

Address by
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Migration Myths and Realities

Disclaimer:

The views expressed in this presentation are those of the author and do not necessarily represent those of the Department of Immigration and Multicultural and Indigenous Affairs.

I have actually done a lot of work with DIMIA in the last couple of years, looking particularly at migration and its impact on Federal and State budgets. But I have also in the last couple of years done a lot of work in relation to the ageing of Australia. And you might remember that the Treasury put out an intergenerational report in May, which basically said that the world would end in the next couple of decades.

Because I used to work in Treasury, I am of course deeply critical of the report. It clearly wasn't pessimistic enough. I have actually taken these two sets of work and have been doing a bit of thinking about migration. I certainly don't claim to have created the general theory of migration as far as economists are concerned, but I have got two specific ideas that I would love to run through with you today.

Hopefully, I want to make you think about migration perhaps in ways that you haven't before. And hopefully that will be useful to you.

Basically two things. Number one, it's not just an economist's perspective, it's a macro-economist's perspective. We are actually the boring end of the economics field. I am going to try and give you a macro economic framework in which to think about migration. And the other broad thought that I have, is that migration and migration policy in Australia today fails the "barbeque test", in the sense, that I am sure you have all experienced, whenever talking to a bunch of your friends.

Popular understanding of today's migration program is, if anything, several decades out of date. And the number of misconceptions and myths about migrants and migration is very high.

First the framework.

Economic growth is made up of two components, and only two components. Basically an economy, whether it is Australia, the US, India, grows either because more people work, or those workers are working more productively. They are getting more output for a given hours work, if you like. My job in many ways is forecasting economic growth, whether it is for next year or looking out further. And therefore it breaks down to those two components. Figuring out how many people we will have working down the track and the productivity with which they will work.

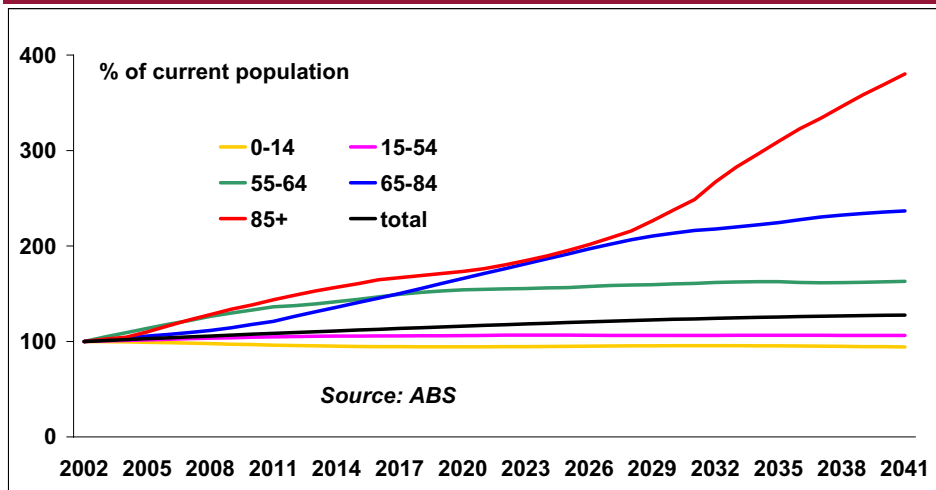
Now, I will concentrate more from a migration viewpoint on the people side of that equation today. Because that's where migrants can potentially have most impact.

It is probably worth me just briefly mentioning something on the productivity side. Australia's economy grew faster in the 1990's than it did in the 80's or the 70's, and it grew faster in the 90's than did the US economy, and it did so because of our excellent growth in productivity, which partly is because we are very good at take-up of new technology. More importantly, both side of politics and, particularly at the Federal level, but also at the State level, signed on for economic reform. We freed up financial markets and we took on things like national competition policy, and we did some labour market deregulation, and those sorts of things.

If you look forward in Australia or around the world, you would have to be a little bit worried about growth in the next decade or so, partly because Australia and the rest of the world is increasingly suffering from reform fatigue. One of the strengths of the Pauline Hanson phenomenon in Australia that the bush is not happy with how economic reform has gone and its impacts, or its perceived impacts.

There is a chance that economic growth will slow because our courage to take on reform will slow.

On the people's front, challenges of an ageing population boom large



However, more importantly, I would like to talk about the people part of the equation. Everybody has seen this sort of a basic chart, indeed I could have shown you lots of charts with the same basic story.

For every 100 people today aged 85, in 40 years time there will be 400 people aged 85 and over. For people in the age group say 65 to 84, for every 100 people there will be over 200 people. A 50% increase in the age group of 55 to 64 year-olds. Now that is a very big change in the Australian economy in the period ahead. Arguably the biggest change in the structure of our economy that we have had since World War 2.

And we know that it is coming. If I tried to forecast the exchange rate in two weeks time, and I do, you shouldn't trust me. But if I tried to forecast the Australian population and the make-up of it in terms of its age structure, in 20 and 30 and 40 years time, I can do that with surprising accuracy today.

Basically, the key fact is that baby boomers like me will be retiring in the years ahead. Working age population goes up every year. Students finish study and they come into the workforce; people retire out the other end of the work force. And in between usually mums are either leaving the workforce or coming back in. Once you add in all those flows, on average in the last decade, and still at the moment in Australia, we are getting about an extra 170,000 people putting up their hand to be in the Australian workforce.

Now those 170,000 people coming in each year provide about half of economic growth. Productivity has provided the other half. And yet the retirement of the baby boomers will be quite noticeable in ten years time and very noticeable in 18 years time. When I say that 170,000 people are putting up their hand to enter the workforce in net terms in Australia each year at the moment, in the decade of the 2020's that will be 12,000 a year. Going from 170,000 going down to 12,000 will roughly halve economic growth and therefore in many ways our ability to finance a number of things including policies.

Now that has a number of implications. For example, even if you just look out the next decade, almost half of the increase of retail sales in Australia will be to people aged 55 and over. Let's say you own a shopping mall, we certainly advise various people who do, you will in the next decade or so in relative terms, notice less Rebel Sports, basically because the numbers of young people are stagnant or even fallen depending on which age group you are looking at. But there will be more Dymocks or Angus and Robertson's, because we are just not running that fast anymore.

