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## THE CRISIS FACING AUSTRALIA

Australia is a country with wonderful attributes including political stability, democracy, the rule of law, egalitarianism, abundant natural resources and education, health and welfare systems which, although not perfect, are the envy of many other nations.

Nevertheless there are many problematic issues, which pose a threat to Australia's defence, sovereignty, democracy, society or even to the long term viability of the nation itself. Not the least of these flows from the sharply declining fertility rate and ageing of the population.

In June 1998 CNI drew attention to the future crisis flowing from these demographic and other trends and posed some possible solutions.<sup>1</sup> Subsequently Access Economics<sup>2</sup> and BIS Schrapnel<sup>3</sup> among others have commented on these issues.

More recently, the Federal Treasurer Mr Costello has released, coincidental with the 2002-2003 Federal Budget, an Inter-generational Report. The Report foreshadows an \$87 billion shortfall between expenditure and revenue by year 2042.<sup>4</sup> Some may question the assumptions on which these predictions are based but it is at least an attempt to quantify the issues.

CNI now puts forward this policy discussion paper, which draws together the multi-dimensional aspects of the crisis with a view to promoting greater awareness and provoking debate to find solutions which can prompt the Government of the day to take strategic initiatives now to safeguard the future.

The critical question is, based on current trends of falling fertility rates, rising dependency rates, slowing workforce growth, ageing population and eventually declining population how will the declining taxpayer base be able to provide sufficient revenue to meet the ever increasing demand for health and welfare particularly but also all of the other demands for education, defence, infrastructure, law and order etc?

### A National Population Policy?

It is, at the least to some, surprising that Australia does not have any kind of National Population Policy. The Premiers of all States, except South Australia, and the Chief Ministers of the Australian Capital Territory and the Northern Territory signed an historic communique arising from a National Population Summit convened in Melbourne 25 February, 2002. The communique recommends acknowledgement of the need for a National Population Policy, the establishment of an intergovernmental Population Council to develop, communicate and co-ordinate matters, to educate, to commission research, maintain a national database and report annually. The Premiers and Chief Ministers plan to meet again but in no less than 12 months.

There is a need for a much more urgent approach particularly the assembling of all relevant research. It appears that the research base is quite weak.<sup>5</sup>

There is a wide range of views about Australia's population needs. The Immigration Minister Philip Ruddock says "Australia does not need a population policy"<sup>6</sup> whereas Opposition Leader Simon Crean argues "Australia must set population targets as part of a comprehensive population policy"<sup>7</sup>. Former Prime Minister Malcolm Fraser argues for a target of 40 million to come largely from increased

immigration.<sup>8</sup> Some influential businessmen argue for 50 million again from increased immigration. Ross Garnaut, Professor of Economics at the Australian National University, says “that without population growth through increased fertility and immigration, Australia would become a declining, ageing place and questions would be asked about its viability as a national sovereign entity”.<sup>9</sup>

Peter Mc Donald, a Professor of Social Sciences at ANU argues that “to achieve a population of 45-50 million over the next half century or so would require a constant annual immigrant inflow of 463,000 far above any realistic past or future achievement”.<sup>10</sup> Past achievement, yes! Net annual migration is currently around 110,000. Future achievement, that surely is the question!

Clearly, rather than a population policy with precisely defined targets, which could be counter productive, the imperative is a vision of the kind of Australia we should aspire to in 10 years, 20 years, 40 years and beyond and what will be the make-up of the population, from where will any increase come and where will the newcomers live? How will they be employed? What will the cultural, environmental and other balances be etc, etc.?

## **TOWARDS A VISION FOR AUSTRALIA 2050**

### **(1) A Revised Immigration Policy**

#### **Background**

Australia is a nation of settlers who have migrated from most parts of the world to settle here. No discrimination against any one of these people from diverse origins should ever be condoned. Historically, there have been waves of settlements at different times. Major influxes, such as the very successful post-war immigration programmes, were successful because they welcomed people who would integrate into mainstream Australia. Moreover the people chosen for entry to Australia were both capable of and disposed to embrace Australia’s culture in the process of integration.

It is important to distinguish between race and culture. There is no place in Australia for racism or racist attitudes. On the other hand our culture derives from Western civilisation which has its origins in Judeo-Christianity. Here it is important to emphasise NOT the religion but the Judeo-Christian culture which is the basis for Australia’s laws, customs and values.<sup>11</sup>

The very successful post-war immigration programmes served the national interest very well and in doing so earned the support of the vast majority of Australians. This support has substantially eroded as a result of subsequent immigration policies where migrants from anywhere in the world were welcomed irrespective of whether they were capable of or disposed to embrace Australia’s culture and customs. On the contrary, Government policy has mistakenly encouraged the separate development of different cultures on an equal footing side by side within Australia. Thus there is now a quite substantial degree of hostility to increased immigration.

