



## ***Migrants' Attraction to Cities – Implications for Perth***

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*Perth is no different from many cities around the world in struggling to maintain its talent pool and to grow expertise by attracting the very best from around the globe.<sup>1</sup>*

### **Introduction**

Migration has long been an important component of Australia's economic development framework. Since the late 1940s, successive waves of migrants, firstly from Europe and more recently from South-East Asia, have provided skilled and unskilled labour that has underpinned economic and population growth. While for much of the post-World War II period, the focus was on permanent migration, in recent years temporary skilled migration has become important. This reflects a greater focus on migration as a form of labour market 'management', drawing on skills and expertise from elsewhere to fill specific needs.

Cameron (2011), in his review of the advantages and disadvantages of the regional skilled migration program, pointed to the propensity of migrants to live in cities as compared to the general population. Hugo and Harris (2011) further observed that for recent migrants and those from mainly non-English speaking countries, Australian capital cities remain the preferred locations. With the growth in overseas migration likely to continue in the future to accommodate the labour requirements of a growing economy, this Bulletin outlines key population trends and the nature and growth of temporary migrants who come as Visa 457 workers to Western Australia. It will then provide an overview of the factors and conditions that attract skilled labour to cities and offer preliminary insights on what this would mean for Perth in its quest for competitiveness.

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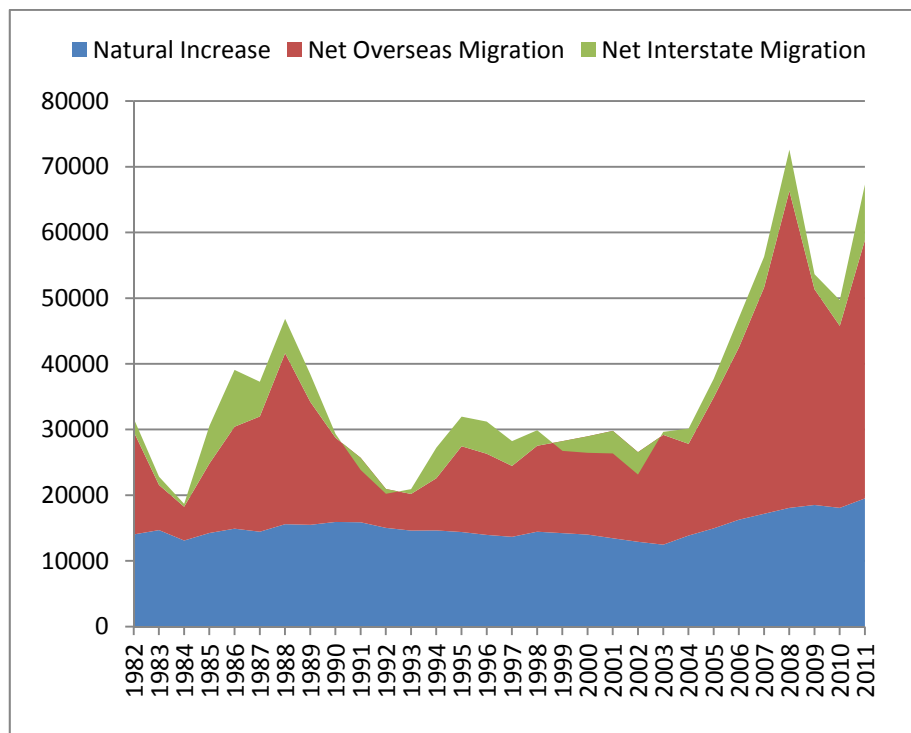
<sup>1</sup> Excerpts from the observations and suggestions of Chandran Nair, Founder and CEO of Hong Kong-based Global Institute for Tomorrow on "Perth as an Isolated Outpost or Australia's Gateway" (CfP, 2007b).