These sorts of things will have big impacts on who we are and how we live. And they will have very big impacts on the Federal budget. The Government had a look at this in

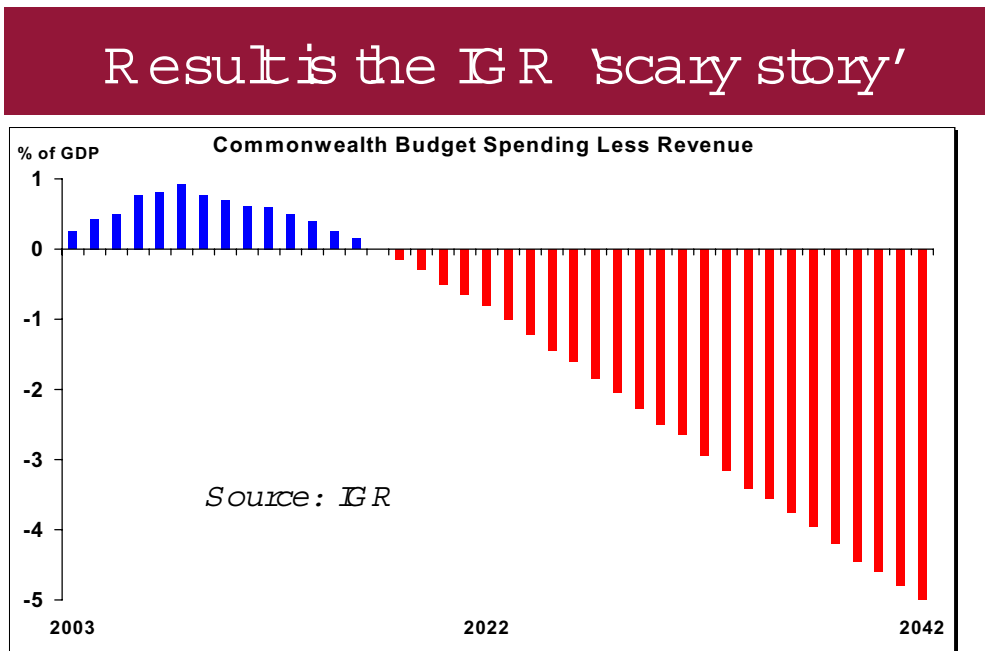
the intergenerational report, and they came up with two broad conclusions, though it didn't quite put them this way. The "not so scary impacts" are that basically pension costs will rise, and health care costs will rise and there will even be some savings on foreign education.

However, the "scary impact" is that as Australians get older and increasingly use health services this will collide with the fact that the price of health services, which are mostly Government subsidised, rises about twice as fast as the average price out there in the Australian economy. That means that it is going to get very, very expensive.

The underlying conclusions of the intergenerational report, and remember this was written by Treasury so it was always going to be scary and a little apocalyptic, basically were that, sure today's taxpayers can afford today's health and welfare system, but tomorrow's taxpayers won't be able to afford today's health and welfare system per individual paid out in the future.

We will basically have to cut back on the degree of services that we as a public sector provide federally, and it is also true at the state level, or we'll have to raise taxes, or we end up suffering from this.

Now I realise this is a very, very, very sad reflection on my personality, but I find this chart exciting.



This basically says that we have a few years of good times ahead, enjoy them. But that eventually the combination of ageing and increases in health care costs will send the Federal budget very deeply into deficit if we did nothing in coming decades. And they actually threw around a scary figure of \$80 billion dollars. That is a bit unfair. If you put it in today's money it is a mere snip at \$40 billion dollars. It's 5% of GDP.

Now I am sure a bunch of you lived through the experience of the 1996 Federal budget, when the Government cut back spending, mostly spending, by a little over one per cent of GDP, and that was hell, that was no fun for anybody concerned. Here we are talking about 5% of GDP. Or again, thinking of it in today's money, basically each year for the next forty years the Government has to save, ERC – razor gang - has to save a billion dollars a year to make up for these trends that are headed out way. That is obviously a bit of a worry.

Let me give you, however, the framework with which to understand the implications for migration policy in Australia.

Now I would love you to go away with this simple concept. Society has a contract with itself, with its members, that it runs through its Government. As a society we subsidise youth, we subsidise all sorts of health care costs, even childcare costs when kids are young. We subsidise health care costs as mum goes into hospital and baby is born for example. So as a society there is an investment phase, we invest in kids.

At the end of our life span there is a retirement phase. And again as a society we subsidise that mostly through health care costs, and that get very expensive in the last couple of years of life.

Now in between, society does this deal with itself, because it relies on the thought that it will have roughly forty years in which people will pay taxes, and that's the way we get the money to subsidise the other two ends of the life span. And that relatively simple contract allows you to come up with a couple of thoughts.

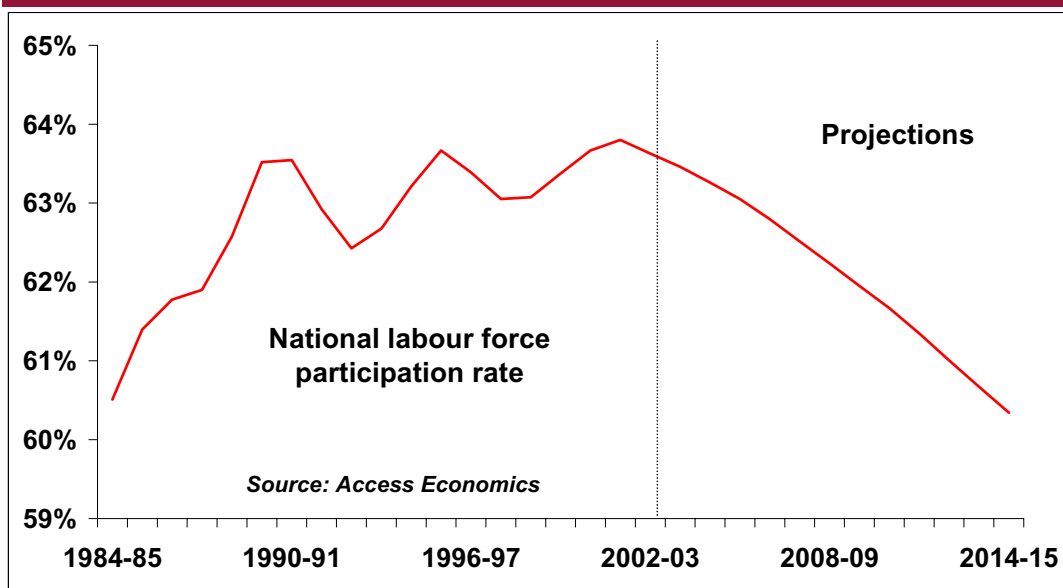
Let me just show you. For a while, things are going to get better before they get worse. Well that is actually pretty simple to explain because there are two expensive ends of the life span – the early end and the late end. And the early end is actually shrinking in relative terms, so we are going to save some money. Even though the late end is growing, it is the very end of the late end when the baby boomers are in their last year or two of life. That's when that gets expensive. So you will have this little phase,

according to the intergenerational report analysis, where actually things will get better before they get worse, as we change this balance of investment phase, productive phase, and retirement phase in the average stock of Australian citizens.

Now think of these investment, production and retirement phases and then think of a migrant, who arrives on Australia's shores. Take, say, a young adult who is as skilled in work skills and language as the average resident Australian. Now you immediately see how a macro-economist sees a migrant. Because there are these three phases, and two of them are expensive. But when a young adult arrives, some other nation has paid for the health care costs and the education costs and so on, and we get a free kick from that little bit of global trade in migrants, and perhaps particularly in skilled migrants.

Now, so far in Australia we haven't actually suffered the ill effects of the fact that our birth rate dropped below replacement in the mid 70's for two reasons.

But participation set to decline



Number one, the birth rate has been falling over the years, but it takes a very long time for a fall in the birth rate in 1982 to have an impact on the number of people out there in the Australian workforce, and it is only now starting to have an impact.

The red line on the chart is the participation rate - the number of people working as a share of relevant population. And because women have been increasingly moving into

the paid workforce, we are getting this relative increase, in the proportion of people in the production phase. That's why Australia's economy has survived surprisingly well.

