

## *Victoria First submission to the 'Migrant Intake Into Australia' draft report.*

*By Michael Bayliss*

*(President of Victoria First and Sustainable Population Australia: Victoria and Tasmania Branch).*

Firstly I would like to thank the Productivity Commission for its very thorough report on the current snapshot of migration into Australia as well as some of the proposals that it has made for migration patterns into the future. It has provided invaluable information for Victoria First and Sustainable Population Australia (SPA) members who are invested in population sustainability in Victoria and Australia as a whole.

Victoria First is a grassroots organization which was incorporated by Federal Labor MP for Wills Kelvin Thomson in 2013 and is built upon his 14 point plan for population reform (1). The plan involves stabilizing Australia's long term population to 26 million people, which is the figure that was ascertained by the Australian Academy of Science to be the upper limit needed in order to optimize quality of life and environmental prosperity in Australia for the long term (2). The aim is achieve this target by reducing the net overseas migration program from current levels to 70, 000 per annum by significantly reducing the skilled temporary and permanent migration programs to 25, 000 per annum while allowing for a small but sizable increase in the humanitarian program (to average 20 000 per annum long term). Furthermore, the 14 point plan includes a reduction of fiscal incentives for large family sizes in Australia whilst also better targeting foreign aid towards non-coercive family planning projects overseas . That way Australia can play a proactive role in assisting the stabilization of population worldwide.

Kelvin Thomson, Victoria First and SPA argue that population sustainability is critical to Australia and the world as a whole, as it is compounds major issues facing the world including global warming, food crises, water shortages, housing affordability, overcrowded cities, transport congestion, fisheries collapse, species extinctions, increasing prices, waste, war and terrorism. (3) From this standpoint, Victoria First is in opposition to many of the arguments of the current draft paper which (from our perspective) are broadly in keeping with the paradigm of maintaining high population growth, predominately though the temporary and permanent skilled migration channels (at the expense of the humanitarian program) in order to achieve GDP growth.

The paper makes a compelling economic argument for skilled migration and seems to promote a system which is fairer and more socially just. It also promotes many ideas for further efficiency and areas for development that the current systems lacks. However, several issues with the paper need to be questioned, from the perspective of Victoria First.

### **1) The Environment**

The majority of Victoria First and SPA members are motivated to be active in population sustainability due to concerns for the health of the natural environment both locally and more broadly in Australia. I feel that I can speak on behalf of the organization in expressing disappointment that despite being 557 pages in length, the report is overly brief and generalized in terms of its focus on the environment. Its approach to the natural world comes across as very utilitarian and anthropocentric . This quote from the paper is an indicative summary: "the environment — both natural and built — directly affects people's standard of living and quality of life."

Far from being a convenience for human quality of life, the natural environment is the backbone that

underpins all life within an eco-system. The economy should be in symbiosis with the environment, rather than exploitative of it. Damage to the natural environment in the process of growth and development should not be seen as merely an 'externality' (as typically portrayed in economic discourse). It should be seen as a liability or cost to future generations. In other words, we suggest that any discourse into long term well-being take equal, if not greater consideration to the natural environment as it does to economic prosperity.

Taking into account that total human impact on Australia is equivalent to the per capita impact multiplied by the number of people, doubling of Australia's population to 40 million by 2060 (as projected by the draft report) would require a reduction in per capita consumption of 50% in just over 40 years, just to remain at current levels of emissions. Reducing long term emissions by a further 20% (a previous goal by the Rudd/Gillard government) would require a rapid change in living patterns, including a major departure from the current town planning paradigm which is threatening Melbourne's food bowl through urban sprawl.

