

Submission to the Productivity Commission Enquiry into Migrant Intake into Australia

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1.0 Introduction

I welcome this opportunity to offer some input to the Commission's enquiry into migrant intake into Australia. The main focus of this submission will be to respond to section 1 of the terms of reference of the enquiry, namely the benefits and costs of permanent migration. In particular my comments are focused on 1 (b) (iii): "agglomeration, environmental, amenity and congestion effects."

In addition I provide some comments on section 2 of the terms of reference, in particular "the examination of a specific scenario in which entry charges for migrants are the primary basis for selection of migrants".

2.0 The benefits and costs of permanent immigration

The current scale of the migration program is based on an assumption of net benefit. However, this assumption needs to be carefully examined because it ignores many categories of costs that are difficult if not impossible to accurately monetize. The fact of this difficulty should not mean that such costs are simply ignored or relegated to a secondary status. In many cases these costs relate to impacts on and constraints of the fundamental biophysical reality which sustains all life on earth, including human life. As such, they are of very high importance in the overall assessment of benefits and costs. In the following I will explore some of these costs.

I acknowledge that there are significant benefits to immigration, including cultural diversity, a larger knowledge base, and greater economic productivity. My contention is that these benefits tend to be over-estimated, and the real costs are under-estimated. In addition, many of the benefits accrue in the short term to narrow sectional interests, while a number of the most significant costs have a broader impact, including impacts upon:

- the current generation of the human population in Australia in general, and particularly those without the resources to insulate themselves from impacts of population growth on amenity and congestion;

- future generations of humans who may be deprived of the many essential benefits of (for example, ‘ecosystem services’ and ‘aesthetic values’) of the environment which have been degraded, depleted or destroyed by population growth; and
- current and future generations of non-human animal and plant life which are deprived of an environment in which to thrive. The costs of this impact in particular are usually totally excluded from assessment of benefits and costs – which is an inappropriate exclusion (see McDonald 2014).

The impacts and costs of population growth are of course also dependent upon a particular level of consumption and technology etc. The situation we have in Australia, of a highly developed society, means that our consumption levels are high, and every (net) additional member of our society adds an additional substantial increment of impact on the environment, on resource consumption (‘ecological footprint’) and on amenity. Even with a significant reduction in per capita consumption, which in the short term appears unlikely, the fact remains that each incremental increase in population would still add a significant incremental increase in environmental impact and ecological footprint.

2.1 Immigration settings as de facto population policy

The latest ABS estimates show annual net overseas migration into Australia of 203,900 contributing 57 per cent of Australia’s annual population growth, which is growing at 1.5 per cent per year (ABS 2015). The 2015 Intergenerational report assumes an ongoing immigration rate of 215,000 per year for the indefinite future, and this would yield an Australian population of nearly 40 million by 2055, almost a doubling of the existing population of 23.5 million within 40 years (Commonwealth of Australia 2015). In the even longer term, if those settings were maintained, it could lead to a ‘huge Australia’ of some 143 million (Carr 2015).

In effect Australia’s immigration policy is a de facto population policy. This ‘policy’ is rarely discussed or debated because there is general consensus among Australia’s political and business elites that ongoing population growth is a good thing. It satisfies the self-interest (that is, greed) of business by providing an easy way to grow markets for goods and services, and impose discipline on the wages and conditions of the workforce via turning on the ‘tap’ of increased immigration. It satisfies the self-interest of politicians by providing an illusion of activity and growth, when in reality much of the ‘growth’ (for example, transport, health and education) is simply to (barely) catch up with the per capita needs of the numerically growing

population. It is simply running faster just to stand still. And in recent decades, we are not even standing still, but going backwards in terms of relevant infrastructure.

A majority of Australian opinion is in fact against further population growth (McAllister et al 2010). Over the decades there have also been cogent cases made for keeping Australia's population at a stable level, and certainly not allowing it to increase to 30, 40 or 50 million (for example, Cocks 1996, O'Connor and Lines 2010, Lowe 2012). However it is fair to say that these views have been ignored in the corridors of power. The reasons for this apparent blind spot within the policy and political elites are themselves worthy of further investigation, but surely relate to the operation of the greed and self-interest mentioned above, and also to deeply held ideology and values about what kind of society we should live in, as well as beliefs about what are the appropriate conceptual frameworks and methodologies for assessing benefits and costs.