But take a big picture look at this participation rate - the share of people who will be working as a proportion of the entire population. It was pushing up as women were joining the paid workforce, but it will be pushing down as baby boomers like me retire. So, this is the big underlying change in the productive phase. In particular this expensive phase, this retirement phase, will be coming to greater prominence, and hurting the Australian economy.

Now that has a number of implications for migration. But before I go through some of them, let me stop for a moment and talk about some of the myths I guess that accompany migration. Again it is the basic "barbeque test". We all know that if you stand around the barbeque, it won't be hard to find somebody who perhaps lives in Sydney and is very anti the idea of more migration into Australia because of overcrowding costs, if you like. It was always the Union argument that migrants take jobs - that's another myth I guess.

Another favourite myth, and certainly Federal Finance Ministers have in times past been quite fond of this, the view that migrants are very expensive to budgets. I want to examine these myths here.

Myth number one is that migrants clog up bits of Australia and, typically Sydney. We are talking Bob Carr here and perhaps Mark Latham, and the complaints that Sydney is very overcrowded. You drive along Parramatta Road or Military Road, and it gets slower every year. This is a micro-economist's objection, saying that there are all these congestion costs and overcrowding costs here.

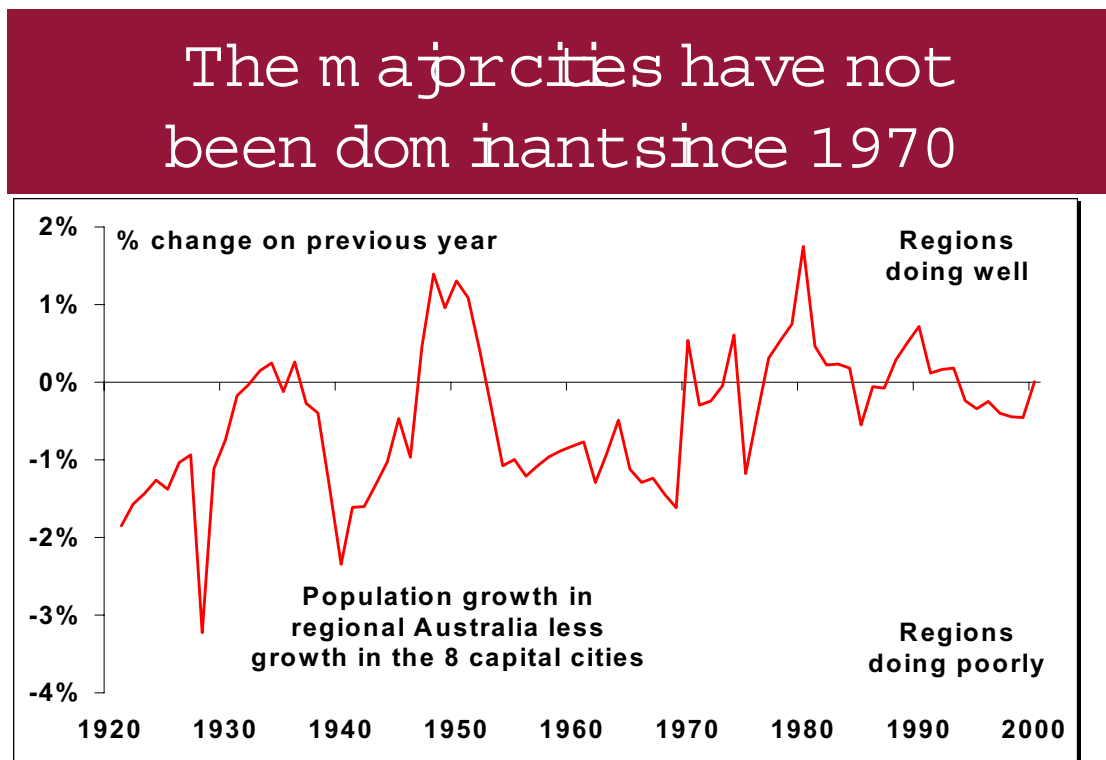
Lets have a little look at that as a thought. I would suggest that Sydney is not so much overcrowded as in many ways it is badly planned. Partly that was due to God, who most inconveniently placed a large Harbour in a variety of very inconvenient spots. But partly it has been the politicians of course. Sydney's infrastructure has lagged badly over the years. So has Melbourne's, but Melbourne got its act together earlier and didn't have quite the same water problems that Sydney faces.

The very fact that better infrastructure does away with many of the perceived problems of overcrowding suggests to me that migrants aren't necessarily the major problem. So sure, migrants are by definition are a source of overcrowding, but not necessarily a

major source of overcrowding. A major source of overcrowding is bad town planning in Australia.

Other risks of course, and you don't need to be Bob Carr when you look at this, you could be young Mr Garrett, or Bob Brown, and you could be worried about environmental costs. But again, those risks are very real, but they are not necessarily migrant-related risks. And certainly we should be doing a lot more about water policies in Australia. Proper and sensible water pricing would do away with many of what would otherwise be seen as environmental problems in Australia.

Now I know again this is sad but I find this chart interesting.

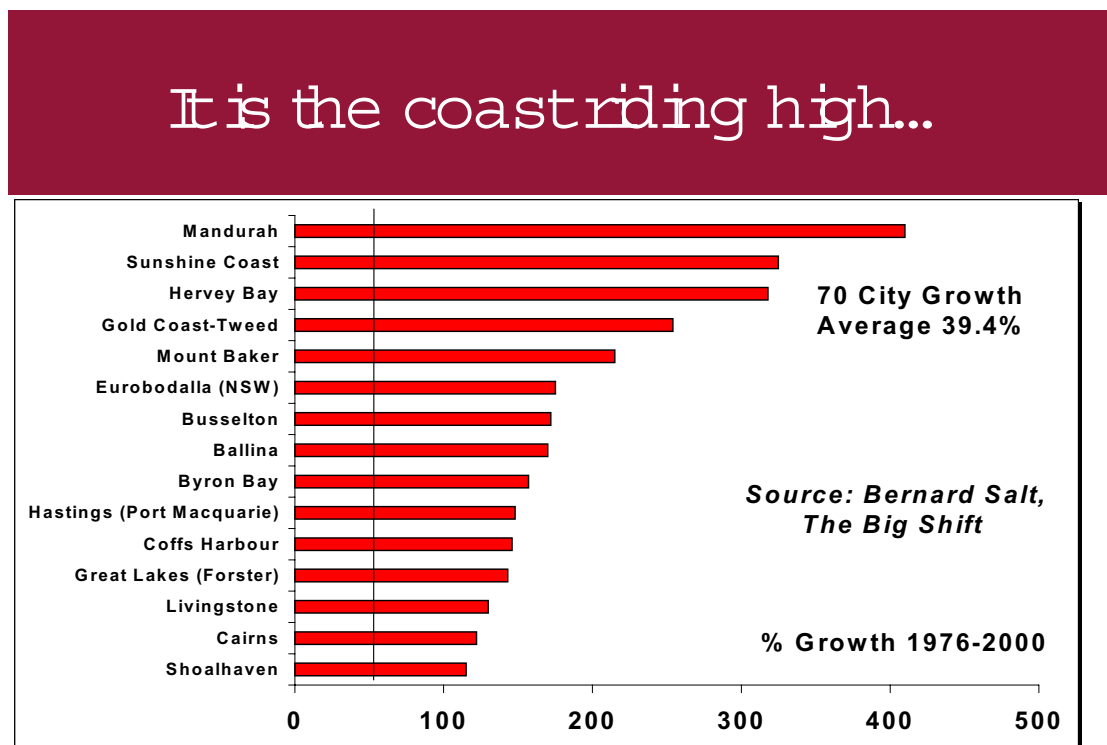


When the red line is below the zero it basically means that the population growth in the eight capital cities around Australia is faster than the population growth in everything else outside of the eight capital cities. And I am sure that we all have the impression that the capital cities are continuing to soak up a bigger and bigger share of Australia's population. In fact that stopped being true around 1970, and rural and regional Australia has been holding its share of the Australian population basically for 30 years.

