

Sent: Friday, 21 May 2004 10:08 AM

To: 'Demographics (ACT!)

Cc: 'Julia Brennan (ACT!)

Subject: Australia's demographic challenges

I sent you a submission on the above paper yesterday. I suggested there should be **Choice 5 Migration**. Attached is a paper by Prof. Hugo that highlights the significant effect of migration. He stated:

- *The population of 1901 was not only less than one-fifth the size at present, but it was substantially younger and males outnumbered females, whereas the opposite is now the case. The age structure of the population is of major significance in determining the demand for goods and services.*
- *In 1901, 22.8% of Australians were born overseas; the proportion was exactly the same in 1996. However, this apparent lack of change belies the fact that international migration has had a massive impact, not only on the growth of the national population over the last century, but it has transformed the composition of the population and impinged on almost all aspects of life.*
- *The graph shows how significantly different the second half century has been compared with the first and how important net migration has been in post-war population growth in Australia. Natural increase levels increased steeply in the early post-war years, peaking in the early 1970s, but in recent years have generally been between 120,000 and 140,000. In the last two decades the annual contribution of net migration to population growth in Australia has varied between 17.8% (1993) and 55.5% (1989). Of the last million persons added to Australia's population it is estimated that some 47% were contributed by net international migration.¹ To understand the effects of natural increase and net migration it is necessary to consider the processes of population change - mortality, fertility and migration - separately.*
- *In 1901, 22.8% of Australians were born overseas; the proportion was exactly the same in 1996. However, this apparent lack of change belies the fact that international migration has had a massive impact, not only on the growth of the national population over the last century, but it has transformed the composition of the population and impinged on almost all aspects of life. The trajectory of twentieth century immigration to Australia is depicted in graph C4.14; it is apparent that the end of World War II is an important watershed in the level of movement.*
- *The last fifty years have seen an unprecedentedly high and sustained influx of immigrants to Australia. However, it is not only with respect to scale that there was a parametric change in immigration in mid-century. One of the first acts of the new Commonwealth in 1901 was to pass the infamous White Australia*

Policy (Price 1975) which ensured that Australia's immigrants should be not only of European origin but predominantly Anglo-Celtic. In the immediate post-World War II period, however, the shortages of labour, but also an inability to attract sufficient immigrants from the British Isles and the existence of several million 'Displaced Persons' (DPs) from Eastern Europe, saw a change in policy. Australia accepted around 300,000 DPs and, despite concerns that such numbers of non-Anglo-Celtic background people would not be able to adjust, they were enormously successful. This then led to settlers being recruited from elsewhere in Western and Northern Europe, then in the 1950s from Southern Europe and in the 1960s from parts of Eastern Europe and the Middle East. Over these decades the White Australia Policy was gradually dismantled until by the mid-1970s it was totally abolished. Thereafter settlers were attracted to Australia from non-European origins, especially Asia.

- *The impact of immigration on post-war population growth in Australia was enormous. Of the growth of 11,501,442 people between 1947 and 1999, some 7 million can be attributed to the net gain of immigrants, their children and grandchildren (Kippen and McDonald, forthcoming). However, the impact of immigration has been much more than numerical. The element of heterogeneity migrants have injected into the Australian population has been demonstrated by Price (1997), who has developed a methodology to estimate the ethnic strength⁷ of various groups. His estimates shown in table C4.17 indicate that the Asian origin population has increased from 0.3% in 1947 to 6.4% in 1999 and is anticipated to increase to around 10% in 2030 if trends in the late 1990s are continued. Immigration has impinged significantly upon most aspects of Australian life and society.*
- *For most of the twentieth century the dominant paradigm in Australian international migration has been one of permanent settlement. Motives of government immigration policies changed over the century from demographic and expanding the labour force imperatives for most of the periods of high immigration up to the 1970s to a more complex mix of the need to fill skill gaps, family reunion, humanitarian and trans-Tasman movement.*
- *It could be argued that during the 1990s Australia moved into a different international migration paradigm under the influence of widespread globalisation forces. This has seen not only a larger scale, but also a more complex pattern, of international population movement influencing the country (Hugo 2000). The change is reflected in trends in the three types of in-movement recognised by the Department of Immigration and Multicultural Affairs⁸ between 1982-83 and 1998-99. Table C4.19 indicates that while the number of permanent arrivals has remained relatively stable, there has*

been a massive increase in both long term and short term movements.

