

Comments on the Draft Report: "Migrant Intake into Australia" November 2015

1.00 Introduction

Thank you for the opportunity to respond to, and comment upon, the Productivity Commission (P.C.) Draft Report "Migrant Intake into Australia", dated November 2015. (Which included assessing a Visa fee system). My comments here should be read in conjunction with my initial submission No 58 to the "Migrant Intake Inquiry", which was initiated in May 2015. As previously advised, I have no affiliation, interests or association with any group or body. I am quite simply a private citizen.

This Inquiry and Report process is a valuable and democratic opportunity for public comment on our future. I congratulate all concerned on bringing this about.

Please note that I am not recommending any particular population program or target, however I do believe that Government decisions on this matter must be informed by the best available data. Such data can only be obtained by widely informed independent research, and not subjected to political influences. It is imperative that Governments have accurate, reliable data, for basing decisions on.

My concern is that successive Governments have created a population monster, which will devour budgets and funds now and into the foreseeable future. This will jeopardise the stability of the National Economy and Social structures, and on such a scale that widespread collapse will become inevitable. Consequences will not be nice. The control of this monster is difficult, and likely to get worse. This situation results from past political decisions, which often sought short term advantage, but has also been assisted by ill informed, timid, possibly sycophantic, advice from the Public Service and influential lobbyists.

An understanding of the effects of migrant intake numbers on this is vital. Visa fees, less so.

These comments are largely framed by the Draft Report, however I raise possible consequences of climate change on the productivity assumptions of the Draft Report, (and thus on the economy and budgeting); the productivity possibilities raised by me are not far fetched, but have the potential to crash the economy, and to fundamentally contradict current "blue sky" assumptions such as are implied by this Draft Report; If these observations prove correct, then the forced population increases, resulting from current policies, will be contrary to any sensible interpretation of Public interest.

Because all of this seems so obvious, I do have concerns that all of these issues are actually well known by Government, or the information is held within branches of the Civil Service, but are not being publicly divulged (on some sort of "knowledge is power" justification).
If so then this must cease.

I am hopeful that through this inquiry process, the Productivity Commissioners will restore long term Public interests, as a priority. Its time for a reality check.

2.00 Executive Summary

2.10 Time for us all to take a large, and none too pleasant, reality pill.

2.20 A complete rethink and review of the direction of the inquiry and the Draft Report is required.

3.00 Recommendations

Recommendation 3.10

The first matter to clarify is the basis and definition of the current Population Policy, and provision of a public statement of the "Policy" (if it exists) and its objectives. Is it perhaps a "System" i.e. an administrative arrangement managed day to day by Politicians, and not a Policy? Should Existential (Human, Animal and Flora survival) issues also be included?

Recommendation 3.20

A complete review of the Draft report, with a view to the development of sound data to be used in the Final report. Regular data reviews, with probabilistic predictions, will be essential for generating and informing Policy in future.

Recommendation 3.30.

The development of a computer based dynamic model to provide comprehensive predictive data, including probabilistic (risk) assessments, as a basis for population decisions The data inputs must be as comprehensive as possible, and must include credible climate change data.

Recommendation 3.40

Following the above, the preparation of a revised Draft Report, for Public comment, will be necessary. This may be the last opportunity to shape Public Policy to the National benefit, and is urgently required, so that Nationally we are better prepared for the times ahead; which may pose problems of a type which we are not used to dealing with.

4.00 Comments

4.10 Observations on the Draft Report

The Productivity Commission now has an opportunity, (in the final Report), to prepare and shape the Nation's future for the next 50 years, and more. (Unfortunately such opportunities are and will be scarce, and this may well be the final one).

There is now an opportunity to turn a serious situation around, (or at least to introduce measures consistent with the "precautionary principle"), and to provide a valuable resource to the Australian Public, Future generations, and the Australian Government.