**Population Trends and Components, 2001 to 2011**

Western Australia posted the highest overall population growth rate (2.91%) of all Australian states and territories in 2010-11, with its population increasing to 2.387 million as of December 2011 (ABS, 2012a). In the three decades between December 1981 and December 2011, it posted the third highest average population growth per annum (2.69%) of all Australian states, with Queensland posting an average growth rate of 2.97 per cent and the Northern Territory posting 2.73 per cent.

In terms of the major components of this population growth, Figure 1 demonstrates the steady contribution of natural increase (referring to the existing population and births minus deaths) to total population between 1982 and 2011. One of the notable trends here has been the gradual rise in the rate of natural increase since 2003. Indeed, in 2011, natural increase was at its highest level in 30 years. Net overseas migration has fluctuated over the past three decades, but it has outpaced natural population increases over the last decade. Since 2000, the major contributor to WA’s population growth was net overseas migration, accounting for an average of 57.63 per cent of overall population growth. Natural growth contributed an average of 39.8 per cent during the same period while net interstate migration accounted for an average of 2.57 per cent.



**Figure 1: Components of Western Australia's Population Growth, 1981-82 to 2010-11**

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In policy terms, the relatively minor contribution of net interstate migration to Western Australia's population growth is noteworthy. Despite strong economic and employment conditions, Western Australia has been unable to attract a strong flow of internal migrants. The reasons for this are likely to be complex, and include aspects of perceptions about liveability, housing affordability, and the match between skills and employment opportunities. Better understanding of, and responding to, the forces contributing to internal migration flows ought to be a priority in addressing labour shortages.

The bulk of WA's population live in metropolitan areas. As noted by Huddleston and Tonts (see FACTBase Bulletin 24), Perth has the highest degree of metropolitan primacy among Australian cities, with more than 70 per cent of the State's population living in the metropolitan area. The high level of net overseas migration in the State is also reflected in the higher proportion of persons born overseas in the Greater Perth Greater Capital City Statistical Area (GCCSA).<sup>2</sup>

Based on the newly-released 2011 Census data, 40.4 per cent of the Greater Perth GCCSA population is foreign-born (ABS, 2012b). This proportion is the highest of all the GCCSAs and higher than the overall Australian proportion of 30.2 per cent. On the question of country of birth, Greater Perth GCCSA has the highest proportion of residents born in England compared to other Australian cities (which at 16.0% is higher than Adelaide's 9.9% and the whole of Australia's 6.1%). Other main foreign sources of migrants include: New Zealand (5.2%), South Africa (2.9%), India (2.7%), and Malaysia (2.4%). The Italian-born residents, who in the previous 2001 and 2006 Census periods made up a substantial proportion of Greater Perth's overseas-born population, only comprised 1.6% of the population.

Overall, overseas-born Metropolitan Perth residents come from more than 35 countries and of those who speak English and another foreign language, the most common other languages spoken at home were: Chinese (both Cantonese and Mandarin), Italian, Vietnamese, Arabic and Tagalog/Filipino. This level of diversity is often overlooked in discussions about the character and 'personality' of Perth. Indeed, the city is highly diverse.

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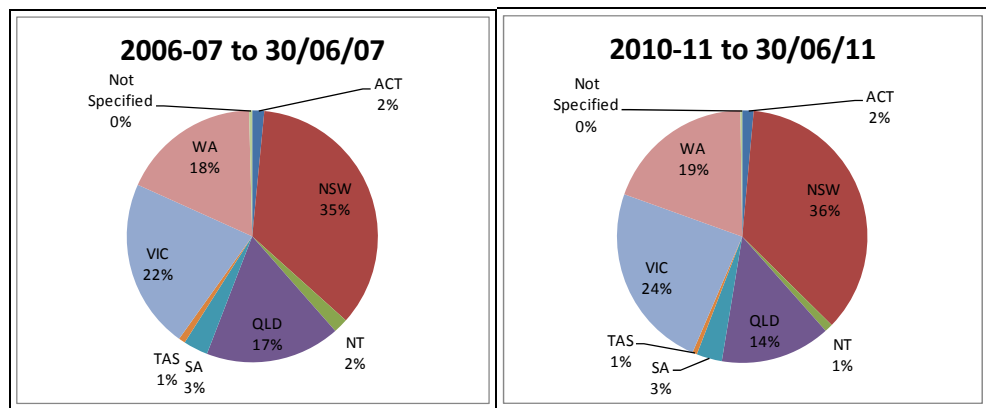
<sup>2</sup> GCCSAs represent the socio-economic extent of each of the State and Territory capital cities. They do not define the built-up edge of the city. The Greater Perth GCCSA is composed of Perth-Inner, Perth-North West, Perth-North East, Perth, South West, Perth-South East and Mandurah (ABS, 2011).



