

SUBMISSION TO THE PRODUCTIVITY COMMISSION: MIGRANT INTAKE INTO AUSTRALIA

BY

SUSTAINABLE POPULATION AUSTRALIA

1. OVERVIEW OF SUBMISSION

Sustainable Population Australia (SPA) welcomes the Productivity Commission's (the "Commission") inquiry regarding the Migrant Intake into Australia and its related call for submissions from interested parties.¹

In preparing its submission, SPA has considered the Terms of Reference for the inquiry and the related Issues Paper developed by the Commission. In particular, SPA notes that section 1(b) of the Terms of Reference relates to the following considerations:

1. *The benefits and costs that the intake of permanent entrants can generate with respect to:*
 - b. *The income, wealth and living standards of Australian citizens, including with respect to:*
 - i. *impacts on the salaries and employment of Australian citizens, knowledge and skill transfer, productivity, foreign investment, and linkages to global value chains*
 - ii. *cultural, social and demographic impacts*
 - iii. *agglomeration, environmental, amenity and congestion effects.*

SPA's submission responds to this aspect of the Terms of Reference and provides recommended policy considerations for Australia's migrant intake consistent with the following SPA objectives:

- To promote policies that will lead to the stabilisation, and then to reduction, of Australia's population by encouraging low fertility and low migration.
- To promote urban and rural lifestyles and practices that are in harmony with the realities of the Australian environment, its resource base and its biodiversity.
- To advocate low immigration rates while rejecting any selection based on ethnicity.

These objectives are expressed through the enclosed responses to three associated issues identified in the Issues Paper for ease of reference. Relevant research and information is cited for consideration by the Commission.

SPA acknowledges and welcomes the positive contribution of immigrants to Australia's diverse and rich multicultural environment. Accordingly, SPA's recommendations for reductions in the permanent migrant intake are in no way based on establishing limitations to specific ethnic groups. It is emphasised that SPA's recommendations are applied against the consideration of the scale permanent immigration, with respect to its impact on the size and growth rate of Australia's population.

¹ An overview of Sustainable Population Australia is provided at Appendix 'A' and is also available at <http://www.population.org.au/about>.

2. RECOMMENDED POLICY RESPONSES

Three policy impact areas identified in the Issues Paper are addressed by this submission:

- the objectives of Australia's immigration policy (p. 18)
- consideration regarding the impacts on the urban amenity of existing residents (p. 22); and
- consideration of environmental impacts (p. 23).

Each of these considerations is discussed separately below.

2.1 What should be the objectives of Australia's immigration policy? (p.18)

SPA notes the responsibility of the Australian Government and objective of its policies involves maximising the wellbeing of the Australian community over the life of the policy (p. 18, Issues Paper).

SPA considers wellbeing as inclusive of considerations beyond the economic and argues that contemporary commentary and political focus regarding immigration policy is dominated by narrow economic considerations. This discourse emphasises the role of immigration in fuelling population growth to drive business development and profitability, but fails to consider the full range of economic costs associated with population growth. This approach also fails to acknowledge the social and environmental costs and consequences of unsustainable population growth.

SPA acknowledges the importance of economic activity in contributing to successful societies. However, we strongly believe that all government policy development should be deliberately and transparently balanced to include societal and environmental priorities, to consider the equity of distribution of impacts, and to take a long-term view. This is particularly important in the context in which government deliberations are disproportionately exposed to the vested interests of a small minority of powerful stakeholders.

It is a truism that nothing can grow forever. There must ultimately be a limit to Australia's population, so principles of good economic management must not be dependent on population growth. The lower the peak population in Australia, the more resources will be available per person to sustain our quality of life into the future. As we will elaborate below, even in the immediate term, the costs of increasing our population outweigh the benefits. While most of the benefits are ephemeral, most of the costs are cumulative over time.

