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Submission to the Employment White Paper

Thank you for the opportunity to participate in this important process. [Sustainable Population Australia](http://www.population.org.au) (SPA) is an independent not-for-profit organisation seeking to protect the environment and our quality of life by ending population growth in Australia and globally, while rejecting racism and involuntary population control. SPA is an environmental advocacy organisation, not a political party.

Relevant terms of reference

This submission centrally addresses item **5.4 Migration settings as a complement to the domestic workforce**.

While population and migration impact all of the terms of reference, we emphasise the implications for **full employment, productivity and wages growth**, as well as **structural change** and **building a sustainable care economy**.

The Labor government has stated its determination to improve wages, workforce participation and productivity, and to reduce exploitative work practices. Each of these goals is directly undermined by its escalation of economic migration.

The Liberal party repeatedly states as a core belief that, if people are able to get a good job and own their own home, they have a stake in society and this adds to social cohesion and the confidence to invest in entrepreneurship.¹ Yet its support for record-high immigration levels over the past two decades has clearly undermined secure work and home ownership.

Both major parties present arguments in defence of high immigration which are based on fallacies and pander to vested interests. It is the object of this submission to explain these fallacies and identify the advantages of a sustainable level of immigration.

A sustainable immigration level is one which allows Australia's population to stabilise. At a fertility rate around 1.7 children per woman, sustainable immigration amounts to net overseas migration (NOM) around 60,000 per year. (A lower fertility rate would allow higher immigration, to "top up the generations".) This is ample to maintain Australia's humanitarian

¹ E.g. Tim Wilson, ABC Radio National Breakfast, 28 Nov 2022.

<https://www.abc.net.au/radionational/programs/breakfast/where-to-next-for-the-victorian-liberal-party-/101704822>

program and to allow international recruitment for genuinely needed skills. We find no substantive case that a higher rate strengthens Australia's workforce or prosperity.

Summary of key arguments

Lower migration is key to building a better-trained and more productive workforce, to boosting incomes and living standards and creating more opportunities for more Australians.

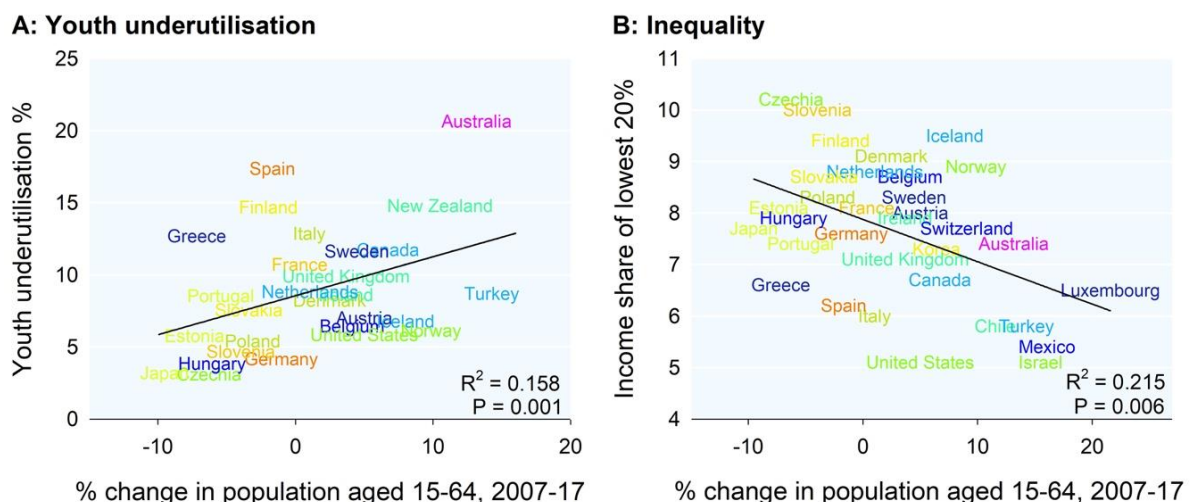
- Lower migration will enrich disadvantaged Australians in the workforce, boost workforce participation of both working-age and older Australians and improve conditions of employment.
- Lower migration also improves productivity through higher capitalisation of workers and less congested and disrupted public infrastructure.
- The oft-cited fear that demographic ageing will constrain the workforce has not eventuated in any ageing country: instead of lower employment, they have lower unemployment and higher participation.
- Many of the calls for high migration come from business lobbies who have publicly campaigned for lower wages and against bargaining power for workers. Their interests are not the national interest.
- Many polls have confirmed that most Australians oppose further population growth.

1. Full employment

Full employment is profoundly good. It increases the bargaining power of workers and in so doing distributes power and wealth more evenly across the community. Migration reduces employment outcomes in certain sectors and so reduces the wealth, agency and dignity of Australians. Particularly, disadvantaged Australians have greater opportunity to participate in the workforce and escape the stress and indignities of welfare. A tight labour market delivers not only employment and wages but dignity and agency to Australia's workers.