***The Case of Temporary Business Entrants***

Like other developed countries with ageing populations and growing economies, Australia is not immune to the global trend toward the use of cross-border labour flows in addressing skilled labour shortages<sup>3</sup>. Australian and overseas businesses operating in Australia commonly use the Temporary Business (Long Stay) Standard Business Sponsorship (Subclass 457) visa program to fill up nominated skilled positions with overseas workers for a period of between one day and four years (DIC, 2012). Indeed, the 457 scheme has become one of the most important means of managing the labour market over recent years, particularly in areas where serious shortages of available Australian workers hinder levels of development.

As a proportion of the total estimated resident population for both periods, 457 visa holders comprised just 0.4 per cent of Western Australia’s total population. When compared to the other States, Western Australia had the third highest proportion of 457 visa holders in the periods ending June 2007 and June 2011, sitting behind New South Wales and Victoria. Western Australia accounted for almost 20 per cent of Australia’s total intake of 457 visa recipients in 2011 (Figure 2). This proportion is expected to increase in view of continued employment and wage opportunities in the State. In the last six months of 2011, WA already accounted for 23 per cent of total 457 visa holders.



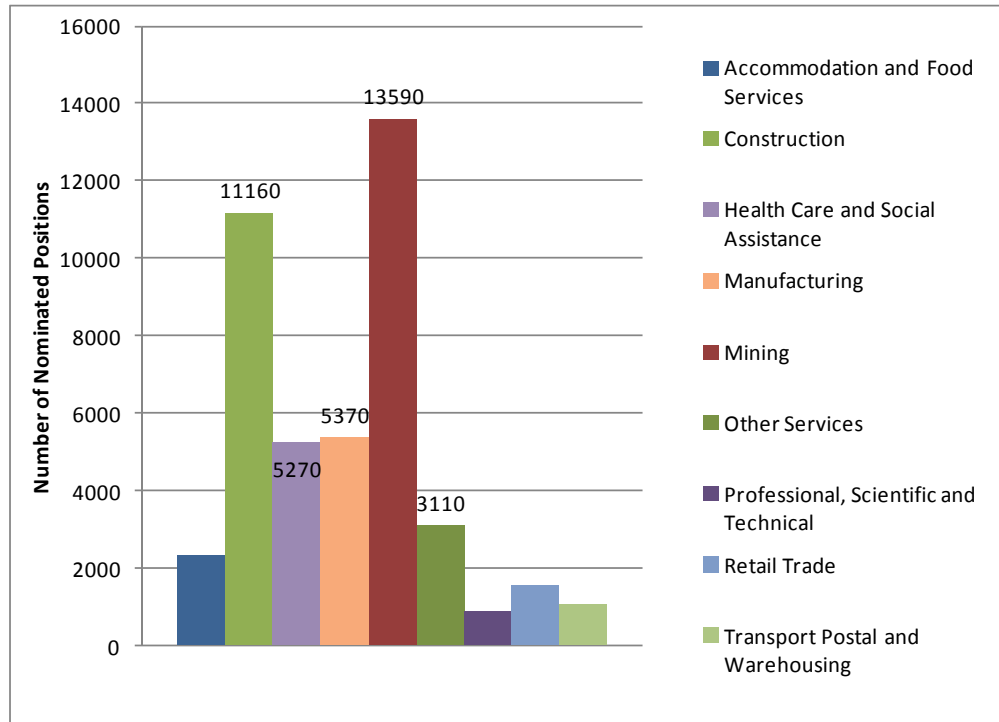
**Figure 2: Destination of Long Stay Temporary Business Entrants (Visa Category 457), 2006-07 and 2010-11**