It is very obvious that considerable expert thinking and research effort has been put into the Draft Report, which contains much useful and well researched new material, and references to new data (e.g. the new ABS' PITMID data link, and Fiscal impacts methods - chapter 7); in fact the sheer volume of this material made my analysis difficult. The report also acknowledges a lack of some relevant data, which can be acted upon if required. This considerable effort, by the PC, is valuable and should be used, where possible, in developing better solutions. This is my hope.

It is, therefore, unfortunate that the conclusions (Key Points and overview), drawn from this detailed work, are largely qualitative and the report lacks objective, data backed, numerical conclusions. My impression is that there is an overload of facts, but a paucity of conclusions. A case of obfuscation by excess, perhaps. An executive summary might help with this.

The Draft Report does not present any reliable numerical data, to support the merits of the current high levels of population growth, (achieved mainly through high levels of immigration). It certainly does not contain any probabilistic, or risk predictions, on which to inform good policy.

In fact the draft report is dangerously misleading, with unsupported implied assumptions (e.g. page 5

last paragraph). This encourages a naive complacency about the future, including population planning, which, unfortunately, may be used to justify misguided and harmful future policies and self interested group lobbying. Neither does it provide useful guidance on visa fees.

For example, in my earlier submission, I suggested that the average actual lifetime cost of a "vanguard" immigrant could be as high as \$7 million (after "multiplier" inclusions for dependants, progeny, family reunions etc.). I see nothing quantified in the draft report either to confirm, or to nullify, this observation. Though I am able to infer some correct elements of this estimate, particularly from Figure 7.2, (page 237), and other references. (This is also very relevant to a visa fee analysis).

There is advice (Draft Report page 237) that a 20 year period has been used for Government modelling, based on a 2009 cohort of migrants, which it is reported shows a net fiscal benefit. However, this does not seem to reflect lifetime costs, including post 60 years of age, where the heaviest costs occur, and which has to be part of the basis for sensible cost evaluation. Neither does it include multiplier costs, especially for progeny and dependants, or any assessment of other costs such as resource transfers and unemployment opportunity costs.

In my submission I did not attempt to quantify benefits, yet, neither, apparently, does the Draft Report, even though this information was a key point in the terms of reference (though the report covers tax revenues, and also productivity percentages (A proxy for benefits); see also Figure 7.2, (page 237) and other references in the report). Now it is possible that increased productivity captures most of the Public benefits. However they do not directly capture private benefits (e.g. to businesses and private citizens), which are very relevant.

If the draft report is continued through as a basis for the final report, the end result would be a lack of credibility in the Report and therefore in the Commission, (possibly even disdain and contempt). I do not want to see this occur; I wish to see our Public Institutions acting as a principled guides to good Government and as instruments of Public good.

4.20 Current Population Policy. What is it?

The Draft Report notes that current Population policy (page 3 Overview) is:

"...one geared primarily to meeting the needs of industry and employers".

This is a very narrow, objective, which is designed around short term financial objectives and does not consider the long term consequences (including the many related social issues). Thus a short term, business focussed approach, appears to be the basis of current immigration policy. Australia does not appear to have a policy; we have, instead, population "systems" guided by Politicians.

An overarching imperative is that any population policy, must fully and conscientiously consider that immigration is not a temporary, short term, thing. It is permanent; for perpetuity; for ever and ever.

In brief, current policies, or "systems" serve certain short term interests (especially business interests), but not the long term inclusive interests of current and future generations of Australians.

The first matter to clarify is the definition of the current Population Policy, (if it exists) and its objectives. Is it a "system" i.e. an administrative construct managed by Politicians, and not a Policy? Or are "systems" the same as Policy?

Some of the questions here are (i), is there a Policy? And, (ii) if so, what is the Policy? And, (iii) is it designed, for the the long term interests of current and future generations of all Australians, or (iv) for short term, mainly business interests? (v) If there is a Policy, has it been adhered to? Also for

discussion, (vi) Existential issues (the survival of Humans and Flora and Fauna). Does this matter? Only when a policy, and clear policy objectives, are openly discussed and clearly established, can the inquiry proceed. The Productivity Commission exists to advise on policy, and not to create policy, or to justify, or "second guess" political objectives, or to support politically guided administrative "systems". It should not become a "rubber stamp".

