rates are a significant factor in how our population and communities will change over time. An OECD working paper says a fertility rate at least near replacement rate is a worthy objective for population policy to replenish the population and maintain a more even spread of population across age brackets. Higher birth rates encourage family connections, which should help limit the call on government services later in life and offset any adverse consequences from a change in the nature of intergenerational ties from a population increasingly dominated by older cohorts. The Productivity Commission found birth rates are linked to buoyant economic conditions, workplace flexibility and supportive family policies.

THE QUALITY OF OUR NATURAL ENVIRONMENT AND REDUCING GREENHOUSE GAS EMISSIONS

Sustainable population growth will require us to properly value and care for our natural environment and manage it on behalf of future generations. Australians place a high value on our natural environment and the amenity they enjoy from our native wildlife and flora and access to natural space such as our beaches, rivers and mountains.

A strong and growing economy provides the resources and funds to invest in rehabilitating degraded environments, enhancing clean river flows and protecting natural assets such as coral reefs from pollutants. Population growth would enable us to make our economy and our environment more resilient in the face of climate change and invest in new energy sources and technologies.

The Australian Academy of Technological Sciences and Engineering has found 'no insurmountable engineering, scientific or environmental barriers' to achieving a population of 30 million by 2050 'assuming that thorough analysis and planning occur and that leadership is exercised, especially by governments'.

Planning processes and taxation and regulatory measures can be designed to manage the impact of a higher population on the environment while also supporting growth.

Water supply is often raised as a concern. Reliable, affordable access to water supplies can be facilitated if we effectively develop our water markets and provide the conditions to invest and bring new supplies of water to areas of population growth.

The challenge of transitioning to a low greenhouse gas emitting economy and meeting our international obligations without adverse impacts on economic growth and living standards will exist under all population scenarios. This will require effective decoupling of the growth of the economy from greenhouse gas emissions.

POPULATION GROWTH: CONSIDERING THE SCENARIOS

WELL-MANAGED POPULATION GROWTH: THE BEST STRATEGY FOR AUSTRALIA

A considered view of the outlook for Australia provides a compelling case for a population growth strategy through the first half of this century that is coupled with policies and management to ensure positive impacts on our cities and regions and on our environment.

EVALUATING WELL-MANAGED POPULATION GROWTH

Shared goals	Why the goals are important
Economic	Population growth will enable us to raise living standards through higher GDP per capita, better manage our economy in the face of strong levels of external demand, deal with significant labour shortages, better deal with ageing, and maintain our fiscal and international financial positions.
National security and influence	A larger and growing Australia will better enable us to maintain and strengthen our global influence and provide for our national security needs in a changing world.
Liveability	A larger population can pose challenges for preserving liveability in capital cities and regions, but also creates opportunities for new investments and urban renewal. Our cities will continue to be rated among the best in the world with the right approaches to planning and investment.
Environmental	We will need to appropriately value and care for our natural environment and manage the impacts of growth. A growing economy will support investments in new technologies to deliver better environmental outcomes and new water supplies. The scale of population growth being considered means these impacts should be manageable.

The population growth assumptions laid out in the government's Intergenerational Report take into account a number of important issues for Australia and are a good guide for long-term policy setting. Those assumptions are for annual NOM of 180,000 and birth rates remaining at current levels of around 1.9 babies per woman. This would result in a population of around 30 million by 2030 and 36 million by 2050 – respectively, 30 per cent and 60 per cent higher than today. These are manageable increases with the right policies.

The benefits of a well-managed, higher population growth strategy over the next 40 years will be:

- a larger, dynamic, innovative and more diverse economy built on investment and better integrated with the global economy coupled with external financial stability
- well-designed cities that accommodate growth while preserving liveability and sustainability
- better-funded retirements, and importantly, the ability to provide labour-intensive services to retirees in future such as health and aged care services
- more connections, greater influence, and stronger relationships with other growing countries in the Asia–Pacific region, plus the ability to provide an enhanced defence capacity
- low environmental impact from a higher population due to explicit policies to place a high value on sustainability and to plan to manage impacts
- a more sustainable fiscal base to fund government services such as health care and education services and improvements to our environment, and lower taxes to preserve our competitiveness.

