



Sustainable Population Party submission

Productivity Commission review into: Migrant Intake into Australia

"You can't grow forever in a finite world," Dick Smith AC.

"Immigration is a rather lazy way to try to grow your economy," Mr Hockey told ABC radio.

Australia's immigration program "fuels a vicious circle of skills shortages," William Bourke.

*"State and territory borrowing for capital expenditure over the last seven years drove their finances backwards from \$37 billion in the black in 2006 to \$69 billion in debt in 2013,"
The Grattan Institute.*

"The doubling of our population demands a doubling of our infrastructure, but this will be impossible to deliver in Australian cities. The increasingly obvious reason is that our cities have reached diseconomies of scale," William Bourke.



12 June 2015

Migrant Intake into Australia
Productivity Commission
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Dear Sir/Madam

Re: Submission - Migrant Intake into Australia

Thank you for the opportunity to make a submission to the inquiry into immigration.

Introduction

The Sustainable Population Party is an independent, grassroots community movement advocating for an ecologically and economically sustainable Australia.

We are a group of committed Australians from backgrounds in business, science, the environment, health, academia, demography, politics and many other ordinary citizens; from World War 2 Diggers to migrants born on every inhabited continent on Earth.

The Sustainable Population Party was registered as a federal political party by the Australian Electoral Commission on 23 September 2010.



Migrant Intake into Australia

It is pleasing that the Australian Government is seeking views on the migrant intake into Australia.

This submission will make particular reference to section one of the enquiry's 'scope' (see Appendix 1), including environmental, skills, demographic, infrastructure and congestion effects of immigration (and population growth).

Firstly, Sustainable Population Party does not agree with or accept the notion that the government should be deliberately increasing the population in Australia - through either higher fertility or higher immigration.

We agree with Joe Hockey that:

"Immigration is a rather lazy way to try to grow your economy".¹

As outlined in the referenced Macro Business article:

"Not only is it a lazy way to grow, but excessive levels of immigration can also lower living standards for the existing population via:

- *Exacerbating infrastructure constraints (think more time stuck in traffic jams);*
- *Diverting capital into infrastructure provision to support the growing population, thus crowding-out productive investment and capital deepening;*
- *Reducing housing affordability and liveability (think smaller, more expensive homes located further out);*
- *Diluting Australia's fixed mineral endowment amongst more people (i.e. less resources per capita); and*
- *Greater environmental degradation."*

A region or state's economic, and therefore social, wellbeing is underpinned by the abundance of its environmental natural capital, such as minerals, forest, fish stocks, arable land, water, etc - not population growth, which both dilutes and erodes this natural capital.

For a population to endure indefinitely at a high quality of life, it needs to behave sustainably in terms of its impact on the environment. Importantly, the economy - so often exclusively prioritised in public policy - is fully dependent on the environment. It is actually the environment that provides the resources for the economy and our quality of life.

We actually need a broader review of ecological sustainability in Australia, rather than just the sub-issue of population, or the further sub-issue of immigration.

¹ <http://www.macrobusiness.com.au/2015/03/hockey-immigration-lazy-way-grow/>



Background issues: Skills, Infrastructure, Congestion and Ageing

Before we make recommendations into Australia's future migrant intake, it's important to review some myths and facts around critical issues such as skills, infrastructure, congestion and ageing.

Skills

In 2011 the Sustainable Population Party conducted an investigation into the impact of immigration on Australia's skills base. A summary was published in the *Sydney Morning Herald* as 'More bills than skills from this migration'.²

It found that:

"In 2009-10, Australia's quota of just more than 180,000 permanent migrants included about 108,000 in the skilled migrant category. But a huge portion of that category - about 56 per cent of the so-called skilled stream - consists of the direct family dependants of skilled migrants, as "secondary" applicants. So only about 47,000 - or one in four - of Australia's permanent migrants are bringing designated skills.

"The key to our skills predicament is that dependants, family-reunion entrants and refugees dominate the permanent migration program and create a big annual net skills deficit because of the services they require. Most are not tested for the specific skills we need but still demand skills from doctors, teachers, engineers and accountants, to name a few. This fuels a vicious circle of skills shortages..."

It added:

"... population growth, including recent record immigration, has failed to fix it [skills shortages]. The dog will never catch its tail. Structural skills shortages are a part of every economy.

