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POPULATION STRATEGY

SIXTY - SEVENTH REPORT

OF THE

**ENVIRONMENT, RESOURCES AND DEVELOPMENT
COMMITTEE**

Tabled in the House of Assembly and ordered to be published, 27 June 2012

Second Session, Fifty-second Parliament

COMMITTEE'S FOREWORD

The Environment, Resources and Development Committee commenced its Inquiry into Population Strategy in July 2012. As part of the Inquiry, 29 submissions were received and four witnesses representing key stakeholders were heard.

The Committee extends its thanks for the effort made by those involved in preparing and presenting evidence to the Committee. The evidence provided the Committee members with a better understanding of population strategy in South Australia, and highlighted some of the key issues facing our State.

The Committee thanks the staff of the Committee for their assistance in its day-to-day functions and for the completion of this report

A handwritten signature in blue ink, appearing to read 'M. Thomson', is centered on a light-colored rectangular background.

Gay Thomson MP
Presiding Member

27 June 2012

COMMITTEE SUMMARY OF FINDINGS

This Inquiry was called at a time of public debate about a formal national population policy and what such a policy could mean for the economic, social and environmental future of the nation and, in particular our State. This report is a summary of views about the Government's population strategy. It reflects a broad call for strong government accountability in the protection of the social, economic and environmental advantages of our State in formulating and carrying out a population strategy.

The Committee has considered a range of evidence and views in carrying out its terms of reference and notes competing interpretations of the context and intention of the Government's population strategy. One view asserts that the strategy is driven by the interests of developers and does not provide appropriate strategies to mitigate the impact of population growth on the environment. The other asserts that a population strategy intending to build a sustainable and skilled workforce can both buffer potential negative economic and social outcomes of South Australia's ageing and contracting working population and position South Australia for potential future economic growth opportunities, such as the planned expansion of Olympic Dam.

There is a clear connection between the Government's strategic planning policies and the State's population projection analysis. The State's population strategy is integrated with *South Australia's Strategic Plan*, which is supported and guided by planning and policy documents. These include *The 30-Year Plan for Greater Adelaide and Regional Volumes*, *Skills for All*, *Improving with Age*, *Strategic Infrastructure Plan for South Australia*, *Water for Good*, *State NRM Plan*, *Greenhouse Strategy* and *Housing Strategy for SA*. These guiding policies identify targets and initiatives for infrastructure and service provision to provide for and manage the impact of future population growth on housing, public transport systems, land provision, energy and water supply, health, and environmental preservation.

The Committee notes that population projections are not predictions of actual future outcomes; rather, they show possible future outcomes that could be expected should a particular set of assumptions about fertility, migration and mortality prevail.

The Committee heard from Mr Andrew Howe, the Assistant Director of Regional Population Unit at the Australian Bureau of Statistics (ABS), that South Australia's population is projected to grow based on an analysis of trends, particularly the recent gains in Net Overseas Migration (NOM) and relatively high fertility levels. In response to Questions on Notice, the Department of Planning and Local Government (DPLG) stated that assuming recent growth rate trends in Net Overseas Migration and fertility, South Australia's population is projected to reach two million by 2027, reflecting the current SASP population target.

Although projected population growth is a considerable policy-making challenge due to giving rise to new demands on the State's infrastructure and services, a further challenge is presented by an ageing population and increasing dependency ratio. One implication of this is an increase in expenditure per capita in some areas such

as health. A 2004 submission from the South Australian Government to the Productivity Commission's study into the implications of the future ageing of Australia's population argued that this may be compounded by a fall in South Australia's share of GST grants as a result of the State's declining proportional share of the national population¹.

For this reason the goal of the State Government, the Committee heard, is to build a sustainable and skilled workforce that can contribute to mitigating the potential negative impact of a growing dependent population and a contracting workforce to support it.

In considering the usefulness of the current population target of two million by 2027, the Committee understands that the target's purpose is to guide and inform planning for infrastructure and service delivery for South Australians. The State policies that are underpinned by this benchmark include the *30-Year Plan*, *Water for Good* and the State's Infrastructure Plan. The South Australia Strategic Plan (SASP) population benchmark, the Committee notes, is not arbitrary; it is guided by the high series population projections and population change analysis developed by the Department of Planning and Local Government and is the foundation of the Government's planning of infrastructure and services for South Australia. In determining the usefulness of the population target as set in *South Australia's Strategic Plan*, the Committee heard from the Department of Trade and Economic Development (DTEI) who argued that the Government has endorsed the high series projection on the balance of risk, that is, that the social and economic impacts of under-provision of services and infrastructure would not meet community needs or Government expectations.

The demand for energy is expected to rise as population increases. The capacity of the State's energy sources to support the projected population growth is considered reliable based on projected investment in new generation capacity combined with continuing demand-side measures aimed at reducing consumption. It was noted by the Committee that the capacity of existing energy sources in some regional areas has been assessed as inadequate to meet increases in population or industry development. The Committee notes that Department for Transport, Energy and Infrastructure (DTEI) has a continuing assessment of emerging economic and demographic trends in regional areas to assist with determining appropriate planning provisions for regional areas, including upgrades if and when required. The Committee is satisfied that the assessment process of energy capacity in regional South Australia will ensure adequate and timely provision of energy as required.

As with energy, the demand for water is expected to rise as population increases. There are a number of variables that can affect the capacity of the State's water sources to support the projected population growth with a reliable and secure water supply. These include rainfall variability, climate change, pressure on water catchment areas, and the existing water resource management system. Water infrastructure projects (including desalination and stormwater and waste water harvesting) aimed at diversifying and increasing the State's water supply provide an

¹ Productivity Commission, *Economic Implications of an Ageing Australia*, (2005).

opportunity to manage the impacts of population growth on the State's rain-dependent water sources but require continued monitoring and effective demand-side management strategies.

The Committee notes correspondence received from DTEI stating current water sources in some regional areas, particularly northern areas of the Eyre and Yorke Peninsulas may be currently inadequate to provide for future population increases. This, the Committee notes, is owing to a limited understanding of the hydrological formation in these areas, which is currently being redressed under the revised State NRM Plan.

Population growth can increase pressure on arable land sources that are close to main residential and employment centres as demand for housing increases alongside population growth. Containing the urban growth boundary, integrating residential development with infrastructure planning and continued urban consolidation will reduce some population pressure on the State's arable land sources.

The Committee notes a strong desire throughout the submissions for protecting the State's natural habitats and bio-diversity, including stressed habitats. Population growth can impact upon stressed habitats because of land-use change and modification driven by urban expansion and, arguably, in the case of urban ecology, urban consolidation.

The Committee notes, on balance, support for the continued urban consolidation over urban expansion as a way of minimising the potential impacts of population growth on stressed habitats.

The predicted ageing of South Australia's workforce will have a significant impact on the demand for labour and skills. As South Australia's population ages, there will be an increasing need to replace workers who retire. This demographic change, combined with projected expansionary demand expected from major projects associated with mining and defence, suggests that workforce planning development and analysis is critical to South Australia's social and economic future.

Migration is considered a critical element in workforce planning and development in South Australia and the Government has a number of mechanisms, including Federal /State agreements to ensure that South Australia is well positioned to take advantage of the benefits of skilled overseas migration. The importance of overseas skilled migration in the State's workforce development, however, should not and in the view of the Committee, does not impinge upon the Government's capacity to provide appropriate training and education opportunities to the incumbent population, including the young and marginalised.

The Committee notes that there are direct and indirect barriers to the retention of skilled migrants in South Australia, including perceived and/or actual employment opportunities, language and cultural differences, and a mismatch between the expectations of employers of skilled migrants. The Committee notes that this is a complex issue, which involves a range of economic, social and cultural factors.

The Committee understands that there are several sources of data that ABS can access, which provide the organisation with the capacity to make projections and analysis about broad population trends, however the ABS argued that it is difficult to collect region-specific or cohort specific data for a range of reasons including lack of compulsion and self-enumeration. The Committee heard that available state and territory data sources such as license and registration details are an ineffective data source because of inconsistencies in data quality between jurisdictions.

COMMITTEE RECOMMENDATIONS

Recommendation 1

The Committee recommends that the Government continue to advocate for South Australia maintaining regional status.

Recommendation 2

The Committee recommends that the Government review the current process and increase the level of industry consultation in generating the State Sponsored Migration List.

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THE ENVIRONMENT, RESOURCES AND DEVELOPMENT COMMITTEE

The Environment, Resources and Development Committee (the Committee) is appointed pursuant to the *Parliamentary Committees Act 1991* (the Act) on 27 April 2006. Its membership during the reporting period was:

Ms Gay Thompson MP, Presiding Member
Hon Mark Parnell MLC
Hon Carmel Zollo MLC
Hon Michelle Lensink MLC
Mr Ivan Venning MLC (to 14 February 2012)
Hon Tim Whetstone MP (from 14 February 2012)
Hon Michael Atkinson MP

Executive Officer to the Committee: Mr Philip Frensham

Research Officer to the Committee: Ms Nicola Connor to 20 April 2012
Ms Debbie Bletsas from 30 April 2012.

