Tasmanian Demographic Analysis SnapShot – January 2020

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The January 2020 Tasmanian Demographic Analysis SnapShot provides an overview of quarterly Australian demographic statistics released by the Australian Bureau of Statistics (ABS) in December 2019 from the perspective of the state of Tasmania.

Key findings

• Tasmania’s population is both growing and ageing. However, the growth rate of both has slowed over the past year.

• In the year to 30 June 2019, Tasmania’s population grew by 5,983 people to 534,281 persons, a rate of 1.13%, equal to the previous year, lower than the national population growth rate of 1.5%.

• In the twenty years since 1999, Tasmania’s proportion of the Australian population has dropped from 2.5% to 2.1%. Victoria, Queensland and Western Australia have all increased their share.

• More than four in five new Tasmanians (80.6%) were migrants (33.6% from net interstate migration and 47.1% from net overseas migration) in the year to June 2019. Compared with 62.5% nationally, net migration provided the greatest contribution to population growth than any other state or territory.

• Almost one in five new Tasmanians were babies (19.4%), a considerable increase on the 11.9% the previous year. However, in 2014 natural increase (more births than deaths) contributed more than half (53.0%) of the state’s population growth.

• One in five Tasmanians are aged 65 or over (20.1%), indicating what demographers refer to as ‘hyper-ageing’, the point at which longer term population growth is not considered possible leading to the likelihood of eventual population decline.

• The average annual growth rate of those aged 65 years and older is 3.3% compared with the annual population growth rate for Tasmania of 0.79% for the previous five years.

• The proportion of the population of traditional working age (15 to 64 years of age) has been declining since 2006; from 66% to 62%.

• The number of labour market entrants to exits (the LMEE Ratio) has dropped to 112 entrants for every 100 exits, from 179 in 2003.

• The Total Dependency Ratio (TDR) has increased rapidly since 2011 so that for every 5 people of working age there are now just over 3 dependents.

Figure 1. Components of population change, and growth rate, Tasmania, June 2003 to 2019

1 when 20 per cent or more of the population is aged 65 or older.
Australian Overview:

Australia’s population grew by 1.5% during the year ended 30 June 2019, an increase of 381,600 people to 25,364,300 people. All states and territories, except for the Northern Territory, recorded population growth. Victoria recorded the highest growth rate of all at 2.1% for the year.

Table 1. Population Change Overview to 30 June 2019, Australia.

<table>
<thead>
<tr>
<th></th>
<th>Population 30 June 2019</th>
<th>Change over previous year</th>
<th>Change over previous year</th>
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<tr>
<td></td>
<td>'000</td>
<td>'000</td>
<td>%</td>
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<tr>
<td>NSW</td>
<td>8,089.5</td>
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<td>Vic.</td>
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<td>Tasmania</td>
<td>534.3</td>
<td>6</td>
<td>1.1</td>
</tr>
<tr>
<td>NT</td>
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</tr>
<tr>
<td>ACT</td>
<td>426.7</td>
<td>6.3</td>
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<tr>
<td>Australia</td>
<td>25,364.3</td>
<td>381.6</td>
<td>1.5</td>
</tr>
</tbody>
</table>

Components of Population Change

Natural increase and net overseas migration (NOM) contributed 37.5% and 62.5% respectively to total population growth for the year ended 30 June 2019.

At a state or territory level, the contribution of natural increase, net interstate migration (NIM) and NOM varied. For all except Western Australia and the ACT, NOM was the major contributor. Only Victoria, Queensland and Tasmania recorded net interstate migration gains for the year.

NOM increased for Queensland, WA, SA and Tasmania but decreased for NSW, Victoria, ACT and the NT.

NOM arrivals increased by 1.6% over the year, however, NOM departures also increased by 2.9%.

While Tasmania recorded the largest percentage increase in the number of NOM arrivals for the year ended 30 June 2019 (9.1%), the state also recorded the largest percentage increase in the number of NOM departures (19.7%), resulting in a net gain increase of 15 people, or 0.5% over the year.

Tasmania’s population:

While Tasmania’s population has been growing at its fastest rate since 2009, the composition of the population has also been changing. Over the past five years the rate of population ageing has slowed slightly²; 3.3% per annum to 2019, down from 3.4% per annum for the previous five years, however its rate of growth substantially exceeds the average annual growth rate of the population, 0.79%. In comparison, the working age population grew at an average rate of 0.3%, the youth population at 0.04% pa and those aged 85 and older, 2.4% pa.

² growth rate of population aged 65 years and older
Since 2016, the size of the working age population has been increasing, after shrinking for the previous five years. The size of the youth population has also been increasing since 2017, after shrinking for the previous six years and between 2000 and 2006 (See Figure 2).

This explains why Tasmania’s population, while growing, is also ageing at a faster rate than every other Australian state or territory.

**Figure 2. Population growth rates, select age groups, Tasmania**

Comparison of the population age structure for Tasmania and Australia illustrates the vast differences in the composition of the respective populations (Figure 3). Tasmania (outlined) has a much greater proportion of the population aged over 50 than Australia as a whole and a much smaller proportion of the population aged between 20 and 44, prime working age groups.

The rapid ageing of the Tasmanian population is further evident when compared with the population age structure at the turn of the Century (Figure 4). The age structure in 2019 (outlined) is considerably older than in 2001 (coloured bars).

**Figure 3. Population age structure, Tasmania (outlined) and Australia (coloured bars), 2019**

Even though the population of Tasmania has been growing, the proportion of the population who are of working age has been steadily declining since 2006, from 66% to 62% in 2019, due to the greater growth rates of both those aged 65 and older and, more recently, growth in those aged between zero and 14 years.
While the proportion of working age is declining, the ratio of Labour Market Entrants to Labour Market Exits (LMEE ratio) has slowed its decline in recent years, largely explained by the slowing of interstate migration movements out of the state. In 2003, there were 179 Tasmanians of labour market entrant age to every 100 of labour market exit age. By 2019, the number of entrants had dropped to 112 for every 100 exits. See Figure 5.

**Figure 5. Proportion of working age and Labour Market Entrant to Exit Ratio, Tasmania**

Given the culmination of the changes in the population age structure over time, the Total Dependency Ratio (TDR) has been increasing sharply since 2011 (Figure 6). The TDR is the proportion of the population of non-working age people to working age and provides an indication of the number of people who are ‘dependent’ on those of working age. In 2019, for every 100 people of working age, there were 61 dependent people, compared with just 53 in 2003, despite a steady decline in the child dependency ratio.

**Figure 6. Total Dependency Ratio (TDR), Child Dependency Ratio (CDR) and Old Age Dependency Ratio (OADR), Tasmania**

**Conclusion:**

A declining proportion of the population who is of working age presents challenges to an economy and society.

In order to be able to support those not of working age and in need; predominantly through the provision of health, community and aged care services for those getting older and also education and training for the younger cohort, a strong, capable working age population is required, not only to provide the tax base to fund the services but also to undertake the work itself.

When the proportion a population of working age declines, the pool of appropriate labour and skills also shrinks, placing greater pressure on the education and training sector to ensure that the supply of skills meets the demand.

While this is a challenge for governments, it becomes a crisis only when the labour force participation rate peaks and under-employment and the unemployment rate are low.

In Tasmania, improving the proportion of the working age population and the supply of an educated and skilled workforce can also be complemented through migration (from interstate or overseas).