

## **POPULATION GROWTH – LOCAL GOVERNMENT CONFERENCE**

**SPEECH FROM KERRY O'BRIEN**

**CANBERRA 15/6/2010**

**I'm here today, neither as a politician nor as a policy visionary but as a journalist; not to provide solutions from some magical policy kitbag; but to outline some of the daunting challenges we face as a nation as we try to unravel the dilemmas thrown up by the issue of population growth. And I should make clear that I'm here in a personal capacity, so any views I might express today are on my own behalf, not the ABC's.**

**In 1976 I produced and reported a program on housing in Australia for Four Corners. At the time I was 30 years old, there were 14 million people living in this country. The census of that year painted a picture of Australia as a predominantly white, Anglo-Saxon cultural implant from the other side of the world, with an added post-war influx of Greeks, Italians and other Europeans putting down roots and beginning to settle in. Malcolm Fraser was Prime Minister and a significant number of Vietnamese refugees were coming to Australia by boat after the American withdrawal from Vietnam. Fraser looked worried Australians in the eye, and said we'd give them refuge.**

**The reason I did that story on housing was because housing affordability was a big issue. The median price of a house in Melbourne was \$33,000 and in Sydney, \$37,000. Average weekly earnings were around \$180, and many young Australians were struggling to buy their first home. To meet that end of the market, one of Australia's biggest home builders at the time, A. V. Jennings, decided to build smaller houses on smaller blocks of land; three-bedroom houses of nine to 10 squares to be precise.**

**Makes for some interesting contrasts today, doesn't it. Thirty-four years later, we have a population of 22 million, we're one of the most successful multi-cultural societies on the face of the earth, many of us still seem to be deeply fearful about boat people coming to Australia but Malcolm Fraser is long gone. The median price of a house in Melbourne is \$465,000 and in Sydney, \$507,000. Average household disposable income is around \$900 a week, interest rates are much lower, but housing affordability is a bigger**

headache than ever. And allied with that there is a perennial housing shortage. According to the National Housing Supply Council, the most recent figures available suggest a housing shortfall of well over 100,000 dwellings.

But if you tried to develop an estate on the fringe of Sydney or Melbourne with nine to 10 square houses, you'd be laughed out of existence. The houses we build on the urban fringes today seem to be bigger than ever.

This is part of the context within which we are debating the idea that if Australia's population grows as much in the next forty years as it did in the past 40, we'd have a population of nearly 36 million, an increase of 60 percent.

You'll find plenty of people who'd argue that we're not in bad shape today, so if we handled the growth of the past 40 years reasonably well, we can do it again. But while the lifestyle for most Australians today is the envy of much of the rest of the world, our track record in urban and regional development over the past 40 years has left plenty of room for criticism, and for serious concern, not only about the capacity for governments to deliver good policy for the next 40, but for the country to sustain that expansion in that time. And it will take shape within a dramatically different environmental and demographic framework. But at least we're having the debate.

The high-profile demographer Bernard Salt articulates the argument that in some key respects at least we're reasonably happy where we are at the moment, but we don't want to compromise our quality of life into the future. "The issue there," he says, "is that a lot of the approaches we adopted over the past 40 years are not open to us over the next 40. For example, we are not likely to build new dams or new coal-fired power stations. So if we are to head towards 35 million then we need to change the way we organise society. Maybe it will be necessary for every household in Melbourne, Sydney and Brisbane to have their own water tank. Maybe every household will have a solar panel to make a contribution to the power grid." One suspects we're going to have to change a lot more than that.

I sat next to Treasury Secretary Ken Henry when he made his speech on population growth in Brisbane last October, the speech that kick-started this discussion, and as a journalist, I was riveted by the profound questions it threw up. Henry pointed out that 40 years from now, the combined populations of Brisbane, Sydney, Melbourne and Perth would be almost as much as Australia's entire population today; seven million in Sydney and in Melbourne, four million in Brisbane, and more than three million in Perth.