Between the Global Financial Crisis and the COVID19 pandemic, Australia was one of few developed countries to see underutilisation of youth grow substantially. This was a direct result of elevated immigration rates. Among OECD countries, here is a statistically significant relationship between youth underutilisation and the rate of growth in the working-age population (Figure 1A). Likewise, rapid workforce growth suppresses the income share of low-income workers (Figure 1B). This attests that labour is oversupplied, not undersupplied as claimed by the business lobby.

Figure 1. Youth underutilisation and low-wage suppression are worsened by rapid increase in job-seekers. Source: stats.oecd.org, data from 2017.



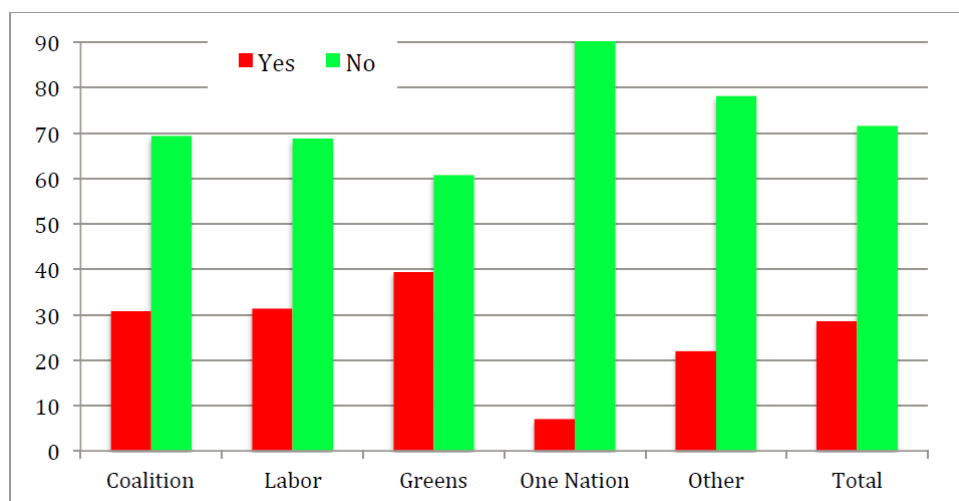
The claimed labour shortages that accompany a tight labour market are an inevitable part of a dynamic economy and should be endured. It is a sign of a healthy economy if employers are competing for workers, more than workers compete for jobs.

The relationship between migration and employment is complex and experts can reasonably differ about the impact at the aggregate level. Those who claim positive or neutral effects are more likely to have their views championed by the business lobby. However, many economists are much less sanguine. For example, Dr Ross Garnaut has stated that 'Integration into a global labour market held down wages and inflation during the resources boom, [but] it contributed to persistent unemployment, rising underemployment and stagnant real wages during the expansion of total economic activity [from 2013-2019].'²

The past 15 years, since Australia's immigration rate was escalated, has seen a great proliferation of insecure, irregular and under-paid work, under sham contracting or various forms of wage theft.³ Borland and Coelli have demonstrated that increases in labour supply from overseas in low skill industries such as retail, hospitality and food preparation have resulted in poor employment outcomes for Australians in those industries.⁴

It is customary for people with secure jobs to attribute opposition to migration to racism and nationalism. They present migration as a totemic issue rather than a quantitative issue. However, a range of surveys show that almost 70% of Australians don't want further population growth in Australia, while most feel warmly toward migrants and oppose racism.

Figure 2. 'Does Australia need more people?' by voting intention %.⁵



Australians don't blame immigrants for the flooded labour market and housing unaffordability – they realise that migrants are often among the disadvantaged job-seekers and exploited

² Hutchens, G. (2021) If you've been feeling poorer over the last decade, this graph explains why. ABC News, 7 March 2021. <https://www.abc.net.au/news/2021-03-07/this-graph-explains-why-you-have-been-feeling-poorer/13221796>

³ van Onselen, L. (2020) New reports expose massive migrant wage theft everywhere. <https://www.macrobusiness.com.au/2020/09/new-reports-expose-massive-migrant-wage-theft-everywhere/>

⁴ Borland, J. and Coelli, M. (2021) Is it 'dog days' for the young in the Australian labour market? MELBOURNE INSTITUTE WORKING PAPER NO. 05/21. <https://melbourneinstitute.unimelb.edu.au/publications/working-papers/search/result?paper=3802798>

⁵ Betts & Birrell (2019) *Immigration, population growth and voters: who cares, and why?* The October/November 2018 TAPRI survey. <https://tapri.org.au/wp-content/uploads/2019/04/Tapri-survey-2018-final-report-April.pdf>

workers, simply because there are too many of them seeking entry-level work. This situation is the result of government appeasing the business lobby instead of acting in the interests of Australian workers.

2. Productivity

High immigration directly suppresses productivity in at least three ways.

Firstly, it cheapens labour and consequently cheapens the products of labour. Productivity is not measured by how many crates of apples a picker picks in a day, it is measured by the sale price of the apples picked. We often hear that industries become dependent on migrant labour. This dependence is a result of wage suppression resulting in cheaper product prices, so that individual businesses who want to pay proper wages can't survive. This is direct evidence of cheapening the products of work, pushing down productivity. Likewise, the shift of passenger trips from registered taxis to Uber drivers has lowered the productivity of that sector by cheapening the service delivered.