FUNCTIONS OF THE COMMITTEE

Pursuant to section 8 of the Act, the terms of reference for the Committee are:

- (a) to inquire into, consider and report on such of the following matters as are referred to it under this Act:
 - (i) any matter concerned with the environment or how the quality of the environment might be protected or improved;
 - (ii) any matter concerned with the resources of the State or how they might be better conserved or utilised;
 - (iii) any matter concerned with planning, land use or transport;
 - (iv) any matter concerned with the general development of the State;
- (b) to perform such other functions as are imposed on the Committee under this or any other Act or by resolution of both Houses.

REFERRAL PROCESS

Pursuant to section 16(1) of the Act, any matter that is relevant to the functions of the Committee may be referred to it in the following ways:

- (a) by resolution of the Committee's appointing house or Houses, or either of the Committee's appointing Houses;
- (b) by the Governor, or by notice published in the Gazette; or
- (c) of the Committee's own motion.

THE INQUIRY

The Inquiry was referred to the Committee by the Legislative Council on 21 July 2010.

Pursuant to section 16(1) (a) of the Parliamentary Committees Act 1991 the Committee has been called on to inquire into and report on the Government's population strategy, with particular reference to –

- (i) *The usefulness of the population targets as set in the State Strategic Plan;*
- (ii) *The capacity of existing energy, water and arable land sources to provide for these projected targets;*
- (iii) *The impact of the implementation of the 30-Year Plan on stressed habitats;*
- (iv) *Projections of the ability of South Australia's workforce to provide adequate skills for future demand and what changes to the mix of migration are required to address future needs, including for regional South Australia;*
- (v) *Barriers to the retention of overseas skilled migrants;*
- (vi) *Limitations of existing data collection regarding skilled migrant trends; and,*
- (vii) *Any other matter.*

ABBREVIATIONS

- ABARES** **Australian Bureau of Agricultural and Resource Economics and Sciences.**
- ABS** The **Australian Bureau of Statistics**, which is the body responsible for compiling and publishing data and statistical information about the nation, including population projections.
- DEEWR** **Department of Education, Employment and Workplace Relations**
- DIAC** **Department of Immigration and Citizenship**, which is responsible for, among other things, determining migration levels into Australia
- DTED** **Department of Trade and Economic Development.** At the time of the referral of the Inquiry to the Committee DTED was the principal agency responsible for State development and included the Population Unit. A recent organisational restructure of the department means that it is now known as DMITRE, Department for Manufacturing, Innovation, Trade, Resources and Energy. For ease of reference to Hansard in the conduct of this Inquiry, DTED has been retained throughout the report.
- DTEI** **Department for Transport, Energy and Infrastructure**
- EDB** **Economic Development Board**
- ERP** **Estimated Resident Population.**
- MOU** **Memorandum of Understanding**
- NCSSA** **Nature Conservation Society of SA**
- NIM** **Net Interstate Migration**, which is the difference (either loss or gain) between people moving in or out of a state to other states or territories.
- NOM** **Net Overseas Migration** - is defined as all overseas arrivals who stay in Australia for one year or more plus Australians returning from overseas, minus all Australian residents who spend one year or more overseas. From 2006-07, the ABS changed the definition of NOM to include anyone who has lived in Australia for 12 out of 16 months or the equivalent for anyone leaving Australia. NOM incorporates the effects of both long-term temporary and permanent immigration flows.
- NRM** **Natural Resource Management**
- RDA** **Regional Development Australia**

RMSS **Regional Migration Status Scheme**

SASP The **South Australian Strategic Plan**, which is a comprehensive planning strategy addressing future growth and prosperity in the State. SASP covers issues such as the economy, population, health, the environment, education, the arts, community, social well-being and inclusion.

SSML **State Sponsored Migration List**

TASC **Training and Skills Commission**

INTRODUCTION

BACKGROUND

(a) Population in South Australia

The estimated resident population for South Australia was 1,650,400 at the end of 2010, an increase of approximately 1% since the end of 2009².

Despite recent strong population growth rates in South Australia, Hugo notes that South Australia's proportionate population share has declined³. Maintaining population share is regarded as important in sustaining the profile of the State within the framework of federal-state relations, and may impact on the ability of South Australia to attract meaningful levels of federal funding at a time of increasing costs in some service provision areas such as health.

A significant increase in NOM has occurred from 8,433 in 2004-05 to 17,327 in 2008-09 due to a marked increase in arrivals while departures have remained relatively constant. Mr Lachlan Bruce, Deputy Chief Executive, DTED), noted that 'the South Australian Strategic Plan (2007) target is 8,500 or more; that is the net overseas migration...we actually have been achieving at double that level'⁴.

Largely as a result of the Regional Skilled Migration program, the State's share of the national migrant intake has increased substantially. The number of international migrants settling in South Australia has doubled since 2003-04. In 2011-12, The Department of Immigration and Citizenship (DIAC) modified the Regional Skilled Migration program to include other metropolitan and large regional centres across Australia. This may result in a diminished capacity of South Australia to attract skilled migrants under this scheme.

In recent years there has been a marked rise in the State's fertility rate. South Australia's fertility rate has historically lagged well below the national average, but the past decade has seen a convergence of the two. In 2010, the total fertility rate (TFR) for SA was 1.87 babies per woman, increasing marginally from 2009. The 2010 rate was higher than the rate recorded a decade before (1.71 in 2000), and has increased from 2005, when the TFR was 1.76⁵. Demographers have emphasised that delayed childbearing by Australian and South Australian women has resulted in understated estimates of underlying and future fertility levels. Recent increases in fertility rates in Australia and South Australia have been largely attributed to an increase in births to women aged 30-39. This is known as the 'recuperation effect', where women in their

² ABS 1345.4 – SA Stats www.abs.gov-au/austats/abs@nsf/

³ Graeme Hugo, *2011 Migration Update: South Australia and Beyond*, (Keynote Address presented at the 2011 Migration Update Conference, Adelaide, 23 & 24 June, 2011), p. 13).

⁴ Committee Hansard, 18 November 2012, p 10

⁵ ABS 1367.0 - State and Territory Statistical Indicators, 2011 www.abs.gov-au/austats/abs@nsf/

30's make up for births delayed when they were in their twenties. It is projected that the State's fertility rate will remain at or above 1.8 for at least the next eight to ten years.

(b) Context of the State's population strategy

Prosperity through People: A Population Policy for South Australia was released in 2004. The Policy was developed to address the State's projected population decline due to an ageing and contracting workforce. The implications of an ageing and contracting workforce include a significant reduction in workforce participation and productivity, and an increase in the non-working population that must be supported by a decreasing working age population. This is widely recognised as having significant and wide spread negative social and economic implications.

The Policy's broad strategic objectives were to improve:

- Net migration performance by:
 - Increasing the share of national migration intake
 - Increasing the number of expatriates and potential interstate migrations returning or relocating to the State
 - Reducing the outflow of young and skilled people
- Parents' abilities to balance work and family life to improve workforce participation and work-hour options
- Prospects and choices for mature aged people
- Skill levels – “help all South Australians use their talents to the best of their ability”.

Measures for assessing the outcomes of the objectives were:

- Maintain the State's current share of the national population
- Double the annual rate of growth of the State's population
- A population of 2 million by 2050⁶.

The Policy identified target demographic groups to support population increase and identified the need for infrastructure and service provision to be adjusted and improved to support sustainable population growth⁷

Review of Prosperity through People

(a) Economic Development Board

In its 2009 *Economic Statement*, the Economic Development Board (EDB) recommended a review of the Government's population policy. The EDB called for

⁶ Government of South Australia, *Prosperity through People, A Population Policy for South Australia*, (2004), p 9.

⁷ Ibid 1.

the policy to be revisited in light of changing economic circumstances and associated workforce requirements and revised ABS projections that South Australia's interim population measure would be reached earlier than projected. The Government endorsed this recommendation acknowledging potential environmental, social and economic policy challenges resulting from higher population levels. The Government committed to a policy update guided by programs and initiatives that support sustainable population growth⁸.

(b) South Australia's Strategic Plan Independent Audit Committee

A 2010 audit of SASP 2007 population objectives and measures recommended a review of the Government's population strategy stating that the initial population measure of 2 million by 2050 'appeared ambitious when it was set' as 'it was significantly above the "high growth" scenario projection issued by the Australian Bureau of Statistics. The ABS has since issued revised projections indicating significantly higher growth population scenarios⁹.

The Audit Committee went on to state: The question is no longer whether population growth will occur, but how the growth is to be managed¹⁰.

(c) Department of Trade and Economic Development

In 2011, DTED advised the Committee that the revised population policy will:

Respond to the needs and aspirations of the community; provide certainty and consistency for economic, social and environmental organisations and activities; respond to national and international influences on the State's population and workforce; and communicate the importance of population and sustainability issues which are supported by government taking a lead role in their implementation¹¹.