"The only way to minimise them is to stabilise the population and invest in education and training, which are disincentivised by high immigration. Australia has more than two million people of working age that are unemployed, under-employed or not engaged in the workforce. Youth unemployment (15-24 years) alone is nearly 20 per cent. They must be our priority."

Clearly, investment in better education and skills training - to improve job security, workforce participation and innovation - is the best way forward, rather than a reliance on immigration.

²http://newsstore.fairfax.com.au/apps/viewDocument.ac?jsessionid=7C5499EA7E487CDBD7968AE2967E886B?sy=af&pb=all_ffx&dt=selectRange&dr=1month&so=relevance&sf=text&sf=headline&rc=10&rm=200&sp=brs&cls=182&clsPage=1&docID=SMH110719LJGK778V7K9



Infrastructure and Congestion

In 2015 Sustainable Population Party published a media release regarding Australia's increasing congestion and infrastructure deficit, entitled 'Infrastructure cannot be doubled with population doubling'.³

It asked: Why can't infrastructure be doubled? And noted:

"The doubling of our population demands a doubling of our infrastructure, but this will be impossible to deliver in Australian cities. The increasingly obvious reason is that our cities have reached diseconomies of scale," said William Bourke, President of the Sustainable Population Party.

*"Diseconomies of scale are the forces that cause governments to produce infrastructure - like schools, hospitals, road and rail - at **increasing** per-unit costs.*

"In short, governments do not receive enough proportionately extra tax from each new citizen to provide for this disproportionately expensive infrastructure.

"It used to be easy to deliver infrastructure when the government owned the land, but because our major cities are already planned and built up, there is no room to retro-fit new infrastructure without expensive additions like land buy-backs and tunnelling.

"Consequently, projects like Melbourne's East West Road Link and Sydney's North West Rail Link now cost \$18 billion and \$8 billion respectively. That's an astounding \$350 million to \$1 billion per kilometre. The impact on government budgets is clear. According to The Grattan Institute, state and territory borrowing for capital expenditure over the last seven years drove their finances backwards from \$37 billion in the black in 2006 to \$69 billion in debt in 2013."⁴

"Huge infrastructure costs then force unpopular asset sales, increased debt borrowings and austerity. The ongoing failure to deliver infrastructure leads to congestion and lower productivity."

Given the crippling impacts of rapid population growth (and related diseconomies of scale) on infrastructure, congestion, productivity and government budgets, it is clear that population is a critical factor in solving Australia's infrastructure and congestion crisis.

³ http://www.votesustainable.org.au/media_release_infrastructure_cannot_be_doubled_with_population_doubling

⁴ <http://grattan.edu.au/report/budget-pressures-on-australian-governments-2014/>



Ageing and Dependency

It is sometimes claimed that immigration can offset ageing. Can this be true?

*The Productivity Commission previously stated clearly that immigration cannot make any significant or lasting impact on population ageing because “immigrants themselves age”.*⁵

A 1999 Australian parliamentary research paper, entitled “Population Futures for Australia: the Policy Alternatives”, looked at the claim that immigration could offset an ageing population. It found that in order to maintain the proportion of the population aged 65 and over at present levels, “enormous numbers of immigrants would be required, starting in 1998 at 200 000 per annum, rising to 4 million per annum by 2048 and to 30 million per annum by 2098. By the end of next century with these levels of immigration, our population would have reached almost one billion.”

*The paper concluded: “It is demographic nonsense to believe that immigration can help to keep our population young. No reasonable population policy can keep our population young.”*⁶

More importantly, the negativity and pessimism around structural ageing is ill-advised. Ageing is the sign of a successful society, and provides many more opportunities than challenges, including the fact that we live nearly 30 years longer than our ancestors at federation.

It is also a myth to suggest that ageing necessarily leads to a lower proportion of people in the workforce. If we look at Australia since 1980, in the same period as our average age has increased by about seven years to 37, workforce participation has also *increased*, from around 62 to 65 per cent.

So we’ve aged *and* lowered real dependency. This demonstrates that factors other than age determine workforce participation, such as economic performance and associated job availability, gender equality and age discrimination. Many would argue that there’s still much room for improvement on all of these fronts.

