



**Submission to the Inquiry into
Migration, Pathway to Nation Building**

by

Sustainable Population Australia

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Introduction

Sustainable Population Australia (SPA) is an independent not-for-profit organisation seeking to protect the environment and 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.

We commend the Albanese government's commitment to a wellbeing economy, giving greater consideration to social and environmental indicators and consequently less to the headline GDP growth. As the Productivity Commission's *Migrant Intake Into Australia* report said, "GDP per person is a weak measure of the overall wellbeing of the Australian community..." Total (aggregate) GDP growth is an even weaker measure when it is delinked from GDP per person as a result of the diluting effect of population growth.

However, we are concerned that the terms of reference (TOR) for this Inquiry are based on an ideological dedication to growth and a preconception that more migration is beyond doubt an unalloyed good. This is reinforced by comments by the Deputy Chair of the Inquiry in the Inquiry's promotional video that 'we need to see [migration] grow'. Although the inquiry's media release acknowledges that levels of migration will affect population size, there is no scope in the TOR to consider what size of population is optimum in the longer term.

Opinion surveys repeatedly show that the vast majority of Australians do not want more population growth.¹ For this preference to be realized, immigration must be lowered, not raised. Yet following the government's recent Jobs and Skills Summit, immigration was increased without any discussion of its implications for Australia's national interests in decades to come.

This submission argues that for migration to contribute to nation building in Australia, and to maximise employment and wellbeing outcomes for migrants, the level of migration must be *sustainable* from ecological, social and economic points of view.

We present evidence that lower, not higher, immigration concurrently enhances growth in productivity and workforce participation, unlocks the potential of each migrant, strengthens pathways to permanent residence and citizenship, and minimizes worker exploitation. These are short to medium term considerations. Taking a longer view, immigration must be low enough to stabilise the population with a minimum of further growth, in order to achieve ecological sustainability. The economy cannot thrive in the long term in a deteriorating environment.

This submission responds to each of the TOR in turn, under numbered headings as per the TOR. A summary and list of recommendations are provided at the end of the document, and recommendations are also cross-referenced at relevant points throughout the submission.

¹ Betts, K. & Birrell, R. (2023) *Driving Without a Licence, Voters' Views on Labor's Immigration Agenda*.

<https://tapri.org.au/wp-content/uploads/2023/02/Tapri-2022-survey-March-2023-Final-V6.pdf>

Betts, K. & Birrell, R. (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>

1. The role of permanent migration in nation building, cultural diversity, and social cohesion

It has been said that, "The goal of nation-building is to build the collective capacity to achieve public results and to pursue a shared vision of the future."²

What is the 'shared vision' for Australia's future? Most Australians would believe it includes, among other things,

- a fair go for every Australian to achieve a good standard of living, implying low levels of unemployment, poverty and homelessness,
- affordable, adequate and safe housing for all,
- a dignified level of pay and work conditions even in the lowest paid jobs,
- a welfare safety-net for the unfortunate, disabled and elderly,
- accessible and affordable public/essential utilities and services,
- good health and education systems accessible to all,
- a healthy, sustainable environment,
- a credible program to decarbonise our economy and build sustainable industries,
- freedom from austerity-inducing levels of debt, at household and national levels,
- an economy that works for the majority not the powerful few, and
- democratic representation not dominated by an oligarchy.

Australia's 15-year experiment with very high immigration (2005-2019) undermined every one of those goals. It has not single-handedly done so: other aspects of the neo-liberal agenda also contributed, systematically advantaging employers over workers, private entities over public, large over small, foreign-owned over domestic. Yet, slowing and ultimately ending Australia's population growth is the most readily accessible and universally beneficial option for setting us back on a track toward equitable betterment: the desired path for genuine nation building.

The vast experiment of accelerating Australia's population growth through high immigration has solved none of the problems it was intended to fix, while exacerbating all of the issues of most concern to Australians, from job insecurity to falling real wages, housing unaffordability, inadequate infrastructure, greenhouse gas emissions,³ and environmental degradation. State government debts have ballooned in the futile attempt to keep pace with added demands for infrastructure. What this experiment has delivered is large windfall gains to property developers, large employers, universities and migration agents, at the expense of ordinary Australians and our environment. Migrants have also suffered as job opportunities failed to live up to promises and the vast number of temporary visas issued ensured long backlogs of applications for permanent residence.

² Bourgon, J. (2010). The history and future of nation-building? Building capacity for public results. *International Review of Administrative Sciences*, 76(2), 197-218, p. 197. <https://journals.sagepub.com/doi/pdf/10.1177/0020852309365666>

³ Lowe, I., O'Sullivan, J. and Cook, P. (2022). *Population and climate change*. Discussion Paper. Sustainable Population Australia. www.population.org.au/discussionpapers/climate

Housing unaffordability and wage stagnation are two issues causing Australians to regard immigration increases with frustration and despair. No government action could be better designed to intensify the suffering of Australia's most vulnerable people than to increase migration at this time.

Housing is a particularly hot topic in Australia right now. Growing numbers of Australians are homeless, or being priced out of their own communities. Many media articles recognise the rapid acceleration of migration as exacerbating this situation. They are supported by a recent property industry report demonstrating that Australia's rapid population growth is the largest factor contributing to long-term housing inflation.⁴ Yet government is seemingly oblivious to these negative impacts of the rapid escalation of immigration. Government responses to the housing crisis have been less than useless to date, generating far more demand for housing than they increase supply. Bizarrely, the property industry is demanding assisted migration programs to get migrants to build the houses we lack.⁵ Given that each home requires several person-years of labour to build, and in the meantime each of those several persons needs a home, such an influx can only exacerbate the situation. Only stemming the growth in number of households, coupled with greatly increased provision of public housing, can turn this situation around.

