



# Sustainable Population Australia

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## ***Submission to the review of A Migration System for Australia's Future***

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 government for undertaking this root-and-branch review of the migration system, and particularly its focus on purpose and objectives.

However, we are disturbed by rhetoric around “building a stronger nation through migration” that pre-empts these important deliberations by flagging an intention to expand the scale of immigration.

Home Affairs Minister Clair O’Neil said, in her speech to the Jobs and Skills Summit, “*This is not about a bigger Australia or massive increases in migration numbers. It doesn’t have to mean any increase at all.*”<sup>1</sup> These words suggest Minister O’Neil is well aware that the vast majority of Australians do not want more population growth.<sup>2</sup> Yet following the Summit, immigration was increased without any discussion of the scale of the program and its implications for Australia’s national interests in decades to come.

This submission argues that Australia’s national interest is best served by a sustainable level of immigration, and that this *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.

### ***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 means 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.

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<sup>1</sup> Clair O’Neil, Minister for Home Affairs, Address to the Jobs and Skills Summit, 02/09/2022.

<https://clareoneil.com/media/speeches/jobs-and-skills-summit-a-migration-system-for-australia-s-future/>

<sup>2</sup> 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>

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 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.

*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"<sup>3</sup> 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),<sup>4</sup> 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.<sup>5</sup>

The Federal government's escalation of immigration and population growth since around 2005 directly undermines each of the National Strategy for ESD commitments – despite the need for implementation of these commitments being more urgent than ever.

There is no question that Australia's population growth must end at some point.

As the 2021 State of the Environment Report stressed, population growth is a major driver of Australia's deteriorating environmental health. Stabilising our population sooner, and at a lower

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<sup>3</sup> 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>

<sup>4</sup> Department of Environment and Energy (1992) *National Strategy for Ecologically Sustainable Development*. <https://documents.parliament.qld.gov.au/TableOffice/TabledPapers/2016/5516T2036.pdf>

<sup>5</sup> Australian Academy of Science. (1995) *Population 2040: Australia's Choice*.

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 the first criterion for a Migration System for Australia's Future.*

## Immigration is a quantitative issue

Much of the rhetoric around immigration in Australia, from media and politicians, presents it as a totemic issue framed in a false dichotomy: you are either for or against “migration”. Motherhood statements like “Australia is a migrant nation” and “Broad and inclusive migration has been a cornerstone of modern Australia’s social, cultural, and economic prosperity” are recited.<sup>6</sup> “Multiculturalism” is presumed to mandate high immigration, without defining how it would be threatened by lower immigration, nor demonstrating that more multicultural societies perform better on any criteria than those that are less culturally diverse.

The question of immigration is essentially quantitative, not totemic. It is about ‘how many’ rather than being ‘for or against’. The above clichés are repeated not to inform a discussion of numbers, costs and benefits or optimisation, but to shut that discussion down before it has started.

Nobody is suggesting Australia cease allowing anyone to immigrate. Nor is any serious political party suggesting Australia adopt an “open borders” approach, allowing everyone who wants to reside in Australia to do so. The result of the latter strategy would instantly overwhelm Australia’s capacity to absorb migrants: Gallup polls suggest that more than 750 million people wish to migrate from poorer to richer countries, and more than 25 million of them nominate Australia as their top priority (but many of the others would opt for Australia if its door was the one open to them).<sup>7</sup> The idea that we are in a “global competition for skilled migrants” is particularly absurd, given the vast oversupply of applicants and the low bar we have set for their real fitness for Australia’s labour market.

To achieve the government’s target for immigration, quotas and criteria are set ostensibly to serve Australia’s national interests, but also with compassionate consideration for refugees and family reunion. Still, more than 99% of would-be migrants will not be invited to migrate here under any feasible scenario. It is therefore irrational to present those wanting somewhat more immigration as virtuous and those arguing for somewhat less as racist xenophobes. A strong ethical case exists that low immigration is both pro-immigrant and maximises Australia’s contribution to global peace and stability.