If ‘aged’ countries like Norway and Sweden can achieve workforce participation rates above 70 per cent, why can’t Australia?

As pointed out by Professor Katharine Betts in ‘*The tenuous link between population and prosperity*’, many people aged 65 and above are not dependant on the state, nor does turning 65 necessarily mean you are either leaving the workforce or requiring extra government services. Over 65s are not only contributing at an increasing rate in the workplace, but also continue their high rates of volunteering, child care and spending on tourism and recreation.⁷

⁵ <http://www.pc.gov.au/inquiries/completed/migration-population/report>

⁶ http://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/rp9900/2000RP05

⁷ <https://theconversation.com/the-tenuous-link-between-population-and-prosperity-38291>



Redefining Growth

Dick Smith often says that “you can’t grow forever in a finite world.”

In a step towards true social justice, we need to redefine ‘growth’ in our finite world - not just for our sake, but for future generations. If we are to secure a prosperous economy, healthy environment and better quality of life, growth must focus on quality, not quantity.

Redefining growth means thinking **better**, not bigger.

In the context of global leadership, the primary moral responsibility we have as a sovereign people is to pass on a sustainable Australia to future generations.

Sustainable Population Party offers a broad sustainability-based policy agenda for Tasmania and Australia. We invite all Australians to review these, via the footer link.⁸

Australia’s economic prosperity does not depend on population growth. Our economic prosperity is underpinned by three key pillars:

1. Investment in better education and skills training to improve job security, workforce participation and innovation
2. Encouragement of a diverse range of productive industries; and
3. Maintenance of our natural economic advantage via careful management of food, water, energy and mineral resources.

All of these key drivers of economic prosperity are undermined by rapid population growth.

This third point is often overlooked in economic terms, and like the others, is undermined by rapid population growth. Rapid population growth acts as a disincentive for local training and education, and skews scarce economic investment into relatively unproductive city-building assets, like high-rise apartments.

We live in a finite world, in which the economy is a fully-owned subsidiary of the environment. Endless growth in the exploitation and consumption of finite and non-renewable resources is impossible, and the pursuit of such a goal is clearly reckless.

Productivity (including through innovation) and workforce participation are the important ‘Ps’, not population. A stabilised population incentivises investment in these two key drivers of national wealth creation, and encourages a more innovative economy. According to the International Monetary Fund the top ten per capita wealth countries are generally small populations of under 10 million (e.g. Qatar, Luxembourg, Norway, Singapore).⁹ Countries like Denmark and Sweden have similarly prospered whilst keeping their populations stable.¹⁰

⁸ http://www.votesustainable.org.au/main_policies

⁹ [http://en.wikipedia.org/wiki/List_of_countries_by_GDP_\(PPP\)_per_capita](http://en.wikipedia.org/wiki/List_of_countries_by_GDP_(PPP)_per_capita)

¹⁰ <http://www.canberratimes.com.au/comment/australia-suffers-as-the-population-grows-20150529-ghahli.html>



Policies of Sustainable Population Party

In light of the above evidence and overwhelmingly negative impacts of rapid population growth on our environment, skills, infrastructure and congestion, Sustainable Population Party (SPP) presents its population policies for consideration by the Productivity Commission.

SPP policies represent a broad sustainability-based agenda, found in our website.¹¹

In terms of specific population policies, SPP advocates for a stabilisation of Australia's population, as follows (specific policies in *italic*):

➤ SUSTAINABLE POPULATION - AUSTRALIA

Introduction

Population is a global issue. Like climate change, population requires both local and global action.

Under tri-partisan Liberal / Labor / Greens policies, Australia's population is currently growing by around 1000 people per day. From 19 million in 2000, Australia has already grown by over 20 per cent to more than 23 million today. We are on track to double to 40 million by 2050. At the current growth rate, we could hit 100 million this century – that's within the lifetime of a child born today. In 2013, population growth of over 400,000 per annum incorporated both net overseas migration (excess of immigrants over emigrants of approximately 250,000) and high native fertility (excess of births over deaths of approximately 150,000). Sustainable Population Party says let's slow down and aim to stabilise at around 26 million by 2050.

Importantly:

- SPP is opposed to coercive efforts to reduce fertility.
- SPP is opposed to discrimination of immigrants based on race (ethnicity) or religion.

