

## **Comment: the Future of Local Government Review Options Paper – Stage 2 and the Tasmanian Treasury interim rebased population projections**

**Prepared by Dr Lisa Denny, February 2023**

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The Tasmanian Department of Treasury and Finance (Treasury) has released ‘interim rebased population projections’ for Tasmania and its local government areas on the basis that “the ABS made unusually large adjustments to its Tasmanian population estimates for the period 2017 to 2021 as part of its post-Census rebasing revisions<sup>1</sup>. As a result, the projections Treasury prepared in 2019 became “somewhat obsolete.”<sup>2</sup>

In preparing these interim rebased population projections, Treasury has applied a linear growth model to the 2019 projections rather than using demographic methods to adjust the population projections. Their approach essentially assumes that the same rate of change for each single year of age and sex will apply annually for the projection period rather than making assumptions for the changes in fertility, mortality and/or migration rates which have occurred during the inter-Censal years.

Treasury does advise that “the updated projections should be used with caution” and that they should only be used in the short term and users should consider “whether the interim projections are fit for any purpose intended” while “Treasury develops revised, more robust projections based on the new ABS population estimates”.

Despite this caution, the Future of Local Government Review Options Paper – Stage 2 released in December 2022 refers to Treasury’s interim rebased population projections to claim that:

- A majority of Tasmanian councils (52%) is forecast to experience population decline over the next 20 years.
- Demographic pressures are especially acute in regional Tasmania; 92 per cent of rural and remote councils are set to experience population decline or stagnation.
- By 2042, Treasury projections indicated that the median age of over half of Tasmania’s LGAs will be 50 or higher. 94 per cent of these LGAs are rural<sup>3</sup>.

Given that the Treasury interim rebased population projections were not developed using demographic methods or revised assumptions based on recent trends in population change, the projections should not be used for making short, medium or long term decisions in relation to planning and the provision of infrastructure and services at a state or local government area level.

In addition to the Treasury interim rebased population projections, the Australian Government Centre for Population and cePAR (the Centre for Excellence in Population Ageing Research) have also recently produced population projections for Tasmania. These projections diverge considerably.

The Centre for Population projects very strong population growth for Tasmania driven by high levels of migration exceeding pre-pandemic levels by the mid-2020s. The cePAR projections, undertaken by

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<sup>1</sup> See Figure A in the Appendix

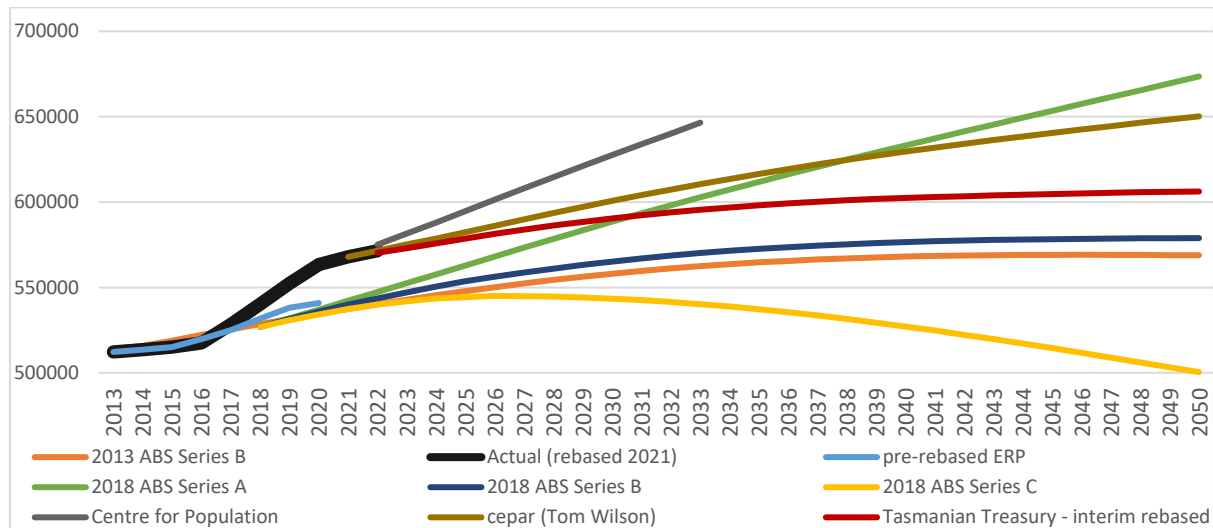
<sup>2</sup> <https://www.treasury.tas.gov.au/economy/economic-data/2019-population-projections-for-tasmania-and-its-local-government-areas>

<sup>3</sup>Future of Local Government Review Options Paper – Stage 2, Local Government Division, Department of Premier and Cabinet, Tasmania, Page 30, <https://www.futurelocal.tas.gov.au/wp-content/uploads/2022/12/FoLGR-Stage-2-Options-Paper-22.12.2022.pdf>

demographer Dr Tom Wilson, show a trajectory consistent with the population change evident in the recently rebased estimated resident population (ERP) for Tasmania.