Henry posed a series of questions and issues thrown up by those projections: "How will Sydney cope with a 54 percent increase in its population, Melbourne a 74 percent increase and Brisbane a 106 percent increase. Surely not by continuing to expand their geographic footprints at the same rate as in the past several decades. Surely not by loading more cars and trucks onto road networks that can't cope with today's traffic.

"However our cities do cope," he said, "they will have to find ways of securing a sustainably higher level of investment in public infrastructure. What sorts of jobs will this larger population want? How will they acquire the skills they need to do those jobs? How will the location of the jobs be reconciled with preferences about where people want to live? What types of services will our governments of the future need to provide to their citizens, both young and old? Are Australia's natural resource endowments, including water, capable of sustaining a population of 35 million? What are the implications for environmental amenity of this sort of population growth? Must it be an even greater loss of biodiversity -- difficult as that might be to imagine, given our history of species extermination?"

Unusually for a senior public servant, Ken Henry confessed to a personal sense of pessimism when he said: "Our record has been poor and in my view we are not well-placed to deal effectively with the environmental challenges posed by a population of 35 million."

All of this was in the context of an inter-generational report that starkly sketches how Australia's population, like those of various other developed countries, is about to go through dramatic demographic change. Forty years ago, only eight percent of all Australians were over 65 years of age. Today it's 13 percent.

**But in 40 years time the number of over-65s will have surged to 22 percent. Five percent of the population will be 85 or over – that's one in 20, over 85, compared with 1.7 percent today, more than one in 50.**

**Fewer people will be available for work, which apart from anything else would represent a shrinking tax base unless other ways are found to underwrite the social costs, including the cost of health and other government services for the swollen ranks of older Australians who are either working less or not at all. Forty-three percent of the workforce today is made up of baby boomers. Even allowing for the strong upward pressure on the pension age, that 43 percent will leave the workforce within the next couple of decades. The combination of the current high birth rate and even current levels of immigration, will not replace them all by any stretch.**

**Now here's the rub for those who want to limit population growth to levels significantly below that 35 or 36 million level. Who will fund the retirement of the baby boomers, beyond the extent to which they are able to fund themselves? How will we guarantee future prosperity? And on the other side of the coin, what happens if the environment imposes its own limits on the growth of the major urban centres, or poor planning and lack of tax dollars combine to produce a further breakdown of logistical and social cohesion in our biggest capital cities as the population pressures are ratcheted up.**

**A public revolt would see immigration numbers tumble, regardless of any impact on the economy. You saw what happened to the Rudd Government's emissions trading scheme to combat climate change after the collapse of bi-partisanship. Imagine an inflamed and emotional debate on immigration.**

**The phenomenal growth of South-East Queensland over the past decade and more is a fascinating study for the rest of us. The population explosion there over the past decade and more – much of it from other parts of Australia – has put enormous pressure on housing and transport infrastructure, on hospitals and schools and other government services. Gridlock at peak hour in Brisbane is not a pretty sight. The first desalination plant has been built on the Gold Coast. Of the ten largest-growing municipalities in Australia, five are in South-East Queensland.**

Conservative estimates indicate the population in the south-East corner will increase by a third in the next 20 years, pushing towards five million people. The Queensland Government is under heavy public pressure to manage its growth better than it has. A Galaxy Poll at the end of last year recorded that 60-odd percent of Queenslanders want the government to limit population growth in the South-East corner, and that the forecast population of six million there by 2050 would simply be too many. Seems a bit insular when you consider the global population will have probably reached the eight billion mark by then, but we often don't see past our own front yards do we?

So, if you are advocating a big Australia, or simply believe it's inevitable, then in plain language, where and how will this 35 or 36 million live? Where will they work, how will they get there and how long will it take? What access will they have to water and energy and how much will it cost? What access will they have to what social amenities? How tolerant will they be of each other. What quality of education and health will be available, and to how many? What will the future hold for the children of that generation?

