

# **“Population Growth in Australia in the Past Two Decades, the Major Contributing Factors to the Population Growth and the Subsequent Changes in Business Environments”**

Business Demographics

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## **Introduction**

Population is the main factor that identifies a nation's growth. Main population can see growth as a result of emigration, increased birth and fertility rate and decreased mortality rate. To view the effects of population, two identifiable units can be explored, they are size and composition of the population. While size declares the amount of people living in the geographic location, composition of the population dissects the overall population based on different categories such as age, sex and levels of education. To discuss further about population growth, it is very important to know that changes in numbers of the overall population is a constant metrics. Market, on the other hand, describes what goods are produced and how much of it is available for the consumer. Conceptually three approaches are taken to define the total flow of goods and services in the market. They are production, income and expenditure approaches (ABS, 2000b). This essay will discuss the trends of population growth in Australia. Furthermore, the content of this essay will explore how different changes in population contributes to the market structure of the economy. In addition, importance is given in this essay to discuss the overall structure of population in the last 20 years. Availability of data makes it easier to estimate market size which is contrary to the past.

## **Discussion**

### **Trends of Australia's Population**

Australia's current population is 25,687,041 which in 2000 was 19,157,000. Change in population can be identified with key trends such as birth, fertility and mortality rate. Data is collected through census to represent the population estimation. Population growth in Australia has been highly incremental. The growth can be described as exponential. Capital cities in Australia has the higher density of population compared to regional areas. The strong growth of population in Australia has caused better economic environments. More businesses sustained and the economy has seen job growth. Good health and healthy choice have led to longer life expectancy with the median age rising from 32.1 years in 1990 to 37.8 years in 2020(AIHW 2021). More updated data suggested that median age for an Australian was 35 years in June 2000 and increased to 38 years in June 2020. Main driver of population growth remains natural increase for Australia although immigration seen a vital increase. A sustained population for Australia means the country has more ageing population. Age of population determines production and consumption rate of the country. Keynesian analysis suggests that increased level of consumption will happen as a result of increased income (Jahan S, Mahmud A.S., Papageorgiou 2014). This suggests that level of consumption declines for older population, but also more people stay in the

workforce as a result of low fertility and increased life expectancy. This trend concurs that fewer children are born each year. Low birth rate allows more working age population to participate in the workforce resulting in increased household income. Household income defines the common provisions of a house where more than one person lives (AIHW 2005). Weekly household income also determines how past savings can influence future spending habits. More detailed reasoning can be formed by the data provided by the Australian Bureau of Statistics (2020). The report suggested that overall proportion of children reduced in 2020 compared to 2000 at a rate of 20.7% to 18.6%. This means natural increase in the population seen a negative growth during last two decades. Historically, regardless of natural increase, total fertility rate which determines number of babies each woman have also declined in Australia. Other issues that can cause declining population are health crisis. During the recent Covid-19 pandemic, Australia recorded low population growth in 2021 of just 0.3% (ABS 2022). This has caused havoc as Australia is known for its strong population growth. Another factor is the sex ratio. Although higher mortality rate among young males can downplay the economics, more male usually emigrates which can have a positive effect on number of people participate in the workforce. Female sex ratio is relatively higher among older population. Australia's population growth was possible due to medical advances, improved life-choices and safety measures. During the last two decades, Australia has gone through a phase of lower mortality rate which is expected to sustain. This has helped to offset the declining fertility rate.

Immigration has also resulted in population growth in Australia. The federal immigration program was created in 1945, to overcome declining population due to natural increase and to allow more workforce participants. Australia's immigration rate is also higher compared to the other OECD countries. High rates of permanent resident are recorded from England, China and India. In the years 1999-2000, long term migration resulted in significant gains. The main reasons people immigrated was for education, employment and business reasons. In June 2020, 29.8% of the total population in Australia was born overseas (ABS 2021). Good immigration plan results in good economic growth. Australia is a good example of supporting immigration to revitalise its people and economy.

## **Regulating Business Environment**

To understand population growth in Australia, analysing market and its growth factors are also important. Size of the population determines market. Trends like larger market size means more freedom on exchange rates while having less self-reliance. Moreover, market works by the decisions that people make. An example of market share and environment is food consumption. Food consumption rate is proportionate to the overall population. Australia's market shares are distributed between industries that benefits the population. To meet with different

needs of the population, the market is usually segmented. Market segmentations are done according to consumer behaviour and buying patterns. According to the latest release of the Australian National Accounts (ABS 2021), the economy performed better at a rate of 3.4% through a chain volume measure. The findings also showed that recent health crisis such as the Covid-19 virus affected growth in many industries. It is also reported that Mining industry resulted for slowed growth of 14.9% in the period of 2019-2020. Health care rose by 23.5% and retail trade grew at 27.4% in the same time period. Employment was also affected during this period. Lesser people were employed due to the health crisis. To compare this to the data of 2000-2001 financial year, it is observed that similar industries made higher profits. Mining industry for example grew by 31% in that financial year (ABS 2003). In 2000-01, 10% increase was recorded in retail trade industry. To identify and evaluate this trend, understanding consumer behaviour on products based on income level is very important. For a household, basic goods such as appliances, food and clothing should be met as well as other goods like education, health and rent. While the population level can determine the size of the market, actual economy can be measured through levels of income. Moreover, lifecycle stages also affect the capability of a person's earning. On 1 July 2000(ABS 2003), Australian government introduced a new tax system to regulate the business environment in order to improve purchasing power of a consumer. The bill saw more welfare payments and lesser tax provision on personal income. It was also identified in that year that a couple without children are the highest average earner in a household. As a result, more businesses were able to hire, and lesser time was needed in manufacturing. Constant growth since then resulted in better performance of GDP. Current GDP rate of Australia represents 1.18% of the world total economy (Trading Economic 2021). On the contrary to this growth, the pandemic has caused prices in the market to rise as a result of negative production cycle. This has also resulted in inflation. Australia through years has focused on energy sector. Demographic transition suggests that lower fertility rate can cause pressure as such in an industry and defines the workforce. Lifecycle events such as marriage and death also shape market environment based on spending and earning capability. It is very important to consider national account estimates of personal income when spending in the economy. This is called bounded rationality.

## **Conclusion**

Australia is considered to sustain a good rate of population growth. Global trend shows overall population growth in all countries but at a declined rate. Australia is outperforming many nations with a healthy population that is expected to grow more. In past two-decade, population growth in Australia identified some key factors, such as declining fertility rate and the need for immigration. In addition, employable industries contribute to the income scale of the population. The spending attributes of the population categorise market needs. The environment of the market depends on different lifecycle events. The growth of population resulted in good economic

performance of Australia. Major industries have benefited from the population measures implemented by the Australian government. It is also forecasted that the growth will remain in place.

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