

## Tasmania can't only rely on a growing population for an economic boost

Written by Lisa Denny, Research Fellow - Institute for the Study of Social Change, University of Tasmania

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While Tasmania is currently experiencing its highest rate of population growth since the global financial crisis, this won't necessarily lead to an automatic economic windfall for the state.

Both the Liberal and Labor parties in Tasmania's election campaign [are supporting population targets](#) as a means to boost the economy.

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Some say Tasmania's smaller population is an asset to the state's unique character, others believe it condemns the state to mediocrity and holds us back.

But what's usually ignored in the typical BBQ conversation is that it's actually the composition of the population that really matters.

It is unrealistic for these political parties to expect population growth rates to be maintained or increase by themselves as population growth is not linear. The drivers of population change in Tasmania are the population age structure and the state's relative economic performance with the rest of the country. Tasmania needs the ability to retain and/or attract families to live and work there.

### A long standing population policy

In [March 2013](#), the then opposition leader for the Liberal Party, Will Hodgman, announced a

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population target of 650,000 Tasmanians by 2050. This was based on a population growth rate of 0.6% per annum, the average rate of growth over the previous decade.

Previous Labor governments had asserted that population growth would occur naturally alongside a strong economy and so a specific population strategy was not required.

When the Hodgman Liberal government took office in March 2014, it developed and released a [population strategy](#) aiming to reverse Tasmania's projected population decline and put Tasmania on a population growth trajectory.

Population change occurs as a result of natural increase (more births than deaths) and migration (in Tasmania's case both interstate and overseas migration).

Historically, around 60% of Tasmania's population growth [has occurred from natural increase](#). However, the state's population continues to age and the number and proportion of women of reproductive age continues to decline. So the usual natural increase will wane as the gap between births and deaths reduces.

Migration will need to increase considerably to replace this projected slowing down and to achieve both the short term population targets desired by the [Property Council](#) and the longer term objectives of the Tasmanian Liberal government. Even with increased migration (interstate and overseas) of families, they will then need to have at least two children to ensure [population replacement](#) is possible.

However, historically Tasmania has always gained more older people (those aged 45 and over) and lost more younger, working and reproductive aged people (those aged 19 to 39). This is primarily due to a [lack of employment opportunities](#).

This trend reduces the proportion of the population that is younger - and increases the proportion of the population that is older. In comparison with the rest of Australia, Tasmania is

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seeing this happen [at a faster rate](#), even in times of stronger population growth.

### Impact on Tasmania's economy

Tasmania's ageing population matters because as people get older they become more reliant on the services provided by governments (for example pensions, health and aged care). These services are funded by the taxpayer; however in ageing populations, taxpayers are diminishing in supply.

Of course this is not to say that older people are not valuable contributors to the community and economy, particularly those who are active, engaged and self-funded in their retirement

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Older people can also contribute to the state's economy as consumers in labour intensive sectors like retail and hospitality and the health and care services. These all create employment opportunities for Tasmanians. Over a third of all new jobs projected over the next five years in Tasmania are in the healthcare and social assistance sector ([5,300 additional jobs](#)).

These economic and employment opportunities will need to be carefully managed as the [Tasmanian workforce](#) becomes increasingly dominated by industry sectors that are largely publicly funded.

The [Tasmanian Liberals's three-pronged plan](#) focuses on job creation and workforce development, supporting interstate and overseas migration, and promoting Tasmania's liveability and lifestyle. [Labor's](#)

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[intent](#) is to invest in essential services, build productive infrastructure and promote the creation of secure and stable jobs.

Both plans are laudable in achieving potential growth. However, to effectively change the age structure of the population (and longer term population growth), these policies will need to be targeted to those of working and reproductive age.

While targeted population growth is important for Tasmania in meeting the challenges of an ageing population and a growing economy, population change needs to be planned for. A stable age structure with a population balanced between the working age and non-working age will provide a platform for proactive and consistent economic development policy.

This in turn will provide greater confidence for the private sector to invest in the state over the longer term, increasing the propensity for growth and the potential prosperity for all Tasmanians.

Population growth for growth's sake (as a proxy for economic growth), without consideration for the economic and social implications this creates, might actually result in a [type](#) which puts at risk the longer term economic viability of the state.

*Lisa Denny provided advice to the Hodgman Liberal Government on the development of the Tasmanian Population Growth Strategy and was subsequently employed by the then Minister for State Growth for five months in 2016.*

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**Read more** <http://theconversation.com/tasmania-cant-only-rely-on-a-growing-population-for-an-economic-boost-91236>