It was quite coincidental that I'd arranged an interview on the 7.30 Report with the Prime Minister on the night of the Ken Henry speech back in October, and he didn't hesitate to endorse the idea of a big Australia.

But in the face of obvious public concern about that sentiment, he seems to have been sending mixed messages ever since. He gave four speeches highlighting the challenges of the latest inter-generational report in January leading up to Australia Day, and then the Inter-Generational Report, but had become more circumspect about what population growth he supported.

In another interview on 7.30 as part of the series we presented on population growth in the week of Australia Day, Mr Rudd described the 36 million figure as "merely a projection", although he went on to say: "we've just got to be realists about the fact that our fertility rate is 1.9 percent, and the historic migration levels of the last 40 years are likely to continue into the future. There'll be some shaping and re-shaping from year to year, depending on skills and the demands of the economy, but by and large that'll be it."

He seemed to be having it both ways – the 36 million was only a projection but it was also the likely outcome.

The Opposition has raised the stakes by specifically rejecting a growth rate accelerating to 36 million by 2050 as appropriate. In April, the Prime Minister sought to put himself back on the high ground by appointing Australia's first-ever Population Minister – Tony Burke.

Two days later in his first interview, Mr Burke was at pains to say that the Government doesn't have a target figure on population. Anything on population, he said, had to be tailored to the needs of the nation. He's given himself 12 months to develop a population strategy, taking into account the range of impacts on urban congestion, infrastructure, housing supply, government services and environmental sustainability, but with a particular brief from the Prime Minister to be: "...acutely mindful of the positive impact of population growth on future economic growth", on Australia's ability to maintain a healthy tax base, and on national security."

The strategy Tony Burke develops will be fascinating to see, but it will come after the next election, so debate during the campaign will be seriously limited, and if Labor loses the election, a population ministry may not even survive.

Let's hope it does, because its mere existence will keep the debate going. If it doesn't, and we have more of the same over the next 40 years as we had in the last 40, it could get ugly.

Here are a few facts for reflection. More than 90 percent of Australians live on the coastline; 85 percent live in urban areas, two-thirds live in the capital cities. The world, according to United Nations Secretary-General Ban Ki-Moon, has entered the urban century, but Australia is already the most urbanised nation on the face of the earth; we rely more heavily on the car for transport than any other country other than America (some argue we are more reliant even than Americans); we live in the most arid populated continent.

We pioneered suburbia like no other country – we gave the world Neighbours and Sylvania Waters -- but by and large have been forced to give up on the quarter acre block because it's unsustainable, and yet, many of us are still reluctant to embrace high-rise or even medium density living, and

still want the big, free-standing home, even if the block is much smaller and the house all but fills the land.

I assume the reason I've been invited here today is because of the way our population series on the 7.30 Report in January resonated with the public. It clearly struck a chord, and although it drew no conclusions – that's not our job – it did present an arsenal of expertise, some of it conflicting of course, and some interesting insights and reality checks on where we are now and where we might be headed.

For instance, one obvious outcome of a 60 percent population increase clustered mostly in our major cities will be much greater high rise development.

Australia's biggest and most successful high rise residential developer Harry Triguboff, who incidentally argues for a population of a hundred million (all the more people to buy his properties) has already built 55,000 apartments along Australia's east coast with thousands more underway as we speak. On the other hand, there is an obvious warning to sound about avoiding generations of vertical ghettos. As urban planning expert Bill Randolph of the City Futures Research Centre at the University of New South Wales points out, high density is ok if you're middle class with a nice apartment overlooking the water, but if you're out of work and on a pension with two kids in a two-bedroom apartment overlooking Parramatta Road, life's not so good.