High immigration to Australia does not ease overpopulation elsewhere in the world. On the contrary, the rhetoric that claims population growth is good for the economy, and particularly the fear of demographic ageing, exacerbates global population pressures by discouraging efforts to reduce high birth rates or even encouraging more births. Increasing numbers of countries are withdrawing reproductive rights and access to contraception through the ill-founded fear of demographic ageing. Indonesia is the latest to follow suit, this month prohibiting giving information around contraception.<sup>8</sup>

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<sup>6</sup> Joint Standing Committee on Migration (2022) *Notice of inquiry: Migration, Pathway to Nation Building*. [https://www.aph.gov.au/parliamentary\\_business/committees/joint/migration](https://www.aph.gov.au/parliamentary_business/committees/joint/migration)

<sup>7</sup> Esipova, N., Pugliese, A. & Ray, J. (2018) *More than 750 million worldwide would migrate if they could*. Gallup, published online 10 December 2018. <https://news.gallup.com/poll/245255/750-million-worldwide-migrate.aspx>

<sup>8</sup> Souisa, H., Renaldi, E. and Mann, T. (2022) Sex outside of marriage is not the only thing in Indonesia's new criminal code that's causing concern. *ABC News*, 8 December 2022. <https://www.abc.net.au/news/2022-12-08/indonesian-criminal-code-and-impact-on-civil-liberties/101743290>

The main arguments presented for expanding immigration have been self-serving, not moral: (1) that it is difficult to fill vacancies in some occupations (claimed skills shortages) and (2) that our ageing population will shrink the workforce and the tax base, while costing more for health and aged care. Both these arguments are tendentious, unsubstantiated in evidence but serving to mask the *underlying motives of the growth lobby, namely to suppress wages, inflate property values and expand their customer base*. The past 15 years' experience with elevated, skills-focused migration has not diminished claims of skills shortages, it has added to the need for skilled people more than it has filled the need. Nor have the claimed labour shortages due to ageing come to pass: across all OECD countries, ageing has not led to less employment but less unemployment and higher workforce participation.<sup>9</sup> In contrast, countries that have lessened ageing through high immigration have higher youth underutilisation rates and greater income inequality due to suppression of wages particularly in low-income jobs.

Apart from ecological sustainability, there are many co-benefits from a tighter labour market and a slacker housing market.

## 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.

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 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.<sup>10</sup> 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.<sup>11</sup> 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

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<sup>9</sup> 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/>

<sup>10</sup> 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/maths-doesnt-lie-bigaustralia-will-be-a-fiscal-drain/news-story/7861b5eed88a686d95bd2724a004bbbc>

<sup>11</sup> 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>

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.<sup>12</sup> 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)<sup>13</sup>;
- 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 a widening infrastructure gap – in reality, voter concern about growing infrastructure deficits in suburban growth areas are becoming a liability to incumbent governments)<sup>14</sup>;
- 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,<sup>15</sup> leading to greater austerity in other areas).

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.

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."*

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<sup>12</sup> Productivity Commission (2016) *Migrant Intake Into Australia. Inquiry report.*

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

<sup>13</sup> O'Sullivan, J. (2020). *Op. cit.*

<sup>14</sup> 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/>

<sup>15</sup> 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/>

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 one, if each person gets a smaller slice of the pie. If it also means widening inequalities, the net effect is strongly negative for society.

The impact of high immigration on wage suppression and income inequality is widely debated. 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."* Ross Garnaut<sup>16</sup>

In contrast, high-immigration advocates prefer to cite studies such as Breunig et al.<sup>17</sup> and d'Souza<sup>18</sup> that claim migrants enhance the wages of Australian workers simply because most migrants have skills and wages for skilled workers have risen more than wages for unskilled. 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.

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.<sup>19</sup> Hence Australia, growing 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

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<sup>16</sup> 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>

<sup>17</sup> 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>

<sup>18</sup> 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>

<sup>19</sup> O'Sullivan, J. (2013) *The cost of population growth in the UK*. Report for Population Matters. [http://populationmatters.org/documents/cost\\_population\\_growth.pdf](http://populationmatters.org/documents/cost_population_growth.pdf) ; O'Sullivan, J. (2014) *Op. cit.*

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.<sup>20</sup> Adding to these costs are the escalation in cost-per-unit (of roads, water supply, housing) as density increases, and the cost of servicing ballooning public debt.<sup>21</sup>

This infrastructure burden largely explains the poor economic performance of countries with rapidly growing populations. Figure 1 clearly shows that slow-growing countries have advanced more rapidly, and those growing at more than 1.5% have experience very little betterment on average. The relatively weak performance of those with shrinking populations is mostly due to reverse causation: these are short-term results, and in many cases, the negative population growth data points represent countries that suffered a brief loss of population due to conflict or political turmoil.