Further to this, DTED advised the Committee that the 'draft document will be released for public comment and public contributions will be invited'¹².

The revised population policy was not released at the time of writing this report.

Current Population Strategy

The Government's current population strategy is integrated within the Government's main planning strategy, SASP.

⁸ Committee Hansard, 18 November 2011, p 27.

⁹ Government of South Australia, *South Australia's Strategic Plan Audit Committee*, (2010), p 32.

¹⁰ Ibid 36.

¹¹ Committee Hansard; 18 November, 2010, p 6.

¹² DTED, Questions Taken on Notice, November 2010, p 5.

The current population objectives and measures are:

- To build a sustainable workforce
- Increase South Australia's population to 2 million by 2027
- Increase regional populations, outside of Greater Adelaide, by 20,000 to 320,000 or more by 2020¹³.

A feature of SASP is that it explicitly defines linkages between policy areas so that key interactions are listed, such as the link between population levels and greenhouse gas emission reductions, economic growth, and the impact on ecology.

SASP also identifies issues related to supporting sustainable population growth such as efficient and sustainable use of natural resources, housing affordability, transport, and water and energy infrastructure. SASP objectives and targets are supported by a comprehensive suite of policy documents that identify pathways for accommodating population growth in South Australia.

¹³ Government of South Australia, *SA Strategic Plan*, (2011), p 92.

THE USEFULNESS OF THE POPULATION TARGETS AS SET IN THE STATE STRATEGIC PLAN

The current population targets are:

- (i) To build a skilled and sustainable workforce
- (ii) Increase South Australia's population to 2 million by 2027
- (iii) Increase regional populations, outside of Greater Adelaide, by 20,000 to 320,000 or more by 2020¹⁴.

In considering the usefulness of the Government's current population targets the Committee examined the purpose of each.

The Committee notes that population projections are not predictions of actual future outcomes; rather they show possible future outcomes that could be expected should a particular set of assumptions about fertility, migration and mortality prevail.

Context

The ABS prepares a series of population projections for the nation, states, territories and capital cities. The series reflects a range of assumptions about the components of population growth and population change – fertility, interstate and overseas migration, and mortality. The assumptions are based on demographic trends over the past decade and longer. The use of a range of assumptions allows for a range of possible projection outcomes and tracking recent population data against the projection series allows government, planners and demographers to gain an understanding of which component assumptions are prevailing.¹⁵

Mr Howe of the ABS demonstrated that by comparing recent population data to the projections, it can be shown how a population is currently tracking. In Mr Howe's opinion, South Australia's population was, at the time of the hearing, tracking best against Series 5¹⁶. Series 5 is characterised by:

- High fertility assumption

The number of births has been higher in all three [low, medium and high] birth assumptions...what has happened is that there was a higher number of births than that high series assumption¹⁷.

- Median mortality assumption
- High Overseas Migration

¹⁴ Ibid 92.

¹⁵ Committee Hansard, 22 June 2011, p 14

¹⁶ Committee Hansard, 22 June 2011, p 18.

¹⁷ Committee Hansard, 22 June 2011, p 17.

Overseas migration is a contentious topic with a significant impact on population. The projections used in establishing population estimates were prepared in 2010. They became, in one sense, out of date very quickly. The figure for South Australia for 2008-09 financial year was almost 18,000 and this is up from less than 3,000 in the early 2000s¹⁸.

In its evidence DTED warned that if South Australia loses its regional status and falls back to “natural attraction levels” then this will have a serious impact on SA’s population levels ¹⁹. South Australia is very vulnerable to changes in NOM. Either the overall quantum or the State’s share. Changes to Federal visa laws affect the number of visas and the number that can convert status from temporary to permanent.

Recommendation 1

The Committee recommends that the Government continue to advocate for South Australia maintaining regional status.

- Medium interstate flow

It is very hard to project interstate migration...the latest financial year of data we have real information for shows that the assumed levels of interstate migration are roughly on track with the medium interstate migration series.²⁰

Building a Sustainable Workforce

DTED advised the Committee that the priority of Government is building a strong and sustainable demographic structure and in particular, a sustainable and skilled workforce. A significant future demographic challenge will be the changing composition of the population. One of the main concerns resulting from this is its impact on the labour force resulting from the retirement of the ‘Baby Boomer’ cohort and a lack of workers to replace them.

Mr Lachlan Bruce, Deputy Chief Executive, DTED, highlighted the challenge of increasing aged dependency rates and the need to build a greater proportion of the working age population. Mr Bruce questioned ‘how we get the right demographic profile to make sure we have got enough people in the workforce to look after those who are no longer in the workforce’²¹.

Explaining the trends and potential social and economic implications of an ageing population, Mr Bruce continued:

As people live longer, there will be less people to support them. The projections over a period of time would see that almost halved over the next 20 to 30 years. That obviously has serious implications with health and other things, where people need

¹⁸ Committee Hansard, 22 June 2011, p 17.

¹⁹ Committee Hansard, 22 June 2011, p 11.

²⁰ Committee Hansard, 22 June 2011, p 17.

²¹ Committee Hansard, 22 June 2011, p 10.

more assistance and there is half the number of people in the workforce and there will be an increasing number of those people who are outside the workforce²².

D. Richardson's and B. and D. Calvert's views highlight concerns about the social and economic impact of South Australia's ageing population:

- What cannot be questioned is that our population is ageing and that this is creating an imbalance between those who need support²³.
- An ageing population equals costs and resources, bigger ageing population equals bigger costs and resources needing more younger people to work who then grow old and still need more²⁴.

Migration is the primary means to achieve the objective of building a sustainable workforce. 'Gaining a larger proportion of migrants' Mr Bruce stated 'is very important to our growth and very important to the profile of our workforce and our population profile'²⁵. The migration intake is highly selective toward working age educated people with good English language skills, ensuring positive benefits to both migrants and the State. Proposed changes to the general skilled migration points test extends the upper age limit from 45 to 49 years of age²⁶, still well within the traditional working-age group.

In 2009-10 the number of settler arrivals to South Australia from overseas was 11,377. This was 1,682 (17.3 per cent) higher than in 2008-09. In 2009-10 South Australia had 8.1 per cent of all settler arrivals to Australia; this figure has increased from 6.1 per cent in 2008-09. Of this total settler arrivals 7,741 skilled migrants arrived in South Australia in 2009-10, an increase of 1,754 (or 29.3%) from 2008-09. In 2009-10 South Australia had 12.6 per cent of all skilled migrants to Australia; this figure has increased from 8.6% in 2008-09²⁷. There was no indication in the response as to what proportion of the settler arrivals were primary applicants and what proportion are dependents of the primary applicants.

Although migration has been the main driver of South Australia's population growth in recent years, this growth is vulnerable to Federal policy and program changes, which 'can have serious implications on the State's future'²⁸. Hence effective State Ministerial engagement with the Federal Minister for Immigration is 'important to South Australia'²⁹. The Regional Migration Status Scheme (RMSS) is an example.

Under a federal / state agreement, South Australia, including Adelaide, holds regional migration status, meaning that overseas migrants applying for visa grants can gain further points on their application by nominating to migrate to a regional area. The

²² Committee Hansard, 22 June 2011, p. 10.

²³ Donald Richardson, submission, 19 December 2010, p 1.

²⁴ Brian and Denise Calvert, submission, 20 December 2010, p 2.

²⁵ Committee Hansard, 18 November 2010, p 3.

²⁶ Committee Hansard, 18 November 2010, p 10.

²⁷ DTED, Questions Taken on Notice, November 2010, p 5.

²⁸ Committee Hansard, 18 November 2010, p 11.

²⁹ Committee Hansard, 18 November 2010, p 11.

intention is to both address skill bottlenecks in these regions and encourage settlement away from dense urban areas traditionally considered first port of call, such as Sydney, for overseas migrants. South Australia's net gain in overseas migration in recent years is largely considered a benefit of South Australia's regional migration status; demand for regional migration status visa grants has been consistently high and South Australia has consistently received above its population share of these visa grants.

Changes to the regional migration status initiative in the 2011-12 Department of Immigration and Citizenship Migration Program have extended regional status to other areas in Australia, notably Western Australia, including Perth, and New South Wales. South Australia currently retains its status. These new inclusions in the regional migration initiative may dilute the initial advantage South Australia held in attracting migrants through this Commonwealth initiative.

R. Couch³⁰ and M. Lardelli³¹ in their respective submissions proposed that the development of policies that postpone older workers exiting the workforce, such as increasing the retirement age, may provide some cushioning of the impact of the ageing of the State's workforce.

D. Smith in his submission suggests however that it is not all negative; the contribution that older South Australians make cannot be overlooked.

Caring for grandchildren when both parents find it necessary to enter the paid workforce. Much volunteer work is performed by retirees...grandparents often provide financial support for their grandchildren³²

There is no doubt that the contribution of older South Australians is a valuable social and economic resource, but there is also no doubt that the social and economic implications of an ageing population must be considered within public policy. The Government has directed efforts toward growing a sustainable workforce and building a demographic profile that can potentially buffer the impacts of a South Australia's ageing population and contracting workforce.