Neither the Centre for Population nor cepear population projections for Tasmania were produced at the local government area level.

Figure 1. Population projections, Tasmania, various



### Local Government

From a local government perspective, there has been considerable population change within and between the LGAs since 2016 in terms of growth rates, ageing and the composition of the population. More specifically:

- There is considerable divergence between the old ERP and the rebased ERP for all Local Government Areas in Tasmania
- The ABS under-estimated the annual growth rates for all LGAs by an average of 0.7 percentage points per annum
- Smaller LGAs and periphery LGAs are recording higher average growth rates than cities and more populated LGAs
- Remote and small LGAs recorded slower growth rates
- 11 LGAs median age is younger in 2021 than in 2016
- 18 LGAs median age is younger in 2021 than in 2020 (rebased ERP)
- The rate of ageing (five year average) has slowed for 23 LGAs
- 4 LGAs recorded population decline in the year to 2021 (Flinders Island, George Town, Hobart and King Island)
- 1 LGA recorded population decline since 2016 (Flinders Island)

## Reasons for divergence

A number of factors have contributed to the considerable divergence between the Estimated Resident Populations (ERPs), the rebased ERPs, and population projections since the 2016 ABS Census of Population and Housing.

- The Tasmanian Population Growth Strategy and associated marketing efforts
- Priority “super-growth” sector at a national and state level – international students
- Increased use of overseas migration to fill skill and labour shortages – temporary, seasonal and permanent
- Change in temporary migrant visa system and pathways to permanency
- The change in how overseas migration is measured since the cessation of the overseas departure card on 1 July 2017
  - Issues with the quality of data sources for overseas migration from a state and territory perspective
- Factors that affect decision-making: relative housing, employment and lifestyle as well as family connections
- The impact of the COVID-19 global pandemic on population movements due to the closure of the national, and some state and territory, borders
  - The associated disruption to economic and social trends e.g. working from home, lifestyle values, the great resignation, etc
- The mass vaccination roll out and the impact on Medicare change of address details for measuring interstate migration
  - ABS advised that the implausibly high numbers of change of address data with Medicare impacted interstate migration reporting so that the movement may not have occurred in the quarter it was recorded.
- Preliminary investigations suggest that movements between states and territories of overseas-born migrants on temporary visas are not being captured effectively in the interstate migration methodology used by the ABS (i.e. they do not have access to Medicare).

All of these factors need to be considered to produce robust and reliable assumptions relating to fertility, mortality and migration to inform future population projections at a state and local government area level so that effective decision-making is possible.

## Recommendations:

Given that the substantial changes within Tasmania’s population since 2016, driven by policy changes and external shocks, will affect Tasmania’s future population change, the interim rebased population projections produced by Treasury which do not factor in these changes, should not be relied on to inform decision-making. Instead, the state government should invest in producing robust population projections at a state and local government area level which can be relied upon for decision-making.

Robust, reliable and well-informed assumptions used to develop population projections enable more comprehensive and population-informed decision-making in terms of investment in infrastructure, services and amenities, and where that investment should take place, not just based on the size or growth rate of the population but also by the composition (age and sex) and change over time.

Key considerations that should be undertaken in developing assumptions for new population projections for Tasmania and its Local Government Areas include that:

- The ABS considerably under-estimated the size and growth rate of Tasmania's Estimated Resident Population (ERP) between the 2016 Census and the 2021 Census.
  - The rebased population is almost 30,000 larger than estimated (4.9% larger)
  - Further research is warranted to investigate this discrepancy and inform the assumptions made to develop the population projections
- There is also considerable divergence between the old ERP and the rebased ERP for all Local Government Areas in Tasmania.
- There is considerable movement within Tasmania and between local government areas; internal, interstate and overseas migration impact each local government area directly and have bi-directional relationships. These need to be better understood.

## Appendix

### Notes on Rebasing the Estimated Resident Population

After each Census the ABS ‘rebases’ the Estimated Resident Population (ERP) for Australia and its regions and other statistical areas.

Rebasing is the process of updating population estimates for the five years between Censuses, to incorporate information from the most recent Census.

This is because the Census provides an actual count of Australia’s population whereas the ERP between Censuses is estimated based on administrative data – birth registration, death certificates, change of address data with Medicare and overseas arrivals and departures. Following each Census, revisions are made to the estimates for each quarterly and annual period in the previous intercensal period, this is referred to as ‘rebasings’.

The ERP includes all people who usually live in Australia (regardless of nationality, citizenship or visa status).

At a state level, each quarter estimates from administrative data are added to the previous population stock estimate. At a sub-state level, rebased population estimates by age and sex are constrained to a rebased total population for each intercensal year rather than quarterly, as at the national and state level.

As a result of the rebasing process, the components by age and sex (natural increase, internal and overseas migration) for sub-state areas published in previous population estimates no longer sum to population change by age and sex.

The ABS released the preliminary rebased ERP for December 2021 in August 2022 with the final rebased ERP due to be released in June 2023.

Figure A. Tasmania’s population – pre-rebased ERP and preliminary rebased-ERP