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

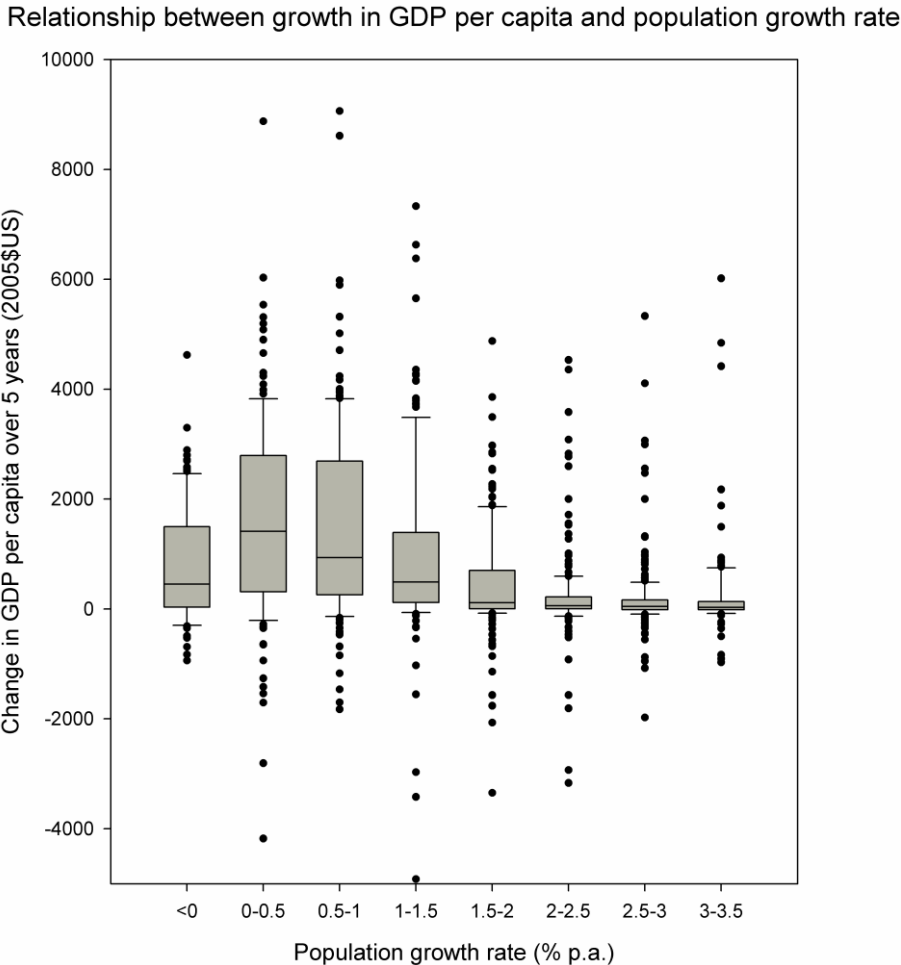


Figure 1. The relationship between population growth rate of nations and their change in GDP per capita over a five-year period. Each country is represented by multiple data points, one for each five-year period between 1960 and 2010. Boxes span the 25th, median and 75th percentile; whiskers extend to 10th and 90th percentile. Population

<sup>20</sup> O’Sullivan, J. (2020) *Op. cit.*

<sup>21</sup> 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>

*growth data are from the United Nations World Population Prospects (2015 Revision); GDP per capita data are from the World Bank.*

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 from all Australia's migrants equate 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 have some regard for the possibility of contraction in our export revenues, including coal and gas, beef and tourism. 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.

## **The scale of migration shapes the migration system**

Since around 2005, immigration to Australia was ramped up, from under 100,000 per year in the 1990s to around 230,000 per year in the 2010s. Across all visa programs, the emphasis was on getting as many people as possible through the system, lowering the bar on their selection criteria and cutting corners on visa processing.

The cry in 2005 was to fill skills shortages, but 17 years later, claims of skills shortages are as bad as ever. Over this time, low-skilled industries from horticulture to hospitality have become increasingly dependent on migrant labour, for no other reason than its exploitability, keeping wages so low that permanent residents can't afford to undertake the work and put a roof over their family's head. The rhetoric of skills shortages serves as an alibi for saturating the labour market with ever-more candidates for low skill jobs under exploitative conditions.