At the same time, Australia's dream of the suburban house and garden is alive and well, and in every capital city, the urban sprawl continues unabated. Often it's not matched by adequate public transport; families become more dependent on two cars. The pressure goes on governments to build more roads and freeways, which quickly fill up and the vicious circle just keeps turning.

With energy and petrol prices only going in one direction – up – it's families in the fringe suburbs with two cars and big air-conditioned homes who'll be feeling the pinch. The most car-dependent country in the world combined with the lowest urban densities has led to the situation where Australia now exceeds America for the greatest amount of time lost to the economy

through traffic gridlocks. Either taxpayers fund massive public transport upgrades in the face of the kind of growth we're talking about, or the traffic jams, the reduction in quality of life, the pollution, the cost to the economy just keeps getting worse. The government has estimated that Australia's freight load will triple by 2050 in the context of the projected population growth. Will that mean more trucks congesting, polluting and ripping up the roads or more efficient rail networks, or both, and who will pay?

Respected veteran urban planner Peter Newman has long been a passionate advocate of public transport as fundamental to any workable city. He holds up one example where a new rail system in Perth -- a city where one fifth of all suburban land is roadway -- is one template for solving the recurring problems of urban sprawl. He says that the rail line to Mandurah faced stiff opposition from transport planners who said it wouldn't work because it was feeding an area that was very scattered, car dependent suburbs that had never had decent public transport.

So why would people respond? But they did. According to Newman, the Perth-Mandurah line is now carrying 55,000 people a day compared to 14,000 on buses, in half the time it took them to go to work by car.

Then there's the issue of urban infill. Planners argue for more attractive and denser developments in existing, less affluent suburbs of the capital cities, but they're areas developers find less attractive. Prosperous areas like Sydney's North Shore, the developers love, much to the chagrin of existing residents who enjoy large, leafy blocks of land.

Until now, Governments haven't been very good at directing or encouraging people where to live and work. Migrants coming to Australia have wanted to live and work where everyone else does for much the same reasons. Immigration ministers have often talked about encouraging more migrants to settle in regional Australia, but by and large they don't.

Work patterns are in a state of flux. The nature of traditional jobs keep changing all the time thanks to the ongoing technological revolution, Australia's manufacturing base continues to face enormous challenges, and the full effect of the two-speed economy with different work demands in different regions and cities is still to be played out. There's no shortage of



forecasters out there, but no one can predict with any certainty how long the resources boom will run. Planners talk of urban centres where people will live and work in the same area to reduce traffic snarls.

At the recent Queensland Growth Summit, one strategy articulated was for self-contained “15-minute neighbourhoods” here homes, jobs and social amenities could all be reached within 15 minutes’ walk. But they also talked about greener communities with more open space, parks and recreation opportunities within the urban footprint, while at the same time developers like Harry Triguboff say there’s too much urban green space now. If you want a city to be more efficient, he says, you’ve got to make the parks smaller. The clashes of interests, one assumes, are just going to be even more starkly defined in the future than they have been up to now.

Still in the urban heartland, before we move on to regional development and population growth, we haven’t yet touched on the critical issue of social cohesion.

That’s something that by and large we tend to take for granted, particularly when, by and large, we’re enjoying such a long period of uninterrupted prosperity. It usually features as an add-on to any discussion about the implications of population growth, but there are plenty of experts in the field who say the warning signs are already there, and we’ll ignore them to our detriment as a nation.

The environmentalist Tim Flannery says: “Population is the great multiplier. It’s the thing that can multiply all of our environmental woes and all of our social woes, and can also bring prosperity. It’s incredibly important we get it right for the future.”

Jago Dodson, urban researcher at Griffith University says: “In Australian cities over the past decade or so we have seen increasing social fragmentation. We’ve seen major riots in some of our cities, Sydney being a good example, and that’s not just due to angry people on the streets; those frustrations derive from the urban system itself to some degree.”