Research data shows that since the early 1970s the majority of Australians have favoured a reduction in Australia’s immigration programme or no increase.<sup>12</sup> In a 1994 survey of attitudes to multiculturalism the majority of Australians said “migrants should learn to live and behave like the majority of Australians do.”<sup>13</sup> This is all about belonging to a distinctive national identity and being proud of it; a sense of

belonging to a community of shared interests. In other words, Australians welcome newcomers from anywhere but expect them to become part of the team.

Antipathy to increased migration, which seems to have intensified in recent times, is not confined to Australia but is almost a world-wide phenomenon particularly in post-colonial Europe. Australia should seize this opportunity to increase its migrant intake, to support the nation building projects detailed below but subject to a revised immigration policy acceptable to the Australian people.

**A revised immigration policy must:**

- ? ensure that all prospective migrants apply through proper channels and at the time of application are given a comprehensive understanding of Australia's culture, customs, democratic principles and laws and require a commitment to respect and observe these and to abandon any cultural practices which Australians find abhorrent;
- ? ensure that migrants speak English or commit to do so within three years. Adequate resources must be made available to achieve this fluency in English which will assist migrants to obtain employment and to fully participate in the community;
- ? subject prospective migrants to a medical clearance after examination by an Australian doctor; no relaxation of Australian health, produce or animal quarantine laws should be allowed;
- ? ensure that adult migrants are employable;
- ? insist that any migrant convicted of a criminal offence, within five years of arrival or of habitual criminality will be deported.
- ? limit family sponsorship until the migrant is eligible for and gains citizenship. Thereafter priority is to be given to spouse and dependent children and other requests treated with flexibility and compassion;
- ? obligate all migrants to apply for citizenship within three years. This involves renouncing past citizenship and avoidance of conflict with others due to entrenched antipathy or other reasons of heritage and wholeheartedly committing to Australia's way of life and its institutions and heritage.
- ? dedicate substantially increased resources to tracing and deporting those who overstay or breach visa obligations and to prosecute those involved in student visa scams and thus enhance the integrity of immigration practice

Finally these principles of migration and citizenship should now start to wind back the adverse consequences of multiculturalism. This involves giving the strongest encouragement to all existing migrants, who have been in Australia for three years or more and are not yet Australian citizens, to meet all of the above requirements and to become citizens.

Australia must remain faithful to its culture, traditions, festivals (Christmas, Easter, Anzac day etc) but still offer to share this country with those who are prepared to treasure the democratic freedom, embrace the lifestyle and culture and give their loyalty as citizens.

## (2) Special Treatment for Refugees

Australia must retain and protect the sovereignty and security of its borders and preserve the right to determine who comes to Australia and how. Therefore the Government's efforts to protect our borders are supported. Those 'refugees', who do arrive unannounced should be processed as promptly as possible and allowed one appeal against an adverse finding which must be heard and determined within a short and limited time-frame. Those found not to be genuine refugees should then be segregated from others waiting to be processed and sent back to where they came from without delay.

Whilst acknowledging that Australia, on a per capita basis, has been generous in its acceptance of refugees it is considered that Australia should show an even more compassionate stance and should significantly expand its intake of refugees from around the World. The decision, of course, on who comes and from where is a matter for Australia. All refugees accepted must comply with the principles of migration and citizenship outlined in (1) above.

## (3) Defence

Should Australia come under threat of military aggression in the foreseeable future such threat would probably come from a country with overwhelmingly greater population, military personnel and weaponry.

It is both critical and urgent that Australia develops a defence deterrent capability of such technological superiority that no aggressor would be willing to take the risk of suffering the devastating consequences of an Australian retaliatory strike.

Military alliances with powerful allies such as the United States of America are important but it would be foolhardy in the extreme to rely on these as a primary defence asset.

## (4) Family Friendly Policies

The traditional family, despite being under attack, is still the basis of our society and the cornerstone upon which a vision for Australia must be built. The following family friendly policies, which are listed point by point without the intricate detail, will assist in at least slowing if not reversing the declining fertility rate, will reduce the incidence of family breakdown and the cost of welfare and health, drug addiction, juvenile delinquency and adult criminality, poorer educational achievement and other negative outcomes, which research shows, are a consequence of family breakdown.<sup>14</sup>

- (1) A Family Impact Statement (FIS) against which all Cabinet decisions must be tested for adverse consequences on the family and steps taken to redress these;
- (2) A Home Child Care Allowance (HCCA) payable to the spouse who remains at home to care for dependent children. The Government's Parenting Allowance is a commendable step in this general direction but should now be extended to be a non means tested payment equivalent to the tax free threshold.
- (c) A Baby Bonus of a significant amount payable to married couples on the birth of first and subsequent children.