Getting the management of population growth right is an essential condition for support of population growth in the community, and places a high degree of responsibility on all governments. The risks of higher population growth without good policies and management in place might be:

- a decline in GDP per capita if capital investment fails to keep pace with labour supply growth
- serious congestion in our cities, affecting productivity and competitiveness
- underinvestment in energy caused by uncertain policy settings and resulting in brownouts
- poor housing affordability and poor-quality housing
- degradation of the environment and a failure to meet greenhouse gas emission commitments
- a breakdown in social cohesion, especially in our cities, leading to more crime and deterioration in our quality of life
- less accessibility and greater crowding at natural attractions around our cities.

Governments can together successfully implement the policies needed to manage population growth if they first explicitly acknowledge and commit to a long-term growth strategy.

The case for population growth considered here is predominantly based on an assessment of the likely circumstances of the next 40 years and the best path for Australia to take. It is difficult to draw any conclusions beyond a 40-year time horizon. The decline in global population expected later this century may present Australian policymakers in generations ahead with a different context and outlook within which to frame a sustainable population strategy.

WEIGHING UP THE LOW-POPULATION AND NO-POPULATION GROWTH OPTIONS

Some argue that our population is becoming unsustainable and that now is the time to adopt a lower-growth path or to work to stabilise our population. Suggested lower-growth paths would be consistent with annual NOM of well below 100,000 per annum. The arguments are that population growth is not really needed to grow our economy in terms of output per person, at least in a conceptual sense, and that we would be better able to manage the impacts of population change on our cities and regions and environment.

Pursuing a low-growth or no-growth path would require resetting Australia's economic and social model and a proportionate shift in policy settings and macroeconomic management, with little margin for error. We would need to maintain a highly competitive and flexible economy with a strong focus on productivity and participation to offset the expected decline in the workforce from ageing, and our retirement age would probably need to rise quickly and substantially. Prudent fiscal management in the face of rising health and aged care costs would lead to greater self-reliance and a stronger emphasis on preventative health. We would need to carefully explain to world capital markets and to our foreign allies and trading partners why we are shifting our model and the basis of our relationships with them and how we plan to do it successfully.

Some of these policies are worth pursuing under any population scenario, for example increasing workforce participation and a greater emphasis on preventative health, but effective implementation becomes more pressing under a low-population scenario. Even if it could be managed, there remain a number of considerable costs and risks that call into question the sustainability of the low-growth option.

With the very large numbers of people reaching retirement age it is inevitable that our economy will be impacted by lower workforce participation and lower GDP per capita growth, even with some staying in the workforce longer. The shortage of workers will be most pronounced in the coming five to 10 years. Low rates of migration will be insufficient to replace retiring workers and meet the demand for skilled and qualified workers.

A declining workforce will make it harder to resource major projects and will have negative impacts on investment conditions. This will introduce a serious risk of high inflation and higher interest rates from a tight labour market. If investors see Australia as an old economy and more like some other developed economies that have ageing populations and high debt levels, we will lose our attractiveness as an investment destination and new projects will dry up. The risk from there is we spiral into a period of low economic dynamism exacerbated by 'brain drain' (as our skilled people leave for better opportunities), malaise in our civic institutions and a slow decline in the quality of our infrastructure and cities.

Our ability to provide health, education and welfare services will be restricted due to the fiscal challenges of a smaller tax base with the risk of higher deficits, higher public debt and lower funding and decline in available workers to deliver key government services. Simply finding enough people to deliver public services such as health, education and defence will become a problem. This would be occurring at a time when the number of older Australians will be rising fast. Any tax rises on the remaining workforce to fund services would in turn have negative consequences for workforce participation and our economic competitiveness and feed back into lower growth and exacerbate fiscal problems. Our services export industries will also be choked due to a shortage of workers coupled with a decline in customers for some sectors such as education if long-term temporary visitors are restricted under a tighter immigration regime.