**Sociologist Eva Cox: “We need to look at the levels of inequality and unfairness that already exist in the community, because if we add more people to the (existing) mix, then you’re really going to have trouble.”**

**Professor Brendan Gleeson featured quite strongly in the 7.30 Report series on social cohesion. He’s the Director of Griffith University’s urban research program, he’s worked in America, Germany and New Zealand, advised the ACT and Queensland Governments and written books on challenges facing urban planning in Australia and its suburbs.**

**Brendan Gleeson believes Australia went into the last big growth surge after World War Two as a more egalitarian society than it is today, with a much firmer social base and a higher degree of social cohesion. He argues that that base has diminished over the past couple of decades, manifested now through cultural tensions in our cities over the past couple of years.**

**He also decries the way the urban planning debate has polarised recently. Where urban consolidation has been the aspiration in urban policy for a couple of decades, he says, and I quote: “There are now people who want to manhattan-ize our cities, go to very high density, and others who want to continue the business-as-usual growth at the fringe, and I think neither model is viable from either a social or ecological perspective.”**

**He thinks “much more sensible, well-targeted and and well-designed medium density development is the solution for cities facing significant population increase. Of the existing urban sprawl he says: “Built environment is fixed capital. It changes very slowly, so if we want to do something to make our cities more sustainable and more secure, we can’t imagine that we’e just going to be able to obliterate whole sections of cities overnight to affect that. So we’re going to have to look at retro-fitting our suburbs and helping households become more independent in terms of their immediate resource needs.**

**His most radical proposal, and one that I imagine most people here today would oppose, is one designed to address what he sees as the biggest problem of all in urban Australia, what he calls the governance deficit. Brendan Gleeson argues that the major metropolitan centres are so vital to the national well-being and to everyday life for most Australians that they**

can't be left to state governments to manage – often ineptly; that the management of the big cities has been: “episodic and in many ways amateurish”.

He says there's an emerging view amongst urban planners that the major cities need independent, stand-alone commissions that would be responsible for day to day management, and at least some of the long-term planning, rather than state governments. He feels some of the growing dysfunction of cities is becoming “so toxic for state governments “ that they might quietly welcome” responsibilities like water, energy and transport passing from them.

Presumably such a commission would still have to answer to elected government within a democratic framework, but it seems a sad comment on the capacity of state governments (and by implication, local government) that one of Australia's leading urban planners thinks solutions to at least some of the challenges this conference is discussing, are, on past performance, beyond elected governments to solve. It's interesting in that context to see community planning boards in South Australia, and now underway in Victoria, appointed by State Governments. Will they complement or supplant some local government responsibilities?

Kevin Rudd has established a Major Cities Unit within Infrastructure Australia, he has established the Council of Australian Governments Cities Taskforce, and late last year committed, with state, territory and local governments, to develop the first ever national criteria for the future strategic planning of Australia's major cities.

As a journalist I have two instinctive responses to those sorts of initiatives; one is mild reassurance that at least there is a formal debate taking place about what we need to be doing to plan some of the most fundamental aspects of how our nation is to function into the future; the other is a surge of scepticism that delivery will still fall back almost totally on the states; the same as it has with the federal government's health reforms, and with the \$16 billion school building programs under the stimulus package, with sometimes substantially different outcomes in different states.

**Now we come more substantially to the environment in relationship to population growth.**

**Firstly, without entering any arguments about the pros and cons of the climate change debate, the fact is an overwhelming body of mainstream science believes catastrophic climate change, substantially influenced by human-induced greenhouse gases, is on the way unless substantial action is taken to seriously reduce gas emissions. Even a Federal Opposition that has opposed an emissions trading scheme, is still committed to alternative policies to tackle climate change. In that context, any number of experts from various disciplines believe that to continue our urban sprawl with its significant carbon footprint as we have in the past, is simply unsustainable.**