- (d) A Family Court which focuses public policy on protecting the interests of children by endorsing marriage as the exclusive relationship within which children should be reared. In the absence of death of a parent, there is no such thing as single parenthood. Both mother and father have equal responsibility in caring for the child they have voluntarily brought into the world.<sup>15</sup>  
Once a couple voluntarily brings a child into the world their relationship should be elevated to that of marriage so that they are made responsible for the welfare of the child and their role and responsibilities are subject to the “revamped and refocused” Family Court.<sup>16</sup>
- (e) The institution of marriage must be further strengthened by providing funds for pre-marriage education and conflict resolution education as a social norm.
- (f) The United Nations Convention on the Rights of the Child (UNCRC) should be replaced by an Australian Charter of Family Rights and Responsibilities (ACFRR) designed to ensure that the rights of parents are paramount whilst protecting the reasonable rights of children and stressing the responsibilities of both.
- (g) The education system must support and encourage the efforts of parents to inculcate, in their children, ethical and moral values based on common and statute law which are inherent in the formation of Western civilization.
- (h) Statewide early intervention programmes in each State and Territory to identify families at risk and to provide support, guidance and encouragement.

This comprehensive approach to encouraging, protecting and supporting families will, of itself encourage new births and discourage abortion and promote and encourage adoption as an alternative. There are many valid grounds for doing so not the least of which is that Australia’s 100,000 abortions per year are a tragic waste of new citizens.

#### (5) Unemployment

Australia’s unsustainable current account deficit and growing foreign debt \$332 billion net at March 2002 are fundamental obstacles to sustained employment growth. Economic growth in excess of 4% per annum is necessary to generate enough new jobs to achieve a reduction in unemployment. Sustained growth in excess of 4% per annum however will pull in increased imports which will increase inflation and provoke an increase in interest rates to slow down growth which will stem employment growth. Increased imports will result in a further worsening of the current account deficit which, allied to the foreign debt, will at some point put Australia at the mercy of the global financial markets.

Two policy initiatives are required to start to address the twin problems of rising current account deficit and foreign debt. These are, correcting the structural imbalance in the economy and investing superannuation in the national interest.

#### (6) Correcting the Structural Imbalance of the Economy

Put simply, in Australia, we do not produce enough of what we consume. During the past three decades, successive Australian governments have allowed or aided and abetted the systematic dismantling of our manufacturing industries. The time has come to rebuild the manufacturing sector, industry by industry, so that exports will increase and imports will decrease. This proposal might appear to be in conflict with the notion of so-called free trade. There is flexibility within World Trade Organization rules to enable Australia to pursue such a course in its national interest. It is imperative that

the manufacturing sector is rebuilt to reduce Australia's reliance on agriculture and mining, to create new employment opportunities, particularly apprenticeship and training places, open the way for increased migration and in the process start to correct the current account deficit and reduce the foreign debt.

#### (7) Investment of Superannuation of the Nation Interest

More than \$102 billion of Australian superannuation funds are invested offshore, generating employment in other countries rather than Australia. Steps must be taken to ensure that eventually, all Australian superannuation funds are invested in Australia, in the National interest.

The starting point to achieve this, is to restructure the compulsory component of superannuation into the style of a provident fund which might be named a "National Retirement Savings and Investment Fund". This fund would be invested in secure low cost loans to export and import-competing manufacturing businesses with a discretionary option for the fund to take up equity on favourable terms.

The Fund must be free from political influence, not invested in government businesses, projects or social projects and must be structured to always earn a return higher than inflation and to be fee free and tax free to the retirees.

Once the compulsory component is restructured a timetable should be set to bring the voluntary funds back to Australia to be similarly invested in the national interest.

#### (8) A Peoples Bank

A government backed development bank would be an essential facility to address the market failure of banking deregulation, to complement rebuilding the manufacturing sector and to support the spin off developments flowing from the nation building projects referred to below. Such a concept received widespread support during the 2001 Federal Election Campaign.<sup>17</sup>

#### (9) Increased Domestic Savings

It is important that the rate and volume of domestic savings is significantly increased to enlarge the sources of funds available for national investment and development. A change in culture from borrowing and consumption-led to savings and investment driven is necessary.

Tax based incentives to save, including abolition of tax on superannuation contributions should be introduced.