Under this culture of raising and filling migration quotas as the only response to claimed labour shortages, many skilled migrants obtained permanent residency as self-sponsored or regional-sponsored applicants, but never gained employment using their qualifications. Secondary applicants and subsequent 'family reunions' have been courted as a necessary sweetener for attracting needed skills. No attention is given to the fact that population growth generates more demand for skills. If the actual employment profile of migrants overall is lower than that of the incumbent population (which it has been, according to the Productivity Commission<sup>22</sup> and many other studies) then the program is exacerbating skills shortages rather than solving them.

The scale of the international student program has also expanded dramatically, as demanded by avaricious universities, but justified by Australia's purported need for more graduates. Students have been given extended rights to stay and work in Australia after graduation, both as a sweetener to undertake over-priced courses and a supposed means of filling skills shortages. It has long been

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<sup>22</sup> Productivity Commission (2016) *Migrant Intake Into Australia*. Inquiry Report. <https://www.pc.gov.au/inquiries/completed/migrant-intake/report>

argued that the vast number of international students has eroded the quality of tertiary education in Australia. The low bar set for their enrolment and advancement in many courses further attests to the avarice of universities and lack of genuine focus on training for the skills Australia really needs.

Student visa holders have frequently become victims of labour exploitation, due to their numbers flooding the demand for part-time work. A very recent survey by Unions NSW found that the majority of job advertisements posted in languages other than English offered illegal rates of pay.<sup>23</sup> Expanding other temporary visa programs has similarly stimulated worker exploitation through a myriad of underhanded arrangements, many akin to modern slavery.<sup>24</sup> 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.

It is notable that illegal underpayments are largely dependent on eliminating Australian workers from those workplaces, such as by advertising only in foreign languages or using labour hire companies. After years of horticultural piece rates paying vastly lower than award wages,<sup>25</sup> 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.<sup>26</sup>

*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,<sup>27</sup> 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.*

Under a *sustainable immigration policy*, the visa system would be more selective and focus on *quality rather than quantity*.

All **skilled migrants** should be recruited to fill actual skilled jobs, rather than their hypothetical suitability for jobs deemed 'in demand'. They should be employer-sponsored and initially temporary. Skills in demand lists should be abandoned but to ensure that the jobs they 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 minimum wage around \$90,000 per year, in contrast to the current \$53,900). This is consistent with entry-level wages in professional jobs, according to analyses by the Grattan Institute.<sup>28</sup>

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<sup>23</sup> 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>

<sup>24</sup> 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](https://www.aph.gov.au/parliamentary_business/committees/senate/education_and_employment/temporary_work_visa/report)

<sup>25</sup> Ibid.

<sup>26</sup> Sullivan, K. and Calver, O. (2022) Farm worker floor price to begin in late April after Fair Work Commission ruling. *ABC News*, 2 February 2022. <https://www.abc.net.au/news/rural/2022-02-02/timeline-set-for-farm-worker-floor-price-to-come-into-place-/100796448>

<sup>27</sup> Lowe, I., O'Sullivan, J. and Cook, P. (2022). *Population and climate change*. Discussion Paper. Sustainable Population Australia. [www.population.org.au/discussionpapers/climate](http://www.population.org.au/discussionpapers/climate)

<sup>28</sup> 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>

**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. All points-based self-sponsored, regional and State sponsored channels should be discontinued, along with the Global Talent and Business Innovation streams. All these categories have had a poor record for employment outcomes that match the qualifications.

**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 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 sort.) 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.

**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.<sup>29</sup> 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.

Other than international students, **low-skilled migrant workers** have been mainly Working Holiday Makers and Pacific Australia Labour Mobility (PALM) scheme. Both schemes permit only short-term stays in Australia. As long as underpayments and poaching of crucial workers from sending countries are avoided, both schemes can provide synergistic benefits, giving backpackers a rich experience of Australian life, and enabling Pacific Islanders to save and invest in ventures back home.

However, 'pathways to permanence' are negating the co-benefits sending countries have enjoyed from the PALM scheme. The recent expansion of PALM to include hospitality, age care and tourism jobs, together with the promise of pathways to permanent residence, has reputedly caused an exodus of crucial workers, including teachers, nurses, mechanics and chefs, from island nations to

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<sup>29</sup> Productivity Commission (2020). *Why did young people's incomes decline?* Commission Research Paper, Canberra. <https://www.pc.gov.au/research/completed/youth-income-decline>

join these schemes.<sup>30</sup> Neither PALM nor the Working Holidaymaker scheme would be enhanced by pathways to permanent residence. This will not reduce exploitation, it will simply attract more temporary migrants to be exploited as the price of permanent residence.