On the other hand, having many job vacancies in a tight labour market pushes up productivity, by leaving the least productive jobs unfilled. If we, as a society, want the products of that work, we will increase the price until enough workers are attracted to those jobs, and that raises the measured productivity of the whole sector. We witnessed this beginning to happen in the horticulture sector during the Covid19 border closure. After years of piece rates paying vastly lower than award wages,⁶ this year the Fair Work Commission ruled to enforce a minimum wage guarantee in horticulture, as a direct result of the sector being forced to attract Australian workers instead of indentured migrants.⁷

Secondly, rapid population growth adds to the cost of doing business through congestion of overcrowded infrastructure, and through inflation of property values increasing overheads. Infrastructure crowding causes delays or service denials that lower productivity.⁸

Thirdly, an abundance of cheap labour is a disincentive for employers to train and equip their workers to elevate productivity. Australia does not have a deficit in training capacity, nor a shortage of graduates, but a lazy, spoiled business culture that demands experienced workers rather than hiring fresh graduates and giving them the experience they need. Businesses still claim a deficit of engineers in Australia, but both migrant and Australian graduate engineers are left on the shelf. An Engineers Australia report found that the biggest barrier was Australian employers wanting "local experience".⁹ When workers are more costly or harder to recruit, there is more incentive to improve in-service training, equipment or software systems, in order to automate certain tasks or to improve worker efficiency.

Some recent media coverage has suggested that the more people we have, the more innovation will happen. This is a tired old myth that should be debunked. In a crowded labour market, people are living hand-to-mouth and try to minimise risk-taking, holding onto bad

⁶ Senate Inquiry Report (2016) A National Disgrace: The Exploitation of Temporary Work Visa Holders. https://www.aph.gov.au/parliamentary_business/committees/senate/education_and_employment/temporary_work_visa/report

⁷ Sullivan, K. and Calver, O. (2022) Farm worker floor price to begin in late April after Fair Work Commission ruling. <https://www.abc.net.au/news/rural/2022-02-02/timeline-set-for-farm-worker-floor-price-to-come-into-place-/100796448>

⁸ van Onselen et al. (2019) Population growth and infrastructure in Australia: the catch-up illusion. Discussion Paper, Sustainable Population Australia. <https://population.org.au/discussion-papers/population-growth-and-infrastructure-in-australia-the-catch-up-illusion/>

⁹ Hermant, N. (2021) Despite soaring demand for engineers, many qualified migrants in Australia can't find jobs. ABC News 2 Dec 2021. <https://www.abc.net.au/news/2021-12-02/migrant-engineers-overlooked-for-work-and-jobs-report-says/100665902>

jobs rather than trying out a new business idea. At the same time, businesses have little incentive to invest in workers when their labour is cheap. In a tight labour market, people are more likely to take a risk on starting a new business, knowing they can regain employment if it doesn't work out. The European Enlightenment was enabled by the Black Death drastically reducing population pressure, giving people sufficient relief from the "rat race" to test new ideas.

3. Skills shortages

As Macrobusiness Chief Economist Leith Van Onselen notes, 'Despite decades of strong skilled migration, whereby literally millions of foreign workers were imported into Australia, industry and the federal government continue to make identical claims about chronic skills shortages.'¹⁰

It is obvious to all but the business lobbies that importing hundreds of thousands of people per year generates more need for skills. Whether the result is to lessen or exacerbate skills shortages depends on whether the people imported accurately match genuine skills shortages. That they have not been a good match overall is evidenced by the very high proportions of self-sponsored or regional-sponsored migrants who fail to find work at the level of their qualifications. They, like the Australian graduates who are increasingly left on the shelf, lack the work experience employers demand. This situation breaches Australia's duty of care both for migrants and for our own young people.

In recent decades, the proportions of people with post-school qualifications, particularly Bachelor degrees and higher qualifications, has increased substantially. The proportions of professional and managerial jobs requiring such qualifications has increased much more modestly. This has led to more tertiary-qualified people taking work that does not utilise their training, and does not reward them for their education investment.

Figure 3 shows proportions of Australian residents aged 30-39, who are employed in occupation classes, differentiated by their level of post-school education. Data have been collated from the 1986, 1996, 2006 and 2016 censuses. The 30-39 age range is chosen as fairly young adults whose entry to the workforce has been influenced by conditions over the past decade, but old enough that most have completed education and established their career path.

The Productivity Commission's 2020 report *Why Did Young People's Incomes Decline?* found that real incomes for young Australians aged between 15 and 34 have declined since 2008, with both wages and hours worked down.¹¹ Those graduating since 2010 have, on average, taken lower ranking jobs than earlier graduates. This is the next cohort coming after those in Figure 3, who were in their 30s at the 2016 census, and confirms that the over-qualification trend continues. Thus the situation for Australians entering the workforce was already deteriorating rapidly before the Covid-19 pandemic.

