

Migrant Intake into Australia
Productivity Commission
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Migrant Intake into Australia

Thank you to the Australian government's Productivity Commission for the opportunity to make this submission:

Chasing the allusive GDP

Treasury is cutting its GDP forecast from the 3% announced in the budget to 2.75%. The adjustment has come about because of a slowing in net migration to Australia and a long-term trend that shows the number of hours being worked is falling. Population growth has become a metric to measure our economic "success", but there are limits to how fast our GDP can grow, and limits to its value as a measure.

Our economy, or GDP, heavily linked to population growth, is unsustainable. Our optimum population size is not measured by GDP, but human factors such as living standards, human welfare, environmental constraints and the welfare of future generations. Lower immigration would help reduce a lot of our economic problems – not to mention our environmental problems

Unemployment/underemployment

The number of hours being worked is falling, because there are excessive numbers of people seeking limited number of jobs! The jobs market has become one without borders, and international applicants, with work visas, are allowed to apply. We have "skilled migration" when we have excessive skilled people, and potentially skilled human resources in Australia, without sufficient employment opportunities.

The three "P"s of a successful economy are said to be population growth, productivity and participation. The former is in overflow, with an over-shoot of numbers of people applying for jobs, and productivity being hampered by traffic congestion, infrastructure deficit, as well as low participation. (unemployment/underemployment)
It's the law of diminishing returns!

Social Services Minister Christian Porter has warned that, without major reform, Australia's welfare budget is heading for a \$44 billion blowout by the end of the decade. Currently, welfare expenditure is around \$154 billion per year – a figure that is predicted to jump to \$198 billion by 2020 as the number of Australians claiming a Disability Support Pension and the Age Pension increases. We have lost control of our demographics, and while we can't deny people some pensions, we can control the heavy numbers of Newstart allowances. We are in population overshoot of jobs and dis-economies of scale are blowing out.

Living standards

The more our cities are squeezed, the lower our living standards become. Why would migrants consider moving to Australia if they end up living in boxes, in high towers, or high density apartments? If they come for a "better life", that's what they expect, not Shanghai or Hong Kong! Australia is already one of the most expensive countries in the world, and housing is unaffordable for many Australians. Nothing grows forever. The more there are of

us, the more dis-economies of scale blow out, and we end up with massive infrastructure debts.

New research made public reveals that high numbers of Australians have experienced homelessness during their lives. 1 in 8 or 2.35 million of us have been homeless. 1 in 12, or 1.4 million have slept rough. *"People are more likely to experience homelessness in their lifetime than diabetes, asthma or arthritis. In fact, 1 in 8 people experiencing homelessness is closer to the 1 in 6 people who will experience depression."* Glenda Stevens, CEO of Homelessness Australia said.

High population growth has fuelled demand for housing, mortgages, and price hikes, for long enough!

Productivity Commission 2006

The Productivity Commission in 2006 concluded that even skilled migration would do little to increase income per person. And what little growth the commission could find was appropriated by the new arrivals. We are locked in a cycle of consumerism. This 2006 Productivity Commission was a modelling exercise to assess the effect of a 50 per cent increase in our skilled immigrant intake. It found that, after 20 years, real gross domestic product was only about 4 per cent higher than otherwise! It's a case of diminishing returns, from high immigration.

The Productivity Commission report showed that ongoing immigration to Australia benefited the migrants themselves, and capital owners - employers and the wealthy.

The Productivity Commission is blunt: *"changes in migration flows are unlikely to have a significant and lasting effect on the ageing of Australia's population"*. However, immigrants also age at the same rate as all people, of one year older each year. An increasing number of our "ageing population" now are former migrants. While immigrants are often at a younger working age when they migrate to Australia, they also age and contribute to the growth of the older population. (ABS)

Dr Bob Birrell said: *"It concludes that the effect of a 50 per cent increase in the numbers of skilled migrants over the twenty year period to 2024-25 will be to reduce average productivity slightly but increase GNP (gross national product) per capita slightly relative to current migration levels. However, the Position Paper does not assess the implications of the extra migrants for Australian residents (or incumbents). This paper argues that GNP per capita for incumbents will be to lower under the high migration scenario than if current migration levels are maintained."*

High immigration at a time of job scarcity, and a sluggish economy, gives employers a wider scope of potential workers, and skills, and this drives down wages and working conditions.

Narrow, vested interests

Maintaining high immigration keep those cash registers going for big and small business as these new immigrants set themselves up. Only vested interests at the top end of town genuinely benefit from the increased GDP associated with population growth.

There are certainly many who are making money from filling the country with ever more

people. Developers, Real estate agents, Banks, large companies whose options for growth are really about growing the population.