**Demographer Bob Birrell goes further. He says that even the modest proposed cuts in carbon emissions of five percent by 2020: “..cannot happen at the same time as we’re engaging in a massive city-building exercise to accommodate the extra millions, as well as generating a massive minerals boom to accommodate China’s need for raw materials.”**

**On other aspects of the environment, water supply for instance, governments also have an extremely patchy record. The sorry saga of what’s happened to the Murray-Darling is there for all to see. Crippling water shortages have hit most Australian cities in the past few years, thanks to droughts of varying severity. Again, prudently we have to assume there will be worse to come if the worst fears of global warming are realised. One solution has been to build desalination plants. There are already three functioning desal plants in Perth, Sydney and the Gold Coast, with another four on the way. Each of those plants comes at a significant price, requiring a lot of energy and bringing its own carbon footprint.**

**Leading water expert Mike Young from Adelaide University believes the economics of water will ultimately determine the growth in particular regions, and that a bigger Australia will have no choice but to fall back on recycled sewage water as part of the solution.**

**In agriculture, Australia has always been able to produce far more food than it needs for domestic consumption, but we can’t make assumptions there either, in terms of a significantly bigger population. In the past 200 years,**

Australia has lost about 70 percent of the nutrient from its top soils. John Crawford from the Institute for Sustainable Solutions at Sydney University, points out that the world is running out of its top soil. He says Europe will have no top soil left within 100 years, and Australia will run out much quicker. And in Australia's great food bowl, the Murray-Darling Basin which is in a state of crisis, Mike Young says that even though it's still producing a great deal of food, and that irrigation farmers have learned to be very efficient which has sustained productivity, the opportunities for productivity growth there are becoming extremely limited.

And even under the heading of agriculture we come back to Australia's great urban sprawl. In our 7.30 Report series, journalist Matt Peacock featured highly productive Sydney basin farms currently supplying 18 percent of NSW's food, where 20,000 new homes are soon to be built. There's been a similar story on the outskirts of Brisbane and elsewhere.

Nearly 40 years ago, Gough Whitlam as Prime Minister established Australia's first Department of Urban and Regional Development. Many of the issues we're still discussing here today were part of Tom Uren's brief as the Minister. That Department lasted for as long as the Whitlam Government – three years. That period, to my knowledge, is the only serious attempt by any federal government to identify regional hubs like Albury-Wodonga on the NSW-Victorian border and Bathurst-Orange and take pro-active steps to de-centralise away from the coastal fringe. It's not surprising we're debating of pro-active de-centralisation again, although ironically, modern Australia's most de-centralised state, Queensland, has become dramatically less so in little more than a decade.

I've been a journalist for 45 years. As a young newspaper reporter in Ipswich in 1967, I covered local government in four or five surrounding shires, and in Ipswich itself. I've since reported extensively on state and federal politics. I've seen the best and worst at all levels of government. I've seen the best of political intentions dashed on the rocks of naivety or incompetence, or nobbled by vested interests. I'll give one for instance of the naivety. One of Gough Whitlam's articles of policy faith was a pledge to identify a long list of disadvantaged schools around Australia and lift them out of their trough of inequality. In 1974 I reported on the fact that the Victorian Government had

had to return a great deal in unspent funding to the Commonwealth, because it relied on its Public Works Department to implement its part of the disadvantaged school building program. And the Public Works Department in Victoria had never had to handle work of that volume or scope before and simply couldn't do it. Great policy on paper. In reality, much too optimistic with its timetable.

So, I look at the kinds of structures and goals and policy intent of this federal government with regard to its twin goals of fostering a bigger Australia to protect its prosperity, while meeting all of the policy challenges I've touched on briefly this morning, I reflect on what will be required of the states and local government to deliver on those goals, and I think: "Here's hoping". One of the bonuses of being a journalist is that I get to pontificate on how things should be done. You actually have to take the responsibility for doing it, and copping the flak from the rest of us armchair specialists.

Good luck with your deliberations today, and thank you for inviting me.