

The Big Australian Illusion

by Callum Pickering – from The Business Spectator

Australia has the highest population growth in the developed world. But what are our immigration policies trying to achieve? Unfortunately they are creating an illusion of growth, with little consideration of the long-term implications for Australian infrastructure.

A few weeks ago Alan Kohler laid out the future for economic growth in Australia. It was all about people or more specifically, “the infrastructure required to house, feed and transport them” ([Australia's new boom: human beings](#), April 2). There is little doubt that migration will sit at the forefront of economic growth in Australia over the next generation. Australian politicians have embraced and run with the concept of a ‘Big Australia’, with high migration leading to elevated population and economic growth.

But high migration levels are not achieved without a cost. High population growth puts pressure on existing infrastructure and commonly leads to greater congestion on our roads and public transport. Not to mention the impact on our natural resources and environment. There is also considerable debate as to whether high migration policies benefit the existing population. The Productivity Commission has found that high migration has, at best, boosted per capita GDP modestly. Its study in 2006 found that doubling the annual rate of migration would boost real GDP per capita by (only) around \$383 over two decades.

The real beneficiaries of migration are the immigrants themselves who benefit from higher domestic wages and relatively better infrastructure. But if high migration is not improving Australian living standards, what is it trying to achieve? Unfortunately, it is doing little more than creating the illusion of growth. Despite high migration, Australia’s growth in per capita GDP has been lacklustre, with growth over the past five years slowing to its slowest pace in around three decades. Effectively our standard of living is now improving at a much slower pace than we had grown accustomed to.