It is our view that Australia's population already exceeds a sustainable level, given current behaviours, institutions and technologies, and in view of forecast constraints on energy supply as well as required constraints on greenhouse gas emissions. Such a view is in line with the consistent findings of the Australian Academy of Sciences (AAS).² The prudent path therefore, is to seek a peak population at the lowest level that can be achieved while accommodating the freedoms, rights and obligations generally upheld by Australia. In 1994, the AAS anticipated that such a peak could be achieved at 23 million. Following the massive increase in immigration numbers from the mid-2000s, that milestone is passed. Given current demographic momentum, a peak in the range of 26-27 million would be an appropriate target.

Accordingly, SPA advocates that Australia's immigration policy objectives specifically include the facilitation of a sustainable population level as its primary goal.

² Australian Academy of Science's role in the sustainable population debate: <https://www.science.org.au/australian-academy-science%E2%80%99s-role-sustainable-population-debate>).

SPA welcomes the opportunity to provide further information to the Commission regarding this recommendation if required.

2.2 Considerations in relation to the impacts on the urban amenity of existing residents (p.22)

SPA notes that Infrastructure Australia has recently identified the increasing population as a key driver for existing infrastructure deficits and congestion (particularly in capital cities) and the resultant challenge associated with providing new and renewed infrastructure to address this.³ In particular, Infrastructure Australia highlights that the national population increased by more than one million people since 2011 (p. 5).

SPA argues that this population increase, which is predominantly due to net overseas migration, has clearly not received commensurate investment in community infrastructure such as roads, public transport, urban planning, airports, etc. This deficit has resulted in declining urban amenity as evidenced by phenomena of overcrowding, increased traffic congestion, pollution, distressed public transport systems, broadening urbanisation, increased demand for essential government and social services, etc. When combined, these considerations contribute to lower levels of social capital and quality of life enjoyed by existing residents.

This is despite record high levels of infrastructure investment by State governments. The Grattan Institute's report "Budget pressures on Australian governments 2014" notes that "Unprecedented infrastructure spending by states and territories is largely responsible for a \$106 billion decline in their finances since 2006," and that "After a threefold increase in capital spending over the last 10 years, states are paying 3 per cent more of their revenues in interest and depreciation."⁴ Such pressures have contributed significantly to austerity in welfare and service spending, and to increases in service charges for a range of government-owned and newly privatised services. This pincer-action of increasing cost of living and reducing government support is increasing the inequality of opportunities and outcomes for Australians, with a growing proportion of disenfranchised people experiencing deteriorating security and mental health.

SPA notes that the Productivity Commissions' Public Infrastructure Inquiry Report identified options for the planning and deployment of infrastructure commensurate with need and resource usage,⁵ and that the Issues Paper speculates that – if complied with – these proposals are able to support a higher immigration rate (p. 22). However, SPA posits that there is little demonstrable evidence that the Commission's recommendations in relation to infrastructure deployment are sustainable, either fiscally or in terms of the burden of cost-recovery charges on Australian businesses and households. More generally, there is little evidence of government (regardless of affiliation) being able to execute the long-term planning genuinely required to match infrastructure with projected future population growth, nor a capacity to shift beyond short-term reactivity orientated to electoral cycles.

There is no convincing evidence of a per capita benefit to Australians from high net immigration, to offset these negative effects. The Productivity Commission's 2006 report "Economic Impacts of Migration and Population Growth" found that the very small increase

³ Infrastructure Australia 2015. Australian Infrastructure Audit: Our Infrastructure Challenges. <http://www.infrastructureaustralia.gov.au/policy-publications/publications/files/Australian-Infrastructure-Audit-Executive-Summary.pdf>

⁴ Daly, J. 2014. Budget pressures on Australian governments 2014. Grattan Institute. <http://grattan.edu.au/report/budget-pressure-on-australian-governments-2014/>

⁵ Ref: <http://www.pc.gov.au/inquiries/completed/infrastructure>

in per capita GDP anticipated by their model to accrue from sustained high immigration would be mostly enjoyed by employers and immigrants themselves, with the majority of Australian workers (not to mention welfare-recipients) likely to be left worse off.⁶ That report acknowledged that a range of non-monetary impacts may have further negative impacts on wellbeing. It did not quantify the infrastructure creation burden which differentially burdens a rapidly growing population relative to one with little or no population growth. Nor did it consider the role of population growth in driving inflation of real estate prices, and the intensifying stress of housing unaffordability, which is arguably the greatest negative trend in wellbeing in Australia.