As for wage stagnation, the Reserve Bank's recently stated determination to force unemployment up to stem wage growth⁶ is a glaring example of throwing the baby out with the bathwater. The wisdom of using unemployment as a blunt instrument to beat inflation is being increasingly questioned by world economists.⁷ It is clear to all that current inflation has been caused by the pandemic economic stimulus, the Ukraine war's impacts on energy prices and other global supply constraints.⁸ Rising wages are the least that must happen to mitigate the negative impacts on Australian workers, and there is no evidence that they are yet keeping pace with inflation. But instead, our economic managers want to ensure those already being saddled with higher interest rates and energy bills also have falling real wages. And what instrument is to be used to induce unemployment? High immigration!

It is ironic that the government purports to seek higher workforce participation, and the Reserve Bank seeks to lower it, both using the same lever of high immigration! It is exactly because a tighter labour market increases the proportion of people employed that concerns about population ageing are ill-founded. Across the OECD, higher proportions of people over 65 is not correlated at all with lower employment, it is only correlated with lower

⁴ PEXA & Longview (2023) *Uncovering the real causes of Australia's housing crisis*.

<https://www.pexa.com.au/content-hub/real-causes-housing-crisis/>

⁵ Brookes S. (2023) *Why WA needs to look to the '£10 Pom' policy to tackle housing crisis*. WA Today, 10 Feb 2023. <https://www.watoday.com.au/national/western-australia/why-wa-needs-look-to-the-10-pom-policy-to-tackle-housing-crisis-20230207-p5ciot.html>

⁶ Jericho G. (2023) *The Reserve Bank wants unemployment to rise. It should be careful what it wishes for*. The Guardian, 9 Feb 2023. <https://www.theguardian.com/business/grogonomics/2023/feb/09/the-reserve-bank-wants-unemployment-to-rise-it-should-be-careful-what-it-wishes-for>

⁷ Verrender I. (2023) *Why the Reserve Bank is pushing us towards a recession that we don't need to have*. ABC 13 Feb 2023. <https://www.abc.net.au/news/2023-02-13/reserve-bank-australia-pushing-us-towards-a-recession-verrender/101963794>

⁸ Jericho, G. (2022) *Inflation primer*. Centre for Future Work. https://www.futurework.org.au/inflation_primer

unemployment.⁹ Under the high immigration policies of the past decade, Australia has led the OECD in youth underutilisation rates. More rapidly growing working-age populations also have greater income inequality due to the suppression of wages for the lowest paid workers. These outcomes are the opposite of nation building.

A more detailed discussion of the impact of migration-fuelled population growth on the economy is given below in the section titled *The claimed economic value of migrants*.

Cultural diversity and social cohesion

There is no doubt that Australia is among the most culturally diverse countries in the world. Cultural diversity is not threatened by lower immigration, as long as immigration is not racially selective. However, there is also no evidence that cultural diversity, in itself, conveys any benefit to a country that warrants specific policies to augment it. In the academic literature, its most commonly cited impact is as a threat to social cohesion.¹⁰ While these negative effects can be mitigated by better contact between ethnic groups,¹¹ they are exacerbated when ethnic groups perceive themselves to be in competition for limited economic opportunities,¹² as occurs in any rapidly growing population, and especially where youth are underemployed. Australians have a high level of support for cultural diversity and relatively low levels of racism compared with other countries. Nevertheless, incidents of ethnic tension have erupted, most notably between different groups of migrants, such as the recent incident between Indian Sikhs and Hindus in Melbourne.¹³

Cultural diversity therefore should not be posited as a goal of ‘nation building’, as if it were a social good that needs to be maximised rather than merely managed. It is what it is, and it contributes to the character of Australia, but it does not make us in any measurable way ‘better’. On the contrary, it necessitates a range of activities, often at considerable cost to the public purse, to mitigate inter-group tensions and build social cohesion and understanding of Australian democratic norms. That Australia has, to date, been successful in maintaining social cohesion is not an argument for seeking even greater cultural diversity.

⁹ 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/>

¹⁰ Putnam R. D. (2007) E pluribus unum: Diversity and community in the twenty-first century the 2006 Johan Skytte prize lecture. *Scandinavian Political Studies* 30(2): 137–174. <https://doi.org/10.1111/j.1467-9477.2007.00176.x>

Schiefer D. & van der Noll J. (2016) The essentials of social cohesion: A literature review. *Social Indicators Research* 127;1: 1–25. <https://doi.org/10.1007/s11205-016-1314-5>

¹¹ McKenna S, Lee E, Klik KA, Markus A, Hewstone M, Reynolds KJ. (2018) Are diverse societies less cohesive? Testing contact and mediated contact theories. *PLoS One* 13(3):e0193337. <https://doi.org/10.1371/journal.pone.0193337>

¹² Stewart F. (2002) Root causes of violent conflict in developing countries. *BMJ* 324(7333):342-5. <https://doi.org/10.1136/bmj.324.7333.342>

¹³ See <https://www.dailymail.co.uk/news/article-11689339/Indian-brawl-erupts-Melbournes-Fed-Square-Sikh-attacking-Hindu-nationalists.html>

2. Immigration as a strategic enabler of vibrant economies and socially sustainable communities in our cities and regional hubs

An indefinitely growing and densifying community can never be socially sustainable. Social connectedness tends to be inversely related to housing density and the distance people must commute. It is undermined by the insufficiency of public infrastructure and services, from public transport to schools, libraries and parks, in the densely-packed new suburbs surrounding our major cities. No amount of better planning will fix this, since the facilities needed are beyond local or state government budgets to provide. In our Discussion Paper, *Population growth and infrastructure in Australia: the catch-up illusion*, we illustrate how rapid population growth makes keeping pace with infrastructure needs a fiscal impossibility.¹⁴ The growing infrastructure deficit erodes public amenity and economic productivity.

‘Vibrant’ is a weasel word, used to imply something it is not. It refers to the intensity of activity or colour, but not the outcomes generated. Since Australia’s immigration was increased in the mid-2000s, livelihoods have diversified into a ‘vibrant’ kaleidoscope of low-quality jobs in the ‘gig economy’. While those of us privileged to have a regular salary might enjoy cheaper taxis and someone dropping by to wash the dog, Australia’s youth have experienced the highest rates of underutilisation in the OECD. None of this made Australia’s economy more diverse or resilient. Quite the opposite. In the latest Harvard Atlas of Economic Complexity, Australia ranks 91st of 133 countries, between Kenya and Namibia.¹⁵ High immigration led to ever greater reliance on primary production to generate export income, to balance the rising import demands of our growing population. We have been blessed with high commodity prices, without which our balance of trade would have deteriorated dramatically. But this is due to good luck, not good management, and cannot last.