These would be worrying outcomes at a time when the countries in our region are going through a historical growth phase. Our economy would become even more specialised and dependent on resources exports and more like a 'branch economy' of the region. This would lessen our ability to smooth any sudden changes across our industries and our workforce, exposing us more to the fluctuations in global demand. Our self-reliance defence policy would be more difficult to resource due to our capacity to support only a smaller, less technologically advanced defence force. Overall we would have less influence in regional and global affairs and would need to rely more heavily on strong relationships with key allies. Balance-of-payments risks would rise if foreign investors mark us down as a low-growth economy, making servicing our outstanding debt more expensive.

These concerns need to be seriously weighed up against any potential benefits from the low-population or no-population growth case. At the very least they provide caution that if a low-growth or stabilisation strategy is to be seriously entertained, it should not be implemented suddenly but carefully and with a long lead time so that risks can be properly assessed and managed, markets can adjust and the right policies be put in place. This would include ensuring the nation's public and external finances were structured to accommodate a shift in Australia's economic model and by ensuring retirement and ageing policies are in place to support high levels of workforce participation.

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

POLICIES TO ACHIEVE WELL-MANAGED POPULATION GROWTH

A LONG-TERM VISION FOR AUSTRALIA

The BCA supports a commitment to policies that will support well-managed population growth through the first half of the 21st century.

The population projections in the IGR out to 2050 should be considered to be a central case for Australia's future population levels and a good guide to what is likely to be needed. The IGR assumptions are for a sustained fertility rate of 1.9 and a NOM of 180,000 per annum.

Australia's governments, businesses and households should be planning and investing for population levels as projected of around 30 million by 2030 and 35 million by 2050.

POPULATION POLICIES TO SUPPORT WELL-MANAGED GROWTH

Population policies should include a mix of migration policies designed to achieve consistently positive levels of Net Overseas Migration in line with the optimal levels of around 180,000 per annum, along with policies that provide support for maintaining our current birth rates into the future.

Annual intake quotas should be informed by advice from a formalised partnership between the Productivity Commission, Skills Australia and Infrastructure Australia as well as consultation with industry about where the acute skill shortages exist.

The Productivity Commission would be responsible for:

- analysis of the relationship between population (growth, size and structure) and economic growth and productivity
- assessing the impacts of population growth on living standards across Australia.

Skills Australia and Infrastructure Australia would, respectively, assess current and future skill and infrastructure needs and articulate the actions required to address future gaps and weaknesses.

Australia's migration program should remain predominantly focused on skilled migration – that is, a migration program which aims to lift the average level of skills in Australia.

Long-term immigration programs should be supported by an effective temporary migration program to fill short-term labour needs through the allocation of 457 visas and visas that support students coming to Australia to study and further the growth of Australia's education exports.

Keeping Australia's birth rates around their current levels will in part depend on policies and programs that support families wishing to raise children (e.g. via appropriate tax and family payment structures, flexible workplaces and childcare services) and on the overall levels of confidence that Australians have in their economic prospects.

POLICIES TO SUPPORT PLANNING AND INVESTMENT FOR POPULATION GROWTH

Well-managed population growth will require a commitment by all governments to plan and invest for a larger population and to communicate the reasons for doing this to the community.

The population strategy should drive key parts of the government's growth agenda and help frame a number of important sectoral policies. Priority policies might include:

- Maintaining an open and competitive economy and developing strong relationships with Australia's major trading partners to support investment and growth. Growing global connections between governments, businesses and individuals will create trading and investment opportunities and allow us to better tap into new technologies to support innovation and productivity. Government participation in international forums can support the development of global policy positions that are in Australia's best interests.
- City and regional planning processes will need to be more efficient and strengthened to cater for higher city populations and to facilitate major business and infrastructure investments. Appropriate expertise and resources will need to be provided in these areas and processes put in place to ensure projects of state and/or national significance are identified, prioritised and fast-tracked to support the pace of growth. Processes for considering the environmental impacts of new developments should be robust and efficient and avoid any duplication and overlap between governments.
- A coordinated infrastructure plan should be developed across governments that will meet our growing infrastructure needs through policies that would promote competitive infrastructure markets and efficient investment by reducing distortions around private investment decisions and rigorous and strategic coordination of infrastructure planning. This will help to ensure the full costs and benefits of Australia's infrastructure investments are accounted for and resources are directed to where economic and population growth is best supported without compromising social and environmental objectives. Large-scale private and public investment in infrastructure will be required in transport, water, energy and housing to meet growing needs.
- A three-pronged strategy to meet Australia's pressing skills needs, including ongoing education and training of Australian workers, a commitment to maintain the current level of permanent skilled migration, and greater use of temporary migration visas (including the 457 visa program and a new 'Enterprise Migration Program' for certain large investment projects). Migration processing should be streamlined to remove unnecessary delay in granting approvals. The training challenge will range from providing advanced skills training to addressing the low literacy and numeracy capabilities in some sections of the workforce.
- A workforce participation and retirement plan that acknowledges that longer lives will also need to be longer productive lives if standards of living are to be maintained. The retirement age will need to be reassessed. We will need better techniques for identifying and recognising the contribution those not in the workforce make to our society (e.g. grandparents caring for children; volunteers). The experience of older Australians should be harnessed in new ways (e.g. through innovation and business creation). Retirement funding policies should continue to encourage savings through growing superannuation accounts while also encouraging active participation in the workforce and the community. Workforce participation policies should aim to raise participation by Indigenous Australians and encourage and assist Australian workers to move to where the jobs are.

- With demand for health and ageing services expected to grow, reform of the healthcare system should be tackled through the lens of economic reform and productivity improvements. The two fundamental aims of health reform should be to improve the health of all Australians to underpin future social and economic prosperity, and improve the effectiveness and efficiency with which our healthcare system operates.
- With energy use expected to increase, Australia will need an energy supply policy that includes all energy sources, including nuclear energy, and – subject to consideration of the impact of Australia’s international competitiveness – a market-based mechanism that reduces greenhouse gas emissions at least cost, with appropriate support from government for R&D and for transitional measures.
- Taxation and regulatory settings should raise Australia’s competitiveness and support business investment, innovation and growth. Australia’s tax settings should shift from taxing corporate and personal income to taxing expenditure in line with the experience in other countries that have already moved ahead of us. Procedures for best practice regulation should be adopted by all governments and the seamless national economy reforms completed.

CLEAR APPROACH TO POPULATION POLICY AND EFFECTIVE COMMUNICATION

The government’s population strategy should be communicated clearly to the community. This can be done by painting a picture of the changes that are likely to occur over time and by providing confidence that they will be well managed.

The IGR population projections may have caused some discomfort in political circles, but its reporting should be maintained and strengthened when the next version is published around 2013. The IGR provided a valuable public service by putting a lot of useful information in the public domain and raising issues around workforce challenges and ageing that are critical aspects to the population debate.

It will be important to continue to publish population projections in the IGR and to produce and publicly release research on the implications of different population scenarios for the federal Budget and for Australia’s future economic performance.

EFFECTIVE FEDERAL–STATE RELATIONS

The population strategy will need the support of governments at the Council of Australian Governments (COAG) as it will be through COAG that many of the joint and overlapping policy responsibilities are identified and implemented. We need all governments to be setting policy in accordance with a common understanding of where Australia is headed.

The federal government is primarily responsible for most of the policies that determine population growth, such as migration, family support and workplace flexibility. State, territory and local governments are responsible for planning our cities and regions and making the long-term investments to provide services. A clear direction from the Commonwealth on future population trends will aid long-term better decision making at the state, territory and local government levels.

An effective federal–state architecture will be at the core of a successful population strategy. The architecture should respect the roles and responsibilities of each tier of government and deliver effective and accountable government. It should seek to capture the benefits of competitive federalism while also delivering effective collaboration and cooperation on issues of national significance. Vertical fiscal imbalance means that the transfer of funds from the Commonwealth to the states can create conflict in how funds should be allocated. The current system of five core National Agreements giving states flexibility in key policy areas, along with higher levels of accountability through biannual benchmark reporting, is a sound approach. Incentive payments for good policy outcomes can work but the national partnerships element of the program, designed to drive the reform agenda, has become overloaded and unwieldy and in some areas effectively reinstated Commonwealth direction over funding. It needs to be refined and reprioritised around those issues of most importance to the needs of a growing economy and society.

