

# DISCUSSION PAPER

## Population growth and infrastructure in Australia: the catch-up illusion

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# Sustainable Population Australia

Sustainable Population Australia (SPA) is an independent not-for-profit organisation seeking to protect the environment and our quality of life by ending population growth in Australia and globally, while rejecting racism and coercive population control. SPA works on many fronts to encourage informed public debate about how Australia and the world can achieve an ecologically sustainable population.

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# Foreword

Hon. Sandra Kanck  
President, Sustainable Population Australia



Since the beginning of this century Australia has experienced unprecedented population growth. Its impacts upon congestion, housing affordability, environmental degradation and loss of amenity are obvious and the subject of ongoing media commentary. The major political parties, however, have shown a peculiar but perhaps predictable reluctance to identify population growth as a major cause of these predicaments. Their unwillingness to consider a reduction in population growth, specifically by means of a significant decrease in net overseas migration, puts Australia's political and policy elites out of step with public opinion.

Polls are repeatedly showing Australians are increasingly averse to this continuing growth; a 2018 ANU opinion survey found 69.6 per cent of Australians felt Australia did not need more people, a substantial increase from a similar survey in 2010. Despite Australians' concerns about our bulging-at-the-seams capital cities, our political leaders refuse to talk about the numbers, instead making vague claims about the benefits of a Big Australia.

**“We must be able to talk about both the impacts of rapid population growth *and* whether a major reduction in the rate of that growth is not only desirable, but well overdue.”**

The growth lobby – vested interests including property developers and now, regrettably, the university sector which has become dependent on revenue from overseas students – is determined to steer all conversations about population into how growth can be ‘managed’, rather than questioning whether the growth is either necessary or desirable in the first place.

Commentators criticise an inadequate level of infrastructure investment, while governments advocate yet again their so-called solution of ‘moving people to the regions’. But, whatever solution is proposed, it must not include talk about reducing population growth!

**“Despite Australians’ concerns about our bulging-at-the-seams capital cities, our political leaders refuse to talk about the numbers...”**

Australia must have a more informed, honest and comprehensive conversation about population, free from the limits imposed by the narrow conventional focus of mainstream political parties and by much of the mainstream media. We must be able to talk about both the impacts of rapid population growth *and* whether a major reduction in the rate of that growth is not only desirable, but well overdue.

Such a discussion ought not be about ‘blaming immigrants’, or be motivated by racism or xenophobia. Rather, the Australian community needs to have a discussion about what is an ecologically sustainable level of population for this continent.

No less a mainstream institution than the Productivity Commission, in its landmark *Migrant intake into Australia* report (2016), made a clear call for informed community engagement in the development of a population policy for Australia. The Commission accepted that population policy must include consideration of what is the appropriate level of immigration and population growth – according to community values and other relevant evidence.

Sustainable Population Australia is therefore delighted to launch the first of a series of discussion papers which address major issues relating to population, society, economy and the environment in Australia. We want these papers to stimulate informed community engagement and encourage real political leadership which is responsive to the concerns of the Australian community on these matters.

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# Key Points

1

Australia's population is growing by a number approaching, and sometimes exceeding, 400,000 people annually, the equivalent of adding a Canberra-size population each year. Net overseas migration (NOM) contributes more than 60 per cent of Australia's yearly population growth.

2

At these rates the ABS projects that by 2066, Sydney's (9.7 million) and Melbourne's (10.2 million) populations will each be comparable with the size of Australia's entire population in the 1950s.

3

This rapid population growth rate of about 1.6 per cent per annum results in Australia's infrastructure supply not keeping up with demand, despite our best efforts. Consequently, individual living standards are being eroded through rising congestion, declining housing affordability, growing infrastructure costs (e.g. toll roads and water), environmental degradation, and overall reduced amenity.

4

As the numbers of people arriving in our major cities increase to unprecedented levels, so does the cost and complexity of providing more infrastructure. Each additional person (whether by immigration or birth) requires well over \$100,000 of public infrastructure, to enjoy the same standard of living provided to existing residents. If that investment is not made (and it often isn't), then the pressures and demands upon existing infrastructure builds up, causing congestion.

5

With continuing rapid population growth, Australia's infrastructure catch-up will remain illusory. The backlog can only increase, further adding to congestion and loss of amenity.

6

Increasing infrastructure costs have created increasing costs for residents, such as tolls and user-pays charges and other costs which may be hidden. Household water bills are projected to more than quadruple in real terms in the next 50 years because of population growth and climate change.

7

In future, only the wealthiest residents in our major cities will be able to afford a detached house with a backyard, while the majority will have to live in cramped higher-density accommodation of questionable build quality and with little or no access to green space.

8

The rapidly reducing home ownership rate will ultimately leave many future pensioners starved of funds and reliant on the Federal Government for housing assistance.

9

Rapid population growth is actually a *cause* of bad planning outcomes. The sheer pace of change due to this rapid growth, and the strong pressures from big developer interests, create incentives for sub-optimal planning. This means inferior results in land-use zoning, aesthetics, environmental protection, quality of building design and construction, and social inclusivity.