This brief submission to the Commission's enquiry simply wishes to reiterate the often-stated concerns about the way that our immigration policy is basically an autopilot setting for population policy. When an aircraft is set on autopilot and is heading directly towards a collision, then clearly it is time for humans to re-assert control. In this case – to continue the metaphor – the collision we are facing is with Australia's fragile environment, limited water resources, limited arable land, deepening infrastructure deficits and compounding social stresses. We must no longer stay on autopilot. This submission urges the Commission to recommend a policy approach which pro-actively reduces our immigration intake to a level which will maintain a stable population in Australia over time, rather than an ever-increasing population which is the current default setting.

2.2 Benefits and costs – specific issues relating to environmental impacts and constraints

Benefit-cost analysis – which is no doubt something which the Commission is very knowledgeable about – is a normative framework for assessing policy options. In its consideration of the benefits and costs of temporary and permanent migration, the Commission needs to assess the real costs of – and constraints to – constant population growth, the major part of which is determined by net overseas migration.

Some of these costs are difficult to estimate in monetary terms but are nonetheless real biophysical impacts or parameters which can only be ignored at our peril. Perhaps the three

most important of these are: supply of potable water; destruction of biodiversity; and encroachment upon peri-urban land.

My contention in this submission is that the Commission must consider in-depth these impacts and constraints as a central part of the ‘cost’ side of the ledger of Australia’s immigration policy. They cannot be regarded as second-order or ancillary issues – which tends to be the default way in which they are often treated.

Supply of Potable Water

Previous studies of the impacts of population growth on Australia’s biophysical environment have been undertaken by consultants to the Department of Immigration. In a review of these studies, Barney Foran (2011, Tables 1, 2 and 3) provides a useful summary of water supply and quality in Sydney, Melbourne and Perth, the three main destinations of immigrants:

Sydney

Water Supply: Sufficient water for drinking and bathing but little else. An increasing threat from water salinity in western Sydney, an important node for future development.

Water Quality: 44 per cent of catchment areas are impervious (high runoff) giving severe pollution problems that limit reuse. More than 70 per cent of streams in Parramatta region (area of future population increase) are already severely polluted and only 5 per cent in good condition.

Melbourne

Water Supply: Supply will increasingly depend on reuse and desalination and be impacted by drought and bushfires. Water inflows have stepped down 35 per cent in the last decade, and water storage was 54 per cent on Australia Day 2011 during a wet La-Nina year.

Water Quality: Only one of Melbourne’s seven catchments has 50 per cent of stream length in good condition. The remaining six catchments have less than 10 per cent in good condition.

Perth

Water Supply: Supply gap by 2050 possibly equal to this year's [2011] total supply. An increased reliance on groundwater and desalination as catchment inflows stepped down 50 per cent in the 1990s and a further 25 per cent in the 2000s.

Water Quality: High current and future incidence of eutrophication events due to nutrient leaching and transport from septic systems and general land use practices.

Most of water catchment basins in Australia have reached their allocation limits, which is leading to a search for greater water use efficiency and alternative water resources such as desalination and water recycling (Future Directions 2014a, p. 1). Desalination is a high cost alternative due to its energy intensiveness, with potential for extra CO₂ emissions unless renewable sources of energy can be used.

Climate change will cause further reductions in winter rainfall in southern Australia, particularly the extreme south west and south east regions (CSIRO 2015).

A continually growing population can only exacerbate the constraint of water availability, and lead to a need for higher-cost and more complex infrastructure that will require additional energy in a carbon constrained world. The Commission needs to include consideration of such potential costs in its assessment of the costs and benefits of net overseas migration.

The central point is that we in Australia can ease the pressure on the water constraint simply by reducing net overseas migration and hence population growth, to gradually achieve a stable level of population.