WA’s intake of temporary skilled migrants had significantly benefitted the mining sector, with jobs in the sector comprising 25.3 per cent of the total jobs filled by these migrants for the period 2006-07 to the end of December 2011 (Figure 3). The construction sector accounted for the second major group of migrants (20.8%) while manufacturing made up

<sup>3</sup> Broadly defined in terms of occupational categories, highly skilled labour includes business professionals, high-tech workers and engineers, medical workers, students and scholars, NGO workers and entrepreneurs (Ewers, 2007).

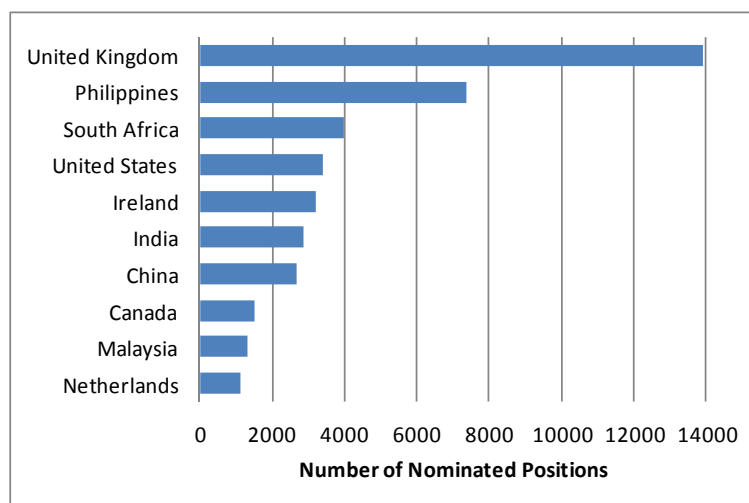


ten per cent of the total intake. Other sectors that availed of workers in this visa category include health care and social assistance (9.8%) and the accommodation and food services sector (4.4%).



**Figure 3: Sectoral Breakdown for Temporary Business Entrants to Western Australia (Visa Category 457), 2006-07 to Dec 2011**

In terms of where most temporary (457 visa) migrants to WA originate from, Figure 3 highlights the top ten citizenship countries for this visa program. The United Kingdom, Philippines, and South Africa make up the top three, accounting for a combined 61 per cent of the total intake.



**Figure 3: Top Citizenship Countries for Visa Category 457 Entering Western Australia, 2006-07 to 2011-12**

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## Labour Migration to Cities/Metropolitan Areas

There are a number of studies on the factors and considerations that attract and retain highly-skilled migrant labour and creative class/knowledge workers.<sup>4</sup> More generally, an important attractor is the presence of economic and employment opportunities. However, it is clear from much of the available evidence that these opportunities are not enough. Slack *et al.* (2003), drawing on research by Florida and Glaeser, stress that a broad range of economic, social and cultural attributes and characteristics of particular places are crucial, particularly for those in higher skilled occupations. These include the richness of cultural amenities, recreational opportunities, and the 'buzz' of the local arts and music scene, the attractiveness and condition of the natural environment and built form, the quality of schools, and safety (Slack *et al.*, 2003:7).

Yigitcanlar *et al.* (2007) also emphasise the importance of quality of life which encompasses diverse amenities, education and community facilities, housing affordability, crime level and transportation access; urban diversity in terms of ethnicity, gender, nationality and sexual orientation; social equity in terms of reduced poverty and inequality; and quality of place in terms of unique characteristics defining a place and making it attractive and liveable to skilled workers' location preferences. These are in line with the findings of Hugo and Harris (2011) that liveability and lifestyle dimensions, in addition to housing availability and affordability, are important factors in the migrants' choice of living in Australian capital cities.