Increase South Australia's Population to Two Million by 2027

As previously discussed, South Australia's population targets, projections and benchmarks have been continuously reviewed since the release of the State's population policy in 2004. This is because assumptions about the components of population growth change as they are influenced by a varied and complex interplay of economic, social and policy factors.

³⁰ RJ Couch, submission, 14 December 2010

³¹ Michael Lardelli, submission, 20 December 2010

³² Derek Smith, submission, 17 December 2010, p 2.

The current population benchmark, two million residents by 2027, is based on a series of assumptions that if they were to continue into the future would see South Australia's population reach this new milestone.

Developed by the Department of Planning and Local Government DPLG, South Australia's population projections 'use a series that is very similar to the ABS A series, which is the most optimistic'³³ and projects the State's population could, given the continuation of recent trends, reach two million by 2027:

If the State's annual population growth rate of 1.2 per cent were to continue for the period of the projections, South Australia's population would reach 2 million by 2027... The current annual growth of 20,100 persons of the State's population is comprised of an annual net overseas migration figure of 15,370, and an annual fertility rate of 1.9 and a net interstate migration outflow of 2,960. The bulk of the State's growth since June 2005...and the acceleration of the achievement of the 2 million target by some 23 years have come from large overseas migration flows and higher rates of fertility than that assumed at the time the target was set³⁴.

Mr Bruce of the ABS explained that the current population benchmark, two million by 2027, assists Government to appropriately plan for the location of services and infrastructure 'as opposed to having to acquire land at some later point down the track'³⁵.

Mr Bruce stated that the current population benchmark forms the basis

Of a number of plans the Government has put out, including *Water for Good* and some of the work for the Training and Skills Commission, and obviously the *Plan for Greater Adelaide*³⁶.

In the opinion of the Housing Industry Association, South Australia's current resident population may be overestimated as a result of changes to the ABS 'counting' methodology, which now includes temporary visa holders in the resident population count. The ABS 'suspects' that the 'significant increase in [estimates] in the past few years has been partly due to the change in definition...but do not have the data to be able to quantify' it³⁷. DTED asserted that the supposition that South Australia's estimated resident population is over-estimated should be considered in the light of a growing trend of on-shore applications for permanent residency, and residents, either temporary or permanent, require access to a range of services and infrastructure³⁸.

Mr Mark Glazbrook's evidence contradicted this view:

Going back a number of years, there were extra points that were available, but the benefit of those has been eroded over recent years. The points you can achieve, the

³³ Committee Hansard, 18 November 2010, p 3.

³⁴ DTED, Questions Taken on Notice, November 2010, p 4.

³⁵ Committee Hansard, 18 November 2010, p 3.

³⁶ Committee Hansard, 18 November 2010, p 3-4.

³⁷ Committee Hansard, 22 June 2011, p 19.

³⁸ Committee Hansard 18 November 2010, p 6.

points system, is changing, and states have now implemented their own state migration plans, which is that an eligible applicant who cannot meet the requirements applies to a state government, they will get sponsorship and then get a visa. The benefit we once had is not really there anymore.

Further, international students used to choose South Australia as a destination to study. The requirements for international students have got so difficult, both front-end applying for the student visas and also now meeting the requirements to get permanent residency, that numbers have dropped dramatically.

In addition, on 1 July next year the federal government is introducing a policy or a new program called SkillSelect, and that is where general skilled migrants will have to ask for permission to apply for permanent residency in Australia. That will also have a big impact on international student numbers coming into the state. That five points and benefit we once had has certainly been eroded³⁹.

The Committee heard from Mr Bruce that the decision to adapt the high series projection as the foundation for developing planning strategies is a matter of balance of risk:

[Plan for the most ambitious...the worst case scenario would be to have growth in excess of what we planned and have unplanned growth⁴⁰.

Mr Bruce continued, implying that the potential negative social and economic impacts of under-provision of services and infrastructure would not reasonably meet community or Government expectations.

It's far better to plan for that in advance, and maybe find that you were too cautious, than find that you were reckless and you didn't make provision...and there are obviously costs associated with that⁴¹.

The view that planning for sustainable and equitable outcomes should drive decision-making about population growth was reflected in the submission of the Property Council of Australia (SA Division):

How we manage the growth we have and prepare for growth we expect to have; it is about planning for growth in a sustainable and strategic manner⁴².

While projected population growth in itself is a considerable policy-making challenge because it requires forward planning of infrastructure and services with a balance of risk, the Committee is satisfied that the current population benchmarks as set in *South Australia's Strategic Plan* is reasonable and useful in that it provides a foundation for planning strategies to ensure an adequate and equitable provision of services and infrastructure in the context of population growth.

³⁹ Committee Hansard, 26 October 2011, p 24.

⁴⁰ Committee Hansard, 18 November 2010, p 3.

⁴¹ Committee Hansard, 18 November 2010, p 3.

⁴² Property Council of Australia (SA), submission, 20 December 2010, p 5.

Increase South Australia's Regional Population by 20,000

The major drivers of regional population movements in South Australia tend to be changes in the scale and location of economic activity and lifestyle choices. Analysis of long-term population and economic trends in South Australia demonstrate that economic activity is the primary driver for population shifts in regional areas. Shorter term trends indicate that South Australia is also experiencing the 'sea change' shift of population to coastal locations that is occurring across Australia.

Whilst the population in regional South Australia is continuing to grow the percentage of people in regional South Australia is slowly declining by about 0.1 per cent per annum⁴³. Mr Bruce stated that 'one of the challenges for us in our work is to look at how we can encourage more people to move into regional South Australia. Some of that has to do with jobs'⁴⁴.

SUMMARY

In considering the usefulness of the population measures and objectives as set out in *South Australia's Strategic Plan*, the Committee examined its purpose and application. The Committee found that population targets are used as a basis for strategic planning and policy development, particularly in determining the provision of infrastructure and services for the South Australian community. While noting an inherent uncertainty within the projections from which the targets are derived, the Committee is satisfied with the Government's position that the risk of an under-provision of services resulting from unplanned population growth would be an unacceptable outcome, and therefore finds the current population targets useful.

⁴³ Committee Transcript, 18 November 2010, p 4.

⁴⁴ Committee Transcript, 18 November 2010, p 4.

THE CAPACITY OF EXISTING ENERGY, WATER AND ARABLE LAND SOURCES TO PROVIDE FOR THESE PROJECTED TARGETS

ENERGY

(a) Context

The capacity of the State's energy sources to support the projected population growth is considered reliable based on projected investment in new generation capacity combined with on-going demand-side measures aimed at reducing consumption. It was noted by the Committee that the capacity of existing energy sources in some regional areas has been assessed as inadequate to meet increases in population or industry development. The Committee notes that DTEI has an ongoing assessment of emerging economic and demographic trends in regional areas to assist with determining appropriate planning provisions for regional areas, including upgrades if and when required.

It is noted that South Australia leads the nation in the production of renewable energy, and the SASP targets a further increase in the use of renewable energy so that it comprises 33% of the State's electricity production by 2020.

(b) Regional South Australia

South Australia's regional infrastructure is continually monitored against changing economic and demographic factors⁴⁵.

Regional population fluctuations in South Australia tend to be driven by changes in the scale and location of economic activity, lifestyle choices and tourism. Major economic activity such as the planned expansion of Olympic Dam, and lifestyle changes, for example the 'sea change' movement, have different infrastructure demands and requirements. Energy infrastructure is constrained in some parts of the regions, with expansion of major industry the primary driver for upgrades to the network.

Since 2007, the Department for Planning and Local Government has been preparing regional volumes of the Planning Strategy for all rural regions. This process involves significant consultation and an assessment of economic, infrastructure, demographic and environmental constraints and opportunities.

Structure Plans have been prepared for centres identified as likely to require specific guidance: Port Augusta, Port Pirie, Whyalla and Greater Mount Gambier with similar work planned or underway for other townships. Detailed coastal planning work has also been undertaken for the Eyre Peninsula Region to ensure population growth in

⁴⁵ Response from Office of the Chief Executive, Department for Transport Energy and Infrastructure, 11 April 2011.

coastal areas is sustainable and optimises use of existing infrastructure and services.

(c) Metropolitan South Australia

Mr M. Lardelli in his submission gave the view that increased demand from population growth and associated urban consolidation may put pressure on energy infrastructure capacity:

Apartments can require more energy per dwelling than building freestanding houses and energy requirements for people in apartments can also be greater than for freestanding homes⁴⁶.

This view is placed in the South Australian context by the Property Council of Australia stating that despite recent population growth and increasing demand for energy 'our existing infrastructure exceeds current demands outside of exceptional circumstances'⁴⁷.

WATER

(a) Context

In June 2009, the South Australian Government released *Water for Good* – a plan to ensure secure and reliable water supplies for South Australia to 2050. The plan has put in place measures to improve the allocation and use of water, and improve and modernise the water industry.

