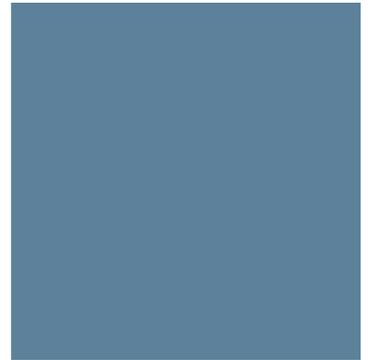
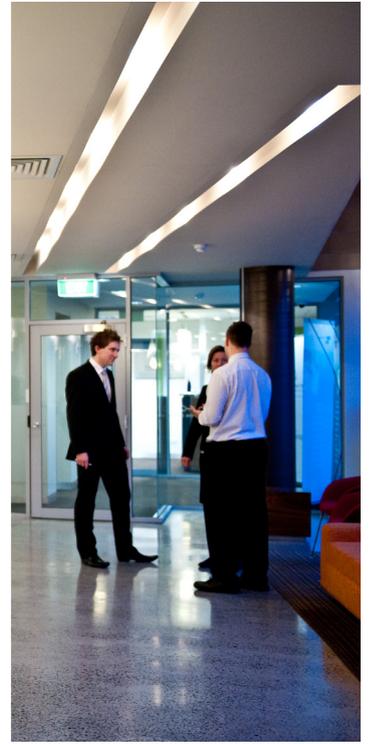


To inform the development
of a Population Strategy for Tasmania

Population Discussion Paper



Message from the Minister



The Tasmanian Government has set a long-term target to increase Tasmania's population to 650 000 by 2050.

Population growth is a key strategic focus for the Government. Increasing our population will help to generate jobs and grow our economy, as well as improve the standard of living for all Tasmanians.

Tasmania's population currently stands at around 515 000 and we have the oldest and slowest-growing population in the country. If current trends continue, Tasmania's population will be in decline by 2050 and there will be more people retiring from our workforce than entering it each year. This would result in lower economic prosperity with a reduced capacity to fund essential services such as education and health. It would mean an even greater dependence on Commonwealth assistance and ultimately it would not be sustainable.

This is not the future we want for our children.

Addressing our population challenge will be difficult. The population target we have set for Tasmania is bold and ambitious. Our capacity to influence our population is real but challenging. We will only achieve our target with strategic, long term intervention.

There are things that the Tasmanian Government can do to help grow our population over the longer term, but we cannot do it alone. The Tasmanian Government is committed to working closely with the Tasmanian community to develop and implement a Population Strategy for our state. This Strategy will be based on the best available information about our population and will outline areas of short, medium and long term action for government, stakeholders and the community.

I encourage you to get involved in the development of Tasmania's Population Strategy and to consider your role in addressing our population challenge.

A handwritten signature in blue ink that reads "Matthew Groom". The signature is fluid and cursive.

Matthew Groom MP

Minister for State Growth

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Our population target

Our long-term target to increase Tasmania's population to 650 000 by 2050 was carefully selected based on the Australian Bureau of Statistics (ABS) population projections, as well as the average population growth rate for Tasmania over the past 10 years. The Tasmanian Government acknowledges that the population target is an ambitious one; but with long term, strategic and continued intervention, we can grow Tasmania's population.

Tasmania's population challenge

Our population is projected to decline

Tasmania's population currently stands at around 515 000.