Models that claim that more skilled migration raises opportunities for unskilled workers treat skilled and unskilled as if they occupy separate labour markets. Studies such as the oft-cited Breunig et al. (2015)¹² rely on the assumption that higher educated people never take lower

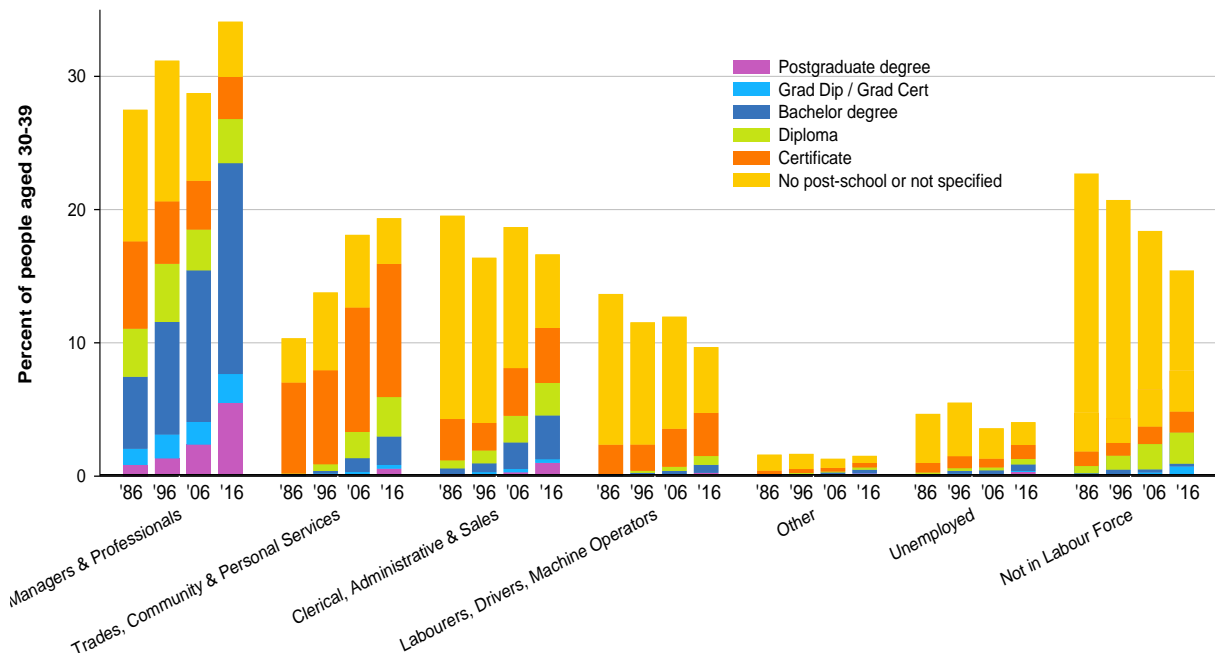
¹⁰ van Onselen, L. (2021) Is there a shortage of skilled workers? Briefing Note, Sustainable Population Australia. https://population.org.au/wp-content/uploads/2021/11/SPA_skilled_visa_briefing_note1.pdf

¹¹ Productivity Commission (2020). Why did young people's incomes decline? Commission Research Paper, Canberra. <https://www.pc.gov.au/research/completed/youth-income-decline>

¹² Breunig R, Deutscher N and To HT (2015). The relationship between immigration to Australia and the labour market outcomes of Australian-born workers. Productivity Commission, Migrant Intake Into Australia Draft Report – Technical Supplement C, November 2015. (Also published at Economic Record, Vol. 93, No. 301, June,

level jobs. The data in Figure 3 belie this assumption. We have all met Indian engineers driving Ubers or delivering pizzas. An oversupply of skilled workers means that people with higher qualifications outcompete low-skilled job seekers for low skilled jobs.

Figure 3: Australian residents aged 30-39 years, by employment and educational attainment
Source: Australian census CURF data, 1986, 1996, 2006, 2016 censuses.



As the Productivity Commission reported in its 2016 'Migrant Intake Into Australia' report, primary applicants with recognised skills make up only around half of the skilled migrant visas issued and about a third of the non-humanitarian permanent residence visas.¹³ The rest are made up of secondary applicants (dependents) and family reunion (mostly imported brides). For every three immigrants, we have been getting one skilled worker. This is a lower proportion than among Australian-born entrants to the labour force.

These data demonstrate that simply making it easier for people with qualifications to reside in Australia has not alleviated skills shortages nor stimulated productivity growth.

The one category of skilled migrants with employment outcomes better than the average Australian are employer-sponsored migrants. The willingness of an employer to sponsor a migrant is the only meaningful test of skills in demand.

- We advocate that employer-sponsored temporary visas should be the only channel for admitting skilled migrants to Australia. This would alleviate much of the administrative load on the immigration system.
- Ensuring all skilled migrants have a skilled job to go to would go a long way toward ensuring they lessen rather than expand skills shortages.
- Permanent visas should only be issued to on-shore applicants who have proven their value through suitable employment under temporary visas for at least three years.
- The focus of the skilled migration system should be to reduce barriers to employers recruiting from overseas, including streamlining but not eliminating local market testing requirements. Australians should get first chance at all jobs.