Water for Good is an adaptive plan that includes 94 actions to diversify the State's water resources and improve the way it allocates and uses water. Recent focus and investment in stormwater harvesting, wastewater recycling and desalination constitutes significant effort to reduce the State's dependency on limited rainfall dependent sources of water.

South Australia is also working with the Murray-Darling Basin Authority to ensure the best possible outcome for South Australia in the delivery of the *Murray-Darling Basin Plan*.

(b) Regional South Australia

Regional South Australian water sources are constrained by the quality, quantity and location of groundwater sources. The Office of the Chief Executive, Department for

⁴⁶ Michael Lardelli, submission, 20 December 2010, p 6.

⁴⁷ Property Council of Australia, submission, 20 December 2010, p 5.

Transport Energy and Infrastructure argues that this will significantly limit the capacity for further population expansion in 'most townships north of Jamestown and on the Yorke Peninsula, Eyre Peninsula and Kangaroo Island'⁴⁸.

Ensuring sustainability of these water resources is a priority and significantly limits capacity for further population expansion in these farming areas. SA Water is working with NRM Boards to improve understanding of the capacity of these water sources and identify alternative sources to ensure water security with an emphasis on reuse through effluent treatment and stormwater capture⁴⁹.

Under *Water for Good*, the Government is developing demand and supply statements for the eight natural resource management regions of the State. The *Eyre Peninsula Demand and Supply Statement*, the first of eight regional statements to be developed, was released in April 2011. The purpose of these statements is to identify the state of all local water resources, the demand for these resources, and the likely pressures and will be used to guide future water security decisions.

These statements will ensure that long-term water security solutions for each region are based on a thorough understanding of the State, demand and associated pressures on local water resources.

(c) Rain-dependent water sources

There was considerable concern throughout the submissions that the State's current water capacity cannot support population growth because it would put unsustainable pressure on rain-dependent water sources such as local water catchment areas and the Murray River. The Mt Barker and District Residents Association argued that urban expansion resulting from population growth contributes to degradation and stress of rain-dependent water sources⁵⁰. It was the view of Sustainable Population Australia (SA) that a consequence of population growth includes ecological degradation in the Murray River⁵¹. These views highlight strong community concerns about the impact of population growth on rain dependent water sources in South Australia.

The Nature Conservation Society of South Australia argued that any impact of population growth on water sources can be effectively managed by ensuring:

- Sufficient water is made available for all ecosystems
- Rain water is conserved through rainwater tanks and aquifer recharge rather than increasing dam construction in the Adelaide Hills

⁴⁸ DTEI, Committee Correspondence, 13 April 2011, p 4.

⁴⁹ Office of the Chief Executive, Department for Transport Energy and Infrastructure, Committee Correspondence, 11 April 2011.

⁵⁰ Mount Barker and District Residents Association, submission, 20 December 2010, p 3.

⁵¹ Sustainable Population Australia (SA), submission, 20 December 2010, p 5.

- Urban development should not require extra diversions from the Murray and should generate no more stormwater running into the Gulf⁵²

In their submission The Property Council of Australia stated that changing consumer behaviour on the use of limited resources such as water will have more impact than constraining population growth. This is evident, the Council argued, in recent reductions in water use per capita in South Australia despite recent population growth⁵³.

LAND

(a) Context

The *30-Year Plan* identifies land that is used for primary production, including horticultural, viticultural and dairy production, marking 375,000 hectares of land as being areas of potential primary production significance⁵⁴, which effectively protects these areas from re-zoning. During 2010 - 2011 the Government completed its assessment of land of primary production significance in the Greater Adelaide region and as a result a further 95,883 hectares have been provisionally identified as priority primary production area. These will be investigated for further potential inclusion in the *30-Year Plan*. No rezoning work to date has impacted on this recently identified primary production land.

As part of planning policy reform, work has commenced to develop a new rural zone to apply to these and other primary production areas. Additionally, the Government has moved to provide legislative protection for the McLaren Vale and Barossa Valley wine production districts from inappropriate development.

Over the life of the *30-Year Plan*, the ratio of infill development to green-field development will shift from the current 50:50 to 70:30, effectively limiting urban expansion in the Outer Adelaide fringes.

(b) Urban expansion

Urban expansion associated with population growth was identified throughout the submissions as the primary factor in increasing pressure on arable land sources in South Australia. Threats to food production capacity and the provision of a secure and local fresh food source was of particular concern to, B & D Calvert⁵⁵ and the Mt Barker and District Residents Association⁵⁶ whose view was that the 'alienation of productive land for housing is national suicide'. The submission from the Property

⁵² Nature Conservation Society of South Australia, submission, 20 December 2010, p 2.

⁵³ Property Council of Australia (SA), submission 20 December 2010, p 10.

⁵⁴ Department of Planning and Local Government, *Planning Strategy Annual Report Card: 2010 – 2011*, p.17

⁵⁵ Brian and Denise Calvert, submission, 20 December 2010, p 4.

⁵⁶ Mount Barker and District Residents Association, submission, 20 December 2010, p 4.

Council however, noted that 'according to Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) Australia remains a net exporter of food to the world'⁵⁷.

There was a strong call for containing the urban growth boundary, particularly in areas where productive arable land may face pressure through urban expansion and other developments associated with population growth.

Maintaining the heritage, character and integrity of regional towns was regarded as potentially under threat as a result of urban expansion. For example, D. Smith's view was that agricultural towns not only provide services and amenities to the local community but provide a direct benefit to the state through tourism and hence should be protected from urban expansion: D Smith stated 'the McLaren Vale Region brings income into the State from its horticultural produce, wine and its attraction as a beautiful tourist experience for international and local visitors'⁵⁸.

SUMMARY

It is evident that the State's resources are currently under strain and population growth will increase pressure. The Committee found that the situation was not as dire as some suggested and that policy responses have been effective in, for example, reducing water and energy consumption and developing strategies to protect recognised arable land areas that may be under pressure from population growth and urban expansion. Further to this, Government policy to reduce green-field development and increased urban infill is likely to reduce any further future pressure on arable land sources from population growth.

The Committee is satisfied that the assessment process of energy capacity in regional South Australia will ensure adequate and timely provision of energy as required.

The Committee is convinced that the Government could provide measurable indicators in monitoring the State's capacity to provide essentials such as energy, water and arable land. To this end 'capacity monitoring' goes hand in hand with Government population strategy contained within its strategic planning framework.

⁵⁷ Property Council of Australia (SA), submission 20 December 2010, p 10.

⁵⁸ Derek Smith, submission, 17 December 2010, p 3.

THE IMPACT OF THE IMPLEMENTATION OF THE 30-YEAR PLAN ON STRESSED HABITATS

The Committee recognises that South Australia's natural assets underpin our quality of life and that the State's native flora and fauna is among the most diverse and unique in the world.

The Committee acknowledges a strong desire within the submissions regarding the responsibility of current generations to preserve and protect the environment and habitats for the enjoyment and prosperity of future generations: 'We owe it to our children and grandchildren to leave the world at least as we found it – not worse'.

Context

The *Development Act 1993* forms the legislative framework for South Australia's planning and development assessment system. It is within this context that the Government has developed the *Planning Strategy for South Australia* – including *The 30-Year Plan for Greater Adelaide: A Volume of the South Australian Planning Strategy* (the *30-Year Plan*). The *30-Year Plan* outlines the Government's direction for land-use change and development within South Australia and it guides the location of infrastructure, services and amenities to accommodate projected population growth.

The Department of Planning and Local Government (DPLG) prepares the State's Planning Strategy, including the regional volumes, with input from Councils, Regional Development Australia (RDA) bodies, Natural Resources Management (NRM) Boards and other Government agencies. The process involves consultation and assessment of economic, infrastructure, demographic and environmental constraints and opportunities.

The *30-Year Plan* includes objectives and targets for environmental management, protecting areas of environmental significance, and restoring and renovating areas affected by historical land-use change and resulting degradation. Scope for the review of environmental and biodiversity protection targets and objectives is in accordance with the *Development Act 1993* which has provisions for the *State NRM Plan* to make recommendations about changes to policy that may be desirable to further the protection and restoration of environmentally significant areas; this puts the onus on the State's planning system to appropriately contain development and ensure development impacts are minimised.

Since European settlement the region's vegetation has been subject to broad-scale clearance and disturbance - only 13 per cent of the region retains native vegetation cover. World-wide research has demonstrated that native vegetation cover of less than 30 per cent appears inexorably linked to significant species loss, especially birds and mammals.

Population growth can impact upon stressed habitats because of land-use change and modification associated with urban expansion and in the case of urban ecology, urban consolidation. In providing an overview of Government priorities for the use of land in the Greater Adelaide Region, the *30-year Plan* gives direction to local government, the private sector, community and State Government agencies and outlines how the Government proposes to balance population growth with the need to preserve the environment.