Nowhere is the impact on Flora and Fauna more evident than near our major conurbations. As the paper reports: 'New migrants tend to cluster in the (inner suburbs of the) major cities, notably Sydney, Melbourne and Perth, which can add to congestion and pressure on the built and natural environment.' It should be no surprise then, that the animals most at risk are those whose habitats are coastal temperate locations, such as the Koalas (Brisbane), Coastal Emus (Sydney), Leadbeater possum and Kangaroos (Melbourne) and Carnaby Black Cockatoo (Perth). The NSW Office of Environment and Heritage states that: "The habitat of the north coast population of Emus has been reduced and fragmented as a result of agricultural and rural and urban development, with consequent declines and isolation of sub populations and local extinctions, a process that is continuing." (4). This is indicative of the fate of many animals whose habitats intersect with ever growing human settlements around major cities. In order to avoid this biodiversity loss, loss of rich ecosystems and trauma to wildlife, cities will either need to grow ever upwards instead of outwards (until such time as an end point to population growth is reached) or to shift further migration, industry and job opportunities to smaller settlements. The draft paper defends this current population growth pattern in the major cities thus: "the main environmental impacts are associated with a growing population and not the source of population growth per se". While this is technically correct, I would argue that a government that is deliberately engineering population growth in key areas should be held responsible for the impact on biodiversity in those areas.

Both the Australian Academy of Science and the 'Victorian State Of The Environment Report' paint an increasingly bleak picture of our natural environment due to human impact. For example, the Victorian State of the Environment Report (2008) summarises that: 'human activities continue to cause declines in the condition of native flora and fauna. Continuing population growth, urbanization and consumption may hinder achievement of land and biodiversity objectives.' (5) As previously quoted, the Australian Academy of Science has recommended for Australia's population not to exceed significantly past 26 million.

Australia's carrying capacity over the coming decades needs to be questioned, especially as climate change intensifies. Already, crop yields Australia wide are being adversely affected by successive years of floods, droughts and rising temperatures. These are projected to intensify over the coming years (6). Already, the 5% of our land surface area that is designated as national parks are under threat, particularly in Queensland where there are ongoing issues with feeding cattle during droughts (7). We need to consider therefore how we can feed twice as many people in a future that will be heavily dictated to by climate change. Not doing so could jeopardise not only the lives of future generations of Australians, but be a disservice to current and future migrants who will also be affected by Australia's deteriorating eco-system.

Certainly, from our perspective, a scarcity pricing system for household resources such as water (as an option raised by the paper) is ineffective in the long term unless alternatives to water sourcing, transport, electricity, gas etc, are readily affordable and easy for people to transition to. Otherwise a pricing system will do nothing more than further disadvantage those who are already financially insecure (including many people in our humanitarian intake programs) who will have to pay higher prices for vital services. This is neither socially fair nor will have any long term impact on consumption habits that will help the environment.

## 2) The Economy

The draft report provides an optimistic assessment of the economic opportunities stemming from a high skilled migration program. It predicts that with ongoing levels of skilled migration, that there will be an “increase in real GDP per person of some 5 per cent relative to the zero net migration scenario” by 2060 and that “net migration also increases the number of consumers in the domestic market, increasing demand for locally produced and imported goods and services, housing and human services, as well as for investment in the public infrastructure required to support a larger population.” The paper also suggested that high immigration levels of working age people would alleviate the economic inefficiencies of an ageing population, “By continuing to attract people of working age.... the associated decrease in the age dependency ratio can reduce — but not offer a permanent solution to — the economic impact of an ageing population.” To the paper’s credit, it is more cautious than most available economic ‘rationalism’ in politically engineered population growth as a solution to ageing populations.

Given the fact that the ‘ageing population crisis’ had been debunked by many credible sources (8), it is interesting to note that volunteering, which is highly represented by people of retirement age, contributed up to \$16.4 billion in 2006 to the Victorian economy (9). This however could soon be near equalled by the cost on the Victorian economy caused by congestion creeping towards \$9 billion (10). This poses the question as what the costs of infrastructure are to society versus the gains to GDP generated through population growth.

