

MEDIA RELEASE

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2021 Commonwealth Intergenerational Report states population growth is critical to the GDP

There are some key messages from today's release of the 2021 Commonwealth Intergenerational Report:

- We have an ageing population with more and more baby boomers entering retirement
- In 2060/61, 23% of the population will be over 65 years old – this is an increase of 7% from today
- The ratio of working-age people to those aged over 65 is projected to fall over the next 40 years from 4.0 as to 1, to only 2.7 as to 1 (we have fewer and fewer working people paying tax and more and more people seeking support from Government funded services)
- Real per person health spending (which takes into consideration inflation) is projected to more than double over the next 40 years
- Real spending on aged care is also projected to double between today and 2061.

The Urban taskforce published its research Report: "Migration Matters" in April this year and highlighted to positive contribution made by migrants to population, productivity and the participation rate – all three of the key components of GDP growth.

The Intergenerational Report finds that the COVID-19 Pandemic has taken our net overseas migration numbers into the negative. In net terms (total arriving minus those departing), 97,000 people are forecast to leave Australia in 2020/21 and a further 77,000 people and expected to leave in 2021/22.

The Commonwealth has built into its assumptions for the budget a net permanent migration intake of 190,000 (up from 160,000 in the four years pre-Covid-19). When you include temporary visa holders and a modest humanitarian intake, the total net immigration to Australia is assumed to be 235,000 per year by 2024/25 and beyond.

Immigration numbers will return, and they will do so in significant numbers. Our restaurants, hospitality, education, farming, engineering, tourism, construction and accounting sectors are desperate for both skilled and casual labour.

The Intergenerational Report confirms that an increase in target immigration levels to 235,000 per year is critical to the health of the economy and is critical to slowing the decline in the *tax-payer : non-taxpayer ratio*. While optimists might like to think there will be a boom in productivity, the experience of the last decade shows no signs of this.

NSW has a major housing affordability crisis today (right now – today). The reason why prices are rising, according to the NSW Productivity Commission White Paper, despite the drop off in immigration levels, is the historic under supply of new homes, dating back well over a decade in Greater Sydney.

NSW generally takes in one third of all Australian migrants – so we have a problem without migrants – it will get worse without them.

This return to higher levels of immigration will have a major impact on rising new home prices unless something urgent is done to change the NSW Planning system. The years of under-achievement of the planning system has caused a crisis and this would be much worse if it were not for the COVID-19 pandemic and the associated slowdown in population growth.

This is both a NSW Planning issue and a Treasury issue. There is a need for something more than a 2 to 3 year plan for improvement – we need a step-change to immediately boost apartment and new home development.

The wistful hope of the Minister for Planning and the GSC that the establishment of a suite of strategic planning documents (The Regional Plan; 4 District Plans; Local Strategic Planning Statements; and Local Housing Strategies) would then remove the politics from Council assessments and see the delivery of sufficient housing supply has proven to be a complete failure. Planning approvals plummeted – even before COVID-19 and have stayed at critically low levels despite a flurry of announcements from the Department of Planning and the Minister.

Now we have a housing supply crisis – and guess what? – housing prices are rising at alarming rates leaving our kids and grandkids with little chance of getting a foothold in the property market.

The comments above can be attributed to Tom Forrest, CEO, Urban Taskforce.

To see the [Urban Taskforce Immigration Matters Report](#) [Click Here](#)

The **Urban Taskforce Australia** is a property development industry group, representing Australia's most prominent property developers and equity financiers.

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