Development planning currently varies significantly in the way that it deals with biodiversity considerations in decision making. Better integration of biodiversity outcomes into planning will require improved systems for identifying areas of ecological significance, and timely provision of appropriate and up to date knowledge into planning and development assessment processes. To this end, the Government has a number of performance measure targets within the *30-Year Plan* for the identification and protection of areas of high environmental significance both within and excluding urban areas. As well as this, the Plan contains measureable performance targets for biodiversity restoration throughout the region including the establishment of urban forests and linked networks of open space.

The submissions reflect general community recognition of the relationship between habitat and environmental health, and population health and well-being. Accordingly, the submissions argued that environmental sustainability should be a high priority, and policies should be geared toward the 'delivery of a natural endowment to future generations of which we can be proud', arguing that the Government should 'prioritise the quality of life and the health of South Australia's inherited ecosystems'⁵⁹.

Urban Expansion

Urban fringe development may increase or intensify potential negative impact on stressed habitats by segmenting habitat areas, increasing competition for scarce resources and increasing the number domesticated animals. DPLG population analysis indicates that the most populous and fastest growing local government areas in the metropolitan region are on the urban fringes. These areas are the most susceptible to large-scale land-use change for housing and other development.

The Nature Conservation Society of South Australia (NCSSA) argued that continued urban expansion could impact on stressed habitats through continued loss of established access to shelter or food sources, fragmentation or severance of connection corridors, and increased competition for scarce resources. The NCSSA submission makes a list of recommendations including containing the urban growth boundary and implementing water sensitive urban design including stormwater

⁵⁹ Sustainable Population Australia (SA), submission, 20 December 2010, p 2.

capture as a measure that may reduce or mitigate potentially adverse impacts of population growth and land-use change on 'natural habitats'⁶⁰.

In contrast to this Sustainable Population Australia Inc. (SA Division) argued that the implementation of the *30-Year Plan* itself would have limited direct impact on stressed habitat because 'these lands have had their original pre-European ecosystems long since removed for primary production'⁶¹. Instead, arguing that the 'ecological footprint' resulting from population growth and associated consumption of resources have a significantly larger impact on overall environmental health⁶².

Urban Consolidation

The *30-Year Plan* includes a target to increase the proportion of new builds in established areas while decreasing new green-field developments. In response to the implementation of this target in regards to its impact on stressed habitats, Sustainable Population Australia suggested 'there is almost no habitat left in older suburbs to disturb ... direct impact on habitat may be limited'.

In contrast to this however, there was concern about possible negative impact of increased urban infill in established suburbs on the broader urban ecology, for example A. Hodges and R. Linkevics' view was that recent urban infill has already 'destroyed much-needed green space (the garden) and habitat for birds and small animals'⁶³.

SUMMARY

It is evident that the community is concerned that development and planning practices to accommodate population growth contribute to the continued degradation of stressed habitats and associated biodiversity in urban fringe and established urban areas. Suggestions from respondents include establishing and increasing the frequency of greenways and parks as biodiversity offsets against increased urban consolidation and urban expansion resulting from population growth provide a point of investigation for Government agencies.

⁶⁰ Nature Conservation Society of South Australia, submission, 20 December 2010

⁶¹ Sustainable Population Australia (SA), submission, 20 December 2010, p 5.

⁶² Sustainable Population Australia (SA), submission, 20 December 2010, p 5.

⁶³ Alex Hodges and Ray Linkevics, submission, 15 December 2010, p 2.

PROJECTIONS OF THE ABILITY OF SOUTH AUSTRALIA'S WORKFORCE TO PROVIDE ADEQUATE SKILLS FOR FUTURE DEMANDS AND WHAT CHANGES TO THE MIX OF MIGRATION ARE REQUIRED TO ADDRESS FUTURE NEEDS, INCLUDING FOR REGIONAL SOUTH AUSTRALIA.

The predicted ageing of South Australia's workforce will have a significant impact on the demand for labour and skills. As South Australia's population ages, there will be an increasing need to replace workers who retire. This demographic change, combined with projected expansionary demand expected from major projects associated with mining and defence, suggests that workforce planning development and analysis is critical to South Australia's social and economic future.

The primary source of information on state-based skills shortages is the Commonwealth Department of Education, Employment and Workplace Relations (DEEWR) Skills Shortage List.

The Training and Skills Commission (TASC) assesses likely demand for qualifications over the next five years across all occupations. TASC then considers the supply of qualifications through formal education and training channels and migration to determine if there is any undersupply of qualifications for each occupation group. An undersupply of qualifications does not necessarily equate to a skills shortage. However, without intervention, an ongoing undersupply of qualifications can result in greater recruitment difficulties for employers.

In its 2010 assessment of qualification imbalance for the next five years, the TASC estimated the largest undersupply of qualifications to occur in the following occupation groups:

- Building and Construction
- Transport and Storage
- Primary Industry
- Business and Financial Services, and
- Mining and Engineering.

MIGRATION AND WORKFORCE DEVELOPMENT

One of the key mechanisms for ensuring an effective match between overseas skilled migration and the workforce requirements of the State is the *State Migration Plan* (SMP). The SMP take the form of a memorandum of understanding (MOU) between the Minister for Immigration and Citizenship and respective State and Territory Governments. SMPs allow States and Territories to sponsor visa applicants under a range of occupations to fill identified skill shortages.

The advantage of the SMP is that it 'sets out South Australia's specific attributes in terms of the migrants we are seeking'⁶⁴. The SMP gives the Government 'an opportunity to set targets and objectives in our migration planning in consultation with [the Federal Government]⁶⁵.

The SMPs are reviewed annually and provide a mechanism for the State Government to review any changes required to the mix of migration to address workforce needs.

State Sponsored Migration List

Annually, South Australia undertakes detailed labour force analysis to identify occupations with skill shortages that could benefit from migration. DFEEST analysis is the core information source when determining which occupation groups are suitable for State sponsored skilled migration. This analysis is complemented and informed by advice from DTED and consultation with industry groups and associations.

The Treasurer in his letter to the Committee said:

The development of the State Sponsored Migration List (SSML) is the responsibility of the Department of Trade and Economic Development. As part of the development of the SSML, DTED seeks advice from DFEEST on current and future labour market conditions for all occupations in South Australia. This advice is sought annually and is based on an agreed set of labour market criteria. A key criteria used in developing the SSML is the future (over the next five years) imbalance between the demand and supply of qualifications for a given occupation. This information is maintained by the Department of Further Education, Employment, Science and Technology (DFEEST) and is based largely on a methodology developed in conjunction with the Training and Skills Commission (TASC... Other labour market criteria used to determine which occupations to include on the SSML include: the size of employment market, alignment with Government strategic priorities, industry identified priorities (advice received through Industry Skills Boards and Associations) and the Department of Education, Employment and Workplace Relations (DEEWR) state-based skill shortage areas. Each occupation identified for inclusion on the SSML gets assigned an indicative planning range. Planning ranges are based on the demand and supply imbalance, historical sponsorship numbers and the size of the local labour market for that occupation. The planning levels are essentially estimates of the size of migrant numbers in an occupation that should be able to be absorbed into the existing market provided migrant applicants were competitive with local applicants⁶⁶.

The Committee accepts that the method for developing the SSML is extensive and includes advice received through Industry Skills Boards and Associations but notes the comments from Mr Glazbrook. Mr Glazbrook states that the list of source

⁶⁴ Committee Hansard, 18 November 2010, p 11.

⁶⁵ Committee Hansard, 18 November 2010, p 11.

⁶⁶ The Hon Jack Snelling, Committee Correspondence, 9 August 2011, p 1-2.

documents relating to occupations in demand is developed using historical data and relies on government agencies rather than industry information. This makes it less responsive than industry would like.

Recommendation 2

The Committee recommends that the Government review the current process and increase the level of industry consultation in generating the State Sponsored Migration List.

(i) Administrative Processes

Mr Glazbrook, Migration Agent, stated before the Committee that in his opinion the administrative processing time at the federal and state level for processing skilled migrant visa grants may have a negative impact on the local economy. He stated:

Once that application has gone through the State Government, it still takes six to nine months to process at the immigration department. I don't know any employer who can wait in excess of 12 months to fill a skilled vacancy without it having an impact on their business⁶⁷.

The Committee notes that this example highlights how administrative processes have the potential to impact negatively upon the effectiveness of the skilled migration program.

(ii) Industry Consultation

The extent of industry consultation in the development and analysis of future workforce requirements was identified as an issue. Mr Glazbrook, Migration Agent, argued the process by which SMPs and the SSML is determined does not provide a comprehensive assessment of industry requirements. Mr Glazbrook stated:

The biggest thing that we are seeing at the moment is that State migration plans and the overall list of occupations that are deemed eligible for Australian immigration are not in line with industry requirements⁶⁸.

Mr Glazbrook continued, arguing a lack of industry consultation may negatively impact on the outcomes and effectiveness of skilled migration in South Australia. He states:

There is no way that there can be a complete list of occupations that are going to be in demand in the future, unless more consultation is held with industry, and that is something that I feel is lacking at the moment⁶⁹.

⁶⁷ Committee Hansard, 26 October 2011, p 26.

⁶⁸ Committee Hansard, 26 October 2011, p 21.