It may be argued that immigrants should fully compensate the nation for the cost of their immigration, not only in terms of administrative costs but the cost of infrastructure expansion. However, this would result in a fee of well over \$100,000 per person.⁷

If our recommendation were followed, that permanent immigration numbers were reduced to tens of thousands, in line with permanent emigration numbers, there would be little scope to recover this cost. Such a fee could not be expected of refugees accepted under Australia's humanitarian program, nor of family reunion applications. It might conceivably be demanded of internationally recruited workers applying for permanent residence after a period on temporary visas. For the program as a whole to break even, these applicants would need to pay several hundred thousand per family member to compensate for exempt categories. It would arguably be of greater national benefit if these places were allocated to those with the most valued competencies and contributions, than to those with the fattest wallets.

Hence SPA does not anticipate the immigration program ever becoming a net generator of revenue to government. It is more salient for the government to focus on reducing the fiscal impost of population growth by reducing immigration numbers.

Further to these considerations, SPA recommends that the current level of permanent migration is substantially reduced in order to offset the mounting pressure on existing Australian infrastructure and the commensurate reduction in the quality of life for existing residents.

2.3 Environmental Impacts

SPA asserts that Australia's current population level has generated clearly demonstrable negative impacts for our environment, resource base, and biodiversity. Further, increases to the current population level, including those generated through current migration levels, further contribute to this deleterious situation.

The fundamental link between increasing population and the resultant negative impact on the environment through pollution, energy demand, resource consumption, biodiversity disruption, destructive land development, and other impacts is extensively reviewed by leading Australian environmental scientists⁸

⁶ Productivity Commission 2006. *Economic impacts of migration and population growth*. Research Report, Melbourne. <http://www.pc.gov.au/inquiries/completed/migration-population/report>

⁷ O'Sullivan J. 2014. Submission to the Productivity Commission Inquiry into Infrastructure provision and funding in Australia. http://www.pc.gov.au/data/assets/pdf_file/0004/135517/subdr156-infrastructure.pdf

⁸ Eg. Foran B. and Poldy F. 2002. *Future Dilemmas: Options to 2050 for Australia's population, technology, resources and environment: Report to the Department of Immigration, Multicultural and Indigenous Affairs*. CSIRO Sustainable Ecosystems, Canberra.

Lindenmeyer D. 2014. The environmental implications of population growth. In: Goldie J. and Betts K. (eds), *Sustainable Futures: Linking population, resources and the environment*. CSIRO Melbourne, pp 7-12.

Lowe I. 2012. *Bigger or Better? – Australia's population debate*. University of Queensland Press.

Quantifying Australia's national carrying capacity is an exercise fraught with value judgements, but we can say that current trends are not favourable. Successive national "State of the Environment Reports" have recorded ongoing deterioration of all environmental indicators.⁹ Climate change threatens Australian primary production and urban water security to a greater extent than most developed countries. Doubling Australia's population more than doubles the task of decarbonising the energy sector, and increases the vulnerability of urban systems to critical water shortages. Australia has already become a net importer of 'groceries' on the basis of trade balance – our population growth has annulled the net contribution to wealth that our agricultural exports once provided. If Australia's population doubles while climate change intensifies, it is highly likely that Australia will become a net importer of food calories – i.e. we would have an absolute dependence on food imports. This is a highly vulnerable situation, given the increasing competition for internationally traded food commodities, and has the potential to generate disruptive civil unrest in response to food price fluctuations beyond the government's capacity to control.

