

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

1 June – 3 June 2010

Question: BET 47

Topic: Economic & Population Growth

Hansard Page: E50 (02/06/2010)

Senator BOB BROWN asked:

Senator BOB BROWN—Is it possible to have economic growth without population growth?

Mr Gallagher—With increasing participation and increasing labour productivity it is possible to have economic growth, as is discussed. At the moment we have about 260,000 births on 130,000 deaths a year. You will get population growth from natural increase. It is very hard to stop population growth in Australia. As we have been discussing, the lever is over-migration.

Senator BOB BROWN—Yes, but I am really interested to hear from Treasury that it is possible to have economic growth without population growth. Could you tell the committee how that scenario may unfold?

Mr Gallagher—I think that, as we have already discussed, even if we went to zero net migration, we would end up with population growth to 25 or 26 million people. In that scenario there could be increasing labour force participation, which would contribute to economic growth. Certainly you would hope that there would be growth in labour productivity that would contribute.

Senator BOB BROWN—Ultimately we are in a finite world and we have to accept that population globally has to stop growing.

Senator Sherry—I think that is an opinion, Senator Brown.

Senator BOB BROWN—I am asking what your view on that is.

Senator Sherry—I do not accept that.

Senator BOB BROWN—You do not accept there is any limit to population growth?

Senator Sherry—It is an argument just as much as a question. I do not accept it and, if Minister Burke has anything more to add in detail, I will take it on notice for him to give you a response.

Senator BOB BROWN—Thank you. So you see infinite population growth as the reality that we have on the planet?

Senator Sherry—I did not say that. I said I do not agree with your view and the way you put your question. I am more than happy to take it on notice to get you some more detail from Minister Burke.

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Answer: The long term drivers of economic growth are changes in the population, the level of participation in the labour force and the level of productivity (that is, output per person in the labour force).

Were the population not to grow, economic growth could be achieved by increasing participation or the level of productivity over time.