- *Over recent times there has been a proliferation of new visa types involving non-permanent movers, especially those involving temporary movement for work.*
- *Australia has long had an emphasis on attracting permanent settlers to the country and a strongly expressed opposition to attracting temporary and contract workers. During the labour shortage years of the 1950s and 1960s Australia's migration solution to the problem contrasted sharply with that of European nations like Germany and France when it opted to concentrate on attracting permanent migrants to meet worker shortages rather than contract workers. However, in recent years attitudes have changed in Australia and it has been recognised that, in the context of globalised labour markets, it is essential to have mechanisms to allow non-permanent entry of workers in certain groups. Nevertheless, this entry has not been extended to unskilled and low-skilled areas and has been restricted to people with particular skills and entrepreneurs. Hence there has been an increase in people coming to Australia as short term or long term entrants and being able to work in the country.*
- *There is a tendency for Australia to be categorised as a purely immigration country; in fact it is also a country of significant emigration. The ratio of permanent emigration to permanent immigration has varied between 14% and 52% since 1968, but the ratio has been comparatively high in recent years. Over the post-war period there has been a close relationship between immigration and emigration trends, the latter tending to follow the former with a small time lag. This is because, as graph C4.23 indicates, former settlers have been a major part of emigration over the years.*
- *The return migration effect has been understated in the data since a significant number of the Australia-born are the dependent children of overseas-born returnees. In 1998-99 permanent departures from Australia (35,181) reached the highest level since 1973-74 and the proportion of Australia-born (49%) was the second highest ever recorded, indicating an increasing trend for the Australian population to emigrate.*
- *In recent times undocumented migration to Australia has come under increased attention. This movement is of two types:*
 - *overstaying whereby non-citizens enter Australia legally but overstay the term of their visa;*
 - *clandestine entry of non-citizens who do not pass through an immigration control point or enter with forged documents.*

- *The population of 1901 was not only less than one-fifth the size at present, but it was substantially younger and males outnumbered females, whereas the opposite is now the case. The age structure of the population is of major significance in determining the demand for goods and services.*

In relation to the ageing of the population and the workforce he stated:

- *In 1901 more than a third of Australians (35.1%) were less than 15 years of age; in 1999 this had fallen to a fifth (20.7%). On the other hand, the proportion aged 65 years and over more than trebled from 4% to 12.2% and the median age rose from 22.6 years to 34.9 years. However, the story of the twentieth century was not one of continuous ageing. Indeed, graph C4.26 shows that the low fertility years of the 1930s and 1940s saw an ageing of the population while the post-war baby boom added a substantial base to the age pyramid, producing a 'younging' of the population in the early post-war years. Since then, however, declining fertility and increased longevity have produced a progressive ageing. The progress of the post-war baby boom cohort up the Australian age pyramid is shown in the graph. This has had a huge impact in greatly increasing demand in age-specific activities like education, formation of households, numbers entering the workforce etc. and is on the threshold of greatly increasing the numbers in the retirement ages.*
- *A less obvious, but nevertheless important, change evident in graph C4.26 is in the balance between males and females in Australia. For the first two centuries of European settlement in Australia, males have outnumbered females due to the male selectivity of immigration to Australia over much of that period. Accordingly in 1901 there were 110 males in Australia for every 100 females. However, this gap progressively closed over the century due to:*
 - *an increase in the gap between male and female life expectancy up to the early 1970s; and*
 - *an increasing proportion of immigrants being made up of women so that in the last three decades male settlers have been outnumbered by females.*

Accordingly in the early 1980s the number of females in Australia outnumbered the number of males and by 1999 there were 99 males for every 100 females in the country. It will be noticed in graph C4.26, however, that the predominance of females is much greater in the older ages than among the young as a result of higher female longevity.
- *For males it will be noticed that workforce participation is lower in all age groups, reflecting the effects of increased educational participation, especially among young adults, early retirement and the introduction of invalidity and other pensions. The latter effects are especially evident among the older ages. On the other hand, female participation in the workforce is higher in all ages except the post-pension 65+ age group. The increases are especially marked*

in the younger working ages. This reflects a substantial shift in the role of women in Australian society.

- *The increase in part-time work has become a feature of the last few decades. Unfortunately we do not have data for the entire century, but in 1966 some 9.8% of all Australians working did so on a part-time basis; by 1980 this proportion had almost doubled to 16.4%, and by 1999 it was 28.3%. Over the 1966-99 period the number of full-time jobs increased by 47.9% while the number of part-time jobs increased by 383.7%. This has been accompanied by other changes such as increased working outside the fixed hours of the former working week, less security of job tenure etc.*

I would appreciate it if Prof. Hugo's paper could be responded to and distributed at the workshop in Melbourne on 1 June (copy attached and see web site

<http://www.abs.gov.au/Ausstats/abs@.nsf/Lookup/0B82C2F2654C3694CA2569DE002139D9>). I believe he makes some very good statements that are relevant to *Australia's Demographic Challenges*.

The brief paragraph in your report on Page 21 is too simplistic and not backed up with facts. The issue is not more skilled migrants. What about more younger workers?

My parents came to Australia after the Second World War with nothing and became millionaires. They had no skills and never developed the skills sought by the Dept. of Immigration in Australia. My father was a woodcutter. However, I have skills sought in the workforce since there is a shortage of Town Planners and Geographers.

I disagree with the statement in the paper that:

... increased migration cannot prevent our population from ageing.

It can reduce the median age as stated in the ABS press release dated 24/2/99 (Media release 3412 attached). However, the immigration rates need to be more than 70,000 people than suggested in the press release to make a significant impact. What is wrong with increasing migration?

I would be pleased to assist you as a consultant on this matter.

Regards
Birute Don
Director, Don Global