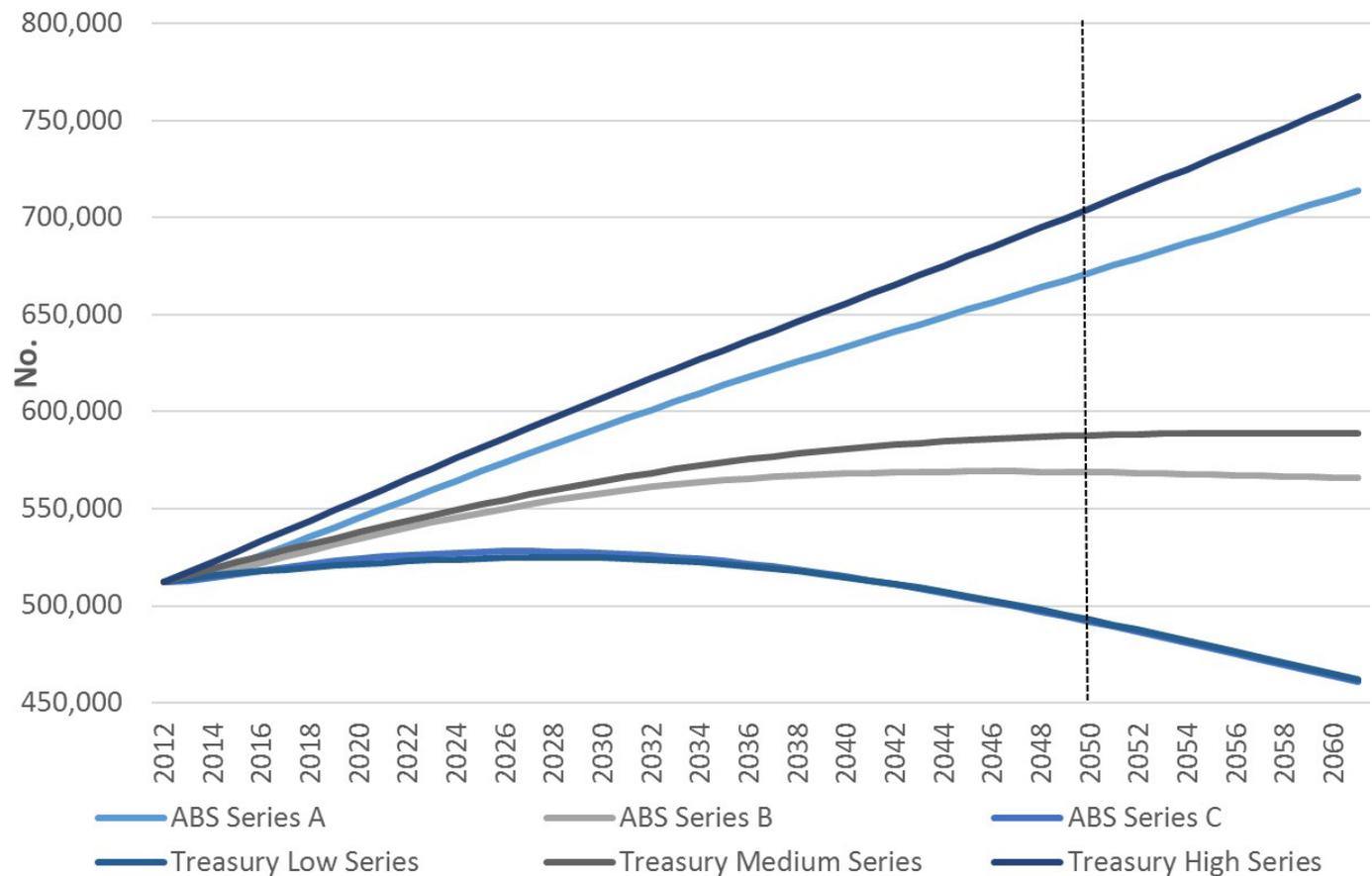
The ABS and the Tasmanian Government regularly run models to project what the population of Tasmania might be in the future. These projections are not predictions or forecasts, they are simply illustrations of the growth and change in population which would occur if certain assumptions about fertility, mortality, interstate and overseas migration were realised.

Three main series are projected by the ABS based on different assumptions – Series A (high), Series B (medium) and Series C (low). Series B largely reflects current trends in fertility, life expectancy and migration, with Series A and C based on high and low assumptions for each of these variables.

Population projections recently undertaken by both the ABS and the Tasmanian Department of Treasury and Finance, project that Tasmania's population will begin to decline by mid-century. Tasmania is the only state or territory in Australia projected by the ABS to experience population decline.

The ABS Series A projection estimates an increase in population from 512 200 people at 30 June 2012 to 714 000 in 2061. Under Series B, Tasmania's population will increase slowly before levelling out by around 2046 and then decreasing marginally from 2047 onwards. Under Series C, Tasmania's population will increase only slightly over the next 14 years and begin to decline from 2028 onwards, dropping to 460 900 by 2061.

Figure I: Population projections for Tasmania – ABS and Tasmanian Department of Treasury and Finance



Source: ABS, Population Projections, Australia, 2012 (base) to 2101, Cat. No. 3222.0, Department of Treasury and Finance, 2014 Population Projections, Tasmania

Treasury projects under their most likely scenario, the medium series, that by June 2062, Tasmania's population will be almost 589 000 persons, achieving an average growth rate of 0.3 per cent per year. Under this series, Tasmania's population will increase each year until 2058, though at a decreasing rate. For the final four years to 2062, Tasmania's population will decline marginally.

