The Economic and Social Contribution of Migrants to Western Australia

Summary Report

November 2012
ACKNOWLEDGEMENT

The Government of Western Australia commissioned Professor Des Storer to undertake a literature review of the economic and social contributions of migrants to Western Australia and this report is based on his review.
Minister’s message

I believe the majority of West Australians are very proud of our State and what has been achieved to date. We have a relatively strong economy, we live in a safe place, we socialise with respect and understanding and we have significant opportunities for current and future residents to aspire to.

Western Australia could not have achieved what we have today without the contribution of migrants, initially as early settlers in the nineteenth century, as nation builders in the twentieth century and more recently as skilled workers.

The contribution of migrants over many decades can be observed in names, buildings and places and is experienced in understated ways, such as how each of us may be influenced by tastes, style and entertainment. Today all West Australians benefit by having a culturally diverse community in which to live.

According to the 2011 Census, our State has the highest proportion of migrants in its resident population, with 31 per cent born overseas, compared with the Australian average of 27 per cent. Western Australia also has the fastest growing population of all the states and territories with 60 per cent of the increase coming from overseas migration.

The contribution that all migrants, whether on skilled, business or humanitarian visas, have made to the economic, social and cultural development of Western Australia is reflected upon in this summary. It considers the impact of contemporary migration on Western Australia and the potential dividends to be gained from the State’s multicultural population as it increases its investment, skills and cultural connectivity to the Pacific and Indian Ocean Rim countries, Asia and the new markets of Africa.

I commend this document to a broad audience in anticipation that it will add to the awareness and value of Western Australia being a place enriched by our cultural diversity and the latent opportunities that diversity provides.

Hon G M (John) Castrilli MLA
Minister for Citizenship and Multicultural Interests
November 2012
Executive summary

Throughout the State’s history, migrants have made significant contributions to Western Australia’s (WA) very broad economic, social and cultural development. The values, respect and understanding resulting from cultural diversity distinguishes WA nationally and internationally and is one of our great strengths.

This summary describes secondary research that indicates the level of economic and social influences from migration in more recent years. For example, in 2010–11 permanent migrants and temporary migrants on 457 visas made a $355 million net fiscal contribution to WA’s economy.

International business opportunities, in particular within the Indian Ocean Rim, have enabled WA companies to be at the forefront of development projects across Africa and elsewhere. The importance of cultural diversity in attracting international students with the direct and flow-on impacts that they have on our economy are highlighted in this document.

Underpinning WA’s economy is the small business sector which accounts for 95 per cent of all businesses and is a key driver in growing investment. In 2010, 40 per cent (84,800) of WA small businesses were owned and operated by migrants. Seven out of every 10 businesses owned by migrants who arrived in WA under the business skills program have employed between one and four people. Applying these estimates to 2011 sourced statistics, small businesses owned by migrants employ between an estimated 59,000 to 237,000 individuals (ABS: Cat 8165, 2011).

Australian ethnic business owners generally maintain cultural and commercial links to their home countries resulting in a positive effect on export trade and tourism.

The summary also describes not only the positive impact first generation migrants have made to WA’s economic and social development but also the positive contributions that the second and subsequent generations of migrants have made.

A consistent finding in analyses of first generation migrants is that a main motivator for coming to Australia is to establish a better quality of life and more opportunities for their children. Research indicates that children of migrants are eager to build upon the foundations laid by their parents. Data show that they generally attain relatively high educational standards and levels of employment participation. Second generation children are also found to be generous contributors towards their local communities and to ethnic and religious organisations.

The summary notes that various research collectively confirms the value to a community and society in general that cultural diversity generates. It describes the social and creative capital that is directly related to cultural diversity and how this positively impacts on workplaces and generally adds to creativity and innovation within communities.
Introduction

Western Australia could not have achieved what is enjoyed today without the contribution of migrants.

Migration has assisted in establishing a critical population base, opening up rural industries, creating towns and cities, constructing infrastructure and forging links within our Indian Ocean region and around the world. Since the mid twentieth century Australia’s migration program has progressively shifted from increasing population with a focus on nation-building, to meeting the demands of the labour market and the sustained economic development of Australia.

WA migration—a snapshot

WA’s population of 2,239,170 (2011) comes from more than 200 countries, speaks more than 270 languages and identifies with more than 100 religious faiths. We are the most diverse and the fastest growing of all states and territories. The State’s population is projected to grow to 3 million by 2026 and 4.3 million by 2056.