SPP is **for** immigration, being sustainable immigration. We support a balanced, flexible and manageable immigration program, which will help maintain long term public support for immigration. A lower level of immigration as proposed by SPP, in line with the world average of zero net migration, will help maintain social cohesion in Australia as it will enable the Australia Government to dedicate far more resources to each migrant. This will enable migrants to better understand core Australian values including egalitarianism and tolerance, as well as better invest where necessary in each migrant's language, education and skills training. It will also free up significant government resources to allow for more thorough application assessments.

¹¹ http://www.votesustainable.org.au/main_policies



Policy

Australia should stabilise its population as soon as practicably possible, aiming for a population of around 26 million through to 2050.

Policy Methods

This can be achieved as follows:

- *Adopt a balanced migration program, where permanent immigration is equivalent to permanent emigration.

 - *This is also known as 'zero net migration', and is the world average.*
 - *This would reduce annual permanent immigration from around 250,000 (including NZ) to around 70,000, and include flexible skilled, family reunion and humanitarian (refugee) components.**
- *Abolish government birth payments for third and subsequent children.

 - *This covers the 'Baby bonus lite' paid via Family Tax Benefit A and paid parental leave.**

Further Policy Detail (includes)

We propose the following supplementary population policies:

- *Australia should hold a stand-alone national vote (plebiscite) as soon as possible proposing a formal national population policy to stabilise Australia's population at around 26 million people (wording to be determined after public consultation).*
- *Australia should establish a proper and separate national population agency to replace the Department of Immigration, and manage immigration policy. The population agency would also, amongst other things, fully and publicly account for the economic, environmental and social costs of population growth. This would include governments accounting for the cost of infrastructure, congestion, environmental degradation, resource dilution and the loss of net export potential (including food) due to rising domestic demand.*
- *Australia should conduct a comprehensive audit and review of all permanent and temporary immigration programs in order to assess their efficiency and validity for Australia's future immigration policy mix.*
- *Australia should abolish the Trans Tasman Travel Arrangement with New Zealand in order to end uncapped migration. Permanent immigration from NZ would be included in the permanent immigration quota.*
- *Australia should limit 457 visas to tertiary-qualified applicants for specialised jobs. All such jobs must be advertised in Australia, and the sponsoring employer must show evidence that Australian applicants were treated equally in the selection process. No change of employment by a 457 visa holder should be allowed without reapplication by the new employer.*
- *Australia should de-link international education from automatic working visa rights, so that Australia once again focuses on genuine foreign students who will take home skills of high value to their country. Foreign students could apply for post-study working visa*



rights and permanent immigration under normal rules and regulations. Restoration of funding to universities would replace foreign student places with fully funded places for Australian students (see Education policy).

- *Australia should significantly reduce the procurement of skilled professionals from the developing world. This skills poaching deprives poor communities of much needed health and technical expertise.*

Sustainable Population Party - Related Policy Framework

Along with population policies, Sustainable Population Party offers a broad policy framework covering around 20 key policy areas, including the following economic and environmental policies relevant to population and sustainability:

- ANIMALS & BIODIVERSITY
- CLIMATE & ENERGY
- ECONOMY
- FINITE & NON-RENEWABLE RESOURCE USE
- HEALTH & AGEING
- HOUSING AFFORDABILITY
- JOBS & EMPLOYMENT
- REFUGEES & ASYLUM SEEKERS
- SUSTAINABLE POPULATION - GLOBAL
- WASTE

Full policy details can be found in our website.¹²

¹² http://www.votesustainable.org.au/main_policies



Key recommendation

Sustainable Population Party is #RedefiningGrowth to secure a prosperous economy, healthy environment and better quality of life for all Australians.

To this end, Sustainable Population Party recommends that rather than aiming for a false economy of rapid population growth, Australia's government must focus on the quality of life of current citizens - and think *better*, not bigger.

This can be underpinned by adopting key SPP population policies (outlined in more detail above). These policies aim to roughly balance both births and deaths, and immigrants and emigrants - and hence **stabilise Australia's population within a generation**:

Policy

Australia should stabilise its population as soon as practicably possible, aiming for a population of around 26 million through to 2050.