The period of border closures demonstrated that Australians are willing to do farm work if it is adequately paid. While the farm lobby complained of unpicked crops, they were a tiny fraction of the total harvest. With more time to adjust to the minimum wage floor, more Australians will be recruited to farm work, revitalising rural economies. In contrast, with the proliferation of migrant labour, the erosion of pay for farm workers has contributed to contraction of regional economies, as indentured migrant workers spend little in the community.

The mooted **Agricultural Worker visa** risks vastly increasing the scope for labour exploitation, and creating an underclass of workers permanently residing in Australia. This is an affront to Australian egalitarianism. The Agricultural Worker visa should not be implemented. Free trade deals should be about movement of goods, not linked to movement of people or capital, both of which undermine our sovereignty.

The new **Pacific Engagement** visa, allocating 3,000 places per year by ballot for Pacific Islanders, is equally ill-conceived, bringing in people who will for the most part compete with Australia's most disadvantaged job-seekers. Despite cries of labour shortages since pandemic border closures, these job-seekers who face barriers to employment have not diminished according to a new report by Anglicare.<sup>31</sup> Anglicare recommend more attention to entry-level pathways, further emphasising the lazy complacency of employers who only want workers with appropriate experience.

Further contributions to NOM come from sham asylum seekers.<sup>32</sup> These and other people who arrive on visitor visas and apply for residence in order to obtain a bridging visa make up a rising share of NOM.<sup>33</sup> An immigration system less focused on maximising throughput would be better able to deal quickly with spurious claims. More resources are needed to ensure people leave Australia when their application is rejected.

## Preferring permanent visas doesn't fix exploitation

The Labor government's expressed preference for permanent over temporary visas as a means to reduce the exploitation of temporary migrant workers makes no sense, other than for political posturing. Attempting to reduce labour exploitation by expanding access to permanent migration, without capping channels for temporary migration, can only lead to greater exploitation:

- The increased quota for permanent visas will mostly be filled by low-skilled migrants and the categories of skilled migrants who have a poor record for finding work matching their skills: off-shore self-sponsored, state or regional sponsored applicants.

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<sup>30</sup> 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>

<sup>31</sup> Anglicare (2022) Jobs Availability Snapshot 2022. <https://www.anglicare.asn.au/wp-content/uploads/2022/12/2022-12-Jobs-Availability-Snapshot.pdf>

<sup>32</sup> 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>;

Rizvi, A. (2022) Australia's fifth wave of asylum seekers. *Asylum Insight*, March 2022. <https://www.asyluminsight.com/rizvi>

<sup>33</sup> Rizvi, A. (2022) Net movement of visitor visa holders highlights Home Affairs hitch. *Independent Australia*, 21/11/2022. <https://independentaustralia.net/politics/politics-display/net-movement-of-visitor-visa-holders-highlights-home-affairs-hitch,16992>

- Higher permanent quotas only increase the demand for temporary visas. Since temporary visa categories remain uncapped, this means more, not fewer, 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.

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. The fewer permanent migrants there are, the more chance that each gains good employment and a hearty welcome into Australian society. 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.

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. As advocated by the National Agricultural Workforce Strategy, all labour hire companies should be registered. Furthermore, their responsible agents should be identified and held personally responsible for illegal practices, including criminal penalties. Too often, perpetrators have been protected by phoenixing companies when action is taken against them.<sup>34</sup>

## **Data systems can open the blind eye to exploitation and rorts**

All workers in Australia should have a tax file number. We were surprised to learn that this was not the case for many temporary migrants. The tax file number issued should identify the visa category of the migrant, to facilitate analysis of employment outcomes.

Employers should not be able to claim tax deduction for labour expenses unless they cite the tax file numbers of the workers. This should include payments made to labour hire companies: both the labour hire company and the business for which the worker actually undertakes work should cite the tax file numbers, to allow discrepancies between these payments to be monitored. Employers would not be able to claim tax deduction for employing people on visa categories without work rights, as they would lack a tax file number.