2017, 255–276.) <https://melbourneinstitute.unimelb.edu.au/assets/documents/hilda-bibliography/working-discussion-research-papers/2015/migrant-intake-draft-supplementc-1.pdf>

¹³ Productivity Commission (2016) Migrant Intake Into Australia. Inquiry Report. <https://www.pc.gov.au/inquiries/completed/migrant-intake/report>

- The 'skills in demand' lists should be abandoned. Employers should determine who is in demand.
- However, to ensure these are genuinely needed skills and not cheap labour, the government should raise the Temporary Skilled Migration Income Threshold (TSMIT) to 10% above median full-time income. This would currently bring the TSMIT to around \$90,000 per year. This will ensure that employers can recruit internationally, but not to the detriment of Australian jobseekers. The TSMIT should be indexed to growth in median weekly earnings.

The current TSMIT of \$53,900 represents low-wage workers and has enabled many employers to use the temporary skilled visa to displace Australian workers. (The requirement to match the Australian Market Salary Rate (AMSR) for specific jobs is often circumvented by lowering the job classification.) According to the Grattan Institute, Temporary Skill Shortage (TSS) visa holders have a median wage of \$75,000, well below Australia's median full-time wage of \$83,000.¹⁴ Their incomes are higher since 2017 when the much-rorted 457 visas were replaced with more restrictive TSS (482) visas, but they still set a low bar for needed skills. The Grattan Institute has advocated a TSMIT of \$70,000 per year, allowing that this is a starting salary, but this is still below the median full-time wage of Australian workers aged 25-34. The Grattan Institute's own data (Figure 4.4 in the above-cited report) shows that a starting salary around \$90,000 is the norm with TSS holders in higher-skilled occupations, but would avoid recruitment into low-paying retail and hospitality jobs. The Grattan Institute advocates a threshold of \$70,000 because it wants to see the skilled migration program expand, but it has not presented evidence that this benefits Australia. We argue for a smaller, better targeted skilled migration program, achieved by setting a higher bar.

If our recommendations are followed, the temporary skilled visa would play a broader role as the entry point for all skilled migrant primary applicants. Graduated international students would need to find an employer to sponsor their continued residence in Australia, but under Temporary Graduate visas they would have some years to achieve the threshold salary. The points-based allocation of permanent visas to off-shore applicants would be discontinued. The Business Investment and Innovation program (BIIP) and Global Talent program should also be scrapped: neither have delivered immigrants who pull above their weight economically.¹⁵ If the volume of temporary skilled workers seeking permanent residence exceeds the annual quota, a points system would be needed to select the applicants of greatest value to Australia. This should take into account the skills, language competency and employment status of secondary applicants (spouses) and could also preference regional locations.

We believe that, by setting the bar higher for skilled migrants, the volume of applicants would be greatly reduced, overcoming the backlogs and delays currently experienced for sponsoring employers. A smaller but much better targeted intake of skilled migrants would better complement the Australian workforce, without creating more demand for skills than it satisfies.

4. Structural change and the non-problem of population ageing

Members of the Government have repeatedly cited population ageing as a reason for pursuing high levels of immigration. Claims that ageing will constrain Australia's workforce are based on analyses that ignore the demand-side effects on the labour market. Invariably, as OECD countries have aged, they have not seen less employment but less unemployment