⁶⁹ Committee Hansard, 26 October 2011, p 23.

Restaurant and Catering SA supported this view stating:

It is and always will be industry that can determine what workforce gaps exist so it is imperative that close authentic consultation be part of the ongoing commitment of Government in designing their [workforce development] strategies⁷⁰.

In a letter presented to the Committee addressed to Mr Glazbrook, Mr Lance Worrall, former Chief Executive, Department of Trade and Economic Development (DTED) outlined the industry consultation process used by Government to guide and inform the development of the SSML. He states:

DFEEST's analysis...utilised feedback from nine Industry Skills Boards (ISBs), which were created to help industry and government explore and plan for emerging skills and workforce issues... In development of the State Migration Plan, DTED provided opportunity for qualitative and quantitative feedback on occupational shortages and skills needs across a wide range of industry and professional associations...and included over 100 professional and industry bodies⁷¹.

The Committee recognises the important contribution that industry makes to workforce analysis in South Australia. The Committee also recognises that the Government provides extensive opportunities for such consultation to occur and is satisfied that the Government uses a comprehensive range of data and information to inform and guide the development of the State Sponsored Migration List.

(iii) Competition for Jobs

The Committee has identified a concern held by a number of submitters that overseas skilled migrants may be in direct competition with the incumbent population for jobs. The views held include a concern that an over-reliance on skilled migration may divert resources from training and education opportunities for the established working age population, particularly the young and marginalised.

The Committee notes recent changes to the Government's workforce development planning and VET system and its focus on increasing workforce participation for the young and marginalised.

(iv) Regional workforce development

The Committee did not receive specific evidence about the projections of the ability of South Australia's workforce to provide adequate skills for future demands regarding regional South Australia.

⁷⁰ Restaurant and Catering South Australia, submission, 20 December 2010, p 2.

⁷¹ Correspondence from Mr Lance Worrall, Chief Executive, Department of Trade and Economic Development in response to correspondence from Mr Mark Glazbrook, Migration Solutions: 15 December 2010. Presented as evidence to the Committee by Mr Mark Glazbrook..

SUMMARY

The Committee received evidence that industry consultation in determining occupations in demand is regarded by both industry and the Government as an important aspect of provide a robust response to future skill shortages. The Committee notes that there was strong support throughout the submissions for continued training and education opportunities for the incumbent population, particularly for the young and marginalised.

BARRIERS TO THE RETENTION OF SKILLED OVERSEAS MIGRANTS

The Government recognises the importance of direct support to skilled overseas migrants and its influence on settlement outcomes hence the Government provides 'appropriate support to both state-sponsored migrants and all other migrants with the right to work in Australia upon arrival and in the first few months of settlement'⁷².

Speaking about general interstate migration from South Australian metropolitan and regional areas, Mr Lachlan Bruce highlighted some of the factors that can influence whether people stay or go 'including things like employment, the cost of housing, job opportunities and a range of other things'⁷³.

That this is likely to extend to skilled overseas migrants was supported by the Hon Carmel Zollo MLC who stated during debate in the Legislative Council:

The demand for specific occupations or people with certain skills can change over time and be unduly influenced by delays in the visa process or lags in labour market information. If migrant arrivals find that those opportunities do not exist, then retention becomes an issue without support services in place...if overseas people with relevant skills cannot be retained because of difficulties with settlement⁷⁴.

Kuntal Goswani expressed their views about some of the barriers to the retention of skilled migrants stating that cultural and experience gaps are the two main contributing factors. Kuntal Goswani highlights a view that local employers would benefit from government incentives to provide work experience placements or traineeships to skilled migrants. This, Kuntal Goswani continued, could ensure a higher rate of employment outcomes. Kuntal Goswani expressed a strong view that skilled migrants 'only need proper support...and [are] even ready to go to regional and rural [destinations]'⁷⁵.

Kuntal Goswani also suggested that there may be a role for government in providing support services to overseas skilled migrants to find suitable employment as well as provide settlement assistance in regional and rural areas in South Australia⁷⁶.

It was the view of Kuntal Goswani that language skills and cultural differences may affect the retention rate of overseas skilled migrants, suggesting an opportunity for Government to provide or co-ordinate incentives and initiatives for private industry to provide language and cultural support to recently arrived overseas skilled migrants. This, they suggested, may provide more rapid positive outcomes for business, employee and the wider community⁷⁷.

⁷² Legislative Council, Population Strategy Hansard, 21 July 2010, p 683.

⁷³ Committee Hansard, 18 November 2010, p 3.

⁷⁴ Legislative Council, Population Strategy Hansard, 21 July 2010, p 683.

⁷⁵ Kuntal Goswani, submission, 10 November 2010, p 1.

⁷⁶ Kuntal Goswani, submission, 10 November 2010, p 1.

⁷⁷ Kuntal Goswani, submission, 10 November 2010, p 1.

SUMMARY

Settlement issues, including language and cultural barriers, and the ease with which migrants are able to access employment opportunities may affect the retention of overseas migrants in South Australia. The Committee notes that the Government recognises this and provides a range of services to assist with settlement to ensure a positive outcome for both migrants and the wider community.

LIMITATIONS ON EXISTING DATA COLLECTION REGARDING SKILLED MIGRANT TRENDS

Immigration and location on arrival:

'We [the ABS] base our information on passenger cards and visa information, information supplied to the ABS from the Department of Immigration and Citizenship, but when it comes to internal migration, because there is no official requirement to notify government of a change of address, we need to estimate based on available data sources'⁷⁸.

Interstate migration:

The presentation from the ABS provided the Committee with information in this area:

'Our main data source for estimating interstate migration is the Medicare system-Medicare enrolments. Medicare Australia provides us with information each quarter, each three months, on the number of people who have changed their address on the Medicare roll over the past three months...the Medicare-based data is supplemented by Defence Force data – data we get directly from the defence forces in terms of number of people and their age and sex, how they move over time'.

'We are constrained to the quality of data that Medicare Australia basically provides to the ABS'

This is complicated by the characteristics of the individuals, for example, such as young adults may not update their details as quickly as a result of multiple moves.

The Committee heard that there are other possible data sources such as driver's licence changes, however the quality of this data is limited by the extent of coverage with driver's licence data between States. This makes it difficult to do comparisons.

Mr Howe, of the ABS further explained that the ABS has developed a cross-check system between Medicare data and census data⁷⁹.

SUMMARY

The Committee heard that the ABS collects data on each person arriving in Australia via passenger cards and visa information which includes the nominated place of residence. As there is no legal requirement for recent arrivals, including skilled migrants, to notify the government of a change of address once in Australia it can be difficult to obtain relevant, timely and comprehensive data that can contribute to a meaningful analysis of skilled migrant trends. The Committee heard that the ABS

⁷⁸ Committee Hansard, 22 June 2011, p 15.

⁷⁹ Committee Hansard, 22 June 2011, p 15.

uses a number of data sources, including Medicare Australia, to procure data about interstate migration, this, the Committee heard, has its limitations, including self-enumeration, and the differences in the quality of the data across jurisdictions.

ANY OTHER MATTERS

The Committee did not consider any other matters for this Inquiry.

POSTSCRIPT

The Committee acknowledges that this report reflects one point in time of an issue subject to ongoing public policy debate. The views and comments expressed were based on the data available at the time of the Inquiry and alternate views can be formulated now as the numbers change and trends emerge.

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SUBMISSIONS

No.	Organisation	Author
1		Kuntal Goswani
2		Hans Pennington
3		R Couch
4		Alex Hodges & Ray Linkevics
5		P & D Staska
6		David Skewes
7		Bruce Dinham
8		Brian & Denise Calvert
9		R Couch
10		Laurence Gellon
11		Derek Smith
12	Zebrafish Genetics Laboratory	Michael Lardelli
13	Sustainable Population Australia Inc	
14	Restaurant and Catering SA	
15	Sustainable Population Australia (SA)	
16	Mt Barker & District Residents' Association	
17	Property Council of Australia (SA)	
18		Donald Richardson
19	Skilled Migration Growth Group	Mark Glazbrook, Chair
20		Carol Faulkner
21	Nature Conservation Society of SA	Annie Bond

22	Carol Bailey	
23	Dick Smith	
24	Business SA	Antony Clarke, Snr Policy Adviser
25	Save Our Suburbs	Evonne Moore, Secretary
26	Carol Faulkner	
27	Housing Industry Association Limited	
28	The Australian Population Institute (SA) Inc	
29	Urban Development Institute of Australia (SA)	

WITNESSES

22 June 2011

ABS

Mr Andrew Howe, Assistant Director, Regional Population Unit
Ms Lisa Moutsouris, Acting Director, SA Client Services.

26 October 2011

Migration Solutions

Mr Mark Glazbrook, Managing Director, Migration Solutions.

18 November 2011

DTED (Department of Trade and Economic Development)

Mr Lachlan Bruce, Deputy Chief Executive; Chris Geisler, Director, Policy Innovation; Tyson Miller, Senior Policy Officer, Workforce, Population and Migration; and, Ms Blythe Wood, Manager, Workforce, Population and Migration.