The best way to ensure that immigration contributes to social sustainability is to limit it to a sustainable level. That means a net migration rate around a quarter to a third of the level experienced in the pre-Covid-19 decade. See below for more detail on a sustainable migration program.

3. Attraction and retention strategies for working migrants to Australia

It is a popular myth that developed countries are in a competition to attract a scarce supply of migrant workers. This myth does not pass the pub test. Gallup polls found that almost

¹⁴ van Onselen, L., O’Sullivan, J. and Cook, P. (2019) *Population growth and infrastructure in Australia: the catch-up illusion*. Discussion Paper, Sustainable Population Australia.

<http://www.population.org.au/publications/discussion-papers/infrastructure>

¹⁵ Harvard Atlas of Economic Complexity <https://atlas.cid.harvard.edu/rankings>

900 million adults wanted to migrate in 2021.¹⁶ Only around one million per year migrate from poorer to rich countries. Every developed country has more applicants for migration than they are willing to accept. In every case, they could raise the bar on criteria for acceptance substantially and still be oversubscribed. That Australia's bar has been set so low that most migrants find it difficult to get jobs matching their qualifications demonstrates that we are not serious about selecting talent. Ours has not been a "best and brightest" migration program but an "every warm body" approach, merely seeking the numbers to satisfy budget forward estimates.

In short, this term of reference identifies a non-problem which uncritically accepts the panic narrative from growth advocates that Australia will 'miss out'. Instead, we should be asking how to ensure our migration program best serves Australia's interests while ensuring migrants are not treated unfairly or given false expectations about their outcomes in Australia.

Considering only the primary applicants for skilled migration visas, repeated studies, including the Productivity Commission's 2016 *Migrant Intake Into Australia*¹⁷ report and the *2021 Intergenerational Report*,¹⁸ show that all categories other than employer sponsored achieve worse employment outcomes than average Australians. On average, the secondary applicants (family members of skilled migrants) and family reunion visa migrants achieve relatively low levels of workforce participation, as acknowledged by this Inquiry's 5th Term of Reference.

All migrants generate more demand for skills to provide the services they need. Categories of migrants with employment outcomes below the average for Australia generate more demand for skills than they satisfy, and consequently exacerbate skills shortages. We should not seek to attract them, but should accept them only on compassionate grounds, for humanitarian or family reunion reasons.

The best way to attract and retain workers who will make a net positive contribution to Australia's economy is to ensure that *all are employer-sponsored for genuinely high-level, properly remunerated jobs*, and none are offered permanent residence until they have demonstrated their capacity for skilled employment during a period of temporary residence. All other categories of skilled visa should be discontinued, and the Temporary Skilled Migrant Income Threshold should be substantially raised. (*See recommendations 3 and 4*).

Australia has also developed a dependence on low-skilled workers in a number of industries, from horticulture and meat processing to hospitality. This dependence is the result of persistent government neglect of exploitative pay and conditions for migrant workers. Australian workers were progressively pushed out of these industries by cheaper and more

¹⁶ Pugliese, A. & Ray, J. (2023) *Nearly 900 Million Worldwide Wanted to Migrate in 2021*. Gallup, published online 24 January 2023. <https://news.gallup.com/poll/468218/nearly-900-million-worldwide-wanted-migrate-2021.aspx>

¹⁷ Productivity Commission (2016) *Migrant Intake Into Australia*. Inquiry report. <https://www.pc.gov.au/inquiries/completed/migrant-intake/report/migrant-intake-report.pdf>

¹⁸ Treasury (2021). *2021 intergenerational report*. Australian Government. <https://treasury.gov.au/publication/2021-intergenerational-report>

compliant foreign labour. These industries will continue to claim labour shortages as long as the pay is not viable for Australian workers to undertake the work. Prior to Covid-19 border closures, all these temporary labour programs have been oversubscribed, which is precisely why they are so readily exploited. Giving these low-skilled workers pathways to permanent residence will not ensure an ongoing workforce in these industries. It will mean that those workers leave to find better jobs, competing directly with Australian school leavers, while vastly greater numbers of new migrants will apply to work, no matter how exploitatively, as the price of permanent residence. (See recommendations 7 and 8).

Student visa holders have frequently become victims of labour exploitation, due to their numbers flooding the demand for part-time work. A recent survey by Unions NSW found that the majority of job advertisements posted in languages other than English offered illegal rates of pay.¹⁹ Expanding other temporary visa programs has similarly stimulated worker exploitation through a myriad of underhanded arrangements, many akin to modern slavery.²⁰ The proliferation of labour hire companies, doubling as migration agents, has blocked Australian job seekers from the jobs dominated by these schemes, and insulated employers from the consequences of illegal exploitation. (See recommendations 9 and 10).

Well-regulated temporary labour migration can be a win-win for Australia and for the sending country, but this depends on it being temporary and limited in scale. Workers' savings stretch further at home, allowing them to build homes or invest in businesses, growing their country's economy. They return home with better prospects than when they left. When these workers are given permanent residence, these advantages are lost and they just become a disadvantaged underclass in Australian society helping to suppress wages and keep unemployment high.

4. Policy settings to strengthen skilled migrant pathways to permanent residency

The most effective way to strengthen skilled migrants' pathways to permanent residence is to decrease the number of temporary skilled migrants competing for each available permanent visa. Two measures are needed to achieve this:

1. Reduce the inflow of temporary migrants.
2. Eliminate the allocation of permanent visas to off-shore applicants.

The government's changes to immigration processes have only exacerbated the problem, by vastly increasing the number of temporary migrants, most of whom aspire to permanence.