The Intergenerational Reports'¹⁰ complete absence of consideration of Australia's natural resource base and per capita enjoyment of environmental services marks a cavalier attitude to fundamental foundations of social security. The bland statement "Economic growth and strong environmental outcomes are complementary objectives" (2015 IGR, p xii)¹¹ and "As Australia's population grows, careful land management planning and strategies will be required to mitigate the risk of biodiversity loss" (p 38) serve to present issues as both manageable and managed, which have to date proven to be intractable.¹²

Given these critical considerations, SPA recommends that government policy should not deliberately seek to further increase Australia's population unless and until all major benchmarks of environmental health are improving, Australia is exceeding the rate of reduction in greenhouse gas emissions required to prevent dangerous climate change, and additional population can be demonstrated to have positive impacts on quality of life for Australia's most vulnerable sectors, including those experiencing unemployment, underemployment or housing stress. On the balance of evidence, SPA does not anticipate these conditions being met within the current century.

⁹ Department of the Environment: *State of the Environment (SoE) Reporting*.

<http://www.environment.gov.au/topics/science-and-research/state-environment-reporting>

¹⁰ Treasury archive: *Intergenerational Report*. <http://archive.treasury.gov.au/igr/>

¹¹ Treasury 2015. 2015 Intergenerational Report: Australia in 2055.

http://www.treasury.gov.au/~media/Treasury/Publications%20and%20Media/Publications/2015/2015%20Intergenerational%20Report/Downloads/PDF/2015_IGR.ashx

¹² Lowe I. 2014. The state of Australia: our environment. *The Conversation*, 7 May 2014.

<https://theconversation.com/the-state-of-australia-our-environment-26035>

3. **CONCLUSION**

In conclusion, SPA recommends the following policy settings regarding the migrant intake into Australia:

3.1 that the primary purpose of permanent migration policy settings is to support a sustainable population level for Australia.

3.2 that permanent migration quotas be decreased to levels similar to Australia's permanent emigration, to avoid exacerbating:

- population-related pressure on inadequate existing infrastructure, on government budget deficits resulting from increased infrastructure spending, and on welfare and community services which have been wound back to pay for infrastructure;
- deleterious impacts on urban amenity and reduced quality of life for existing residents, not least from housing unaffordability; and
- environmental depletion and related erosion of Australia's natural carrying capacity.

SPA thanks the Commission for its consideration of this submission.

APPENDIX A: ABOUT SUSTAINABLE POPULATION AUSTRALIA

Sustainable Population Australia (SPA) (formerly Australians for an Ecologically Sustainable Population) is an Australian special advocacy group, founded in Canberra in 1988, that seeks to establish an ecologically sustainable human population. SPA is an ecological group dedicated to preserving species' habitats globally and in Australia from the degradation caused by human demands on the biosphere. It sees this goal as synergistic with those of universal access to reproductive health and rights, and of prosperous, equitable and secure societies with adequate provision of resources per capita for sustainable wellbeing. SPA works on many fronts to encourage informed public debate about how Australia and the world can achieve an ecologically, socially and economically sustainable population.

SPA's local activities are run by its six state branches: ACT, NSW, SA & NT, Vic & Tas, Qld and WA. Branches hold regular meetings and conduct a range of community engagement and advocacy activities. The Newsletter, produced four times a year, provides members with information and expert opinion to rebut the many myths about sustainability and population that one hears in conversation or sees in the press.

The objectives of SPA are:

- To contribute to public awareness of the limits of Australian population growth from ecological, social and economic viewpoints.
- To promote awareness that the survival of an ecologically sustainable population depends on its renewable resource base.
- To promote policies that will lead to the stabilisation, and then to reduction, of Australia's population by encouraging low fertility and low migration.
- To promote urban and rural lifestyles and practices that are in harmony with the realities of the Australian environment, its resource base and its biodiversity.
- To advocate low immigration rates while rejecting any selection based on race.
- To help promote policies that will lead to the stabilisation, then reduction of global population.