Now I know that is not the common perception. But what's been happening is that some areas in rural and regional Australia have been massively losing out and others have been in fact quite spectacular winners. Look at the Gold Coast. When I was a child, the Gold Coast was essentially not there. Now it is enormous. What we've had in many ways is a move in Australia from the bush to the beach. I grew up in Sydney. When I was a kid the expensive suburbs, were places like Killara and St Ives. Interesting to see that in the 20 years or so since I left Sydney, the faster price growth has actually been completely along the coast line from Palm Beach, through Mosman - its real centre - all the way down to Cronulla.

This big push from the bush to the beach, reads almost like a who's who of areas along Australia's coast line. Everywhere from Western Australia to New South Wales to Queensland. These are regions that are growing stunningly fast.

You can compare these to a number of regions that have been losing out. The regions losing out are inland by and large.

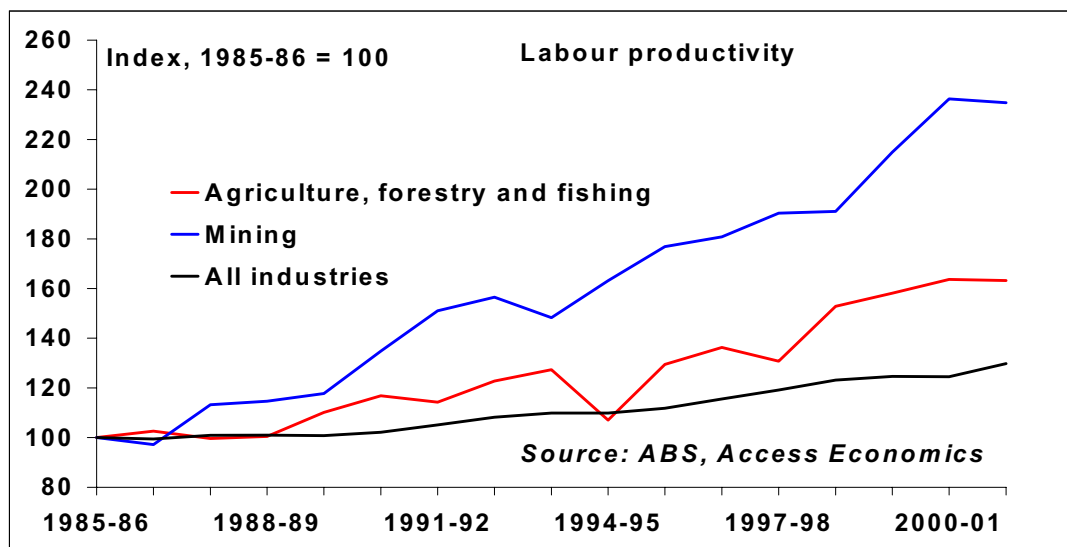


Again, there is that same average line, but suddenly it is way over here, and you get the likes of Whyalla, and Broken Hill, Goulburn and Mount Isa. These include a surprising number of South Australian and Tasmanian towns.

So when you talk about overcrowding in Australia, it is not necessarily a capital city problem. It is certainly not necessarily a migration problem. It comes back in many ways to my favourite subject of macroeconomics. People move to the beach from the bush because the bush doesn't have as many jobs as it used to. Over time, as we get higher and higher levels of income, we are spending more on services. And the jobs supplying those services are increasingly being centered in big cities and noticeably along the eastern seaboard of Australia. And so lots of the farm and related jobs that were service jobs have actually been centralised well away from rural and regional Australia.

The other problem is, of course, that we are much too good at doing what we do in rural and regional Australia. It is all to do with productivity.

Success in productivity has bred failure in jobs



This black line down here is productivity in the Australian economy as a whole. The blue line is mining and the red one is farming. It means that we are now doing things like mining and farming with relatively fewer people than we needed before. For a tonne of wheat or a tonne of iron ore or coal, we don't need as many people. So jobs are being sucked out of rural and regional Australia.

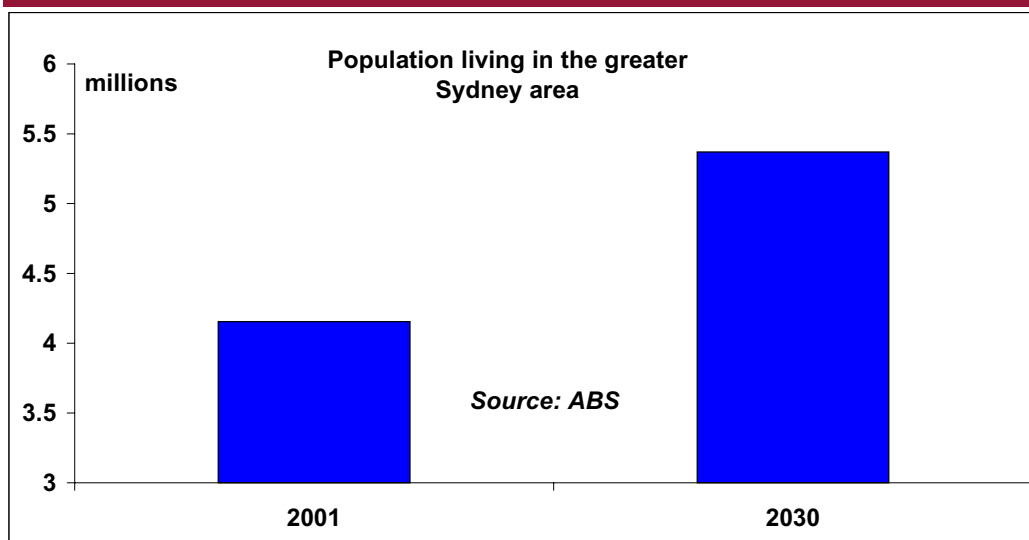
So sure, it's true that Sydney will see a bunch of population growth in the next 30 years. That's about one and a quarter million people. But that is no faster, in fact it is just a little bit slower than the Australian population growth rate across that period. And in fact, in the last 10 or 20 years, the population growth in Sydney has been only a little ahead of Melbourne. It is way behind, though, the likes of Brisbane and Perth, and it is also behind the Australian average. Sydney is big, but the pace of change in Sydney is actually slower than everywhere else.

Now we know of course that a bunch of migrants go to Sydney in the first place, but when you look at the pace of migration, and I know that the migration program has increased in the last couple of years, but when you look at this across decades, you can see that Australia's migration program has been coming down as a share of our population since the 50's. In the US the official program has been increasing, adding the illegals. And proportionally the US is probably now taking in more migrants than we're taking in here.