Destruction of biodiversity

An editorial by some of Australia's leading ecologists summarizes the current situation (Ritchie et al 2013):

Australia's highly diverse and predominantly endemic biodiversity is seriously imperilled. In the past 200 years, at least 27 mammals, 23 birds (including island species and subspecies), 4 frogs, and over 60 plant species have become extinct (Department of Sustainability 2009). In addition, over 1500 mammals, birds, reptiles, amphibians, and plants and over 3000 ecosystem types are currently threatened with extinction ...

At the time of first European settlement, about 30 per cent of the continent was forest.

Through land clearing for agriculture, forestry, mining and habitation, that has now reduced

by 40 per cent, to just 19 per cent of the continent or 147.4 million hectares. Much of the remaining forest is degraded or fragmented, which severely compromises its potential to support biodiversity (Bradshaw 2012).

A vivid example of the threats to biodiversity posed by growing human populations is the plight of the cassowary in the wet tropics. The CSIRO estimates there are 4381 cassowaries in this region and that they are species of conservation concern. Cassowaries require closed tropic forests in order to exist. Over recent decades blocks of forest have been cleared for development and settlement, leading to fragmentation of forest areas, and remaining cassowaries have to cross roads to reach their food habitats. This has led to many cassowaries being hit by cars and killed on the growing network of roads around Mission and Bramston beaches. Others are attacked and killed by domestic dogs. Further plans for more intensive development of tourism in the area, including further population increase in Mission Beach, will only add to the pressure on the iconic cassowary (Norman 2015).

It is very easy to ignore the destruction of biodiversity because it does not extract an immediate cost from human populations. The 'cost' is very much imposed unilaterally on other species in the form of their destruction if not extinction. But ultimately humans are part of the ecological web and our existence will be impoverished the more that we destroy the very conditions that sustain the web of nature.

The Commission would do well to thoroughly consider how biodiversity destruction is a cost of further population growth due to net overseas migration, just as it has been since the first European settlement.

It is likely that these pressures will only increase as more people demand more access to natural areas (for example, national parks) for recreation and economic activity such as mining, forestry and agriculture. Already we are seeing, for example with relaxation of agricultural land clearing controls, and pressures for increasing multiple use of national park lands, that previously established controls are not necessarily cast in stone once the pressure of vested interests is applied.

Encroachment upon peri-urban land

With 60 per cent of the human population living in the five largest cities, Michael Buxton (2014, p. 57) points out that:

This concentration increases pressure on surrounding peri-urban areas as cities expand and peri-urban areas themselves attract increasing populations and provide resources to nearby cities. New peri-urban residents are able to easily use metropolitan resources such as employment opportunities and entertainment facilities. The attractiveness of peri-urban areas is further increased by their high natural amenity.

This encroachment is often at the expense of some of the country's best agricultural land. Millar and Roots (2012, p. 28) note that:

Data on the area of agricultural land being lost annually to urbanization are currently unavailable in Australia on a national scale despite the obvious trends and growing public concern.

However Millar and Roots do cite some ABS data which show that over 10 years from 2001 to 2011, there was a loss of 47 million hectares of agricultural land, from 456 million hectares down to 409 million hectares. This is an average of 5.9 million hectares per year. A significant chunk of these losses are likely through purchase of properties for conservation or forestry but another equally significant proportion is for peri-urban residential and associated services.

The significance of these losses for agricultural production cannot be overstated. These lands provide the bulk of the food supply for the adjacent conurbations. If, for any reason, liquid transport fuels were to be in short supply on either a temporary or longer term basis, the importance of large cities having ready access to nearby food sources becomes obvious. And yet it seems that the urban development strategies do not consider the importance of maintaining these food production areas as a high priority. Millar and Roots (p. 28) cite an estimate by the Planning Institute of Australia that on current trends Melbourne will lose another 25,000 hectares of rural land to urban development by 2021. Millar and Roots (p. 30) conclude that:

In summary, conservation as a land use has taken over the largest area of agricultural land in Australia but with minimal impact on [agricultural] production. *Urban sprawl around cities and regional towns has the greatest impact on agricultural productivity due to occupying land with better soils and climate, and increasing land values beyond agricultural returns.* (Emphasis added)

It should be added in parenthesis that this peri-urban encroachment has plenty of impact on biodiversity along the way, due the many small (and larger) patches of natural bushland that get levelled during preparation for ‘development’.

