

Press Statement

Immigration and the Resources Boom Mark 2

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Australia's circumstances demand an immigration program which addresses problems of sustainability, particularly as they affect the quality of urban life in the big cities. However, the Labor Government's current immigration target of net 180,000 per year means that Australia's population will grow from around 22 million to 36 million or more by 2050. This is not compatible with resolving sustainability problems.

But industry is claiming that, unless net overseas migration is kept at 180,000 or higher, there will not be enough skilled workers to meet employer requirements and to sustain aggregate economic growth.

A new research report from the Centre for Population and Urban Research at Monash University challenges many of the assumptions underpinning the arguments for continued high levels of immigration. Its main conclusions are:

1. Alarmist claims about workforce growth if immigration were reduced are false. With net overseas migration at 90,000 a year, and labour force participation rates unchanged, the workforce will expand by 1.0 million over the 11 years to 2021. CPUR workforce projections show that, if these participation rates increase (as they have over the past decade), workforce growth will be nearer to 1.7 million over this period.
2. Australia needs a lower, but better-targeted immigration program. The bulk of current migration has little to do with providing scarce skills to the resource industries. Rather, it is delivering two major streams. One is a predominantly professional flow to the big cities where the immigrants are being employed in people-servicing industries such as health and welfare. The demand for these services is, in turn, partly driven by migration-fuelled population growth. The other stream is a mass of people on temporary visas such as students and working holiday makers. Again, they go to the major cities, and work on a casual basis, reflecting their visa status.
3. The solution to the resource industry's need for workers during the start-up construction phase of the resources boom is temporary workers. On this point, the report agrees with the government. However, the report disagrees with the government's policy relating to the length of stay of temporary workers on 457 visas. The government encourages them to seek permanent residence visas. About half of those issued with 457 visas in recent years have obtained permanent residence visas after a few years temporary residence. This policy must be changed if the temporary influx during the resources boom is not to become permanent, as occurred in Western Germany in the aftermath of its guest worker program in the 1960s.
4. As is now widely recognised, the resources boom Mark 2 will lead to the contraction of some metropolitan-based industries, such as manufacturing, mainly because of the appreciation of the Australian dollar. In this context, it makes little sense to pursue a high immigration policy which promotes rapid metropolitan population growth. The report documents this argument through a case study of Melbourne. If the current high-population-growth pathway to promoting economic growth continues, the fiscal dividend that the Commonwealth will reap from the resources boom will be squandered on city-building. This dividend would be far better spent on training the domestic workforce and investing in knowledge-intensive industries.

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