We are still a melting pot, in the sense that Israel and Canada and the US and Australia have been melting pots in the last 50 years. But the pace at which we are changing is slower. So although there has been across that same period an increasing globalisation of financial markets and product markets, in terms of the globalisation of people markets and migrants we've actually been stepping away.

Sure a whole bunch of migrants go to Sydney in the first place. Sydney has 1/5th of the Australian population and they get 2/5th of the migrants. But economics as ever plays its role.

It is true that Sydney's population will grow

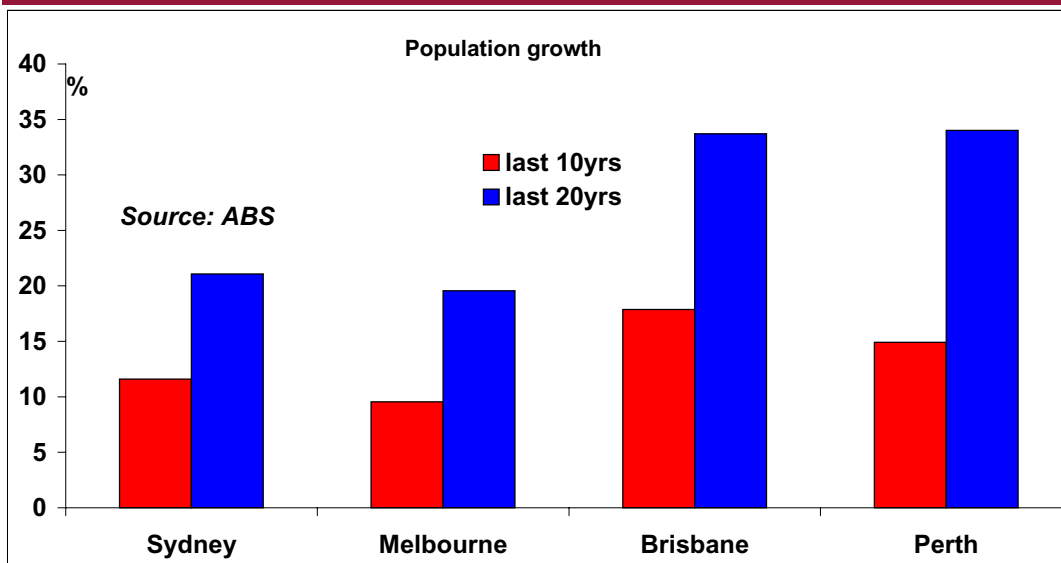


So you get net international migrants coming into Sydney, but you get people leaving New South Wales, again basically Sydney, as a result. A lot of people are cashing in and going elsewhere. And although Sydney complains, how do you reconcile the fact that Sydney gets double its share of migrants, with the fact that its population growth is no greater than that of Australia as a whole or even a little bit less.

The answer is, the existing residents are leaving and they are doing so very much because they are cashing in. We all know that the story as you stand around the coffee machine, is what the house down the road, which was an un-renovated dump, just sold for. In Sydney those conversations go on for hours. And in the last little while, housing prices have taken off at a pace that they haven't since the late 80's in Australia.

But it tends to be the bigger cities in which the average price of housing is higher.

But Sydney's population growth is no higher than in other major cities



Because this is how micro-economics is responding to the congestion costs of the fact that even though Sydney is 1/5th of Australia's population, 2/5th of the migrants go there. It drives up the house prices and people cash in. They either take a job somewhere else or often they retire somewhere else. They're the ones that drove one of those earlier charts because they're moving up and down the coastline to Byron Bay or the South Coast.

The one city, of course, which stands out as not being more or less in line with population as you go down the chart is Canberra, because our income, our average income here is a quarter as high again as the Australian average.

But I guess I've got to allow for one other related bit that as a macroeconomist I would tend to skate over. This is to me, not so much a Pauline Hanson thing; it is almost a Mark Latham thing. The make-up of the migration program, in terms of its sources has changed very much over time. So, in effect I guess, Pauline was saying that that sort of change raised cultural costs, which in specific suburbs can be quite large. And if I don't happen to live in one of those specific suburbs, then my take on migration into Australia will be different to somebody who is facing rapid change in the ethnic makeup of the population around them.

It's because of that I guess that I can't completely rule out as a myth the very first one that I mentioned, this overcrowding idea. Because overcrowding does have some microeconomic problems associated with it, and migrants do add to it. But do I think that they add to it substantially? No. What I think adds to it substantially is basically a lack of good town planning in Australia, and perhaps particularly in Sydney. You can always see road projects through marginal electorates get cancelled every time an election comes on.

And certainly you look at other related areas of overcrowding - and say the environmental carrying capacity of Australia - and a lot of that comes down again to the fact that we are simply not pricing these things the right way, things like water.

Myth number 2 is of course that migrants are uneducated and that they take our jobs. This has been a very familiar argument across a very long period of time. Economists are not terribly big fans of that sort of an argument. Whereas the real estate mantra is "location, location, location", in job markets, it is "skills, skills, skills".

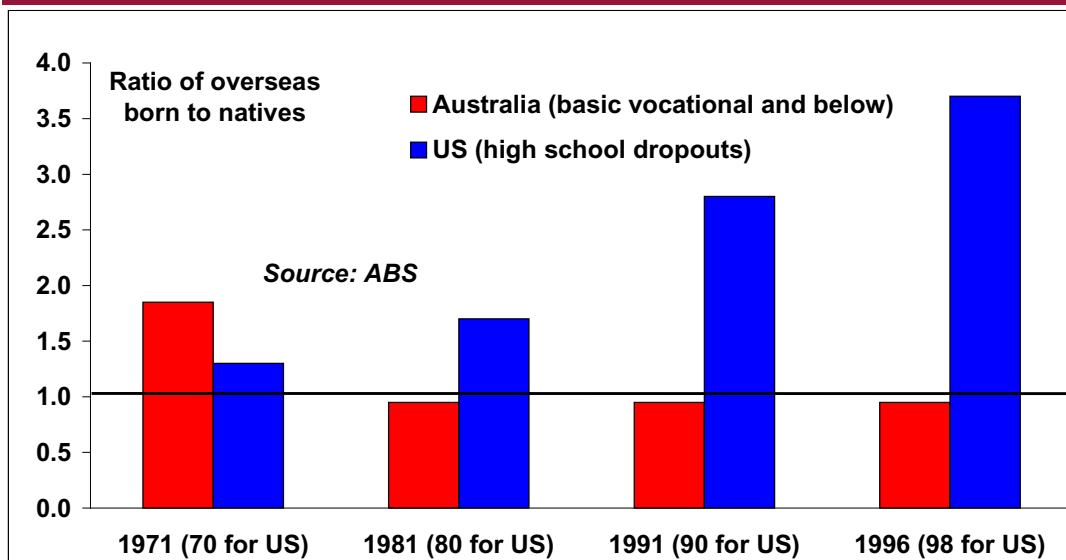
If you look at unemployment rates across different occupational groups, the higher your skill the lower your unemployment rate is the rough correlation. In fact, if you stand back from Australia and look around the world, the same is true. Although there are now actually more white than blue-collar workers in Australia, this is relatively recent. And we are actually getting, not this past year, but in general, we are getting four white-collar jobs created for every blue-collar job.