DPC (Department of the Premier and Cabinet)

Ms Sandy Pitcher, Acting Deputy Chief Executive, Cabinet and Policy Coordination, Department of the Premier and Cabinet.

APPENDIX 1

Minority report from Hon Michelle Lensink MLC and Mr Tim Whetstone MP.

While some of the work in the majority report is useful, there are some significant omissions. This minority report attempts to cover some of those gaps.

The South Australian government set a population target of two million people by 2050 (South Australian Strategic Plan). According to evidence provided by DTED and DPC on 18 November 2010, this will be achieved if three things occur: the fertility rate remains at 1.7, NOM is at least 8,500 people per annum and NIM falls to zero. While the fertility rate has remained relatively constant over a ten year period, the other two parameters are highly unlikely to deliver a two million target by 2050. Specifically, while NOM has delivered extra population in recent years, it peaked at 17,984 in 2008-09. The 2010-11 figure is less than half this at 8,667, due to the downturn in overseas students. NIM for the year 2010-11 was 2,613, having peaked at 4,676 in 2008-09 and is unlikely to ever be zero for an extended period.

The Economic Development Board has made an even more ambitious “suggestion” that the two million target be achieved by 2027, and this was used to develop state government strategies, including Water for Good, the 30 Year Plan for Greater Adelaide and Training and Skills Commission plans. The government argues that more ambitious targets provide the most extensive planning for services, such as hospitals and schools rather than having to retrofit them. However, setting overly ambitious targets does not always assist demand planning and may also over-estimate the economic activity (which is required to fund projects). For instance, a recent report by the Academy of Technical Sciences and Engineering has predicted that between now and 2050, only 10% of the Adelaide desalination plant’s capacity is likely to be required (with up to 30% during drought periods and taking into account climate change predictions). The Mount Barker development plan is causing upheaval and “growing pains”, particularly for the Mount Barker Council, which is grappling with how to provide the infrastructure to service the projected number of people who will live within its boundaries.

Because of the potential to mislead the public and private sectors, the Government should abolish the target and publish a set of three scenarios (high, medium and low), which it updates regularly.

The inclusion of temporary residents in estimated resident population statistics deserves comment. In the past, to be considered “resident” the ABS required continuous residency for 12 out of 12 months. In September 2007, it changed this qualification to “feet on the ground” for 12 of 16 months. This has led to student and temporary visa holders now being included in our total population, a fact that the state government has chosen to ignore when it has congratulated itself on achieving greater than predicted population growth. Furthermore, because the Gillard government’s policy changes make it more difficult for student and temporary visa holders to attain permanent residency, fewer are likely to become part of the long term resident population.

If South Australia is to maintain population growth, it needs greater competitive advantages. The latest ABS data shows that this state receives only 6% of overseas migration even though we are 8% of the nation’s population. Mark Glazbrook, migration agent and Chair of the Skilled Migration Growth Group, sounded the alarm about SA’s future NOM prospects when he gave evidence to the Committee on 26 October 2011 (as quoted on pages 9 and 10 of the majority report).

Mr Glazbrook has made the following recommendations to reduce red tape in processing applications, which reflect the sentiment of Business SA’s written submission:

Move to increase the number of skilled migrants awarded visas under the Regional Sponsored Migration Program, which is a permanent residency program.

Exclude temporary visas from the figures used to calculate the population targets.

Under the RSMS scheme, lobby for English language requirements for work visas to be lowered to bring them in line with student, 457, spouse, protection, and working holiday visas.

Introduce a processing fee to make the expedition of visa processing revenue neutral. Currently processing times range from 3-6 months, where in other states where a processing fee is imposed the average time frame is 10 days.

Immigration SA has new data requirements for its processing framework for work visas in the private sector, some 22 documents, while the requirements for work visas in the public sector are less than a fifth of that. Data requirements for the private sector should be brought in line with the public sector.

Shift the running of Regional Certifying Bodies, the first stage of DIAC's regional sponsorship, from Immigration SA to a Chamber of Commerce type body.

The combination of local skills shortages and difficulties importing skilled labour is likely to constrain the state's economy in key sectors such as housing, engineering, health, mining and agriculture. Indeed, it was this concern of industry organisations which led to the formation of the SMGG, which contends that "the future of the state migration program needs to be specifically focussed on those occupations deemed to be most in demand, rather than towards generic occupations that will be of little or no benefit to the South Australian economy". Holding back South Australia's economic growth will further reduce job prospects, and will escalate the trend of this state's young people being forced to seek opportunities interstate, which will further increase NIM.

A number of submissions advocated against population growth on the grounds of stressed and/or limited environmental resources. The Nature Conservation Society of South Australia (NCSSA) said that:

... the implementation of the 30 Year Plan for Greater Adelaide will have a lasting negative impact on the already stressed natural habitats of the region and the State.

Both NCSSA and Business SA provided a number of recommendations to improve water conservation, land and waste management and energy policy. A number of these are worthy of further exploration to mitigate the impact of population growth. Other possible mitigation methods could include auditing productive land and land use changes, better linkages between the State of the Environment report and NRM reporting, prioritising habitats for protection based on threats and greater use of public lands for biodiversity.

Michelle Lensink, Liberal Member of the Legislative Council

Tim Whetstone MP, Member for Chaffey

APPENDIX 2

Minority report from Hon Mark Parnell MLC.

Minority Report – Mark Parnell MLC

I reject the majority findings and recommendations of this report, which are premised on the notion that sustainable population growth is both possible and desirable.

“Sustainable growth” on a finite planet is an oxymoron. According to WWF and the Global Footprint Network, the world is already using resources at a rate far beyond the capacity of the Earth to replenish those resources.⁸⁰

From a South Australian perspective, it would take more than three planet Earths if everyone were to live like us.⁸¹ South Australia’s ecological footprint is affected by the number of people in the State, per capita consumption of resources, the various technologies we employ, urban planning and transport options, and how and from where we source our food and manufactured goods.

Economic growth driven by population growth and ever-increasing consumption is unsustainable and an alternative approach to prosperity should be embraced.

Reducing the rate of population growth and stabilising the population should be elements of economic, social and environmental policies that aim to reduce our ecological footprint.

Depending on the audience, the Labor Government variously asserts that the projected growth in population in South Australia is either:

- a) Inevitable and beyond our control; or
- b) Desirable and to be encouraged.

It is clear the second of these more accurately reflects Labor Government policy, expressed in the 2004 “*Prosperity through People*” document which sought to increase the State population through both overseas and internal migration. The Government wanted to double the population growth rate and reach a population of 2 million by 2050 or earlier. In 2011, the State Strategic Plan brought forward the date for reaching the 2 million target to 2027.

Regardless of whether population growth is promoted or simply happens beyond our control, it must be planned for. This includes the provision of both physical and social infrastructure. The Government’s 30 year plan for Greater Adelaide proposes continuing urban sprawl into the foreseeable future (albeit at lower levels) rather than biting the bullet and containing the outward growth of urban areas. As a result, we see unnecessary and unsustainable urban expansion approvals in places such as Buckland Park, Mt Barker and Gawler East.

Without doubt, the whole of Adelaide’s projected population growth can be accommodated in the existing urban areas, without impacting on heritage, open space or quality of life.⁸² This is the case, even with the Government’s projected high population targets. The recently axed Integrated Design Commission played a key role in advocating alternative visions of urban development.⁸³

⁸⁰ WWF Living Planet Report 2012: Biodiversity, Biocapacity and Better Choices

http://awsassets.wwf.org.au/downloads/mc078_g_living_planet_report_2012_15may12.pdf

⁸¹ See the report: The Ecological Footprint of Adelaide City by the Centre for Industrial and Applied Mathematics, Institute of Sustainable Systems and Technologies, University of South Australia

http://www.adelaidecitycouncil.com/assets/acc/Council/docs/ecological_footprint_report.pdf

⁸² See the Thinker in Residence report of Herbert Girardet:

http://www.thinkers.sa.gov.au/lib/pdf/Girardet_Report.pdf

⁸³ Integrated Design Commission: <http://www.integrateddesign.sa.gov.au/>

The recent State budget shows that the Labor Government doesn't understand the challenges of meeting the needs of the community in a carbon-constrained world. The electrification of rail lines is axed whilst freeway projects are prioritised. Environmental programs are cut, yet the public subsidies for mineral resource extraction are increased. The Government simply doesn't get it.

Recommendations:

1. A new population policy for South Australia should be developed as part of a broader policy framework that seeks to reduce the State's ecological footprint. Unless there is a major and sustained reduction in per capita resource use and destructive technology, this policy will need to drive a reduction in the rate of population growth in South Australia with the ultimate aim of stabilising the State's population.
2. A sustainable population policy for South Australia should seek to incorporate ecological sustainability, inter-generational and intra-generational equity, social justice and economic responsibility and be consistent with international human rights obligations and multiculturalism. We can be better without being bigger.

Hon. Mark Parnell MLC
Australian Greens (SA)