It would also be useful to require all job vacancies to be listed, in English and including remuneration rates, on the Workforce Australia website, before employing a migrant worker. This would streamline the labour market testing requirement. This platform should ensure inquiries from job seekers are initially channelled through the platform, so that information on applicants is recorded for the information of immigration officials processing applications for employer-sponsored migrants. A job identifier number would be generated by each vacancy listing, and would be attached to BAS statements, allowing the tax office to see whether the remuneration paid matches that advertised. All jobs employing temporary migrants (identifiable by their tax file number) would be required to cite the Workforce Australia job identifier.

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<sup>34</sup> Parliament of Queensland (2016) *Inquiry into the practices of the labour hire industry in Queensland*. <https://documents.parliament.qld.gov.au/tableoffice/tabledpapers/2016/5516t1028.pdf>

The need for labour hire companies could be substantially diminished if the government's Workforce Australia platform were extended to make it easy for employers to engage staff directly, even for short periods of time. It would reduce the complexity for small businesses to meet all the legal and tax requirements of directly hiring staff by gathering all the required information on a single form, generating the appropriate contracts and statements, and automating the funds transfers to the employee's account, super fund, insurance and tax office. It would play the role of a human resources officer for businesses too small to have one. If employers chose to use this facility, data entered by the job applicant would be automatically uploaded. Apart from obviating the need for labour hire companies, it would go a long way toward eliminating sham contracting and could give a great boost to entrepreneurship.

Implementing these systems would require greater collaboration between the taxation office and Home Affairs. Such system integration is much needed across many areas of government administration.

## **Vested interests are not the National Interest**

The government has accepted the business lobby's claims of labour shortage without considering what criteria should indicate slackness or tightness in the labour market. The wages share of GDP has sunk to record lows, as wages have stagnated despite productivity gains. This is indicative of an oversupplied labour market. In addition, the proportion of young Australians with tertiary qualifications has grown rapidly, outstripping the demand for these qualifications, leaving many unable to find jobs that use their skills. This includes many graduate nurses and engineers, jobs deemed to be in critical shortage. 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 or qualified migrants and giving them the experience they need.<sup>35</sup>

*Why should it be easier to fill a job than to get a job?* If the average time taken to fill a vacancy is less than the average period of unemployment, there should be no claim of a general labour shortage. (A 2020 Reserve Bank study found average duration of unemployment was around 40 weeks.<sup>36</sup>) If the wages share of GDP has not risen, there should be no claim of a general labour shortage. Perhaps a target wages share of 60% of GDP could be set to indicate sufficient tightening of the labour market. If a job can't be filled at the wage offered, then it should be considered uncompetitive and not sufficiently needed. Businesses that can't raise wages sufficiently to fill needed jobs should not be propped up through access to cheap labour.

Instead of reflecting these national interest considerations, government rhetoric has parroted the interests of the growth lobby. It was not always so: in the 1990s, there was a general acceptance by government, the scientific community and the public that net migration of 50,000 per year, with the aim of population stabilisation under 25 million, was a "consensus."<sup>37</sup>

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

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<sup>35</sup> 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>

<sup>36</sup> Cassidy, N., Iris Chan, I., Gao, A. and Penrose, G. (2020) Long-term Unemployment in Australia. Reserve Bank of Australia – Bulletin, December 2020. <https://www.rba.gov.au/publications/bulletin/2020/dec/pdf/long-term-unemployment-in-australia.pdf>

<sup>37</sup> McDonald, P. and Hayes, A. (1997). Book Review: People Policy: Australia's Population Choices by Doug Cocks. *Journal of the Australian Population Association* 14(1): 123-126 <https://www.jstor.org/stable/41110447>

escalation of activity into a concerted growth lobby is detailed in a 2006 study by social scientists Katharine Betts and Michael Gilding.<sup>38</sup> It is not coincidental that the property industry rivals mining as the greatest source of political donations and lobbying activity.<sup>39</sup>

The Intergenerational Reports, and the formation of the Centre for Population within Treasury, have proven to be generators of tendentious propaganda rather than unbiased research and analysis. They are emblematic of “state capture” by private interests, which has increasingly afflicted Australia, as it has most developed countries.<sup>40</sup>