While specific policies have been previously adopted to encourage settlement away from the large urban areas in Australia, the capital cities still remain popular destinations. This is not surprising since, as noted by Van den Berg and Braun (1999), potential residents and businesses are attracted to cities in view of the concentration of economic and social and cultural potential in these places. In the case of Australia's temporary migrants, Shah and Burke (2005:13) observed that, "People arriving under the 457 visa subclass are a highly mobile group. They tend to operate in the global market and travel overseas frequently for vacations or business."

### Implications for Perth

A review of the Committee for Perth *Reflections of Perth* and *Insight* newsletters on what leaders in the business community love about Perth indicates that diversity and the quality of life in Perth are highly valued.

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<sup>4</sup> Creative and knowledge workers include highly-educated professionals, scientists, computer programmers, designers and artists (Donegan *et al.*, 2008; Blackler *et al.*, 1993).



Specific characteristics highlighted include the fact that:

- *There is good engagement and connectedness within the private sector and the business community (CfP, 2007a; 2010c);*
- *Perth is a city full of great people with energy, entrepreneurial skill and creativity (CfP, 2008a);*
- *Perth has many strengths, notably its position as the west coast capital and a major continental gateway to the world (CfP, 2008b);*
- *Perth has a wonderful aesthetic appeal and is a very easy place to live (CfP, 2010e);*
- *The growing vibrancy of Perth and the number of people who want to make it the best it can be is very exciting (CfP, 2010d);*
- *Perth has a great history as incubator of cultural talent and you can now experience leading theatre, music and dance nightly (CfP, 2007b; 2010a);*
- *The small bars popping up all over Perth and the artwork now appearing in laneways as well as more people now living in the CBD are breathing new life into Perth (CfP, 2011); and*
- *We live in a place where culturally, racially and environmentally, there is such wide-ranging diversity that is ready to be embraced (CfP, 2011).*

Nevertheless, there is also a recognition that more needs to be done to address the shortage of skilled labour within the metropolitan area and the State and to inject more vibrancy into the city through cultural attractions and investments in major infrastructure. It was also noted that with the inevitability of continued population growth in Perth, “we need to plan for this with both hard and soft infrastructure and innovation to ensure our homes remain affordable and communities are sustainable in the future” (CfP, 2010d). This comment resonates with the findings of Pruegger and Cook (2009:48) in their analysis of immigrant attraction and retention factors in Western Canada that, “[Affordable] housing is one of the critical issues related to the effective settlement among immigrants.”

Hugo and Harris’ (2011) observation on the spatial implications of the increase in non-permanent migration through the 457 visa category is particularly relevant for Perth and Western Australia. This is because of the continuing need for skilled labour to keep the economy growing. As the evidence suggests, these skilled workers are attracted to places that have high quality of life, places that foster diversity, and places with highly desirable amenities. Thus, concerted efforts from both the government and the private sector to create a city that embodies these characteristics will be crucial if Perth is to remain competitive.

With skilled overseas workers coming from a number of countries in Europe, Asia and North America on the 457 visa program, the need for an



open-minded and welcoming mindset among Perth employers and residents to diverse cultures, languages and values will be increasingly required. This openness to immigrants would also be essential for Perth to continue to grow, innovate and diversify towards more knowledge-intensive industries. As Richardson (2009:327) pointed out, “Diversity, or low barriers of entry for talent, increases a region’s ability to attract talented individuals [and] over time, propels a region’s ability to generate and attract high-tech industry.”

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### **About FACTBase**

The FACTBase project is a joint venture between The University of Western Australia and the Committee for Perth, an influential member-based organisation driven by a diverse assembly of Perth's leaders. Members collaborate with business, government and community groups to actively improve the liveability of our city, resulting in a real and enduring contribution to Perth and the metropolitan area.

One of the only broad-reaching projects of its kind to be undertaken in the southern hemisphere, FACTBase condenses the plethora of databases and studies on the subject of liveability and analyse what's happening in Perth through words, maps and graphs.

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