CENSUS TO CENSUS CHANGES (2006–2011) BY COUNTRY

A comparison between the 2006 Census and the 2011 Census shows that the proportion of West Australians born overseas increased during that period from 27.1 per cent to 30.7 per cent and that the proportion

Table 1: WA overseas-born population by major countries of birth—2011 and 2006 Censuses

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<tbody>
<tr>
<td>United Kingdom (England, Northern Ireland, Scotland and Wales)</td>
<td>230,420</td>
<td>33.5</td>
<td>208,110</td>
<td>39.1%</td>
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<tr>
<td>New Zealand</td>
<td>70,738</td>
<td>10.3</td>
<td>47,394</td>
<td>8.9</td>
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<tr>
<td>South Africa</td>
<td>35,326</td>
<td>5.1</td>
<td>22,021</td>
<td>4.1</td>
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<tr>
<td>India</td>
<td>29,916</td>
<td>4.4</td>
<td>15,153</td>
<td>2.8</td>
</tr>
<tr>
<td>Malaysia</td>
<td>24,969</td>
<td>3.6</td>
<td>19,702</td>
<td>3.7</td>
</tr>
<tr>
<td>Italy</td>
<td>19,477</td>
<td>2.8</td>
<td>20,943</td>
<td>3.9</td>
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<tr>
<td>Philippines</td>
<td>17,234</td>
<td>2.5</td>
<td>6,886</td>
<td>1.4</td>
</tr>
<tr>
<td>China</td>
<td>16,692</td>
<td>2.4</td>
<td>8,001</td>
<td>1.5</td>
</tr>
<tr>
<td>Republic of Ireland</td>
<td>14,293</td>
<td>2.1</td>
<td>8,997</td>
<td>1.7</td>
</tr>
<tr>
<td>Singapore</td>
<td>13,973</td>
<td>2.0</td>
<td>11,793</td>
<td>2.3</td>
</tr>
<tr>
<td>Other*</td>
<td>215,178</td>
<td>31.3</td>
<td>162,812</td>
<td>30.6</td>
</tr>
<tr>
<td>Total overseas-born**</td>
<td>688,216</td>
<td>30.7% total WA population</td>
<td>530,553</td>
<td>26.8% total WA population</td>
</tr>
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* Other = Total overseas born less the countries listed
** The total excludes people who did not state their country of birth
Source: DIAC, Australian Population Flows 2011
(NB: This table is Table 2 in main report)
of people with one or both parents born overseas increased from 48.4 per cent to 51.7 per cent. The censuses also demonstrate that although England and New Zealand remain the top two countries of overseas birth, between 2006 and 2011, India replaced Italy as one of the top five source countries.

During that period, the number of people speaking a language other than English at home has increased from 11.6 per cent to 14.5 per cent. While the top five languages remain unchanged, the number of Mandarin and Arabic speakers has increased while speakers of Italian, Cantonese and Vietnamese decreased. An increase in religious diversity over the same time is unsurprising given that 60 per cent of WA’s population growth came from overseas migration.

**CATEGORIES OF MIGRATION TO WA**

**Skilled**
During 2010–2011, a total of 168,685 skilled stream permanent migrants, 24 per cent from the United Kingdom, 17 per cent from South Africa, 11 per cent from India, 10 per cent from the Philippines and 8 per cent from China, arrived in Australia. Twelve per cent or 19,715 of these entrants chose to settle in Western Australia.

**Business**
Australia granted 7796 permanent business visas during 2010–2011. Of those granted, 616 visas or 7.9 per cent, were for Western Australian based firms. The top source countries were China, Hong Kong, Malaysia, Singapore and Taiwan.

**Humanitarian**
A total of 13,799 visas were granted by Australia for humanitarian purposes during 2010–11 and the 2248 or 16 per cent of visa recipients who settled in Western Australia came primarily from Afghanistan, Iraq, Sri Lanka and Burma.

**Temporary**
A total of 9280 workers arriving on 457 primary visas in 2010–2011 were accompanied by 9180 dependants. The top source countries were the United Kingdom, Philippines, Ireland, US, India, South Africa and China.

**Students**
A total of 32,137 international students, representing 6 per cent of more than half a million international student arrivals for the period, were enrolled in December 2011. A total of 17,441 registered for higher education, 8250 in VET programs and 4029 studied English.

**Migration and cultural diversity—the economic benefits**

**NATIONAL AND STATE**
The direct fiscal result of the economic contribution of 170,000 migrants in the 2009–2010 migration program was around $880 million in the first year of arrival and around $1 billion in each successive year. Recent analysis of the 2010–2011 migration categories, including the humanitarian program, shows that over the first 10 years of settlement migrants provide an estimated national net fiscal benefit of more than $10 billion (DIAC 2012 a).