The Intergenerational Reports have focused on population as a direct multiplier of economic activity (under the “three Ps” formula, that GDP is the product of population x participation x productivity) without acknowledging that prosperity is measured *per capita*, eliminating the population factor. They further fail to acknowledge that population growth diminishes both productivity and participation. Missing entirely is any evaluation of the cost of providing infrastructure for the added population, which (as mentioned above) is likely to outweigh any fiscal benefit from reducing demographic ageing. The fourth Intergenerational Report (2015) even makes the extraordinary claim that infrastructure spending is independent of demography: “Other areas of spending – such as defence, official development assistance and infrastructure – are not linked explicitly to demographic factors.”<sup>41</sup> Anticipating the 2021 IGR, then shadow-Treasurer Jim Chalmers said, “We have low expectations for anything other than another partisan exercise designed to justify harsher cuts to Medicare and the NDIS.”<sup>42</sup>

## Migration Agents

While it is beyond the scope of this submission to examine in turn the various vested interests who exert influence on immigration settings, migration agents are one category that reflects directly on the migration system.

A good visa application system should be easy for suitably qualified applicants to negotiate and unequivocal about the criteria and documentation needed to apply. The existence of a large and lucrative migration agent industry is symptomatic of a corrupt system.

Given the vast pool of aspiring migrants, there is no question that Australia’s immigration quotas would be filled, regardless of the existence of migration agents. As such, migration agents serve only to influence who is selected, not how many migrants achieve Australian residence. That is, they enhance a client’s chance of success, when merit alone would make it unlikely they would be chosen. This can only mean migrant cohorts less fit to meet Australia’s interests. Migration agents are therefore parasitic on the migration system, not adding value to it.

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<sup>38</sup> 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\\_6bettsilding.pdf](https://tapri.org.au/wp-content/uploads/2016/02/v14n4_6bettsilding.pdf)

<sup>39</sup> 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>

<sup>40</sup> 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>

<sup>41</sup> Treasury (2015). *2015 intergenerational report*. Australian Government, ISBN: 978-1-925220-41 <https://treasury.gov.au/publication/2015-igr> (p. 57)

<sup>42</sup> Chalmers, J. (2021) Intergenerational Report must think big on reform. *Australian Financial Review*, 20 June 2021. <https://www.afr.com/policy/economy/intergenerational-report-must-think-big-on-reform-20210617-p581xi>

Recent investigations have revealed that most Australian migration agents encourage and assist clients to rort the system.<sup>43</sup>

Migration agents are, understandably, among the most vociferous advocates for increased immigration. It should be recognised that their interests are not the national interest. It is concerning that migration agents are gaining influence as political donors, for example in recent fundraisers attended by the Labor Minister for Immigration.<sup>44</sup>

Client interfaces within the visa application system should discourage the use of migration agents. Communications should be directly with the applicant and the sponsoring employer (for skilled migrant visas) or sponsoring family member (for family reunion). We would also recommend that student visa applications are lodged by the enrolling institution. With today's ease of video-communication, it should be easy to arrange face-to-face online interview with the applicants, including any secondary applicants. Bypassing migration agents will add integrity to the immigration system.

## Summary and Recommendations

Australia's future prosperity depends on a sustainable scale of migration, based on a vision for an ecologically sustainable population and economy. 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 have proven unfounded.

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.

This submission sets out the evidence and strategies for a sustainable level of migration that will enable Australia's population to stabilise below 30 million people.

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<sup>43</sup> McKenzie, N. Ballinger, A. and Kuang, W. (2022) 'It's easy': Migration agents offering fake visas for \$500 a month. *The Age*, 31 October 2022. <https://www.theage.com.au/politics/federal/it-s-easy-migration-agents-offering-fake-visas-for-500-a-month-20221018-p5bqng.html>

<sup>44</sup> Johnston, D. (2022, 18 November) \$1000 for seat at the ALP table and chat with the minister. *The Australian*; Johnston, D. (2022, 4 November) Migration agents lobby visa minister at private dinner. *The Australian*.

## 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, must be the bedrock criterion for a Migration System for Australia's Future.
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. 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 from sending countries.
8. The Agricultural Worker visa should not be implemented. Australia should avoid creating an underclass of menial workers.
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. All job vacancies should be listed on the Workforce Australia web site, in English and specifying remuneration, for a period before hiring a migrant to fill the position (streamlining labour market testing).
12. The Workforce Australia website could be extended to become a human resources platform, making it easy for businesses to hire staff directly even for short periods. This would obviate the need for labour hire companies and stimulate entrepreneurship.
13. Client interfaces within the visa application system should discourage the use of migration agents. Migration agents only serve to make it less likely that chosen migrants best fit Australia's criteria.
14. 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.

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15 December 2022