

PANEL DISCUSSION –  
IMPLICATIONS FOR POLICY DIRECTIONS

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## Panel discussion — Implications for policy directions

The discussion opened with one participant arguing that water is the ‘most important single constraint on population growth’ in Australia and suggesting that more attention be given to the issue of water availability. Another participant remarked that a number of Australian cities have responded to the issue by investing in desalination plants, which should be considered as a potential long-term solution to water availability (although not necessarily in the short term due to the recent floods).

A third participant quoted the Water Services Association of Australia — a peak body for urban water providers — as having estimated that the water needs of Australia’s major capital cities could be met under most population growth scenarios. However, this participant argued, the association’s analysis neglected to consider the cost of the technologies assumed in the projection (such as desalination) and so while it might be technically possible to ensure water availability in the context of continued population growth, the issue would be the distributional impact of the costs involved.

Another participant suggested that access to water is less of a concern in Melbourne (with its new desalination plant), Sydney, and south-east Queensland, but might be a constraint on population growth in Adelaide and Perth. Regional Victoria and New South Wales might also be areas of concern in terms of rainfall patterns and water availability. The issue of the high cost of desalination as a solution to water supply, in the context of population growth in coastal areas, was then raised.

On the more general topic of sustainable population growth, one participant attributed much of what was described as the recent ‘backlash’ against immigration in Australia to the rate of growth in the immigrant intake, rather than the level of population projected for a given point in the future. Sustainability, this participant said, needs to be thought of in terms of rates of change of the population rather than a particular ‘big number’ representing Australia’s future population. Professor Gregory agreed that the rate of growth of immigration is more important than ‘a stock number down the track’.

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Professor Chiswick commented that if it is the case that high-skilled immigrants are internationally mobile, then developed countries need to consider having emigration policies — policies to retain both high-skilled immigrants and high-skilled natives.

A participant observed that much of the large increase in measured immigration in recent years is attributable to increases in overseas students, partly a real policy-induced change and partly the result of a change in ABS measurement methodology. The pathway to permanent residency for overseas students ‘created an industry’ that led to strong growth in migrant numbers, which has dropped sharply after the recent changes to rules designed to ‘put the brake on the numbers’. The participant then observed that it would be better to have a stable policy stance on overseas students that is consistent over time, but that it might not be achievable.

One participant commented that, although allowing overseas students easier access to the labour market and to permanent residency can benefit the economy, it can also be susceptible to exploitation — as demonstrated by the proliferation of unscrupulous education providers. This indicates that it is crucial to manage and administer the overseas student program properly. Another participant expressed the opinion that government might take greater control of temporary migration, rather than leaving it to market forces to determine the numbers of temporary migrants entering Australia.

It was observed that the tourism and education industries have become major service export industries for Australia, and the question for both Australia and other developed countries in a similar situation is how to keep the success of these sectors separate from entry into the immigration system. This participant wondered how countries such as Switzerland, which are very attractive to tourists, or such as the United States and the United Kingdom, which attract many overseas students, approach this issue.

Turning briefly to the topic of common resources, one participant commented that the decisions made by the existing population on the use of environmental resources such as water would affect the decisions of potential migrants to choose Australia as a destination. In particular, it was suggested, incumbents’ decisions on how to use or conserve such resources and how or whether to share ownership with newcomers would affect the ‘package’ of costs and benefits facing potential migrants, and in turn would affect migrant self-selection.

The discussion moved on to the general subject of maximising economic wellbeing as an overarching policy objective. One participant agreed that maximising the welfare of the incumbent population was the appropriate objective, but that this should include intergenerational considerations (especially in the context of

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sustainability). This participant then raised the question of how effectively wellbeing can be measured and whether policymakers can assess whether policies maximise wellbeing.

Another participant responded that, rather than assuming that wellbeing is too difficult to measure and not referring to it in policy development, it would be better to compose a framework of measurable outcomes against which policies can be evaluated. Policymakers would then check that these ‘intermediate outcomes’ are consistent with the ‘ultimate’ outcome of maximising overall wellbeing. Returning to the idea of intergenerational equity issues, another participant suggested that implicit in the objective of maximising the wellbeing of existing residents should be the concept of maximising the present value of the future stream of net income to this group. It was noted that decisions on the appropriate weights and discount rates for this intertemporal optimisation problem then become crucial.

Returning to the question of environmental resources, the view was raised that such resources cannot or should not be managed as common property. Rather, it is ‘a very strong requirement’ that they be owned by the incumbent population and that any income generated from resource usage charges go to this population, it was argued. This participant also expressed concerns about water supply being a ‘major long-term issue’, arguing that desalination plants might not be a sufficient response.

The discussion concluded with a comment from one participant that it is more important to have control over the temporary migrant programs (and their pathways to permanent residency) than to cap migrant numbers. In the case of visa subclass 457 holders, it was argued, government needs to control the ‘flow-on’ to permanent residency, as it has with overseas students. If it is not too easy to become a permanent resident, some potential migrants will choose not to migrate. The participant conceded that the working holidaymaker program might need to be capped to avoid a possible ‘blow-out’ in numbers.