It seems that that peri-urban land is under relentless pressure driven by population growth and the powerful influence of real estate and development interests. One might hope that proper governance could limit these pressures and maintain dedicated corridors for non-residential use. However, in Australia as in many other places, the power of vested interests and sheer human greed is too much. Strong regulatory regimes have been supplanted by neo-liberal approaches which virtually allow open slather development. Buxton (2014), commenting on the Melbourne experience – which seems to be replicated around the country – says that: “Governments were unable to resist rezoning ever more outer urban land to cater for forecasts of population increase” (p. 61). He goes on to say:

However, the demise of integrated governance arrangements, such as through metropolitan and regional planning authorities, has led to more fragmented and sectoral decision making. Cross-sectoral policy is rare for Australia’s peri-urban areas. Fragmented institutional arrangements characterised by horizontal agency fragmentation and by vertical fragmentation between state, local and regional governments have been coupled with deregulated governance arrangements which substitute the facilitation of ad-hoc, incremental decision making by individuals and companies for government planning. The inevitable result is the lack of effective anticipatory government policy to deal with threats to peri-urban resilience (p. 67).

The key point here is not merely that peri-urban agricultural land is highly valuable to our society – which it undoubtedly is – and that it should not be converted to roads, driveways and shopping malls in such a cavalier way. In addition, what is clear is that Australians as a whole have been unsuccessful in developing and maintaining modes of governance which can restrain human greed when it comes to real estate speculation and development. There is no sign that this process of endless urban sprawl is at an end. In South Australia there is apparently an effort to put a firm boundary on any further outward sprawl (Aliento 2015). Certainly, clever people can come up with all kinds of plans to increase housing densities and use existing space more efficiently – but these seem to be tinkering at the margins and making little inroad on the main game in most Australian cities, which is to continue expanding outwards into ever-larger urban agglomerations that are not ecologically

sustainable. A continually growing population will only put on more pressure to weaken boundary and development controls.

How the Commission can truly cost the enormous impact of this peri-urban encroachment is very difficult to say. But be in no doubt that the impact is enormous and that it will only continue as population increases due, in large part, to net overseas migration.

In all three of these areas, water, biodiversity and urban encroachment, the potential costs are subject to large uncertainties, with the risk being that costs are significantly under-estimated. After two centuries of fossil-fuelled growth, the ‘developed’ societies appear to be entering a long phase of slow (or even near-zero) growth and increasing prospects for major disruptive events and systemic risk caused by climate change, energy and resource shortages, environmental destruction and geopolitical conflicts (Heinberg 2011; Leiss 2010). If Australia’s immigration-driven population growth continues at current trends, then our environment and lifestyle will continue to be incrementally degraded, with the risk of periodic disruptions due to local and global events. Based on experience to date in Australia, this continuing population growth would not at all be ‘smart’ or based on ‘best practice’ ecologically sustainable practices, but will haphazardly evolve out of the greedy scramble to exploit whatever land and resources are to hand.

A comment relating to the impacts of immigration on greenhouse gas emissions

With respect to climate change in particular, the following statement in the Commission’s issues paper is noteworthy:

Furthermore, some of the environmental concerns (for example greenhouse gas emissions) may be global in nature, and the effects of Australia’s immigrant intake need to be viewed in a global context, given that immigration does not directly change the size of the world’s population (p. 23).

The implication appears to be that immigration to Australia has no effect on greenhouse gas emissions. Yet this is surely incorrect. In 2011-12, 40 per cent of migration visa places (70,000 out of 185,000) were allocated to India, China, the Philippines and South Africa (4 out of the top 5 source countries) (Department of Immigration and Citizenship nd). All of these countries have per capita CO₂ emissions much lower than Australia’s. Therefore when people from these source countries migrate to Australia, they will inevitably increase their per

capita emissions compared to their previous situation. There will result in an overall increase in emissions even though global population is merely being ‘redistributed’.

3.0 Section 2 of the terms of reference: including payment among methods for choosing immigrants

A cynic may wonder if section 2 of the Terms of Reference was dreamed up on the hotline between the Treasurer and the Institute of Public Affairs – for it is unabashedly a policy idea from the neoliberal Chicago school economist, the late Gary Becker (Becker 2011).