Under Treasury's high series, Tasmania's population is projected to reach almost 768 000 persons by June 2062, with an average growth rate of 0.8 per cent per year. Under the low series, Tasmania's population is projected to decline to 459 000 persons by June 2062, with an average growth rate of negative 0.2 per cent per year.

The ABS and Treasury population projections for Tasmania differ due to respective assumptions about fertility, mortality and migration.

Importantly, both ABS and Treasury project that Tasmania's population will begin to decline from around the middle of the 21st Century under their most likely scenarios.

Our population is ageing rapidly

Tasmania currently has the oldest population in Australia and our population is ageing faster than any other state or territory.

Population ageing is measured by the median age of a population – the age at which half the population is younger and half the population is older. In Tasmania, the median age is 41.2 years compared with the national median age of 37.3 years¹.

1. ABS, Population by Age and Sex, Regions of Australia, 2013. Cat. No 2335.0

As well as our population being older than the rest of Australia, the median age of Tasmania's population is increasing more rapidly than the rest of Australia.

In the 20 years between 1992 and 2012, Tasmania's median age increased by 8.1 years compared with a 4.7 year increase nationally. This increase in median age was caused by increasing life expectancy, the large number of baby boomers reaching older ages, declining fertility rates and in Tasmania's case, net interstate migration gains in older age groups and net interstate migration losses in the younger, working age groups.

By 2050, it is projected that more than one in four Tasmanians will be aged 65 or older. The ABS projects under Series B that the proportion of the population aged over 65 will increase from 17.8 per cent in 2014 to 27.8 per cent in 2050 (Table 1). The proportion of the population aged 85 and over is projected to increase from 2.1 per cent in 2014 to 6.0 per cent in 2050. The proportion of the working age population (traditionally those aged 15 to 64) is projected to decline from 63.9 per cent in 2014 to 56.1 per cent by 2050. The proportion of the population aged under 15 (the future working age population) is projected to decline from 18.4 per cent in 2014 to 16.1 per cent in 2050.

Table 1: Proportion of population by age group, 2014 and projected, Tasmania

Age group	2014		2050	
	Actual (%)	Number	ABS Series B (%)	Number
<15	18.4	94 607	16.1	91 697
15-64	63.9	328 687	56.1	319 259
65+	17.8	91 468	27.8	157 854
85+	2.1	10 974	6.0	33 880

Source: ABS, Australian Demographic Statistics, Jun 2014, Cat. No. 3101.0; Population Projections, Australia, 2012 (base) to 2101, Cat. No. 3222.0



Why we need to act

To provide for ongoing sustainable population growth and to reduce the impacts associated with population ageing, a balanced age structure is required, whereby the working age population is balanced by the non-working age population (those aged under 15 and over 64).

The Tasmanian Government provides services to its population, including schools, healthcare, infrastructure and policing. Our State's population is directly linked to the Tasmanian Government's ability to adequately provide services to our population.

As Tasmania's median age increases, demand on health and aged care services will also increase. Without intervention, population ageing is likely to affect the ability of Government to provide essential services for our population.

Further, to provide essential services, the Tasmanian Government relies heavily on Australian Government funding. Around 61 per cent of the state's total revenue is sourced from Australian Government payments and subsidies. Of this, around 60 per cent is sourced from Goods and Services Tax (GST) redistribution. The amount of GST received by Tasmania is directly related to its population. If, as projected, Tasmania's share of the national population continues to reduce, it is likely that our future share of GST distributions will also shrink.

Population ageing is also likely to affect the future supply of labour in Tasmania, and our economic growth. Once a region reaches the point of natural population decline (more deaths than births), it is virtually impossible to instigate population growth². Creating a balance between the working and non-working age populations will assist in alleviating the burden of population ageing while also providing a population age structure which is conducive to long term, sustainable population growth.

Ageing populations are not just an issue for Tasmania. The Australian Government's Intergenerational Reports released in 2002, 2007, 2010 and 2015, have identified that:

- there is a growing fiscal burden caused by Australia's ageing population which will be exacerbated as the baby boomer generation reaches retirement age; and,
- there is a significant fiscal requirement for current and future generations to increase levels of productivity and labour force participation to achieve economic sustainability.

2. Jackson, NO 2014, 'Subnational depopulation search of the theory: Adding New Zealand in diagnostic framework to the international evidence base', NIDEA working papers No. 8, National Institute of Demographic and Economic Analysis, University of Waikato.