Although Australia’s infrastructure deficit is now nearing \$800 billion (11) the links between this and rates of population growth have not been researched to the extent that this critical issue demands. Research into this issue in 2012 and 2013 by O’Sullivan (12 and 13) presented a methodology for quantifying the cost of fixed capital imposed by population growth rate. I quote:

*“These analyses show that acquiring the durable assets to support population growth has historically cost around 6.5-7% of GDP per one percent population growth rate. Thus, if Australia’s growth is 1.7% p.a., around 11-12% of GDP is diverted to the task of acquiring infrastructure and other durable assets, merely to extend to the additional people the level of service already available to the existing population.”*

This calculates to be at a loss to GDP many times greater than any projected loss that can be attributed to ageing demographics. To the government coffers, this results in a cost of well over \$100 000 per capita in infrastructure alone, and this has been compounded in the last decade by increased Gross Fixed Capital Formation, impacted by retrofitting and the diseconomies of scale of high rise construction. Also over the past decade much of this infrastructure cost has been passed away from government expenditure to consumers through privatisation of services, user pay funding (such as toll roads) and an almost exponential increase of cost of utilities and house prices.

The draft report claims that “Population growth can improve the efficient use of infrastructure and

make investment decisions clearer.” This may be the case if infrastructure were below capacity, however it is evident that most infrastructure is at or exceeding capacity. For example, the train system will soon exceed peak capacity (14). The print media in Victoria is constantly alluding to struggling infrastructure in Melbourne, for example Herald Sun reported that “Melbourne faces a frightening future over its failure to build for an exploding population...with worsening equality and social cohesion.” (15). The question must be raised, if population growth were as beneficial for the economy as it is often claimed to be, than why are state governments increasingly unable to afford the infrastructure bill? As summarised by Alan Kohler writing for The Drum (16), "There is an air of unreality about our infrastructure planning." It is widely speculated that infrastructure deficit played a significant role in recent political instability in Queensland. See Kelvin Thompsons' Witches Hat Theory here (17) on why the impacts of population growth and related pressures have lead public dissatisfaction and a rapid succession of governments, both on state and federal levels. It does not seem plausible that the Australian economy has improved since the government's policy on skilled migration has changed in comparison to previous decades, where population growth through skilled migration was lower and where humanitarian intake was a higher percentage. If anything, Australia's economy has traditionally relied on a smaller population that benefits from exporting high surplus of resources and agriculture. These two commodity classes will become more valuable and scarce to the world economy in the upcoming decades, and therefore Australia will lose out on these if resource income is overshadowed by infrastructure expenditure or if our most fertile agricultural land continues to be developed over by suburban sprawl of our major cities.

The Federal government needs to provide more autonomy to Infrastructure Australia so further research can be provided on infrastructure cost vs the benefits of population growth on the economy. These must then be applied, along with environmental considerations, into a population policy that is affordable and sustainable into the long term. Currently, this does not appear to be happening.

### **3) Population Growth and Town Planning Issues**

There is a strong argument that not only is our population rapidly growing, but that this growth is not being adequately planned for. For example, Victoria's population is growing at around 100 000 people per annum (most of this growth is in Melbourne). It is being absorbed by both ever increasing suburban sprawl AND ever increasing high rise, pre fab concrete development. There is a discourse among many town planners that high rise development reduces urban sprawl and makes housing more affordable, but there is no evidence that urban sprawl is slowing down, and the cost for new apartments in the inner city remains high and inaccessible for many sections of the community (particularly for families with dependents ). Furthermore, the media is constantly reporting on undesirable apartment designs in the central city. These include liberties on building regulations such as housing size and OH&S regulations that lead to results such as apartments made of cheaply designed materials that can end up as fire hazards (18).

The predominate contributor to bad town planning decisions is an environment where high population growth coincides with tax policies such as negative gearing and a strong lobby power on government by property developers through lax political donation policies. Housing is therefore seen as an investment opportunity rather than a place to live for the long term, so there is reduced incentive to invest in good quality durable housing. It is for reasons such as these that the Docklands is without essential infrastructure services such as a primary school. Fisherman's Bend, that took years to plan but will absorb less than one year's worth of Melbourne's population growth, has been reported to be another high rise trap that mainly benefits the profits of the property developers.

