

JOBS — MIGRANTS

Statement

HON CHARLES SMITH (East Metropolitan) [5.27 pm]: I want to offer a few more comments and words of wisdom about foreign workers and the fake call of a “skills shortage”. I also want to acknowledge that tragedy, and I hope that the investigation brings some comfort to that family.

I want to give an example of what is currently happening in the United Kingdom as proof positive of what I have been saying for many months. I also want to acknowledge an economist called Leith van Onselen whose work I will quote today. Since the start of this year, the decline in European Union immigration into the UK in the wake of the so-called Brexit turmoil has been a boon to local workers, with unemployment in the UK falling to the lowest level since the 1970s and a surge in wages. The online BBC news states —

Wage growth beat market and economist expectations in the three months from February to April.

Pay rose by 3.4% compared with a year ago. After taking inflation into account, wage growth was 1.4% ...

The employment rate for women was 72%, the highest on record.

However, rather than letting workers enjoy the fruits of their labour, the UK’s Migration Advisory Committee has called on the government to open the immigration floodgates to “help businesses access the skills they need”. What that actually means is to help businesses lower their wage costs. We hear the same calls here in Western Australia and across the nation. Jane Gratton, the head of people policy at the British Chambers of Commerce, states —

“Expanding the Shortage Occupation List will help businesses access the skills they need when they can’t recruit locally,” ...

These are all things that we have heard before in Australia. They are using exactly the same fake argument to lower workers’ wages. It is basic economics: if the flow of foreign workers is stemmed, then the bargaining power of workers will increase. This was explained succinctly and comprehensively by the Australia Institute’s economist Richard Denniss when he noted that the very purpose of a foreign worker visa is —

... to suppress wage growth by allowing employers to recruit from a global pool of labour to compete with Australian workers.

Except in very limited circumstances, there is no such thing as a shortage of labour. I have said this before in this house: there is only a “shortage” of labour at the price or wages that firms are generally willing to pay. If we let faster wage growth happen, two things will occur. Firstly, the least productive businesses would lose people, shrink and go bust, transferring workers, land and capital to more productive businesses, raising average productivity across the economy. Secondly, all businesses observing higher wages, would invest more in labour-saving technologies, training and restructuring to raise productivity. This is how the labour market is supposed to work. But allowing the mass importation of foreign workers circumvents the ordinary functioning of the labour market by enabling employers to pluck cheap foreign workers instead of raising wages. It also discourages employers from training locals in favour of hiring ready-made workers from overseas. We have seen that in the mining industry in the north. This is deleterious for both workers and the broader economy.