¹⁹ Roe, I. (2022) *Unions NSW survey of 7,000 foreign language job ads finds more than half offer illegal rates of pay*. ABC News, 5 December 2022. <https://www.abc.net.au/news/2022-12-05/unions-nsw-foreign-language-job-ads-survey-most-spruik-low-pay/101730106>

²⁰ Senate Inquiry Report (2016) *A National Disgrace: The Exploitation of Temporary Work Visa Holders*. https://www.apf.gov.au/parliamentary_business/committees/senate/education_and_employment/temporary_work_visa/report

A recent article from the Grattan Institute illustrates how hopelessly temporary visa holders outnumber available permanent places (Figure 1).²¹ According to Abul Rizvi, final data for 2022 is considerably higher than depicted in Figure 1: “an unprecedented increase of 722,110 or 43.4%” in temporary residents, bringing the total to 2.39 million. Yet the labour force increased only 369,100, with 469,700 more people employed and 100,600 fewer unemployed Australians.²² We question the morality of allowing so many to enter Australia under false expectations of available jobs, housing and permanence.

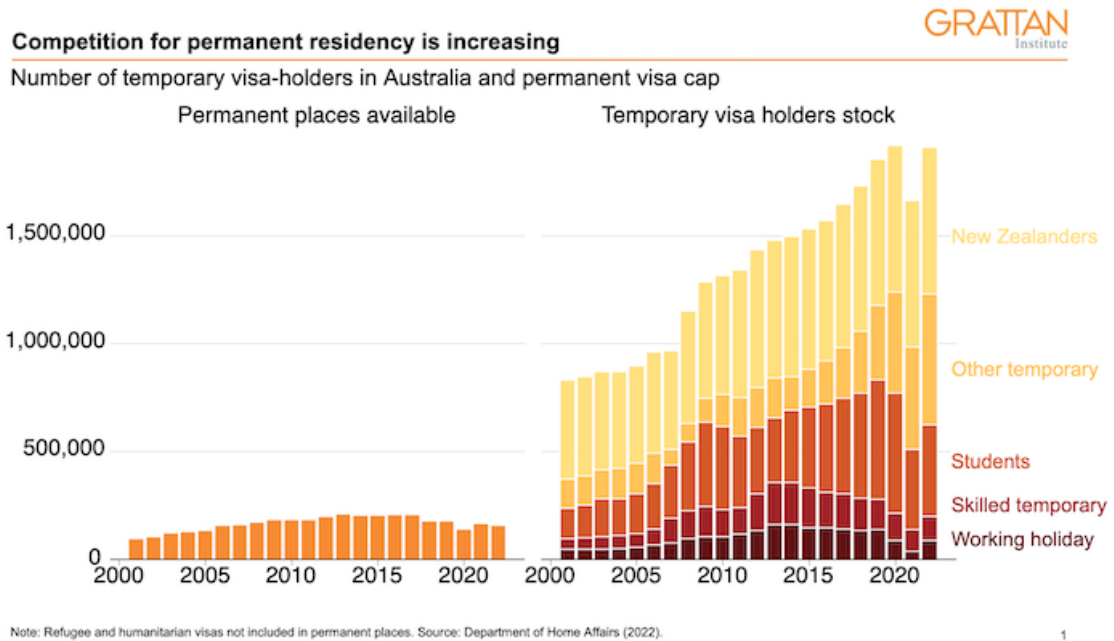


Figure 1. Number of temporary visa holders resident in Australia compared with number of permanent (non-humanitarian) visas annually available, 2001–2022. Source: Reysenbach and Coates (2023).

The government has also expressed a preference for allocating permanent places for off-shore applicants, stating that giving them to on-shore applicants won’t help fill skills shortages because those people are already here. This is absurdly illogical, given that any temporary migrants moved to permanent status are being more than replaced by new temporary migrant arrivals. If the government was sincere about filling actual job vacancies, it would focus on facilitating **employer-sponsored temporary skilled migrants as the only entry-point for skilled migrants.** (See recommendation 3).

Following the Jobs & Skills Summit in September, the Prime Minister announced that most of the additional 35,000 permanent visas would be allocated to State and Regional sponsorship programs: 9000 more Regional sponsored and 20,000 more State sponsored,

²¹ Reysenbach, T. and Coates, B. (2023) *How to improve the migration system for the good of temporary migrants – and Australia*. The Conversation, February 28, 2023. <https://theconversation.com/how-to-improve-the-migration-system-for-the-good-of-temporary-migrants-and-australia-199520>

²² Rizvi, A. (2023) *Visa system still leaving migrants jobless and homeless*. Independent Australia, 8 February 2023. <https://independentaustralia.net/politics/politics-display/visa-system-still-leaving-migrants-jobless-and-homeless,17213>

bringing these programs to a total of 65,000.²³ This is despite these pathways having a poor record for migrants achieving jobs that use their skills, and a poor record for them staying in the sponsoring region. **Each of these visas allocated to an off-shore applicant is a place that is not available to a temporary resident already in Australia.**

5. Strengthening labour market participation and the economic and social contribution of migrants, including family and humanitarian migrants and partners of working migrants

This TOR acknowledges that workforce outcomes for migrants, other than skilled primary applicants, are poor. A significant contributing factor is that Australia's labour market has been oversupplied with job-seekers. A tighter labour market would open more opportunities for these migrants.

As long as Australia continues to have among the highest rates of youth underutilisation in the OECD, it is irresponsible for the government to increase immigration of categories of migrants who compete directly with Australian school leavers. A lower rate of immigration will benefit both migrants and Australian job seekers.

International students have been allowed into Australia in such large numbers that they erode the integrity of our higher education institutions and cultivate a culture of black-market labour and worker exploitation. That post-graduation work rights are considered necessary to attract international students demonstrates that student enrolments represent demand for migration, not demand for education. It is a huge subsidy to the university sector, paid for by Australian tax-payers who pick up the bill for extra infrastructure, by Australian students whose educational experience is marred by a preponderance of ill-equipped foreign students, and by Australian graduates who are increasingly unable to find jobs that use their qualifications in a crowded job market. 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 lower ranked entry-level jobs and slower career progression.²⁴ This is not symptomatic of a skills shortage, it is symptomatic of a labour market swamped by too many migrant graduates. Caps should be placed on the proportion of international students enrolled, perhaps no more than 25% except in courses specifically intended to prepare foreign students for further study. The likelihood of attaining permanent residence should not be used to attract students. (See *recommendation 5*).

