

POLS30035 (Policy Design: From Theory to Practice)

Policy and Australia's Ageing Population: A Research Essay

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“Compare two existing problem framings of [the ageing population]. Is one preferable?”

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Introduction

That Australia is undergoing a major demographic shift is evident in the perilous growth of its ageing population. Today, one in six Australians are aged 65 and over (AIHW, 2023). An ageing population inflicts financial pressure on society altogether, as the labor force declines relative to the number of active consumers (Lee & Mason, 2017). As this demographic challenge materializes, policymakers, academics, and politicians ought to reevaluate how to perceive social and economic policy. This essay embarks on a comprehensive exploration of Australia's ageing population through two distinct policy lenses; the immigration lens and the demographic lens. These two perspectives not only provide unique insights into the nature of the problem, but also suggest independent policy approaches that hold the potential of alleviating the issue.

The essay will devote separate sections for the independent scrutiny of both approaches and their implications for government policy. Later, it interacts both approaches and examines whether either is preferable, ultimately coming to the claim that declining fertility has been a stronger source of the problem, while inadequate immigration policy has worsened the situation and proved an ineffective strategy.

I. A Fertility Lens

Australia, like several other developed nations, is facing a profound decline in fertility rates over the past few decades, leading to a scenario where the number of births is insufficient in replacing the existing population. The causes of this phenomenon are wide-reaching and extensively studied by sociologists, economists, historians, and politicians. One of the prominent factors has been a general delay in childbearing. Over the last several decades, women have consistently been choosing to pursue higher education at increased rates and establish their careers before starting their families (Parker, 2021). This meant that childbearing was, on average, pushed toward the end of women's reproductive periods. Secondly, intensified urbanization and the associated rise in the cost of living in Australia – and indeed in much of the Western world (Batterham et al., 2022) – acts as a deterrent to an extensive family. Additionally, shifts in family structures and a normalization of single-parent as well as non-marital households have

contributed to smaller family sizes (Government Victoria, 2012). Lastly, the popularization of contraception and family planning methods has allowed couples to obtain more reliable control over the size of their family (Bailey, 2013).

A decreasing fertility rate has serious implications for Australia's politics, culture, and economics. Fewer children being born shrinks the labor force, laboring it with the financial sustenance of retirees by increasing the dependency ratio. Paired with increasing life expectancies due to advancements in medicine, this not only reduces economic growth and productivity in the long run, but can also create labor shortages and wage pressures. Public finances are inevitably and severely strained by an aging population, as healthcare services and pensions experience elevated demand.

Addressing fertility problems in Australia requires a multidimensional policy response. Women entering the workforce at a greater rate and increasing their incomes by extending the duration of their careers is a good thing, so a government policy around fertility should be designed in a way that does not erode this positive effect. The federal government could focus on provisions for women in the workforce – such as extended maternity leaves, adjusted work hours, or developed childcare services – so that women do not have to resign from work entirely once they bear a child. Perhaps these provisions could incentivize younger women to have children; they now feel like having a child is a large commitment that will irrevocably impede their careers (Stahl, 2020). Beyond a legislative approach, the government could fund campaigns and support NGOs promoting the role of men in taking care of children, as to disperse responsibility more evenly throughout the household and thus decrease the temporal strain that women experience. An example of an effective campaign of this manner is Sweden's 'Pappaledig' initiative, translating to 'Dad Leave' or 'Paternity Leave' (Duvander & Cedstrand, 2022). The campaign supports gender equality, work-life balance, and women's career advancement by allowing fathers to take paid leaves to take care of their children. In fact, a family will not be granted any parental leave allowances if at least some of the time away is not spent by fathers (European Commission, 2023). The campaign also includes public awareness efforts and challenges traditional gender roles. Sweden also provides flexible workplaces and work hours,

facilitating care for children. Australia could certainly look toward the Swedish model in designing appropriate policy as a response to insufficient fertility.

II. An Immigration Lens

Another important means of scrutinizing Australia's ageing population is as a consequence of immigration policies that have not appropriately evolved to the demographic challenges bedeviling the nation. Historically, Australia's immigration system has been one oriented toward attracting skilled migrants with a strong emphasis on youth and employability (Wright et al., 2016). While this emphasis may seem blatantly appropriate with regards to an ageing domestic population, it has counterproductively contributed to the problem. The selective nature of the skilled immigration program, while somewhat economically beneficial (Wright et al., 2016), has insufficiently accounted for the need to sustain population growth and the reality of compounding pressures on healthcare and elderly care services. The demographic pyramid remains skewed with a declining number of working age individuals. To address this, it is imperative that immigration policy shifts from a purely economic-based one to a more holistic alternative that considers demographic dynamics. Canada proves an effective role model in this venture. Its population grew at almost twice the rate of every other G7 country between 2016 and 2021 (Statistics Canada, 2022). A 2019 census indicates that 22.3% of Canada's population was foreign-born, with this being projected to grow (Statistics Canada, 2022). This certainly demonstrates Canada's commitment to welcoming large quantities of migrants, and has saved it from an imminent demographic crisis.