MONITOR SUCCESS AND PERIODICALLY REVIEW THE STRATEGY

A set of indicators should be conceived against which the population strategy can be assessed and reported on regularly to check whether Australia is on track to meet common national goals. These could include:

- quality-of-life indicators
- GDP per capita (versus other OECD countries)
- better cities indicators
- infrastructure service level indicators
- community attitudes to population changes
- environmental stocktake.

The strategy should be periodically reviewed for progress against these indicators or for any significant changes.

While settings should be reviewed for their appropriateness, it is important to avoid sudden shifts in policy direction or settings given the long-term nature of planning and investment. Australia's governments also should consider the macroeconomic consequences of a shift away from the growth model for financing Australia's financial liabilities and maintaining our desirability as an investment destination.

Any shift in direction should be planned long in advance and steps put in place to implement a shift in population policy in a sustainable way.

COMMENT ON SPECIFIC PROPOSALS IN THE DISCUSSION PAPER

SUSTAINABILITY INDICATORS

The government's discussion paper defines sustainability as 'the maintenance or improvement of wellbeing now and for future generations.' It also suggests that this can be viewed through a wide range of indicators across economic, environmental and social aspects of people's lives.

This definition of sustainability is broadly consistent with the findings of the 2009 report of the Commission on the Measurement of Economic Performance and Social Progress led by Nobel Prize winning economist Joseph Stiglitz. It has neatly captured the inputs to wellbeing and sustainability:

'Current wellbeing has to do with both economic resources, such as income, and with non-economic aspects of peoples' life (what they do and what they can do, how they feel, and the natural environment they live in). Whether these levels of wellbeing can be sustained over time depends on whether stocks of capital that matter for our lives (natural, physical, human, social) are passed on to future generations.'

According to the OECD, there has been a growing global recognition over the last couple of decades of the need to take a comprehensive view of society's progress across social, environmental and economic aspects. In Australia, the ABS *Measures of Australia's Progress* publication, which was first launched in 2002, is being progressively enhanced in line with international best practice and community feedback on how wellbeing is best measured.

There is merit in the use of indicators to measure the progress of a population strategy in aligning with the aspirations that Australians hold for national and individual quality of life. The effectiveness of such indicators is dependent on a number of factors, including:

- the choice of indicators, which will necessarily involve subjective judgements
- the reliability, sophistication and availability of data
- the quality of analysis when reporting on the indicators.

With this in mind, in seeking to develop key sustainability indicators, the government should seek to:

- Adopt a staged approach to the development and implementation of indicators incorporating framework development, consultation with stakeholders and progressive rollout.
- Utilise existing institutions and processes for measuring progress: the ABS's expertise and command of international best practice in relation to the measurement of wellbeing should be utilised.
- Explicitly acknowledge the limitations of indicators and assumptions underpinning them. Even with a broad set of indicators, the assessment of sustainability is unlikely to be comprehensive or unambiguous.
- Apply caution to the use of some indicators, particularly in areas where there is a scarcity of data or a lack of market prices: new indicators should be incorporated over time as they become available but only where they are statistically robust.
- Supplement indicators at the national level with regional data to provide more detail on where economic, social and environmental sustainability challenges are most pronounced.

SUSTAINABILITY IMPACT STATEMENTS

The discussion paper contains a proposal to introduce sustainability impact statements into the Cabinet process in order to assess the impact of new policies on the government's population strategy.

In light of the broad definition of sustainability outlined in the discussion paper, it is likely that the government's current policy processes already implicitly consider sustainability impacts. This includes the existing processes of Cabinet, economic analysis through the Regulatory Impact Statement process, and inquiries undertaken by the Productivity Commission.

Before introducing a new sustainability impact statement, current processes should be reviewed to determine how sustainability considerations are already factored into policy analysis. If deficiencies are found in existing processes then they could simply be amended to achieve the objectives of the proposal. That would be preferable to bringing in a new sustainability impact statement process, which would add to the bureaucracy of government and could become a largely meaningless compliance exercise.

References and sources for information in this submission, unless otherwise stated, are included in the BCA publication titled *Framework for the Development of Australia's Population Strategy: Research Paper*, released in December 2010 and accessible at bca.com.au.

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ISBN 978 0 909865 87 0
Business Council of Australia
ABN 75 008 483 216

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