The family reunion system should also be tightened. Apart from the many anecdotal accounts of payments for marriage, it is mathematically obvious that a large proportion of

²³ McLeod C. (2022) *Anthony Albanese throws support behind permanent migration pathways*. NCA NewsWire, Fri, 2 September 2022. <https://thewest.com.au/business/anthony-albanese-throws-support-behind-permanent-migration-pathways-c-8099024>

²⁴ Productivity Commission (2020). *Why did young people's incomes decline?* Commission Research Paper, Canberra. <https://www.pc.gov.au/research/completed/youth-income-decline>

spouse visas are commercial chain migration: Australia has about 120,000 weddings per year, and it is simply not feasible that a third of these are Australians who fell in love while travelling overseas. (Applications for spouse visas have greatly exceeded the 40,000 per year allocated, leading to substantial backlogs, further emphasising the scale of this rort.) Arranged marriages might be the norm among some of the larger groups of migrants, particularly South Asians, but it is not a practice Australia should condone and abet through such a generous allocation of spouse visas. Most married migrants would bring their spouse as secondary applicants on their initial entry permit. Those who are single should not be entitled to fetch a bride from home. If they fall in love in the home country, they can move back home to be with their partner. With the exception of refugees, there is no reason why Australia should provide reunion for two people who share citizenship of another country. However, after migrants gain citizenship, they should be entitled to all the privileges of that status, including sponsoring a spouse to join them in Australia. We would, however, suggest a period of at least five years on a permanent residence visa before qualifying for citizenship, to stem chain migration rackets. (*See recommendation 6*).

Australia's refugee intake is higher per capita than most developed countries, which is something we should be proud of. However, refugee resettlement requires a high level of resourcing, for assisted housing, language and other support. These are necessary outlays. However, allowing similarly needy migrants to enter on non-humanitarian visas should be carefully weighed against the benefit obtained from their 'skilled' primary applicant. Perhaps a higher income threshold should be applied to primary applicants whose partners lack English proficiency.

6. The role of settlement services and vocational training in utilising migrant experiences, knowledge, and opportunities

Because of the legacy problem of a large population of low-skilled migrants with poor English proficiency, programs should be expanded to help these migrants to achieve employment. However, continuing such high influxes of poorly equipped migrants is not in Australia's interests. Other than for refugees, Australia can afford to lift the bar substantially on the standards required for new migrants.

We commend the Albanese government for expanding access to TAFE courses. However, there is a risk that these TAFE graduates will not find employment because skills shortages are overstated or the barriers to matching graduates with jobs have not been identified and addressed. Barriers range from lack of tools, transport, or incapacity to move their place of residence due to relocation costs or shortages of affordable housing. Often the jobs offered are not ongoing, so relocation is not practical. Employers' claims of labour shortages should not be interpreted simply as a shortage of suitably qualified people in Australia. The result of this simplistic response has been an oversupply of training and graduates in many disciplines.

The main impediment to employment of both migrants and young Australians is employers' insistence on relevant experience.²⁵ Claimed skills shortages therefore do not necessarily mean training deficits. The proportion of Australians with post-secondary qualifications has risen dramatically in recent decades, but graduates are increasingly unable to find work that uses their qualification. This is symptomatic of Australia's oversupplied labour market, where Australians are overlooked in favour of migrants with experience. Migrants who are accepted on the basis of their qualifications only, without being employer sponsored, similarly lack the experience employers want.

This situation has arisen because Australian employers have been spoiled by too much access to global labour markets, instead of having to employ and train the people already in Australia. Both migrants and young Australians suffer from this excess of openness of our labour market.

7. Other related matters that may assist the inquiry

We believe that the first six terms of reference reflect misconceptions about the value of high levels of immigration for Australia's economy and society. We have argued that each of the aspirations contained in the terms of reference are best achieved by low levels of immigration, not by returning to pre-pandemic levels or higher. Below we offer greater explanation to dispel these and related misconceptions.

What is a sustainable level of migration?

A sustainable scale of immigration is one that allows Australia's population to stabilise or slowly contract, in order to protect and improve the long-term ecological health of the Australian continental bioregion, which underpins the security and quality of life for future Australians and contributes to planetary stability.

This implies a level of net overseas migration (NOM) no more than sufficient to 'top up the generations', filling the gap between actual fertility rate and the 'replacement rate' of fertility.

If fertility was at the 'replacement rate' (around 2.08 children per woman) then Australia would maintain a stable population in the long term with zero NOM (i.e. an equal number of immigrants and emigrants). With Australia's current fertility around 1.7 children per woman, NOM around 60,000 per year would eventually allow stabilisation. Our population would

²⁵ See for examples: Hermant, N. (2021) *Despite soaring demand for engineers, many qualified migrants in Australia can't find jobs*. ABC, 1 December 2021. <https://www.abc.net.au/news/2021-12-02/migrant-engineers-overlooked-for-work-and-jobs-report-says/100665902> ;
Beazley, J. (2022) *Thousands of Australians locked out of employment as entry-level jobs dry up, survey suggests*. The Guardian, 8 December 2022. <https://www.theguardian.com/australia-news/2022/dec/07/thousands-of-australians-locked-out-of-employment-as-entry-level-jobs-dry-up-survey-suggests>

continue to grow for some years, due to the larger cohorts of people of child-bearing age than at end-of-life, but it would stabilise as the age structure equilibrates.

Immigration quotas would depend on the level of emigration, which is likely to diminish if immigration is wound back. We anticipate around 80,000 permanent immigrants per year could be sustainable, assuming the population of temporary residents stabilises and emigration is at least 20,000 per year greater than the number of expatriate Australians who return. Within this quota, we advocate maintaining the humanitarian quota, or even raising it up to 20,000 per year, and allocating at least two thirds of the remainder to skilled migrants and up to one third to family reunion and other categories. (*See recommendation 2*).