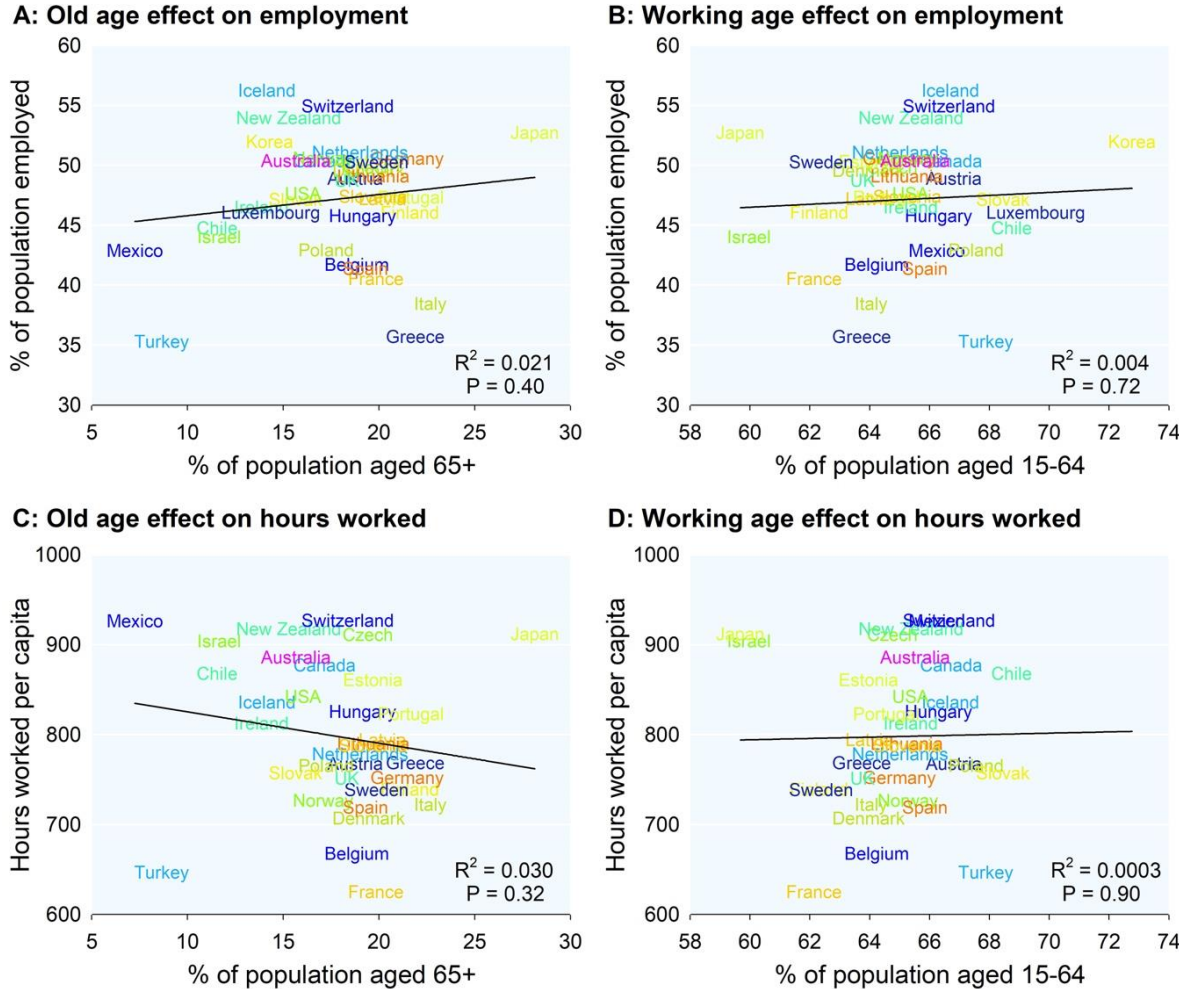
¹⁴ Grattan Institute (2022) Fixing temporary skilled migration: A better deal for Australia. <https://grattan.edu.au/wp-content/uploads/2022/03/Fixing-temporary-skilled-migration-A-better-deal-for-Australia.pdf>

¹⁵ Grattan Institute (2021) Rethinking permanent skilled migration after the pandemic. <https://grattan.edu.au/report/rethinking-permanent-skilled-migration-after-the-pandemic/>

and underutilisation, as well as higher workforce participation across the spectrum. This is exactly how economic theory anticipates a tightening labour market to behave. A tight labour market invariably increases workforce participation. Yet this feedback response is omitted from the models used by economists to project workforce shrinkage due to ageing.

Figure 4 demonstrates that there is no correlation among OECD countries between the extent of ageing and the proportion of people who are employed. The relationship is absent, whether we look at people employed or hours of employment, and whether these are regressed against proportion aged over 65 or proportion of “working age”. Furthermore, if we look at the most aged countries over time, their workforce has not shrunk as their working-age proportion has shrunk.¹⁶ There is no evidence at all that ageing will constrain the workforce. Instead, it will tighten the labour market, generating all of the positive effects discussed above under “full employment”.

Figure 4. Ageing is not correlated with the workforce across OECD countries
 Source: stats.oecd.org, data from 2018.



Ageing will, of course, increase demand for health care and aged care. But this is only a finite shift, to a new equilibrium point, not an inexorable escalation. Such shifts in the composition of the economy, occurring over decades, are normal and easily accommodated.

The crisis in aged care experienced in Australia currently is symptomatic of an underpaid sector recovering from extreme duress during the pandemic. It is not a product of population

¹⁶ O’Sullivan, J. (2020) Silver tsunami or silver lining? – Why we should not fear an ageing population. Discussion paper, Sustainable Population Australia. <https://population.org.au/discussion-papers/ageing/>

ageing and it is not a harbinger of greater future stress due to ageing. The appropriate response is to improve pay and conditions for workers in this sector.

Allowing pensioners greater access to part-time work without penalty could make an important contribution to increasing participation in the care sector. The government has already increased the income threshold above which the pension is docked. This is a step in the right direction, but could go further. New Zealand has no penalty for earning money on top of the pension, but the pension is counted in taxable income. New Zealand consequently has one of the world's highest rates of employment of people aged over 65. However, to shift to the New Zealand model would probably require phasing out superannuation tax concessions (a progressive shift, but politically challenging). In the meantime, allowing averaging of work hours over the year, including periods of full-time work, could encourage 'grey nomads' to undertake seasonal work.

5. Exploitation and preferencing permanent over temporary visas

The Labor government has expressed a preference for permanent over temporary visas as a means to reduce the exploitation of temporary migrant workers. This is a non-sensical response.

- The increased quota for permanent visas will mostly be filled by the categories of migrants who have a poor record for finding work matching their skills: off-shore self-sponsored, state or regional sponsored applicants.
- Higher permanent quotas only increases the demand for temporary visas, with the incentive of easier access to permanent residence. Since temporary visa categories remain uncapped, this means more, not less, temporary migrants competing for jobs and fuelling exploitative work practices.
- Giving workers in horticulture and hospitality industries permanent residence will not lessen worker exploitation in those sectors, it will simply mean that those workers will take the first opportunity to leave those sectors.