Benefits of growing our population

While there are many issues associated with Tasmania's projected population decline and our accelerated rate of ageing, there are many advantages for Tasmania in having a larger population.

Higher population growth tends to support stronger economic growth. Population growth leads to higher household spending and also provides a stimulus to the housing market, encouraging investment in housing. Economies with larger populations are generally able to sustain a broader range of industries and therefore provide a wider range of employment opportunities. Higher long run economic growth will also reduce the decrease in Tasmania's share of the national economy, and therefore reduce the decline in its economic significance to the nation as a whole. Stronger economic growth also expands Tasmania's tax base.

The Tasmanian Government, and many local councils, are able to benefit from economies of scale with larger populations. This applies to the use of public infrastructure such as roads, schools and hospitals, but also to the efficiency of service delivery across a range of government areas. In most parts of the state, the additional demands on infrastructure from a larger population are relatively modest. Utilities would also face lower service costs per customer with larger populations as the increase in their fixed costs would be less than the growth in the number of their customers.

Each extra person added to Tasmania's population will increase Tasmania's GST revenue under the current arrangements. Population size will also affect Australian Government funding to states and territories for health care from July 2017, under the current arrangements. A larger population in Tasmania would therefore result in increased funding from the Australian Government towards Tasmanian services if current arrangements stay in place.

Unlike in some other Australian jurisdictions, there are no major constraints in Tasmania to population expansion. Tasmania does not have any shortages of land or of water for household use in the major urban areas where most population growth is likely to occur. The scale of possible population increases in Tasmania's cities is not expected to result in the same congestion issues that some cities in mainland Australia are facing. Equally, environmental impacts are likely to be manageable under current regulatory arrangements.

Developing a Population Strategy for Tasmania

In order to guide our efforts in growing Tasmania's population, the Department of State Growth is currently developing a Population Strategy for Tasmania. This Strategy will be based on the best available information about our population and will outline areas of short, medium and long term action for government, stakeholders and the community.

There are some schools of thought which suggest there is limited scope for governments to influence the size and structure of a population. While influencing population structure and growth profiles is difficult, there is no question there are levers which can influence population change and growth, available at all tiers of government and within the wider community. In some cases, the Tasmanian Government will be able to directly influence population change and growth, while in other cases, we will need to work closely with key partners and stakeholders. Ultimately, the success of Tasmania's Population Strategy will be dependent on strategic, long term intervention, involving cooperation between government, industry and the broader community.

As part of this Discussion Paper, the Department of State Growth has commissioned respected Tasmanian demographer, Lisa Denny, to develop a Background Issues Paper to provide independent advice to inform public consultation and submissions on a Population Strategy (see Annexure 1).

The Background Issues Paper outlines the demographic intervention required to stabilise the age structure and to set the population on a long term, sustainable growth trajectory. More specifically, the paper identifies the components of population change which the Tasmanian Government may be able to influence, directly or indirectly, to achieve the target of 650 000 Tasmanians by 2050.

The release of this Population Discussion Paper, along with the Background Issues Paper, is the first step in developing a comprehensive Population Strategy for Tasmania.



Get involved: play your part in addressing Tasmania's population challenge

The Tasmanian Government recognises that there are many partners who will be instrumental in both the development, and implementation, of the Population Strategy for Tasmania. We welcome stakeholder and community views in the creation of Tasmania's Population Strategy.

In particular, you are invited to consider the following questions:

1. What are you or your organisation already doing to support and grow Tasmania's population?
2. What can the Tasmanian and Australian Governments, local councils, businesses, stakeholders and the community more generally do to grow our population?
3. Where should we each focus our efforts to grow our population?
4. What can we each do to attract interstate and overseas migrants to Tasmania?
5. What can we each do to encourage interstate and overseas migrants and their families to settle permanently in Tasmania?

6. What can we each do to encourage Tasmanian expatriates to return?
7. What can we each do to support Tasmanian youth and reduce the number of young people leaving Tasmania?
8. What can we each do to support working families?
9. How can the Tasmanian and Australian Governments assist your businesses to attract and retain a skilled workforce?

We will be engaging with the community and stakeholders in many forms over the coming months, including through forums, and opportunities for feedback and submissions. For further information on how you can get involved, visit: www.stategrowth.tas.gov.au

Public submissions will be accepted by email or by post and should be lodged with the Department of State Growth by Sunday, 14 June 2015.

Email: PopulationStrategy@stategrowth.tas.gov.au

Post:

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