Ecological sustainability, which requires an end to population growth, must be an overriding objective. It must not be sacrificed for short-term econometric goals such as GDP growth, nor political expedience such as pandering to vested interests and major donors to political parties. The pursuit of GDP growth by delinking it from GDP per capita (which is what population-fuelled growth does) is in any event counterproductive.

The prosperity of every nation is underpinned by its natural resources and ecological health. As the global biosphere is pushed beyond its limits of tolerance on multiple planetary boundaries, it is no longer prudent to take the environment for granted. Climate change is only one of the symptoms of a rapidly escalating “polycrisis”²⁶ including biodiversity loss, soil degradation, water resource depletion, and pollution of land, sea and air. All are linked to the global growth in human population and economic activity.

In 1992, the Council of Australian Governments (COAG) adopted a National Strategy for Ecologically Sustainable Development (ESD),²⁷ which committed to:

- a path of economic progress that does not impair the welfare of future generations
- equity within and between generations
- recognition of the global dimension
- protection of biological diversity and the maintenance of ecological processes and systems.

At that time, Australia’s population was on track to stabilise below 25 million.

Coincidentally, in 1994 a Working Party of the Australian Academy of Science recommended that the population of Australia be stabilised at approximately 23 million (the low end of various scenarios considered) in order to avoid continuing degradation of water, soil, energy and biological resources, and quality of life.²⁸

²⁶ Homer-Dixon, T. and Rockström, J. (2022) What Happens When a Cascade of Crises Collide? *New York Times*, 13 November 2022 <https://www.nytimes.com/2022/11/13/opinion/coronavirus-ukraine-climate-inflation.html>

²⁷ Department of Environment and Energy (1992) *National Strategy for Ecologically Sustainable Development*. <https://documents.parliament.qld.gov.au/TableOffice/TabledPapers/2016/5516T2036.pdf>

²⁸ Australian Academy of Science. (1995) Joint statement of the Population 2040 Working Party, in *Population 2040: Australia’s Choice*, pp. 135-136. Canberra. https://population.org.au/wp-content/uploads/2020/11/AAS_Population2040-section8.pdf

The Federal government’s escalation of immigration and population growth since around 2005 directly undermines each of the National Strategy for ESD commitments – despite escalating ecological stresses making these commitments more urgent than ever.

The shift to “Big Australia” settings can be traced to a campaign ramped up in the late 1990s by a number of leading businessmen and property developers, to reverse the Howard government’s restraint on immigration levels and advance a goal of much greater population growth. This escalation of activity into a concerted growth lobby is detailed in a 2006 study by social scientists Katharine Betts and Michael Gilding.²⁹ It is not coincidental that the property industry rivals mining as the greatest source of political donations and lobbying activity.³⁰

The instituting of Treasury’s Intergenerational Reports, and more recently the formation of the Centre for Population within Treasury, have proven to be generators of tendentious propaganda rather than unbiased research and analysis.³¹ They are emblematic of “state capture” by private interests, which has increasingly afflicted Australia, as it has most developed countries.³² (*See recommendation 11*).

As the *Australia state of the environment 2021* report stressed, population growth is a major driver of Australia’s deteriorating environmental health. There is no question that Australia’s population growth must end at some point. Stabilising our population sooner, and at a lower number, rather than later at a bigger number, has a long list of co-benefits, from housing affordability and water security to climate change mitigation, higher workforce participation, less urban congestion, and lower crime rates. *A sustainable scale of migration, based on a vision for an ecologically sustainable population and economy, must therefore be fundamental to Australia’s project of nation building. (See recommendation 1).*

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

²⁹ Betts, K. and Gilding, M. (2006). The growth lobby and Australia’s immigration policy. *People and Place*, 14(4): 40-51. https://tapri.org.au/wp-content/uploads/2016/02/v14n4_6bettsgilding.pdf

³⁰ Wood, D., Griffiths, K. and Chivers, C. (2018). *Who’s in the room? Access and influence in Australian politics*. Grattan Institute Report No. 2018-12, 23/09/2018. <https://theconversation.com/fixing-australias-bad-drug-deal-could-save-1-3-billion-a-year-12707>

³¹ Denniss, R. and Grudnoff, M. (2021) SPIN BIN: What the Government’s Not Telling You About the Future. <https://www.youtube.com/watch?v=m8BKmQnNOTU> ;

Denniss, R. (2015) Spreadsheets of Power. *The Monthly*, April 2015. <https://www.themonthly.com.au/issue/2015/april/1427806800/richard-denniss/spreadsheets-power#mtr>

³² Australian Democracy Network (2022) *Confronting State Capture: How corporations have eroded our democracy, and what we can do about it*. <https://australiandemocracy.org.au/statecapture>

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, on average, skilled migrants contribute less than others.

It is also commonly claimed that "skilled migrants contribute significantly more in tax revenue than they consume." Given the other expenses governments must cover apart from welfare payments, this is a low bar to set. Sometimes it is argued that they generate more tax revenue than the average Australian. This might apply to skilled primary applicants, but the secondary applicants and family reunion visas issued on account of the primary applicant's migration would make this statement untrue, according to data from the 2021 Intergenerational Report.³³

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.³⁴ 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 scenario that saw our population stabilise.³⁵ 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 has not happened: as OECD countries have aged and their labour market tightened, they have had less unemployment and greater workforce participation, not fewer workers)³⁶;
- 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 (the model gave a small productivity penalty on account of this lag, but did not anticipate

³³ Sloan, J. (2021) Maths doesn't lie: Big Australia will be a fiscal drain. *The Australian*, 13 June 2021. <https://www.theaustralian.com.au/commentary/math-s-doesnt-lie-big-australia-will-be-a-fiscal-drain/news-story/7861b5eed88a686d95bd2724a004bbbc>

³⁴ 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>

³⁵ Productivity Commission (2016) *Migrant Intake Into Australia. Inquiry report*. <https://www.pc.gov.au/inquiries/completed/migrant-intake/report/migrant-intake-report.pdf>

³⁶ O'Sullivan, J. (2020). *Op. cit.*

a widening infrastructure gap – in reality, voter concern about growing infrastructure deficits in suburban growth areas are becoming a liability to incumbent governments)³⁷;

- if that investment doesn't divert funds from other services we need (which it evidently does, as State government deficits have ballooned to pay for additional infrastructure,³⁸ leading to greater austerity in other areas).