Exploitation is best diminished by limiting the numbers of temporary migrants directly, and clamping down on labour hire company practices and other sham contracting arrangements.

A Labor MP has told us, "The Labor Party prefers permanent migration over temporary migration. Permanent migrants become part of our community, they have access to more support services and are less likely to experience exploitation." We agree. However, this statement is an indictment of large-scale temporary migration, not an argument for large-scale permanent migration. Ideally temporary migration should be at a scale that allows most migrants who wish to transition to permanent residence to do so, within the cap for sustainable migration. The exception is guest-workers for seasonal work, which is best filled by programs with strict time limits on duration of stay in Australia, so that workers are not exploited under false hopes of becoming permanent. Under these schemes, workers undertake the work when it represents a net benefit to them, not as a sacrifice they must make to extend their stay.

6. Low-skilled and guest-worker immigration

Most of the instances of wage theft and exploitative employment conditions in Australia have related to low-skilled migrant workers. Often the exploiters are members of the same nationality as the workers, operating as labour hire agents. This has been the case for many decades among clothing outworkers. But over the past decade, it has escalated in agriculture, meatworks and hospitality sectors, as access to various guest worker streams has expanded. The government has abetted this escalation of abuse by pandering to industry demands for high volumes of temporary workers without sufficient regulation.

The Pacific Australia Labour Mobility (PALM) scheme has been a successful model, benefiting Australian horticulture businesses and the economies of our Pacific neighbours. By limiting the period of stay in Australia, maximum benefit flows back to the home country, as workers save to invest in ventures at home. Neither of these benefits would be enhanced by creating pathways to permanent residence for PALM workers. While exploitation has occurred within this program, one strength of the PALM program has been its ability to tighten controls on employers to minimise exploitation.

Working Holiday Makers also represent a synergistic guest worker scheme, offering young people a rich experience of Australian life while filling short-term and seasonal labour needs. But this scheme has been rife with exploitation and serious threats to the safety of these workers. The new minimum wage guarantee, if adequately enforced, will go a long way toward improving conditions for Working Holiday Maker visa holders.

The hard-fought improvements to these schemes risk being undermined by a new Agricultural Worker visa. This promised visa has a high risk of lowering the bar for exploitative work conditions in Australia. Every country that has allowed a guest worker culture of this scale to become embedded has sacrificed social cohesion. As the COVID19 border closure demonstrated, we don't need vast numbers more agricultural workers. Australians are willing if the remuneration is sufficient, but more time is needed for the industry to adjust to the new conditions. Australia should not allow itself to be bullied into a guest-worker economy as part of trade deals: free trade should be about movement of goods, not linked to movement of people or capital. The agricultural worker visa is a significant threat to Australian sovereignty. It should not be implemented.

Another major contributor to exploitative employment has been organised rorting of the asylum seeker process. Beginning around 2015 with vast numbers of Malaysian and later Chinese visitors arriving and then claiming asylum, these schemes have exploited the slow processing time, protracted appeals process and ineffective eviction of failed claimants, all of which guarantees any applicant several years at least of work-rights in Australia.¹⁷ These schemes must be quashed by rapid processing and eviction on non-legitimate asylum applicants, and by penalties imposed on the agents facilitating these rorts.

Since May 2021, overseas students have been allowed to work full time, mainly in retail and hospitality industries. This makes Australia's student visa essentially a low-skill work visa. It was a mistake to extend the period of expanded work rights for student visa-holders. This should definitely not be further extended.

7. The claimed economic value of migrants

In correspondence with government members, they often cite that "According to the Treasury 2021 Intergenerational Report (IGR), each skilled migrant contributes an average of \$4.2 million to the economy over their lifetime." This is a large number that appears to dazzle politicians, without a good understanding of its basis. It's worth thinking this through:

In Australia, the wages share of GDP has recently fallen to below 50% of GDP (yet another sign that wages are suppressed due to labour oversupply). This means that, for every dollar earned by an employee, approximately \$2 is contributed to GDP. By a quick calculation, if each migrant worked in Australia for 42 years before retiring, a lifetime contribution of \$4.2 million would amount to \$100,000 per year. So migrants would only have to average \$50,000 per year to achieve this \$4.2 million lifetime impact on the economy. But this wage is less than the average Australian, which implies that skilled migrants contribute less than others.

¹⁷ Rizvi, A. (2021) Update of Australia's biggest ever labour trafficking scam. Independent Australia, 23 October 2021. <https://independentaustralia.net/politics/politics-display/update-of-australias-biggest-ever-labour-trafficking-scam,15663>

It is also commonly claimed that "skilled migrants contribute significantly more in tax revenue than they consume." This might apply to primary applicants, but the secondary applicants and family reunion visas issued on account of the primary applicant's migration would make this statement untrue. In any case, it does not consider the additional infrastructure costs incurred on account of each additional person residing in Australia. The public infrastructure bill, spread across federal, state and local governments, is in the order of \$130,000 per new resident.¹⁸ This is a one-off adjustment to our inventory, not an annual demand on expenditure, but it would approximately match the public expenditure Australia spends on schooling its home-grown workers and thereby negate any claimed advantage of migrants over Australians in national transfer accounts.