The same thing is happening internationally, not just for jobs, but for the wages that go with the jobs. Do migrants take jobs? No they don't. They never have. Because each migrant is, sure, an extra supply of work, which means that potentially they could be taking somebody's job. But they are also an extra bit of demand.

Every time say a migrant arrives in, let's call it Canberra, implicitly you need Belconnen Mall to be that tiny bit bigger than it used to be before. Each road to be a tiny bit bigger or maintained that little bit more than it was before. There is a lot of demand that comes. And sure, the supply might arrive a little bit faster than the demand, but economics have never been particularly enthused with the view that migrants taking jobs. But we are enthused with that idea of "skills, skills and skills". And certainly something that I am very happy with is the change that we've seen in the migration program in Australia in the last couple of years to focus more on skills. If you look at it solely in terms of the skill set of migrants, the skills of migrants coming into Australia are clearly on the rise.

That's the flows, that's the new people coming in.

So Australia's migrants are more skilled than native born workers



If you look at the stock of migrants into Australia you can see red here is Australia, purple is the US, when they are above the line, that means more unskilled than the existing stock of residents. So 30 years ago our stock of migrants was more unskilled

than our stock of residents, and the same was true in the US. In the US, though, these unskilled migrants are compounding away there. In Australia we have now a stock of migrants who are more skilled than the stock of the Australian population.

I actually think that a big story in the future will be globalisation extending from financial markets, to product markets, to people markets, as some of these thoughts come home to roost.

Now, lots of people think that migrants are quite a drain on budgets. I have done a bunch of work for DIMIA on this issue in the last couple of years. Before I began the work, I actually thought that migrants were a drain on budgets. Because I hadn't done that basic calculation that I mentioned before, that there are three phases to a life span. And that if another nation has paid for education and healthcare costs and somebody is arriving as a migrant, then we are doing well on an economic and related budget front as a result.

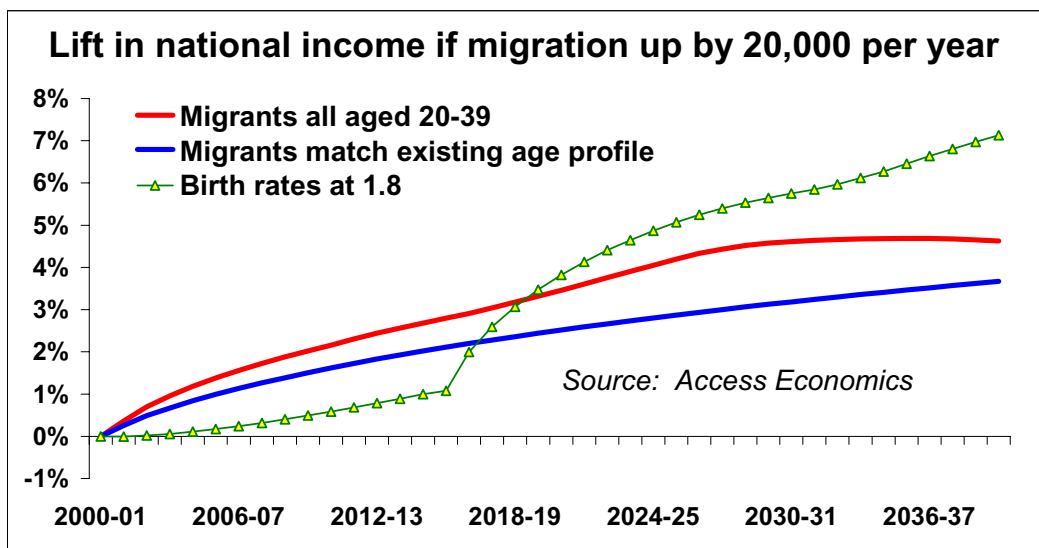
But let me just take you through some of the arguments why. Because another nation has paid for some of the costs on the way through, we do well. Because policies have changed over the years to limit the access of migrants to a variety of Government programs.

That too has had an impact. What it means is that for the Federal Government, in particular, each new migrant is a quite surprisingly high positive boost to the federal budget. Less positive for the States, but still positive there as well.

The true tragedies amongst economists are not just the macroeconomists, they are the macroeconomist econometricians. That's me. We actually built a model to look at the impact on national income, on GDP, from a variety of different things.

For example, we can compare three scenarios. One in which migration increases by 20,000 a year but the migrants match the existing age profile. The second is if the additional 20,000 migrants are younger, and the third is not increasing migration but raising the birth rate to 1.8.

Get 'em while they're young (but not too young)



The birth rate scenario actually increased the population by an extra 30,000.

You can see that if we have a higher birth rate in Australia, it is a long time before you have a particular impact on the income levels on the Australian economy.

The blue line there is if migrants coming into Australia exactly match the age profile of the existing Australian resident population.

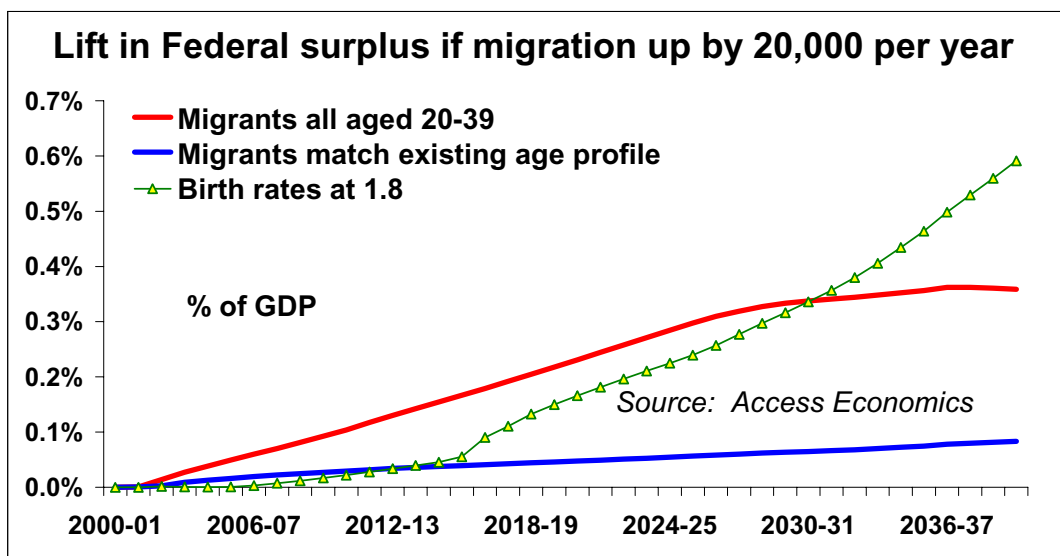
This red one is if all the migrants are aged 20 to 39, or basically they've been paid for by another country.

Eventually those lines will more or less join up again, because in terms of economic impacts as each new 20,000 lot of people come in it, it will more or less go through the wash of the system.

But it is interesting to see just how much of a net benefit you get from getting the age of your migrants right in terms of how a macroeconomist econometrician would see it.

Now if you do do that, you have this sort of an impact on the Federal surplus.

And you don't have to wait for them to grow up



Which is basically about $1/10^{\text{th}}$ of all the numbers before, because you get about $1/10^{\text{th}}$ of all the net revenue showing up as the Federal budget.

Here it is interesting though, because you get an earlier start with this one with the migrants.