The Productivity Commission further observed that, even so, under the high population growth scenario 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.

It should also be underlined that the vast bulk of the environmental degradation (e.g. biodiversity and habitat loss) caused by population growth, as identified repeatedly by *Australia State of the Environment* reports, is not reflected in GDP or the national accounts. This means a proper assessment of the costs and benefits of immigration-driven population growth is not being undertaken by government.

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 of the Australian community....*”

An even worse measure of wellbeing is total GDP growth, which Treasury pursues through population growth regardless of the lack of betterment per person. A bigger economy is not a richer or happier one, nor more ecologically healthy, if each person gets a smaller slice of the pie. If it also means widening inequalities, through suppression of wages and inflation of rents, the net effect is strongly negative for society.

³⁷ National Growth Areas Alliance (NGAA) (2022) Growth Area Mayors call for national focus on impact of sustained housing boom. *Mirage News* 7/12/2022 <https://www.miragenews.com/growth-area-mayors-call-for-national-focus-on-910383/>

³⁸ Daley, J. and McGannon, C. (2014). Budget pressures on Australian governments 2014. The Grattan Institute. <https://grattan.edu.au/report/budget-pressure-on-australian-governments-2014/>

Immigration and wage suppression

The impact of high immigration on wage suppression and income inequality is widely debated. Referring to the high immigration decade prior to the pandemic, Professor Ross Garnaut succinctly expressed the view of most economists not aligned with the growth lobby:

"The overall effect was to integrate much of the Australian labour market into a global labour market for the first time. 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 during the Dog Days.

"It contributed to the historic shift in the distribution of income from wages to profits. Increased immigration contributed to total GDP growth, but detracted from the living standards of many Australian working families."³⁹

In contrast, high-immigration advocates prefer to cite studies such as Breunig et al.⁴⁰ and d'Souza⁴¹ that claim migrants have no negative effect on wages. Their analysis depends on people with qualifications never taking low-skilled jobs, which we know to be far from reality for Australia's 'skilled' migrants.

A stable population offers a tighter labour market, leading to lower unemployment and underutilisation, higher workforce participation, less income inequality and greater willingness of businesses to train up entry-level staff instead of demanding experience. It is because of these effects of labour market tightening that no country has seen any reduction in workforce due to ageing. The models that predict workforce contraction don't make any allowance for increased participation when the slack is taken out of the labour market. A stable population also boosts productivity, as higher wages encourage greater investment in efficiency, and infrastructure backlogs are not impeding the economy.

The burden of infrastructure costs from population growth

Missing from the analyses defending high immigration is any attempt to quantify the infrastructure cost of sustaining rapid population growth. Analyses of four decades of data on gross fixed capital formation and other expenditure on durable assets concludes the cost is around 6.5% of GDP for each 1% of population growth rate.⁴² Hence Australia, growing

³⁹ 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>

⁴⁰ Breunig R, Deutscher N and To HT (2015). *The relationship between immigration to Australia and the labour market outcomes of Australian-born workers*. Economic Record, Vol. 93, No. 301, June, 2017, 255–276. <https://melbourneinstitute.unimelb.edu.au/assets/documents/hilda-bibliography/working-discussion-research-papers/2015/migrant-intake-draft-supplementc-1.pdf>

⁴¹ D'Souza G (2020). Migration and labour market outcomes. Report for the Committee for the Economic Development of Australia. <https://www.ceda.com.au/CEDA/media/General/Publication/PDFs/TemporaryMigrationAppendix.pdf>

⁴² O'Sullivan, J. (2013) *The cost of population growth in the UK*. Report for Population Matters. http://populationmatters.org/documents/cost_population_growth.pdf ; O'Sullivan, J. (2014) *Op. cit.*

around 1.5% per year in the pre-pandemic decade, has diverted around 10% of GDP to the task of running-to-stand-still against the ever-increasing demands for infrastructure and housing. Public expenditure is around a quarter of this, accounting for the \$130,000 per added person already mentioned above. The cost of infrastructure outweighs any diminution of ageing-related costs which could be achieved through even extremely high immigration, including additional pensions, aged care and health care.⁴³ Additional to these costs is escalating cost-per-unit (of roads, water supply, housing) as density increases, and the cost of servicing ballooning public debt.⁴⁴

This infrastructure burden largely explains the poor economic performance of countries with rapidly growing populations. Figure 2 clearly shows that slow-growing countries have advanced more rapidly, and those growing at more than 1.5% have experienced very little betterment on average.

It is bewildering that, by pursuing high population growth, Australia seeks to be in the company of countries with stagnant GDP per capita.