Politicians also like to cite the Productivity Commission's finding that GDP per capita could be 7% higher in 2060 if we have high population growth and less ageing, compared with a low-migration that saw our population stabilise.¹⁹ They omit to qualify this finding as the Productivity Commission did. As it stressed, "*Many assumptions underpin the analysis and, as such, the projections should be treated as illustrative only.*"

Importantly, the Productivity Commission's model only applies:

- If ageing actually causes the workforce to shrink proportionally (which we have shown above to be untrue for OECD countries to date);
- If migrant employment outcomes matched those of the Australian-born population (which the Productivity Commission noted would require much improvement);
- If investment keeps pace to create jobs and infrastructure with only a short lag;
- If that investment doesn't divert funds from other services we need.

The Productivity Commission further observed that, even so, the average person would earn less over their life course, due to lower wages and greater underutilisation of labour. It found that the benefits from increasing skilled migration accrue to the migrants themselves and capital owners, whereas existing resident workers are made worse-off.

In any case, the advantage would be ephemeral: as the Productivity Commission stated, "*[immigration] delays rather than eliminates population ageing.*" In contrast, the disadvantages of crowding Australia's resource base and degrading our environment would be cumulative. The report notes, "*Technological solutions [to environmental pressures of higher population] come with higher costs.*" Australia's major cities are enduring this escalation of costs through the need for water recycling and desalination, and road tunnelling.

Moreover, under the rapid population growth scenario, more of our GDP would flow back to foreign investors who provide the capital to absorb the extra labour. And more of us would be living in tower block apartments, rationing water and struggling with debt. As the Productivity Commission report said, "*GDP per person is a weak measure of the overall wellbeing.*"

An even worse measure of wellbeing is total GDP growth, which Treasury pursues through population growth regardless of the lack of betterment per person.

One important issue commonly overlooked in the myopic focus on GDP is balance of trade. All additional Australian residents create demand for more imports, but few contribute to

¹⁸ O'Sullivan, J. 2014. Submission to the Productivity Commission inquiry into infrastructure provision and funding in Australia. Submission #156. [Adjusted to 2021AUD.]
<https://www.pc.gov.au/inquiries/completed/infrastructure/submissions/submissions-test2/submission-counter/subdr156-infrastructure.pdf>

¹⁹ Productivity Commission (2016) Migrant Intake Into Australia. Inquiry report.

<https://www.pc.gov.au/inquiries/completed/migrant-intake/report/migrant-intake-report.pdf>

exports, which rely largely on primary production from Australia's non-growing endowment of natural resources.

The increasingly urgent need to reduce greenhouse gas emissions will exacerbate the balance of trade problem. Australia's economy is presently intensely dependent on the export of fossil fuels. As the world better understands the nature of the climate crisis Australia must have some regard for the possibility of a sudden collapse in our exports. The more people in the country, the greater the social disruption that this adjustment will cause because the foreign exchange from our few climate resilient exports such as cereals and horticulture will be inadequate for the growing import demands of an ever-bigger population.

8. Summary of Recommendations

1. Migration should be used to complement to the domestic workforce only to an extent that allows population stabilisation, which is essential to ensure long-term ecological sustainability. This means aiming for NOM around 60,000 per year, including humanitarian, worker and family categories.
2. All skilled migrant entrants should have a job to go to, and should be high-paid workers reflecting a real need for their skills. Employer-sponsored temporary visas should be the only channel for admitting skilled migrants to Australia.
3. Skills-in-demand lists should be abandoned: the real test for needed skills should be employers actually committing to hire at a high wage.
4. Temporary Skilled Migration Income Threshold (TSMIT) should be raised to 10% above median full-time income. Currently this would be around \$90,000 per year.
5. Permanent skilled-worker visas should only be issued to on-shore applicants who have proven their value through suitable employment under temporary visas. The secondary applicant and family reunion quotas should be reduced in line with quotas for skilled workers.
6. Pensioners should be allowed to work more hours before losing the pension. Work in the aged care and hospitality sectors are particularly accommodating of part-time contributions. Allowing averaging over the year, including periods of full-time work, could encourage grey nomads to undertake seasonal work.
7. The Agricultural Worker visa should not be implemented. This risks cultivating an exploited worker class on a scale Australia has not previously seen. The PALM and Working Holiday Maker visa programs are better placed to meet seasonal work needs without undercutting domestic workers.
8. Rorting of the asylum seeker process by those seeking to work in Australia should be quashed by rapid processing and deportation of failed claimants, and by penalising the agents facilitating rorts.
9. Worker exploitation should be minimised by increasing resources for surveillance of employment practices and prosecution of breaches. The government's rhetoric suggesting exploitation can be lessened through a greater focus on permanent rather than temporary visas is ill-conceived. It will only attract more temporary migrants to endure greater exploitation.