Migrants across all categories, who came to WA in 2010, provided a total net fiscal contribution during their first year of settlement of $355 million. A total of $240 million came from 457 temporary visa holders and $115 million from permanent migration.
Modelling undertaken by Access Economics reveals the 19,700 skilled permanent migrants who entered WA in 2010–2011 contributed $127 million to the Australian Government’s budget in their first year of settlement and the cost of 2200 humanitarian entrants was $30 million.

SECOND GENERATION CONTRIBUTIONS

The 2011 Census records indicate that 52 per cent of all people living in WA had either one or both parents born overseas. Research indicates that children of migrants are eager to build upon the foundations laid by their parents. Data show that they generally attain relatively high educational standards and levels of employment participation. Second generation humanitarian migrants realise much higher levels of labour force engagement, engage more readily in civic-based activities within their local communities and local governments, and make greater contributions to their own ethnic and religious organisations than the previous generation (Hugo 2011).

INTERNATIONAL TRADE

WA contributes substantially to the strength of the national economy and its prosperity. This is largely due to strong and diversified industries including resources, tourism, trade and international students. Total trade is valued at $129 billion, international tourism is valued at $1.98 billion and the international education sector is valued at $795 million (Department of State Development 2012).

There is an increasing correlation between regional migration source countries and WA’s trade markets. In 2011–2012, the State’s economy was valued at $217 billion. Seven out of 10 of WA’s major trading partners are located in Asia. In 2011, China was WA’s largest export market ($52.6 billion or 43 per cent). In addition, Japan accounts for $22.7 billion, South Korea $10.5 billion, and India $5.4 billion of export markets. The United Kingdom is WA’s fifth largest trading market valued at $4.6 billion, followed by Thailand, Singapore, Taiwan, USA and Indonesia. China was also the State’s third largest source of imports (Department of State Development 2012).

In addition to WA’s presence in Asia, more than 160 WA companies are already involved in Africa, reflecting an increasing interest in the region. In 2011, more than 130 WA mining companies were active in 415 projects across 42 African countries, representing more than 70 per cent of all Australian Stock Exchange listed companies involved in Africa’s resources sector.

The WA Department of State Development estimates that between 2000 and 2009, two-way merchandise trade between WA and the Indian Ocean Rim countries more than quadrupled from around $7 billion to $29 billion. WA exports increased from $5 billion to $17 billion and WA imports rose from $2 billion to $12 billion over the same period. Indian Ocean Rim countries include Bangladesh, India, Indonesia, Iran, Kenya, Madagascar, Malaysia, Mauritius, Mozambique, Oman, Singapore, South Africa, Sri Lanka, Tanzania, Thailand, United Arab Emirates and Yemen.

Existing free trade agreements (FTA) with Asian nations have benefited WA, providing increased market opportunities in the service sector, education and investments for WA providers. WA is currently negotiating bilateral FTAs with countries in Asia which will lead to further economic benefits.
**WA—OUR PLACE IN THE WORLD**

The 2011 Issues Paper Australia in the Asian Century observes:

“Australia will face increasing competition for the opportunities arising in Asia ... our task will be to reinforce our strengths, while also expanding our area of competitive advantage in new sectors and markets ... we will need to adapt and innovate, which in some cases will require a change in mindset as well as building new skills and capabilities.”

No other Australian State has more opportunities resulting from the ‘the Asian century’ and the economic development and growth within the Indian Ocean Rim, than WA. The Asian region is the most significant participant in the expansion of WA’s resources, service, education and tourism sectors, while WA companies are in the forefront of development projects across Africa. Together, Asia and the Indian Ocean Rim provide a buoyant incentive for the State to capture the benefits of migration, trade and growth for all WA.

**EDUCATION, TOURISM AND SERVICES**

During 2010–2011, international education was Australia’s third largest export industry, generating more than $15 billion. Each international higher education student generated an average $50,874 for the economy and collectively they created additional national employment of 102,387 full-time positions. More than 83,050 or two-thirds of these positions were created outside the education sector. The total value added by international higher education students, including both student and student visitors’ expenditure, was $9.3 billion in 2010–2011.

This State’s income from international education was $795 million, resulting in the creation of additional full-time employment for 6835 West Australians. At 31 March 2012, the top 10 source countries for international students in WA were China, Malaysia, India, Singapore, Indonesia, South Korea, Vietnam, Brazil, Saudi Arabia and Mauritius.