#### (10) Globalisation

Whilst globalisation can be described as the process whereby companies use modern transport and communications to move their capital and technology around the world to exploit the cheapest labour and infrastructure costs to maximise their profits and minimise their taxes, a broader meaning is ascribed to it in this paper.

Globalisation is linked with financial and other deregulation, free markets, both capital and trade, privatisation and structural reform. These concepts either serve the powerful players in the global village or are forced on nations trying to remain competitive in the global village. The World Trade Organisation

(WTO) is an example of how the rules are written to protect and enhance the interests of the powerful nations. Australia is not a powerful nation. Tying ourselves to multi-lateral agreements such as the General Agreement on Trade in Services (GATS), as foreshadowed in the DOHA negotiations, limits the power of the government to implement domestic policies which might be necessary for the care and welfare of our citizens and the development of the nation. As one commentator has put it recently, “the inescapable fact is that integrating Australia into the world economy, in the manner we have chosen, makes it impossible for the nation to look after its old, or even to sustain its population at a satisfactory level.”<sup>18</sup>

It is often said that globalisation is inevitable, even unstoppable. It is more likely that history will show it to be a passing economic fad. Whether it is inevitable or not, clearly the time has come for Australia to manage “globalization” in the national interest, to regulate volatile short term money flows, to move to bi-lateral trade agreements rather than multi-lateral, to more closely overview foreign investment and where necessary in the national interest, to preserve the role of government in the provision of essential services. In bi-lateral trade and investment agreements Australia’s national interest must be paramount.

#### (11) Foreign Investment and Taxation

A feature of investment in Australia by foreign corporations, particularly the transnational or multinational corporation, is that various devices are used to enable the corporation to house its profits in the lowest tax countries. Thus many such corporations pay little or no tax in Australia on their profits earned in Australia. Strenuous efforts must be made to correct this situation even to stipulating a mandatory minimum level of taxation for all companies.

#### (12) A Dedicated Agriculture Policy

Australia has no dedicated agricultural policy but rather an ad hoc approach 'sector by sector' largely driven by adherence to “level playing field, economic rationalist free trade” philosophy and industry and sector lobbying which can be in conflict.

The sugar industry provides a classic example of this failed policy approach. It was deregulated some years ago in the mistaken belief that overseas competitors would reduce protection and Australia would remain competitive on world markets. Australian producers have remained competitive and are low cost producers in the world scene. They cannot survive on the world price of US6cents per pound when, thanks to the American taxpayer, American sugar farmers receive US19cents.

Tragically the likely outcome of the current sugar industry crisis, if the Hildebrand Report is any guide, will be Federal Government assistance to help canegrowers leave the industry and “rationalisation” of milling with the consequent negative effects on rural and regional communities.<sup>19</sup>

The long term survival of many of Australia’s agricultural industries and therefore the self-sufficiency of the nation requires a change of philosophy involving the adoption of specifically targeted measures to ensure that competitive Australian agricultural industries can compete in corrupt world markets.

This becomes even more urgent when considered in the light of the proposals in (13) and (17) hereafter and is inherent in the need for Australia to manage Globalisation in the national interest.

(13) Clean and Green v WTO and Other Pressures

Australia has the capacity to develop its agricultural and horticultural industries to supply the growing world demand for clean and green, fresh and processed foodstuffs. Australia must therefore resist each and every attempt to force Australia to relax its quarantine laws no matter from where the pressure comes.

(14) Towards a Drug Free Society

The goal of a drug free society might seem to be unachievable. What is achievable is a huge reduction in the incidence of illicit drug use and legal drug abuse so that such behaviour becomes a marginal phenomenon.

When the research evidence is totally compelling as to the serious physical, mental and social harm caused by cannabis use it is astonishing and irresponsible that some Australian States continue down the path of going soft on drugs. The Gallop Labor Government in Western Australia is culpable in this regard.

Harm minimisation philosophies are not sustainable in the fight against drug use and in fact have contributed to increased drug use. What is required is:

- ? Totally community wide education through every facet of society to promote a drug free culture.
- ? Criminal sanction for possession and use with opportunity to expunge the criminal record by proving drug free.
- ? Extremely tough penalties for traffickers, dealers, growers, manufacturers, financiers, legal and financial advisers and those involved in official corruption at any level.
- ? Genuine long term rehabilitation programmes designed to replace the person's drug addiction with the desire and skills to take a place in the workforce and community. These long term facilities must replace the short term walk in walk out facilities which are largely a waste of resources.