10

A major reduction in the rate of population growth is necessary to relieve these compounding problems. That means a significant reduction in immigration, at least back to the long-term 20th century average NOM of 50-70,000 per year.

# Executive Summary

**S**ydney and Melbourne now have worse traffic congestion than New York and Toronto. This congestion is just one symptom of an infrastructure shortfall caused by rapid population growth, fuelled by very high levels of immigration.

Living standards are being eroded, not just by congestion, but also through declining housing affordability, increasing costs for road and water use, environmental degradation, and overall reduced amenity.

Adding to the problem, new migrants have overwhelmingly chosen to reside in Sydney and Melbourne. If current policy settings continue, in less than 50 years, these two cities will have doubled their combined population size from 10 to 20 million.

With rapid population growth, Australia's infrastructure backlog can only increase. There *can never be* enough decentralisation, planning or investment to enable infrastructure to keep pace with increasing demands.

Instead of addressing population growth as a cause of the infrastructure shortfall and general loss of amenity, our political leaders offer two overarching myths:

## Myth 1: We can just encourage more decentralisation

The current federal policy of sending migrants to the regions is doomed to fail, since there is nothing to actually keep migrants there. Most of them will head to the major cities once their mandatory time period is up.

There is also the problem of scarce water supply in Australia's regions. Towns like Tamworth and Dubbo cannot accommodate tens of thousands more people when they are already short of water. In addition, much of regional Australia is located far away from the ocean, meaning that desalination of seawater is not an option, and large-scale desalination of groundwater for inland towns is unlikely to be feasible or ecologically sustainable.

## Myth 2: We just need to invest more in infrastructure and plan better

There have *already* been massive increases in infrastructure spending by all levels of government. It has added very significantly to state government debt. Despite spending more than ever before, Australia has failed to build enough economic and social

infrastructure to cater for rapid population growth caused largely by 15 years of hyper-immigration. As the numbers of people arriving in our major cities increase to unprecedented levels, so does the cost and complexity of providing more infrastructure.

## Why infrastructure investment can never catch up

Each additional person added to the population requires well over \$100,000 of public infrastructure, to achieve the same standard of living that existing residents enjoy. Adding nearly a Canberra-worth of population to Australia each year requires several tens of billions of dollars of investment.

In already sprawling cities, the cost of retrofitting new infrastructure is very expensive because of the need for land buy-backs and tunnelling. For example, Melbourne's West Gate Tunnel is expected to cost 42 times more per lane-kilometre than NSW's Woolgoolga to Ballina highway upgrade.

Infrastructure backlogs will continue to grow under a Big Australia policy and, in turn, erode living standards.

## Death of the Aussie backyard

Australia's large-scale immigration policy is transforming the structure of Australia's cities from lower-density detached housing toward high density. If present trends continue, detached housing, as a share of Sydney's dwelling stock, will decline from 55 per cent to 25 per cent in the 40 years from 2016.

In future, in Sydney and Melbourne only the wealthiest residents will be able to afford a detached house with a backyard, while the majority of residents will be forced to live in cramped accommodation, an increasing share of whom will also be renting and with little or no access to green space.

The design and build quality of some of the mushrooming high-rise in our cities is now under serious question. Residents of high-rise face the risk and anxiety of shoddy construction that is often hard, if not impossible, to rectify.

## Increasing transport and water costs for consumers

To meet growing infrastructure costs, states have 'managed' them by shifting significant infrastructure

spending off balance sheets, for example, by privatising assets via Public Private Partnerships (PPPs). This has created increasing costs for residents, such as tolls and user-pays charges and other costs which may be hidden. Prime examples are the WestConnex toll road in Sydney and the West Gate Tunnel in Melbourne.

Sydney's toll road network is now the most expensive and extensive in the world, while Melbourne's West Gate Tunnel Project will permit tolls to rise by 4.25 per cent a year – well above inflation and wage growth. Private companies like Transurban enjoy massive revenue and profit growth.

The escalating cost of water is adding to the cost of living. Australia's major cities already have had to resort to recycling and desalination, raising average household water bills. Already facing lower rainfall and increased evaporation as a consequence of climate change, water supplies will need to be augmented still further if Australia's population continues to increase.

Household water bills are projected to more than quadruple in real terms in the next 50 years because of population growth and climate change, and are likely to cause significant hardship.

## Conclusion: the need to reduce population growth

High immigration and a Big Australia are often sold by politicians, policy makers and vested interests as key ingredients to boosting Australian living standards.

The reality, however, could not be more different. After more than 15 years of extreme population growth, economic and social infrastructure across Australia's cities has become increasingly crush-loaded, leading to rising congestion and higher costs of living.

With Australia's population projected to hit around 43 million people in 50 years, these infrastructure bottlenecks will only worsen.

The fundamental driver of growth in Australia's population is the level of immigration. This is something that is within the direct control of Australian governments, not a fact of nature.

To end population growth and help solve the infrastructure problem, Australians must demand of their elected representatives a major reduction in immigration, at least back to the long-term 20th century average net overseas migration of 50-70,000 per year.