It has been suggested that Australia is a large land mass, and that growth could be absorbed, with sensible policy, into the regional areas. The draft report refutes this as a realistic medium term possibility for two reasons. One, that current settlement migration patterns of skilled migrants are predominately in the inner city areas of the capital cities. Two, as quoted from the report, that “lack of

social services and other infrastructure in rural and regional areas makes it difficult to retain the immigrants they do manage to attract”. This suggests that it is very difficult for population growth, at its current rate, to be absorbed in regional areas, under our current town planning models. In the meantime, inner city areas in our capital cities are becoming gentrified, providing additional burdens on people of low socio-economic background, including current and previous generations of immigrants through the humanitarian program. The report suggests that people through the humanitarian program have more difficulties in the job market than do those in the skilled migration programs. It has also been reported that continued urban sprawl has affected the livelihoods of market gardeners, many of whom are past migrants (19). In this type of growth pattern, the possibility of self-sustained communities, well-planned communities, and eco-houses, that have been presented to us as a way forward towards a low carbon future, are becoming increasingly the exception and not the rule.

To conclude, Victoria First and SPA recommend that a sensible population policy puts sound town planning policies in place BEFORE considering deliberate population growth policies. Town planning should not be an ad hoc response to high population growth as is currently the case. To put in place sound town planning practices will require a more stable population in the short and medium term, as proposed by Kelvin Thomson’s 14 point plan, in conjunction with a significant restructure of the current laws regarding tax breaks on property speculation such as negative gearing. Laws to limit political donations from property developers, as NSW is attempting to do, may mean that town planning policies are better implemented for social well-being rather than the vested interests of a minority with capital. To do so otherwise is to disenfranchise much of the rest of the current population through bad town planning decisions, including migrants on the humanitarian program and previous generations of migrants.

#### **4) Inefficiencies with the current migration program**

On reading the draft report, it is evident that there are several inefficiencies and gaps in the currently migration program that raise considerable concern.

Firstly, that: “the intake of permanent immigrants is capped, while the intake of temporary immigrants is largely uncapped”. So “...for an increasing number of immigrants, temporary immigration serves as a pathway to permanent immigration”. It strikes as potentially concerning for a significant stream to be uncapped, as it would make calculating and planning for population numbers more difficult to audit.

Secondly, there appear to be inefficiencies with employment opportunities through the current skilled migration program, although there has been a trend away from “an emphasis on ethnicity, population growth, nation building and citizenship” towards “one geared primarily to meeting the needs of industry and employers.” For example, in regards to employment, the paper quotes:

*“Immigrants are slightly more likely than incumbent workers to report being overqualified for the jobs they hold...the unemployment rate of all immigrants is relatively higher in recessions...a key issue is whether the program is sufficiently well targeted to meet genuine skill shortages”.*

This is indicative of a migration program where quantity of migrants takes precedence over the best outcome for the individual migrant, or in other words ensuring that people coming into the country on the premise of employment are getting the work that they have been promised. Instead, people on 457 visas can often find themselves exploited in unskilled or semi-skilled employment, and there are issues with job opportunities for people transitioning from student visas to permanent residency through the point based merit system that can persist for many years. Additionally, the report alludes to job opportunities being particularly poor for the youth labour market, for specific industry groups, such as (quote) “those working in sectors with higher concentrations of immigrant workers who are more likely to be close substitutes”, and for people entering Australia in the humanitarian program,

whose job opportunities are affected by language and cultural barriers. It is concerning that the intake of people through the skilled migration channels is so high as to affect the job prospects of not only disenfranchised groups already in Australia but also that of many immigrants, including temporary visa holders and permanent residents, where it would be a greater service to all if a skilled migration program allowed for employment opportunities for all.

The below quote from the draft report is of particular concern as to the efficiency of the current migration system:

*“There is no requirement of labour shortage for an occupation to be on The Consolidated Sponsored Occupations List CSOL. There are a number of issues with these lists. Whether an occupation is classified as ‘skilled’ is arbitrary. Further, government’s assessments of whether an occupation is currently in shortage are, at best, informed speculation about the state of the labour market today and in the future. The lack of transparency around the compilation of these lists creates scope for vested interests to unduly influence the outcomes. A small number of participants suggested that skilled immigration should be expanded to include ‘semi-skilled’ and ‘unskilled’ occupations. Expanding the list to include ‘unskilled’ or ‘semi-skilled’ occupations could crowd out more highly-qualified immigrants and potentially displace lower-skilled Australians who have limited opportunities in the labour market.”*