(15) Rebuilding the Federation

The trend over many years has been for creative decisions of the High Court to transfer State powers to the Federal Government and for States to agree to cede some powers. The growth in centralism has simply increased the power and size and cost of the Federal Government and of government overall. There is now being floated at federal level, the notion that some federal funding should be disbursed direct to local government thus bypassing State Governments. Is this the thin edge of the wedge to eliminate State Governments? Interestingly 'local government' does not warrant a mention in the Constitution?

The cost of "government" in Australia is exorbitant. What is needed is a re-building of the Federation in a manner which achieves standardisation of regulations, where necessary for efficiency purposes, but

where powers are handed back to the States and the size of the federal bureaucracy is scaled down and the duplication and triplication of government bureaucracies and costs is eliminated.

(16) Electoral System and the Preservation of Democracy

It is undeniable that the frauding of votes has occurred in Australia in recent times and is facilitated by the looseness of the electoral system.<sup>20</sup> Such fraud is a violation of Australia's democracy.

Urgent measures must be put in place to restore the integrity of the Electoral system both Federal and State. These measures should include, inter alia, verifiable identification of electoral enrolments and of voters at the ballot box, habitation surveys in between elections to enable roll cleansing and a foolproof electronic polling system.

(17) National Infrastructure Development

Post World War 11, Australia experienced a golden age of prosperity and nation building. Governments both State and Federal, undertook major investment in significant infrastructure projects, hydro-electricity, railways, Ord River dam, roads, mining infrastructure and agricultural development are just a few examples. These projects were in some cases allied to the post-war migration programmes where people from many parts of the world were welcomed to come and become part of the building of the nation.

Whilst changes in technology and the mechanisation of much of the civil construction processes have reduced the employment opportunities in any replication of these major infrastructure projects, there are opportunities nonetheless to address the future budgetary problems deriving from the ageing population, falling fertility rates and declining population.

A number of projects have been mooted in the past which could provide employment and regional settlement opportunities for existing Australians and new Australians in a substantially expanded immigration programme. Three such projects are briefly described below.<sup>21</sup>

(1) The Asian Express

This proposal includes a high-speed railway line from Melbourne to Darwin via Goondiwindi and Mt Isa, with feeder connections from Sydney, Brisbane, Gladstone and Adelaide (via Alice Springs) with a new port at Darwin connecting to new fast shipping services connecting to many ports in Asia and expanded air services from Darwin.

A project of this nature and magnitude would provide incentives for increased rural exports of existing and a wide range of new crops as well as, opportunities for the development of new manufacturing in processed foodstuffs and expanding existing manufactured goods exports. It would service existing and potential mining developments and encourage downstream processing of these products.

As these processing and manufacturing opportunities take hold there will be the establishment of service industries and gradually whole new communities and employment centres will be created.

(ii) The Clarence and Macleay Rivers

The Asian Express project would have beneficial spin-off effects in enhancing the economics of diverting the seaward flowing waters of the Upper Clarence, Nimboida and Macleay Rivers into the Murray-Darling Basin. This would create opportunities for irrigation and hydro-electricity generation and, again, new communities and employment centres.

(iii) The Northern Rivers Project

As the standard of living rises in countries to our North and more and more agricultural land is taken out of production for housing, industrial and commercial purposes, there will be a growing demand for clean and green fresh and processed foodstuffs. This potential market for food exports is huge as there are around 2 billion people within 7 days sailing time from Broome, The Fitzroy, Victoria, Roper and Daly Rivers and the vast lands surrounding these provide the potential for large irrigation projects to service

the huge potential markets. The associated infrastructure and services developments would also create new communities and employment centres.

Much work has been done to verify the economic and environmental feasibility of these three projects. The prospects are promising but more needs to be done in the case of the Northern Rivers proposal.

The funding of these three projects could be by a combination of government and private sector sources. As the current Federal Government continues to reduce Federal Government debt, the opportunity will be created for the Government to undertake some old fashioned long term planning and patient nation building.

Many other projects could be considered including tidal power, improved high speed freight systems from South West Western Australia and a nationwide high technology exploration survey to identify new mineral resources.

Recent media reports talk of the Federal Treasurer floating the idea of issuing \$50billion of government debt to enable the Treasury Department to invest in shares and overseas bonds.

The idea seems to be to keep the bond market on “artificial life support” as Federal Government debt heads towards zero<sup>22</sup>. Hopefully such a bizarre scheme will never be undertaken. Nevertheless it does highlight that the careful economic management of the past five years or so has positioned Australia well for the Government to involve itself as a major catalyst participant in funding these major infrastructure projects.

If Australia does not develop and populate its northern and hinterland regions some other nation will.

29 July, 2002.

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