Since it is such a prominent part of the terms of reference, the Commission is no doubt obliged to explore this ‘scenario’ exhaustively. Such exploration may prove mildly interesting, just as would exploration of the ‘scenario’ of using markets for organ donation – another of Becker’s proposals based on extending market logic into every domain of social life. Whatever entertainment value such scenarios may provide, ultimately they are based on a fundamentally flawed conception of what human social life is about, and endeavour to shoehorn human endeavour within the narrow straightjacket of market relations. In so doing, this is an attempt to impose a particular economic logic as the sole basis of ethical and policy decision making – another example of the ‘imperialism of economics’. Such proposals might be easily dismissed – given that they are based on a false and simplistic model of humans driven exclusively by self-interest, a model which eviscerates human endeavour of any other possible ethical content – were not the attempted application of this economic logic so pervasive (for a detailed critique see, for example, McDonald 2014, esp. Chapter 9).

May I suggest that the Commission take careful note of the extensive critique (with which I concur) offered of the proposal to marketize immigration controls, by Ayelet Schachar and Ran Hirschl (Schachar and Hirschl 2014). The following extracts indicate the flavour of their argument:

Citizenship as we know it (at least since Aristotle) is comprised of political relations; as such, it is expected to both reflect and generate a notion of participation, co-governance, and a degree of solidarity among those included in the body politic. It is difficult to imagine how these values could be preserved under circumstances in which insiders and outsiders are distinguished merely by the ability to pay a certain price. The objection here is to the notion that everything, including political membership, is “commensurable” and reducible to a dollar value. This is what makes

cash-for-passport exchanges, even if they account for only a limited stream or quota of entrants per year, deeply problematic and objectionable. (p. 247)

Turning the ability to pay into a condition for citizenship risks undermining the very concept of political membership. It may in turn erode the civic bonds and practices that allow a democratic society not only to survive, but to thrive. As it plays a more and more important role in the countries' immigration and naturalisation policies and priorities, citizenship-for-sale may also gradually reshape the greater class of those who are likely to enjoy political membership. Reliance on a price mechanism alone, to the exclusion of other important considerations, would not only prevent the vast majority of the world's population from ever gaining a chance to access citizenship in well-off polities. Taken to its logical conclusion (as *reductio*) it might also lead, corrosively and over time, to a world where anyone included in the pool of members must pay up, or risk "falling helplessly to the wayside." (p. 248)

As just mentioned, the transactional vision of citizenship relies on the assumption that everything can be put on sale; it leaves no room for the idea that there are moral limits to markets and that certain political relations are hollowed out when "bought and sold." Such a move prefigures the conflation of the political and ethical with the economic and calculative. It may also undermine membership bonds grounded in co-authorship and cross-subsidisation of risk, as well as cause harm to the vision of citizenship as grounded in long-term relations of trust, participation, and shared responsibility. At present, citizenship involves making collective decisions and translating those decisions into binding commitments, in the context of a political project that is far larger than oneself, and extends well beyond the lifespan of each generation of members. Such a political project will be extremely hard to sustain under a membership regime strictly guided by strategic "wealth buys citizenship" transactions. (p. 249)

To return to the main theme of this submission – immigration as a de facto population policy – it is of passing interest that Becker’s paper on his ‘radical’ market solution for immigration contains the following statement:

So how would the proposal work? First, of course, one has to determine a price, which would depend mainly upon two variables: *how many immigrants a country wants to admit (that would be a decision that voters would have to make)*; and how the number of applicants would vary with price (Becker 2011, p. 32). (Emphasis added)

It is interesting that perhaps one of the most fundamental questions – the actual number of immigrants to be allowed – is a question that even Becker concedes cannot be decided by economic means, but must be handballed to the domain of politics. On that score I can only agree with Becker – that the question of Australia’s annual immigration quotas should be the subject of detailed public debate, rather than relegated to closed-door administrative decision making which is just how the big players – the vested interests that reap short term gains from high immigration levels – like it.

I sincerely hope that this enquiry by the Commission will be a small step in facilitating greater public debate and lead to serious policy consideration of the need to reduce Australia’s net overseas migration and hence stabilize our population.

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