4.30 Data and Forward Projections - Comprehensive data Modelling is essential

Some of the difficulties of current population "systems" are made clear by the demographic charts (e.g. Fig 3 a and b, page 14 "The Demographic dividend - Projected population by age and gender"). These demonstrate the difficulties associated with greater populations, (though I note that the Draft Report describes these charts as preliminary), when compared to the current demographic profile. This becomes very evident (especially when considered in conjunction with cost data contained in Fig. 7.2) for issues associated with the population cohort over 60 years of age (Fig 3a); and the large cohort "bulge" of 40 year olds in growth scenario (3b), as the population moves through to old age. Also this avoids discussion on the many budgetary and social problems to be faced over the intervening 45 years (i.e. between now and 2060 in this case).

If Australia was to reach either of the indicated demographic profiles in 2060, (shown in Figs 3 a and b), then there will similar "impacts" in subsequent years of the same type as those which the implied demographic policies were designed to address. The "policy", as implemented, is starting to look like a perpetual population ponzi scheme.

In the "more is better" or "BAU", type of analysis, the hard decisions on population planning are just being delayed by 45 years. And what then? Another demographic dividend profile diagram perhaps?

I can recall similar "Demographic Dividend" type arguments being put forward by politicians about 30 years ago Or was it then a "Skills Deficit"? Whatever, one would not have thought then, that there would be a need to repeat the process; more like a time now to sit back and enjoy the "Dividend".

A primary goal of this inquiry is:

"...the costs and benefits of temporary and permanent immigration" (Draft Report page 4). Given this importance one would expect a clear and unambiguous summary of the facts of this, (especially given that it is frequently held up as being a key justification for population growth). The Draft Report does not adequately address this goal, or quantify the featured "dividend".

Although the Report, (especially chapter 5), makes many references to this goal, there does not appear to be serious quantitative analysis or conclusions. There are references to previous quantitative research (listed pages 47,48), which appear to use static modelling based only on historical based assumptions, which are not clearly declared. However quantitative guidance is not provided, though there is much useful information and discussion contained in Chapters 7 & 8.

I recommend the development of a computer based dynamic model to provide comprehensive data, including probabilistic (risk) options, as a basis for population decisions

It will only be possible to determine what future policies are relevant to Australia's future population, after comprehensive objective data, for Australia and the World, are factored into a modelling system. e.g. Including such things as reliable projections of immigration costs and benefits. Computational modelling is the only way to achieve this. An easily understood probability (or risk) assessment, should form part of the modelled predictions, for every scenario. Such a model can be developed in

Australia, and be relevant to Australia; overseas modelling can possibly be "patched in" if available, as can , for example, BOM weather modelling results.

If the need for sound data and probabilistic predictions is recognised, then this may be the major recommendation of this inquiry process. It is essential to recognise that current methods and approaches will not provide, essential, useful, informed, projections, and is therefore unsound, and so will not enable sound decisions for our nation's future.

4.40 Essential data

The model must accommodate future events i.e. decisions will not be based only upon assumptions derived from past observations. Such a model might be derived from a cluster of inter-related single function models (e.g. including: demography, productivity, economy resource/energy availability, rural conditions and factors, fiscal, financial, and climate change, models). All the assumptions used and the modelling process, should be made available for open public scrutiny and comment.

A major benefit of such a model would derive from its use for continuing review and regular output. Many areas of Government would benefit from such modelling. A continuing review of situations and forecasts, could provide ongoing policy guidance. This would be a valuable policy tool, especially if rapid change becomes the norm, as many suggest.

Climate change effects alone, will probably have the effect of diminishing National productivity by at least 5 to 10% pa (above an "otherwise" situation), and certainly by 1 or 2% p.a.

