

## Population and Housing: A Perspective

**March 2018**

Many residents of Sydney are discovering the impacts of high levels of Immigration. Australia is an “immigrant” country and has benefited significantly in many ways from our friends who have chosen to call Australia home. But like all things, too much of a good thing also has its downside.

Australia’s population grew by 388,000 in the year to June 2017 according to the Australian Bureau of Statistics (ABS). This comprised natural (Australian resident) growth of 143,000 plus net migration (after departures) of 245,000. Note that the total number of arrivals to Australia in the past year – before deducting departures – was 553,000 persons. The level of net migration compares to previous years of 193,000; 178,000 and 186,000.

The percent population growth rate was around 1.6% (12 months to June 2017, latest ABS data). This does not sound too bad. But remember that this is a geometric growth rate. That means that our population will double in 45 years. And double again after that. To see the effect of this, Sydney’s population currently stands at around 5 million ([www.population.net.au/sydney-population](http://www.population.net.au/sydney-population)). If we assume 3 persons per household (a very rough estimate as new residents have a different household composition to longer term residents) then this means we need to build housing for 5 million people – or some 1.7 million houses - over 45 years (35,500 per year if simply averaged). And then, in the next 45 years, we need to build 3.4 million houses for an additional 10 million people in Sydney alone.

Say good bye to any attempt to preserve our heritage, wildlife or natural beauty. At this rate, it will be either solid houses from Wollongong to Newcastle, or blanket high rise throughout the Sydney basin to house this population of 20 million in Sydney.

And a percent of these houses will be vacant rather than occupied. A recent study by UBS and reported by Channel 9 on 10 January 2018 estimated that of all houses bought by one large immigrant cohort, only 76% were occupied at all, and a further 25% were only used “occasionally”. Thus, fully half of the houses bought by this major acquirer of Australian housing continues to remain vacant or near so. For this, we are losing our heritage.

Many commentators say that Australia needs to have a high intake of young persons to offset our aging population. That theory does not hold water. All we are doing is delaying the inevitable impact of an aging population, and of course when the larger population ages the problem will be far worse.

It is important that we understand the difference between GDP Growth, and GDP Growth per Capita (per person). GDP expresses the growth of the whole economy. But this figure does not correctly describe what the nation’s growth means to us as individuals.

Take the last 4 quarters of data (to September 2017). This shows us that the Australian economy grew by 2.3% - which is a solid rate. But the growth per person was only 0.8%. That is because our population also grew. This means that the amount of national wealth available to each person, on average, grew by only 0.8%. If your salary increased by more than 0.8% then you have been doing well.

If we look at the GDP per person over the past few years (12-month periods to September 2017), we see that GDP growth per person has been 0.8%, 1.1%, and 1.1%. These are the figures that matter. If GDP growth is not high enough to offset the effect of population growth, then we as people are not as well off as the newspapers are telling us. If Australia’s GDP growth can sustain at around 1% with only moderate levels of immigration (for instance, the previous levels around 120-140,000 pa) then, in reality we as individuals are not benefitting in any way from our current high levels of population growth.

Economists will argue that GDP is all that matters. But increasingly, as we reach the limits of our planet, progressive economists are discussing ways to capture the more important and sustainable factors that matter within a new definition of GDP.

A modest rate of immigration is welcomed and should be encouraged. But ask yourself what we are getting from our current high level of population growth? Not economic growth per person. Not any preservation of green spaces. Traffic that is already gridlocked (how will our roads deal with double the population within our lifetimes?). Sports and education facilities are being squeezed, and their use rationed or degraded. We are losing our heritage including houses and gardens at a catastrophic rate. And the government finances do not seem to be benefitting – our national debt is skyrocketing.

Can we really look our children in the eye and tell them that we are leaving them a world that will be enjoyable to live in? Are we really making the right decisions? Certainly immigration is beneficial, but too much has not proven to be a good thing.