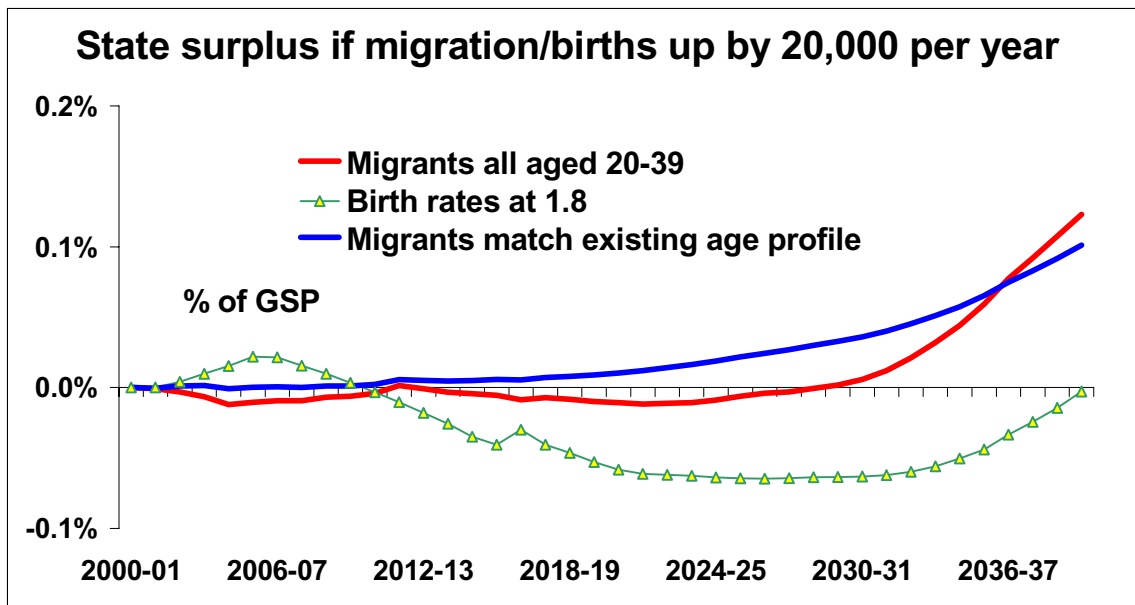
You not only make money on the budget, but you then use that to pay off a bit of debt, which you are otherwise paying interest on.

If you do that, the gap between these two age profiles actually gets a lot bigger, because if you are getting relatively young adult migrants, then you can do something quickly in terms of that extra budget revenue to pay off a bit of debt.

And whereas in terms of national income those red and blue lines were a lot closer and will eventually join, in terms of budget impact, you are going to do a lot better, because of those interest rate impacts.

If I do the same calculation at the State level.

Better for State Budgets



Now this is a model we built for Victoria.

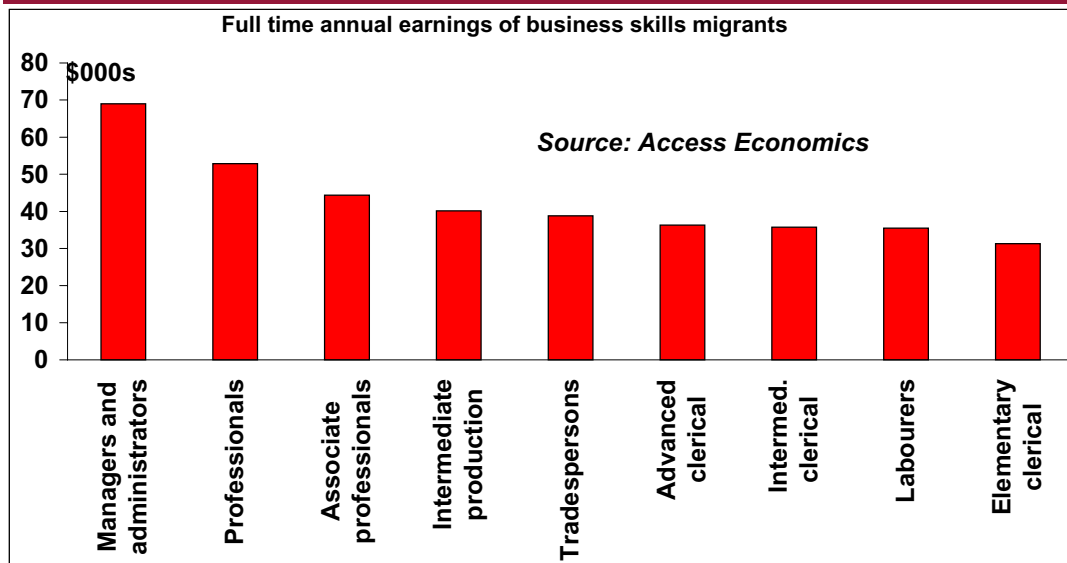
If you are a State Government, kids actually cost you a bunch of money, as soon as they go to school.

Because it is costing you that money and you have got to pay that interest bill on the way through, that sort of holds that down for a long time.

The impact of the two age profiles are much more similar for a State Government, simply because State taxes aren't terribly large compared to Federal taxes.

There is of course one other category. Mr or Ms Visa Class 457.

Business migrants have high average incomes, which means more tax



Now, go back to the one thing that I do want you to take away today, this thought that there is an investment phase, a productive phase and a retirement phase.

And if you are Mr or Ms Visa Class 457, then we haven't paid for your investment phase, we are enjoying the benefit of your productive phase, double triple whammy because they have got higher than average incomes and they don't qualify for things like Medicare and so on.

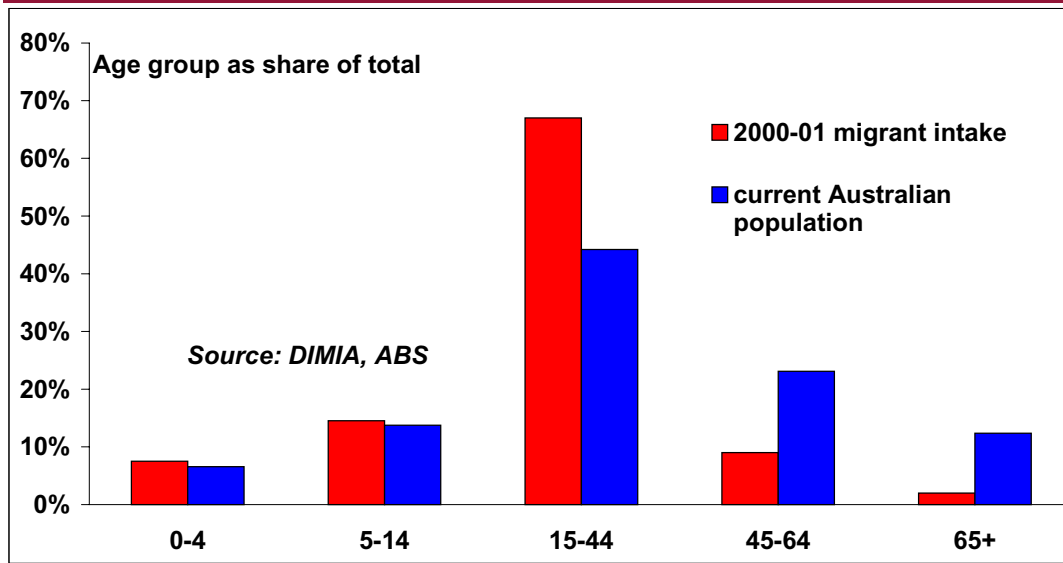
But remember, if at the end of four years or whatever they disappear again, then some other nation is paying for their retirement phase. A temporary business migrant with high income and held back from qualifying for a variety of Government services, in the peak of their productive phase is the closest thing to a free kick that any nation is ever going to get for its economy.