A nuanced immigration policy in Australia could begin with the inclusion of family reunification. This would prove politically and socially popular considering that Australia's population is increasingly made up of individuals with migrant origins (Australian Bureau of Statistics, 2022). Canada indeed has a generous family reunification policy allowing citizens to bring their relatives into the country as permanent residents (Government of Canada, 2022). Immigrants that are skilled and educated will also likely have relatives of similar abilities.

Secondly, a new immigration policy ought to encourage long-term integration and citizenship. Eventual settled status could incentivize immigrants to invest their future in Australia, including healthcare and retirement planning. Encouraging immigrants to settle in suburban and rural areas, where the population is more sparse and likely older, could also have a positive impact. Such policy nuances would depend on regional (e.g. state or municipal) bodies and their ability to pull people away from large cities, for instance by supporting and establishing industries like ecommerce that can exist in rural areas. The implementation of changes to immigration policy also necessitates a reevaluation of social services and infrastructure. The aged care sector, for instance, would have to be expanded to accommodate the potential increase in demand. Education and language programs, on the other hand, could be subsidized to facilitate streamlined integration of immigrants – especially in regional and monolingual areas.

Interaction and Analysis

Implementing any of the proposed policies will certainly not come without diverse challenges. The feasibility of both of these but primarily of immigration-related policies will largely depend on their acceptance by the Australian public, for it is easier for a ruling authority to justify the need for fertility than it is for a more open border. Public opinion and electoral cycles can influence the government's willingness to undertake substantial changes to immigration policy. Economic factors, such as the demand and supply mechanics of the labor market at any given time, as well as the various short and long-term impacts of an influx of labor, can also shape policy directions. Social considerations, including multiculturalism and social cohesion, can influence the willingness to diversify the immigrant intake. This tripartite set of considerations makes for an ever-changing governance context that sets the stage for policymaking – this must be considered. Ultimately, a desirable immigration policy must find a balance between these considerations while addressing the critical issue of Australia's ageing population.

The structure of Australian policymaking must also be considered. The need for cooperation between federal and state government is something more native to immigration as well, since health-care in Australia is largely a federal matter. Cooperation would be required between immigration and customs bodies, such

as the Department of Home Affairs and the Australian Border Force, respectively. This would have to be done in a way that would ensure cohesive and consistent policies across the nation, involving consistency in healthcare, aged care services and infrastructure projects to support the needs of both more workers and more retirees.

Pertaining to fertility policy, it is important to recognize that ultimately fate lies in the hands of the Australian people, and in their perceptions on the size of their families. Policy thus needs to be designed smartly, in a way that provides sensible reasons for families and women to consider having children, or a greater number of them. As the Swedish case exemplifies, generosity when it comes to workplace legislation will generate results. Government campaigns can prove to be politically controversial, so in promoting the role of men in childbearing it will be important to clearly communicate the purpose; the support of women and – ultimately, the entire country.

Immigration and fertility policies are not exhaustive, and it is possible to design a response to an aging population that addresses both of these perspectives. In fact, showing the Australian populace that the government considers issues of fertility (and their future repercussions), and that generous provisions are granted to those that reproduce, would likely incentivize higher immigration numbers and improve trust in the government. Thankfully, population and fertility is a parameter already reliably monitored in a straightforward manner, so evaluating the performance of new policies proposed in this paper would not require extensive additional expenditure or effort.

Quantities of migrants welcomed into Australia have fluctuated throughout time. However, the Australian population has been aging consistently throughout the last 50 years. These divergent relationships should be enough to suggest that immigration, while it contributes to the problem, has not been a strong predictor of the aging population. Despite rising for a brief period in the early 2000s, the fertility rate on the other hand has consistently been decreasing over the same time period. It is also not unreasonable to map the logical link between fertility and an expanding elderly proportion of the population. For these reasons, fertility (alongside life expectancy) should be understood as the primary culprit behind the issue.

Nevertheless, if Australia wishes to effectively and swiftly respond to the aging population problem, it ought to modify its immigration policy in a way modelled by this analysis.

Conclusion

This paper illustrates the multifaceted nature of the problem of Australia's ageing population. By highlighting the nuanced interplay of the immigration and demographic perspectives, it displays that wide-reaching and sophisticated government policy is required to respond to this societal challenge. The fact that an ageing population poses implications for not one facet in society but impacts economics, healthcare, culture, and more, is testament to the need for a robust examination of causes and subsequently effective policy responses. It is also testament to the importance of addressing this issue swiftly.

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