Food security

By 2050, it's expected the world's population will reach 9 billion people — that's nearly 25 per cent more than current levels.

The United Nations says that means the world will have to produce 70 per cent more food than it currently does if we are to have enough food to ensure the survival of everyone. The age of the past, when we benefited from growth, is over. We must move towards a post-growth era, to a stable, sustainable economy.

The Climate Council's report, *Feeding a hungry nation: climate change, food and farming in Australia*, says the agriculture industry has suffered and will suffer in future as Australia's climate continues to change.

Rising temperatures and lower rainfall have already affected crop yields in areas of southern Australia, and yields will continue to be affected, the report said. We're the driest inhabited continent, and we can't assume the past production rates can be maintained, and provide for massive growth in the number of consumers - and export markets. It's assumed that free-trade agreements and exports/imports will ensure our food supplies, but not all countries can be net food importers!

Chasing the allure of eternal youth!

According to the ABS, *with zero net overseas migration, that is, the same number of people leaving the country as arriving in it, Australia's total population would depend solely on natural increase. Under this scenario, the total population would be 25 million in 2033, 6 million less than the 2013 medium series projection for the same year. The proportion of people aged over 65 would increase to 23%, and the proportion of those under 15 would decrease to 16%.*

Zero net overseas migration would result in people of working age making up 61% of the population in 2033, while the total dependency ratio would increase to 65 'dependents' for every 100 'workers'. At the same time, increasing life expectancy would result in the proportion of people aged 85 or more doubling to 4%.

We can't keep chasing the dream of a young population! We end up with Ponzi-demographics. An ageing population is inevitable, and is a stage of the process towards a sustainable population size.

Costs of growth

Studies show that high immigration causes a short term GDP spurt (setting up house etc) but is a drag on incomes, employment and GDP per capita in the medium to long term. Countries which tightly restrict immigration like Switzerland and Japan are some of the wealthiest.

ABS reports that unemployment amongst skilled migrants is higher than the general population, and higher among migrants in general.

<http://www.abs.gov.au/ausstats/abs@.nsf/Products/6250.0~Nov+2010~Main+Features~Emp>

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However, there are so many categories of visas that allow migrants to work here and there are not enough entry level jobs to share. There's students, working holiday makers, and 457 visas etc. There an assumption that the benefits of migrants in the community causes the greater demand for products and services, which in turn creates jobs. However, we have a crisis of youth unemployment, and since the Howard years immigration has been ranked up to record levels.

Australia faces a major *infrastructure deficit* in the wake of population and economic growth. More roads fuel urban sprawl, which increases the use of cars, which increases the demand for new roads, and the cycle continues to spiral out of control. The cost of urban congestion will increase four-fold in the next 20 years unless we cut the demand for cars and increase the supply of public transport. The Department of Prime Minister and Cabinet estimates we've under-invested in things like public transport by \$100 billion and this is likely to grow to \$350 billion within 10 years!

The punishment of the unemployed is draconian, considering our porous borders! If we really want to help the unemployed in Australia, immigration should be cut to zero growth levels - about 70,000 per year.

Extinction rates

Australia is one of the most important nations on Earth for biodiversity. In fact, Australia is one of only 17 “megadiverse” nations and is home to more species than any other developed country. Australia is facing an extinction crisis. Australia has the worst mammal extinction rate in the world: 30 native mammals have become extinct since European settlement. To put this in a global context, 1 out of 3 mammal extinctions in the last 400 years have occurred in Australia. This is nothing to be proud of.

Carnaby's Black cockatoos are being eradicated because of Perth's deadly urban sprawl. Ecologists have warned that Melbourne is at risk of losing more than half its native plant species over the next century, with grasslands in Melbourne's west most vulnerable to the city's urban sprawl. Just 2 per cent of original grasslands between Melbourne and Adelaide still remain. This is what should be a Third World problem, not one in what's meant to be an advanced, first world economy!

Conclusion

Maintaining Australia's present rate of population growth can't be justified on any level, economically, human welfare considerations, socially, food security implications, or environmentally. We can and should head towards a stable, sustainable population size, tuned and optimized to face the challenges of the future. Repeating above, from ABS, *with zero net overseas migration, that is, the same number of people leaving the country as arriving in it, Australia's total population would depend solely on natural increase. Under this scenario, the total population would be 25 million in 2033, 6 million less than the 2013 medium series projection for the same year.*

We don't have to end immigration, or shut or borders, but adjust the rate to that of emigration from Australia - to **zero net immigration**. Some of this quota should be set aside for **genuine refugees**, willing to work and accept Australian values.

Thank you for the opportunity to submit my opinion.

Vivienne Ortega