

Submission to the Productivity Commission on Population and Migration

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I'd like to comment on item 6. of the terms of reference:

6. consider the impact of migration and population growth on labour force participation and economic growth more broadly.

Increased population has a number of negative impacts on real per capita living standards, both in the long and short term.

Resources

Australia's and the Earth's finite resources are put under more pressure when more people must share those resources.

- The catchments that provide our drinking water, will only yield so much water. If the population increases, each person gets less water.
- When coal is dug out of the ground the government gets a royalty. That royalty is split among the residents of Australia. The amount of coal in the ground is finite. Increasing the population reduces the amount of money that each person gets.
- The same logic applies to natural gas, oil, iron ore, uranium, nickel, gold and every other valuable finite resource extracted from the ground in Australia.
- The area of sustainable farmland in Australia is limited. If the population increases, more people will need to be fed, which will require a larger area of farmland. That means that there will be less farmland available to grow food for export, meaning that fewer imports can be purchased and there will be less food for the rest of the world.
- Some farming methods used in the past have lead to degradation of farmland, with many areas suffering loss of productive use of the land due to salinity and erosion. These areas need to be rehabilitated, so that they can be used sustainably in the future. If population increases there will be more pressure to overgraze and intensely farm the land rather than allowing it to recover. This will have severe negative impacts on farming in the future and well as on downstream catchments.
- The same logic applies to fisheries, forests and all the other industries that rely on the use of finite land and water resources.

It is hard to see how an increase in migration could increase the productivity of Australian farmland, Australian collieries, Australian fisheries, forest industries, etc except by lowering wages, which does not seem like a strong benefit to the average Australian.

Fossil Fuel Depletion

Australia and the world are highly dependent on fossil fuel energy to power the economy. Fossil fuels are a finite resource. As the population increases there is more demand for these finite resources and they run out more quickly. In order to maintain lifestyle Australia will have to begin to replace fossil fuels with renewable energy sources. Under current levels of technology there is no way to replace the amounts of fossil fuel energy we are now using with renewables. As the population increases this problem will become harder and harder to solve because there will be more and more people demanding energy. Australia only has a finite amount of hydroelectric capacity, wind power and solar power capacity. These will all have to be divided by more people if the population increases. Governments should plan now for the

time when fossil fuels are scarce, instead of waiting for a future government to be stuck with an even more difficult problem.

The cost of Protecting the Environment

Increased population increases the pressure on the environment to accept wastes and keep the air, water and land clean enough to allow us to live in good health.

- Larger cities with more traffic and more industries mean that the natural atmosphere is less able to cope with the volume of air pollutants so more pollution control equipment for cars and industries must be purchased.
- Larger cities with more people generate more sewage and industrial wastewater which can either be treated at a cost to the Council or other government authority or can runoff and pollute the receiving waters.
- Larger cities generate more polluted runoff which can either be treated at a cost to the Council or other government authority or can runoff and pollute the receiving waters.
- More people produce more solid waste so more expensive methods of landfilling, or treating the waste in some other way, must be used to protect the environment.
- More people produce more greenhouse gases. If Australia's population stays low its greenhouse gas generation will be easier to manage. If the population increases, more greenhouse gases will be generated contributing to more global warming.

All these extra costs for protection of the environment would not be needed if the population were smaller. Ironically, these increased costs actually provide a boost to the economy. A car with an extra \$1000 of air pollution control equipment is of no benefit to a person who only needs transportation, but it adds to the Gross Domestic Product.

Who benefits from Population Growth

Care needs to be exercised in the examination of who benefits from increasing population.

- If it is property developers who own land that they have purchased on the assumption that the population would continue to rise, causing an increased demand for a finite resource, and therefore an increase in the price of land, then the average person will not benefit from increased population.
- If it is manufacturers who would like to see wages kept low and an increase in the number of potential customers, then the average person will not benefit from increased population.
- If it is elected officials who prefer short term growth of the national economy rather than sustainable development, then the average person will not benefit and all Australians will suffer in the long term.

Simple estimates of GDP divided by inputs may not tell an accurate story of who gets the real benefits of increased immigration.