Now that of course suggests to me that nations will start to realise this and you will be able to open your Sydney Morning Herald and notice Canada advertising for Australian doctors and nurses. Or Germany advertising for perhaps IT specialists. Or maybe you are opening your newspaper and seeing that already, because some nations have realised that there are benefits to trading in people.

Now, I have spoken about three relatively anti-migration myths. Number four is essentially a pro-migration myth. I've talked about the potential big challenges, and the big structural changes for Australia as the baby boomers age. You do get a bunch of

people say, well, all right we have an ageing Australian population, we will have all these retired people, and we won't have the workers. Why don't we just import the workers? Let's have much higher migration. I am not necessarily sure that that is right thing to do. In a sense we are already doing it, though not to stop the ageing of Australia.

Fact: Migrants are younger, which helps a bit



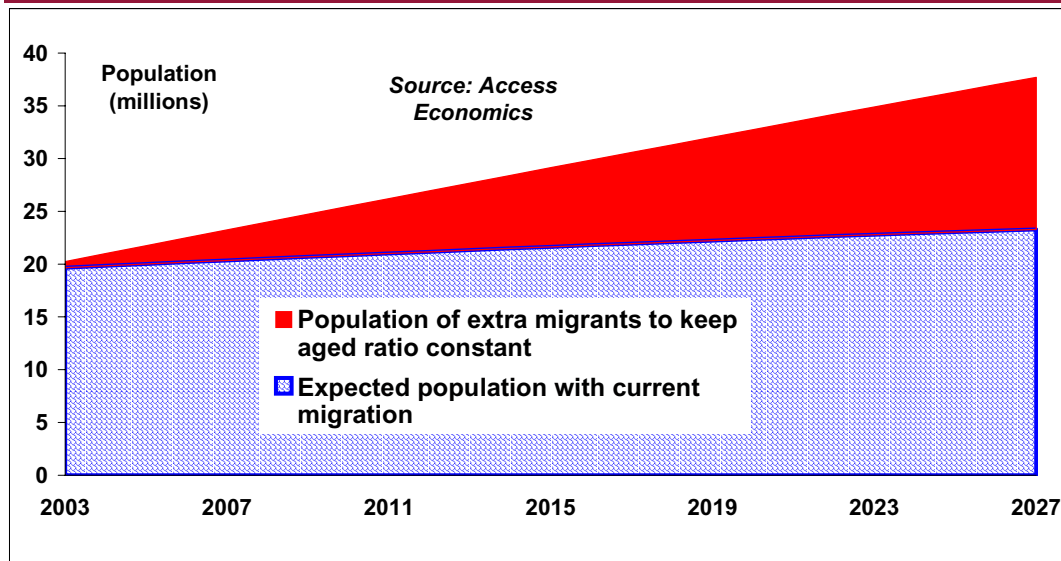
This is the age structure of the migrant intake and you can see that that is relatively young 15 to 44 year olds that we are getting and not getting people who are relatively more mature, but I suggest that's probably more from the macroeconomic viewpoint of getting people early in their productive phase.

I don't think it's because we are trying to beat the ageing problem through migration. You can't.

There are too few migrants compared to the political constraints, and migrants when they come have birth rates not that different to those of existing Australian residents.

So the maths, in fact, becomes pretty ridiculous.

But migration is no easy answer to Australia's ageing problems



If you wanted to hold the share of Australia's population aged 65 and above constant by bringing new workers in, in a quarter of a century our population would already be up to 38 million. You would have to run very, very fast with migration to hold back the ageing tide.

A couple of quick conclusions for you before I get dragged out.

Number one, that there is this investment phase, productive phase and retirement phase. And number two that the proportion of people, and the number of people in Australia's productive phase will fall away as the baby boomers age and retire.

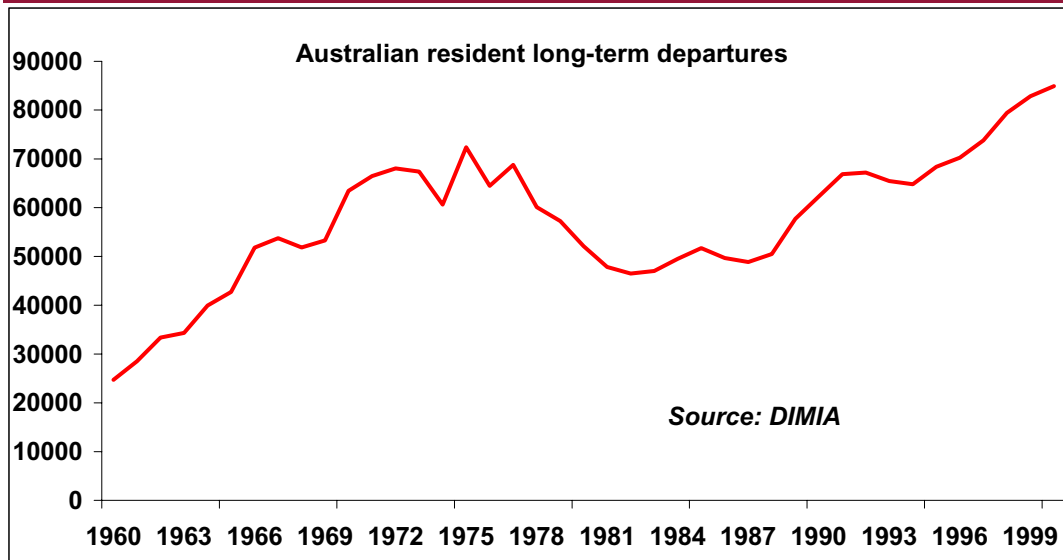
Now that poses considerable opportunities for migration policy makers in Australia to think about. I certainly think that migration can address some of the difficulties.

I particularly think refugees are a separate question and I have left them aside and I will let the politicians argue that. But just in terms of the rest of the migration program, there is a lot of sense in concentrating on skill. There is an enormous amount of sense in actually concentrating on 457 visa class people, people who are here for just a little while and we basically get their upside.

The world is increasingly realising that. Canada and Germany and the UK and so on are realising that this globalisation of the trade in people will become increasingly important.

And it is important that we realise it here in Australia. Not merely because of migrants - people on the way in - but there is the issue of people on the way out, which has been on a long term up-trend as well.

As competition for migrants cuts both ways



This is a two way street, and if we get the Australian macro-economy right, and if we get our overall policies right, then it's not merely a case of we won't mess up the inflows but we won't mess up the outflows. We will keep the Aussies before they disappear.

So, my basic thought here is globalisation. Skilled labour will increasingly become a tradeable commodity.

Some nations are realising that. Australia, in terms of its policies, seems to be at the forefront.

But maybe if you have some of those concepts, the investment phase, the productive phase, and the retirement phase, and what will happen to Australia's economic growth as a result of the retirement of the baby boomers hopefully they will help your role as policy makers in this Department.