

Tasmania's future depends on creative solutions

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APPEALING: Strategies for addressing the predicted shift in the dependency ratio in Tasmania include retaining existing younger workers, attracting more younger workers to the state and increasing the local skilled workforce through better training and opportunities. Picture: Shutterstock

The big ticket item in the 180-page report is the dependency ratio, the number of working age (younger) people to older 65+ people in a community.

The IGR models a drop from 4.0 in 2020 to 2.7 by 2060.

In 2000 there were 5.0 working age people to each older Australian. Working age people pay most of the taxes and generate wealth and care for older Australians. So less income tax, fewer carers and a lot more older

people creates a challenge.

The number of people over 85 will triple over the next 40 years.

One impact is that government spending will increase per person from \$22,420 currently to \$38,680 by 2060.

This increase is largely for health care and social assistance. Unless there is a rapid increase in productivity, governments are going to have to find a lot more money from somewhere, most likely from you and I.

External (from outside Australia) migration numbers are modelled to flatline and the natural birth rate decline. COVID has accelerated these two trends.

Tasmania will be impacted more than other states and territories because we have an older population and lose many of our young people to the greener grass on the other side of Bass Strait.

The trend shifts the policy focus onto internal migration challenges - who leaves Tasmania and who we can attract in; a global competition for people - preferably older people leaving and younger people arriving if the dependency ratio is to be balanced.

It's the exact opposite of the trend of the past 20 years with the out migration age (around 27) being lower than the in migration age (around 35).

Our population trends exacerbate our dependency ratio challenges in Tasmania.

There are many strategies that can provide solutions to the dependency ratio conundrum. Here are a few.

1. Increase the ability of older Tasmanians to care for each other and

increase self-care - for example through self/community care education and skills courses and through incentives (including tax) for home and community care models.

2. Increase the numbers of younger workers through specific strategies to attract them to Tasmania either as long-term residents or as working visitors. For example the successful 'regional returners' strategy targets people who have left an area, reconnects them (for example to local sport and recreation) and provides incentives to return.
3. Increase the local skilled talent pool and develop better connections to work opportunities and skills courses. The state government is trying this through Local Employment Hubs. Rates of underemployment remain high in Tasmania, often because people don't have the skills or the capacity to access work. Building skills and confidence and capacity and mobility takes time and effort.
4. Reduce the number of younger Tasmanians leaving the state - for example by providing reliable high-speed broadband everywhere and, by providing more incentives for entrepreneurship and local start-ups.
5. Create local community incentives for people to live in an area through housing subsidies, revitalised town centres, paying off education debts, micro-business facilities etc.
6. A serious discussion of the mix of lifetime incentives and family supports to enable a work/life balance that might increase the fertility rate.

All of these solutions carry risks but now is the time to engage with the conversation.

One of the more successful international approaches is to focus on population flows rather than stocks.

For example Derby has low population stocks but high flows most of the

year so that at any one time there are enough people there to create economic activity.

Thinking how these flows can be linked to meeting short-term employment gaps is an example; a more planned approach to working and skills-based tourism, sometimes called edu-tourism.

Tasmania's future depends on how well we manage each of these strategies.

At the moment they are on the periphery of our policy focus with all levels of government.

Almost all of our 29 councils claim they are (or rather should be) the most liveable in Tasmania but none have any serious strategies to stand out from the pack.

Each council is now in serious competition for people both from outside Tasmania and from inside Tasmania.

So far Tasmania has done reasonably well from COVID refugees and cashed-up baby boomers looking for a regional sea change.

But it is not at all clear that the numbers will ever be high enough or young enough to offset the dependency ratio.

We need to be better using our Tasmanian creativity to think up innovative solutions to get ahead of the game.

- **Professor David Adams, University of Tasmania**