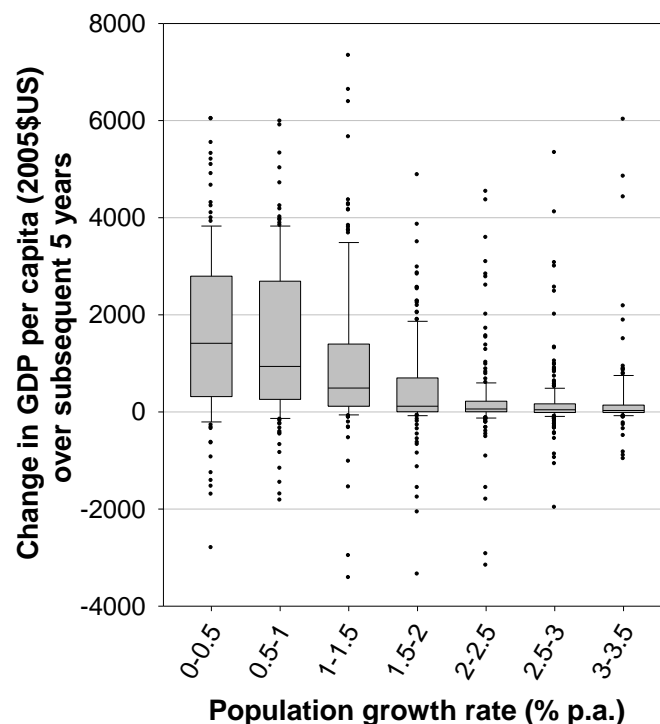


Figure 2. The relationship between population growth rate of nations and their change in GDP per capita over a five-year period. Each country is represented by multiple data points, one for each five-year period between 1960 and 2010. Boxes span the 25th, median and 75th percentile; whiskers extend to 10th and 90th percentile. Population growth data are from the United Nations World Population Prospects (2015 Revision); GDP per capita data are from the World Bank.

⁴³ O’Sullivan, J. (2020) *Op. cit.*

⁴⁴ van Onselen, L., O’Sullivan, J. and Cook, P. (2019) *Population growth and infrastructure in Australia: the catch-up illusion*. Discussion Paper, Sustainable Population Australia. <http://www.population.org.au/publications/discussion-papers/infrastructure>

Impacts on balance of trade

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

It is often claimed that international education is among Australia's largest export earners. These calculations assume that all the students' tuition and living expenses are sourced from overseas. Most students earn their way through their degrees. Most stay on to work, sending remittances home that more than cover any initial investment from the home country. In balance of trade, remittances are equivalent to imports, exacerbating trade deficits.

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 comes to better understand the nature of the climate crisis, Australia must be prepared for contraction in our traditional export revenues, including coal and gas, beef and tourism. New industries could take their place, such as solar-generated hydrogen or expanding and value adding to our lithium production, but these are not labour-intensive. The larger Australia's population becomes, the greater the social disruption that this trade 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.

Summary and Recommendations

If nation building is about a shared vision for the betterment of the community and a healthy environment, then the best choice for Australia is a low level of net migration which supports a stable population size. NOM around 60,000 per year would enable Australia's population to stabilise below 30 million people.

The vast experiment of accelerating Australia's population growth through high levels of immigration has solved none of the problems it was intended to fix, while exacerbating all of the issues of most concern to Australians, from job insecurity and falling real wages to housing unaffordability, inadequate infrastructure, environmental degradation and greenhouse gas emissions.

Migrants have also suffered as job opportunities failed to live up to promises and the vast number of temporary visas issued ensured long backlogs of applications for permanent residence.

What this experiment has delivered is large windfall gains to property developers, large employers, universities and migration agents, at the expense of ordinary Australians and our environment.

Economic arguments in favour of high population growth do not stand up to objective analysis. Costs of population growth far outweigh the benefits. In particular, concerns about demographic ageing causing worker shortages are ill-founded.

Lower immigration will deliver greater workforce participation, wage growth, productivity growth, and housing affordability. Fiscal costs associated with population ageing are more than off-set by lower infrastructure costs in a stable population. We will be better able to reduce greenhouse gas emissions, and to ensure community resilience in the face of extreme weather events.

Recommendations

1. Australia's migration policy is its de facto population policy. A sustainable scale of migration, based on a vision for an ecologically sustainable population and economy, is fundamental to Australia's project of nation building.
2. To enable population stabilisation, the target for Net Overseas Migration (NOM) should be no greater than 60,000 per year, including a generous allowance for humanitarian refugees. Allowing for emigration, a permanent migrant intake around 80,000 per year might be sustainable.
3. We should only import workers to fill actual job vacancies. All skilled migrants should be employer-sponsored and initially temporary. This is the normal practice in most developed countries. Permanent skill visas should only be offered to those who have demonstrated a period (at least three years) of appropriately skilled employment under a temporary visa, and should also be employer-sponsored.
4. To ensure that the jobs migrants fill are actually skilled and needed, the Temporary Skilled Migration Income Threshold (TSMIT) should be at least 10% greater than the median full-time wage (which would currently set the TSMIT to around \$90,000 per year, in contrast to the current \$53,900).
5. Caps should be placed on the proportion of international students enrolled in any course, perhaps no more than 25% except in courses specifically intended to prepare foreign students for further study.
6. The family reunion system should be tightened to reduce its widespread abuse as a method for commercial chain migration. Only those who have gained Australian citizenship should be entitled to sponsor a newly-married spouse. At least five years on a permanent residence visa should be required before qualifying for citizenship.
7. Low-skilled migrant workers should not be given pathways to permanence. This will only exacerbate exploitation by attracting greater numbers of temporary migrants, including poaching crucial workers, such as teachers and nurses,⁴⁵ from sending countries.
8. The Agricultural Worker visa should not be implemented. Australia should avoid creating an underclass of menial workers.

⁴⁵ Movono, A., Faaiuso, L. and Scheyvens, R. (2022) Underpaid at home, vulnerable abroad: how seasonal job schemes are draining Pacific nations of vital workers. *The Conversation*, 29/11/2022. <https://theconversation.com/underpaid-at-home-vulnerable-abroad-how-seasonal-job-schemes-are-draining-pacific-nations-of-vital-workers-194810>

9. All labour hire companies should be registered, and their responsible agents should be identified and held personally responsible for illegal practices, including criminal penalties.
10. All migrants with work rights should have a tax file number. Employers should not be able to claim tax deduction for labour expenses unless they cite the tax file numbers of the workers, to dissuade employment of illegal migrants and to check payments to labour hire workers.
11. The migration system (like all areas of government policy) should be less influenced by vested interests, including property developers, large employers, universities and migration agents. Their interests are not the national interest. More ongoing opportunities should be provided for broad community engagement in the formulation of migration and population policies.

Dr. Jane O’Sullivan and Dr. Peter Cook

On behalf of Sustainable Population Australia

8 March 2023