This can be achieved as follows:

- *Adopt a balanced migration program, where permanent immigration is equivalent to permanent emigration.*
- *Abolish government birth payments for third and subsequent children.*

Further, to secure a prosperous economy for Australia, the government should focus on three key economic pillars:

1. Investment in better education and skills training to improve job security, workforce participation and innovation
2. Encouragement of a diverse range of productive industries and
3. Maintenance of our natural economic advantage via careful management of food, water, energy and mineral resources.

Importantly, these economic pillars are **all** undermined by rapid population growth.

Please don't hesitate to contact us to discuss our broad sustainability-based agenda:
www.VoteSustainable.org.au/contact_us

We are happy to appear and speak at any public hearing.

Yours sincerely

William Bourke
President
Sustainable Population Party
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Appendix 1

Migrant Intake into Australia - Terms of reference

I, Joseph Benedict Hockey, Treasurer, pursuant to Parts 2 and 3 of the Productivity Commission Act 1998, hereby request that the Productivity Commission undertake an inquiry into the greater use of charges relative to quotas and qualitative criteria to determine the intake of temporary and permanent entrants into Australia.

Background

The intake of temporary and permanent entrants is currently regulated through a mix of qualitative requirements (e.g. skills, family connections, refugee-status, health, character and security), quotas (e.g. the size of the Migration and Humanitarian Programmes, and of components within these Programmes) and imposts (including the cost of investing under the Significant Investor Visa).

The Australian Government's objectives in commissioning this inquiry are to examine and identify future options for the intake of temporary and permanent entrants that improve the income, wealth and living standards of Australian citizens, improve the budgets and balance sheets of Australian governments, minimise administration and compliance costs associated with immigration, and provide pathways both for Australian citizens to be altruistic towards foreigners including refugees, and for Australia's international responsibilities and obligations to foreign residents to be met.

Scope of the inquiry

In undertaking this inquiry, the Productivity Commission should use evidence from Australia and overseas to report on and make recommendations about the following:

1. The benefits and costs that the intake of permanent entrants can generate with respect to:
 - a. the budgets and balance sheets of Australian governments, including from:
 - a. entry charges
 - b. government services used (including public health, education, housing, social and employment services) now and in the future
 - c. taxes paid now and in the future
 - d. the dilution of existing, government-held assets and liabilities across a larger population
 - b. the income, wealth and living standards of Australian citizens, including with respect to:
 - a. impacts on the salaries and employment of Australian citizens, knowledge and skill transfer, productivity, foreign investment, and linkages to global value chains
 - b. cultural, social and demographic impacts
 - c. agglomeration, environmental, amenity and congestion effects.



2. An examination of the scope to use alternative methods for determining intakes - including through payment - and the effects these would have. This should include examination of a specific scenario in which entry charges for migrants are the primary basis for selection of migrants, such that:

- a. there would be no requirements relating to skills and family connections
- b. qualitative requirements relating to health, character and security would remain
- c. all entrants would have the right to work
- d. entrants would have limited access to social security or subsidised education, housing or healthcare
- e. the charge could be waived for genuine confirmed refugees, whose entry would remain subject to current constraints.

The scenario should examine the way in which the above charges could be set, and what they might be, to maintain the current levels of the migrant intake or to maximise the benefits for Australian citizens. The scenario should also examine the impacts of such charges - based on assessment of the factors listed in (1) above and also taking account of:

- f. opportunities for Australian citizens to be altruistic towards foreigners including refugees
- g. the administration and compliance costs associated with immigration, including costs associated with criminal behaviour and the use of migration agents
- h. interactions with citizenship criteria and existing and potential bilateral agreements.

3. The benefits and costs of temporary migration with an examination of the use of charges as the primary basis for regulating the level and composition of this migration, having regard to:

- a. complementarity with the Australian workforce
- b. achieving flexibility in responding to structural and cyclical adjustments in the Australian economy.

4. Mechanisms for achieving an optimal interaction between temporary and permanent migration noting that temporary migration is an established pathway to permanent migration.
Process

The Commission is to undertake an appropriate public consultation process including holding hearings and roundtables (where appropriate), and releasing a draft report to the public.

The final report should be released within 12 months of receipt of these terms of reference.

J B HOCKEY

Treasurer

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