Lastly, there is much research that is pending in regard to an accurate assessment of the efficiency and impact of current migration policies. As suggested from the draft report, there is insufficient research in the following: the impact on skills and training incentives for domestic workers, the total impact on the youth labour market, limited information on government administrative databases on the fiscal impact on immigration in Australia making comprehensive assessments difficult and very limited government research on the link between infrastructure and politically engineered population growth. There is a very strong argument that this research is essential in ascertaining the effectiveness or ineffectiveness of the current migration policy in a meaningful way.

## **5) Concluding remarks**

Victoria First and SPA strongly recommend that Kelvin Thomson’s 14 point plan is implemented into migration policy to stabilise our population until such time as (a) town planning policies change significantly as to allow for future modest population growth, (b) environmental consideration are given equal or higher priority to economic considerations and (c) further research is done into many key areas where information is lacking, particularly fiscal gains from skilled migration, a more complete assessment of the affects to the labour market, and the total infrastructure costs to the economy vs economic gains through politically and socially engineered population growth. We stress that although we are advocating for a reduction to the skilled, permanent and temporary migration programs, in conjunction with a reduction to fiscal incentives for large families, that we encourage a generous humanitarian intake program.

## Citations:

1. [http://www.kelvinthomson.com.au/Editor/assets/pop\\_debate/091111%20population%20reform%20paper.pdf](http://www.kelvinthomson.com.au/Editor/assets/pop_debate/091111%20population%20reform%20paper.pdf).
2. <https://www.science.org.au/>
3. <https://newmatilda.com/2015/11/22/labor-mp-its-hard-to-reduce-your-carbon-footprint-when-youre-adding-more-feet/>
4. <http://www.environment.nsw.gov.au/threatenedspeciesapp/profile.aspx?id=10250>
5. <https://www.ces.vic.gov.au/publications/state-environment-report-2008>
6. <http://www.theguardian.com/environment/2015/jan/26/climate-change-will-hit-australia-harder-than-rest-of-world-study-shows>
7. <http://wild.com.au/news/queensland-national-parks-cattle-grazing/>
8. <https://katharinebetts.files.wordpress.com/2011/10/ageing-of-the-australian-populationv2.pdf>
9. <http://volunteeringvictoria.org.au/wp-content/uploads/2012/02/The-Economic-Value-of-Volunteering-in-Victoria.pdf>
10. <http://www.theage.com.au/>
11. <http://infrastructureaustralia.gov.au/policy-publications/publications/Australias-Public-Infrastructure-Part-of-the-Answer-to-Removing-the-Infrastructure-Deficit.aspx>
12. <http://onlinelibrary.wiley.com/doi/10.1111/j.1468-0270.2011.02125.x/pdf>
13. [http://www.pc.gov.au/\\_\\_data/assets/pdf\\_file/0004/135517/subdr156-infrastructure.pdf](http://www.pc.gov.au/__data/assets/pdf_file/0004/135517/subdr156-infrastructure.pdf)
14. <http://www.theage.com.au/victoria/commuters-to-be-squeezed-out-of-the-loop-as-rail-overcrowding-crisis-looms-20150922-gjsank.html>
15. The Herald Sun, 09/10/2014
16. <http://www.abc.net.au/news/2014-01-29/kohler-infrastructure-emergency/5224586>
17. [http://www.kelvinthomson.com.au/Editor/assets/speeches\\_2011/110825a%20%20witches%20hat%20theory%20of%20government%20spa%20sustainable%20population%20australia%20ac.pdf](http://www.kelvinthomson.com.au/Editor/assets/speeches_2011/110825a%20%20witches%20hat%20theory%20of%20government%20spa%20sustainable%20population%20australia%20ac.pdf)
18. <http://www.abc.net.au/news/2015-05-28/high-rise-time-bomb-warning-prompts-melbourne-safety-audit/6502808>
19. <http://w3.unisa.edu.au/cil/csaa/files/James.pdf>