The Draft Report makes references to productivity gains of either 2.4% or 0.95%, a year (over the period 1994-95 to 2007-08, report page 172; or the average rate of multi-factor productivity growth of 0.95% a year (over the period 1994-95 to 2007-08) (Parham et al.forthcoming) page 172). My comments above, if correct, suggests negative productivity will occur into the future. This will have serious economic consequences and major implications for population increases. So simply plugging in past data values, no matter how accurate at the time, will not be good enough to manage the future. It even suggests a "don't want to know" approach to planning.

It is quite conceivable that future climate change related factors could consume a large proportion of future GDP and perhaps 50% of all infrastructure funding (e.g. on adaptation, mitigation, road repairs, flood, tidal reclamation, dilapidation, etc) and especially after, (or as preparation for) extreme weather events (e.g. droughts, storms, heat waves, wild fires etc.). All of which will have major influence on the economy and on supportable population and immigration levels.

Climate change consequences will be most relevant to, and must be included in, any model. Climate change is almost ignored in the Draft Report, (apart from references to two private submissions). The consequences of climate change are likely to be huge for Australia, and the world, and will impinge on all Government decisions, especially economic and demographic decisions, and probably will be unlike anything experienced in the recent or distant past.

This will have all manner of other likely consequences, and particularly (in the context of this report) on National GDP, productivity and the economy, since these are largely determined by energy use, availability and costs. However internal and external migration flows, and social cohesion strains, will also be important and relevant in this context.

Even a "magic" solution, e.g. 4th generation nuclear power, is unlikely to avoid some climate scenarios and economic consequences. (And will impose a great demand on available resources into the future).

The omission of the effects of climate change is very serious, (I am sure, the Commissioners, and the report authors, will realise this), and negates much of the value the draft report, which is a pity for all concerned, and especially for future generations, who may not be impressed by a BAU approach. The worst predictions of climate change may not occur, however a soundly based population and immigration strategy is still essential, and very urgently needed, and of National importance.

4.50 The Future – Rethink needed

Since some climate consequences are already "baked" into the climate "cake", future emphasis may need to be on adaptation and mitigation, guided by precautionary principles. However planning must also be based on the best data and modelling methods available, and will require every bit of available knowledge and expertise; population issues will continue to be significant and important.

I am not advocating for particular climate change outcomes, this is not necessary (in this context), however the model must be based on authoritative, well researched data and include probabilities, (including no probability), of climate related effects. The model should provide numerical predictions on future sustainable, or supportable, populations; which should inform debate on population. This information would facilitate a smooth transition between population changes.

It is very possible that in the year 2100, the supportable population of Australia will be less than 5 million persons, and perhaps many less. (For the World, perhaps, zero to 1 Billion people, in total). Of course such estimates may be wildly wrong (but so may be the "Demographic Dividend" scenarios. Who knows?) Perhaps 50 million for Australia will be possible. Modelling may provide guidance to what future population numbers may be supportable. This could then be used for managing change transition, and for populations planning numbers to be revised up or down, as necessary, in the future.

5.00 Conclusions

Australia could become the best prepared Nation in the World for future planning; a leader in the field; with aid and commercial opportunities. Before long (now), we, and the World, will require this type of planning, and expertise; an early start has many obvious advantages. The sooner the better.

This may well be our last opportunity to shape Public Policy for the National benefit. Action is urgently required, so that Nationally we are prepared for the times ahead, which may well pose serious problems, of a type which we are not used to. It is essential to get it right; and derelict otherwise.

A Government commitment to undertake work of this sort, would perhaps be very well received at the forthcoming Paris Climate Conference, or by allies, neighbours and aid recipients.

The only way this can be achieved now is by the preparation of a new Draft Report, the main thrust being to advise on the provision of improved data, and modelling for decision making. (Including for the question of visa charges; a less urgent issue perhaps). This will highlight the difficulties of using current planning and predictive methods. The formation of new body may be necessary for this.

I am hopeful that the Productivity Commission will play a major part in this process. The Productivity Commission has much expertise and experience in all these areas, and is perhaps the only Public Institution in Australia with the necessary capabilities and the capacity to do this.

G Holman, Victoria, November 27th 2015