Since 2010, visitors travelling for international business have increased by 20,400 (18.6 per cent), overseas travellers visiting friends and relatives (VFR) increased by 12,900 (4.8 per cent) while holiday and leisure visitors have increased by 12,400 (3.8 per cent) (Tourism Research Australia, International Visitor Survey, YE Dec 2011).

During 2011, WA welcomed 738,100 international visitors contributing a combined $1.98 billion, which represents an average spend of $2685 per visitor. In 2011, WA received 13.6 per cent of international visitors to Australia. This was a 71 per cent increase in international visitors from December 2010 and represented a significant market share of tourists coming to Australia from Malaysia (28.1 per cent), Singapore (27.1 per cent), United Kingdom (24.5 per cent) and Indonesia (24.1 per cent) (Tourism Research Australia, International Visitor Survey, YE Dec 2011).

Research shows that migration induces inbound tourism flows. Positive impacts on the economy as a result of migration have been identified from inbound tourism stimulated through visits by families and relatives (VFR tourism). There is no doubt that migration also influences the extent of visitation to Australia for business, study and holidays.
A projected 10 per cent increase in migrants to Australia could increase GDP by $74 million with an extrapolated increase from VFR tourism, equating to $15 million in GDP. The three markets from which Australia can expect the strongest growth in 2012–2013 are China (12.6 per cent), Indonesia (10.5 per cent) and India (6.8 per cent).

It is suggested that our cultural diversity adds to Australia’s attraction as a tourism destination. The establishment of businesses, cultural events and areas such as ‘Chinatown’ are such examples (Dwyer 2010).

Migration and cultural diversity —the social benefits

**WORKFORCE DIVERSITY**

Australian workplaces are becoming more diverse with more than 200 languages being used across these workplaces. The most common language being English, followed by Chinese, Italian, Greek, Arabic and Vietnamese.

The Diversity Council of Australia (DCA) Issues Paper on Australia in the Asian Century (2012) states:

“... Australian businesses with workforce profiles characterised by cultural diversity, intercultural capability, international experience and a global mindset are well positioned to capitalise on culture. Such a workforce has the capacity to generate the market insight and innovative business solutions that organisations urgently need to thrive and grow in complex regional and global operating environments.

More specifically, it enables businesses to better understand and service the needs of increasingly culturally diverse client bases, both locally and regionally; opens up business networks, assisting organisations to identify and enter new local...
 regional and international markets and assists with the development of domestic niche marketing.

(A total of) 8.8 million (43 per cent of total) consumers in the domestic market are either born overseas or have at least one parent born overseas. Thus, Australian businesses that want to reach their ‘whole’ market and make their goods and services accessible to all potential buyers cannot afford to ignore such a critical mass of consumers or assume that the ‘whole’ market has homogenous tastes and preferences. A workforce characterised by cultural diversity, intercultural capability and international experience can also assist organisations to widen their customer reach and enter new and/or increase market share in overseas market.”

The recently released survey by the Diversity Council Australia, Deloitte Touche Tohmatsu, ANZ, Mallesons Stephen Jaques and Goldman Sachs, Capitalising on Culture, which examined cultural diversity in senior leadership roles stated:

“... 40 per cent of participants were bilingual or multilingual, approximately 30 per cent possessed a multiple cultural identity and just over 20 per cent had a high degree of global experience. Senior executives and pipeline executives were proficient in a total of 80 different languages. Over 60 per cent had lived and worked in countries besides Australia and over 50 per cent regularly interacted with clients and colleagues overseas in their current role. Collectively, survey participants had lived and worked in 114 different countries and had regular business interactions with at least 72 different countries.”

Around 40 per cent of WA small business operators are born overseas, compared with the Australian average of around 30 per cent (ABS 2003, 2010c).

Seven out of every 10 businesses owned by migrants, who arrived in WA under the business skills program, employed between one and four people (DIAC 2010). Applying these estimates to 2011 sourced statistics, Western Australian small businesses owned by migrants employ between an estimated 59,000 and 237,000 individuals (ABS: Cat 8165, 2011).

Australian ethnic business owners generally maintain cultural and commercial links to their home countries, creating ‘niche’ export markets (Stromback and Malhotra 1994; Chavan and Agrawal 2002), and having a positive effect on export trade (Hugo 2011).

The issue of attraction and retention for highly skilled 457 workers who want to live and work in cities that value diversity will increasingly become a leadership issue for all sections of the community.

SOCIAL AND CREATIVE CAPITAL

There has also been consideration in recent years of social and creative capital generated by migrants and cultural diversity. Several studies, particularly in the United States (US), have found that the congregation of people from diverse cultural backgrounds, with different skills, views and values, stimulates new ideas. For these theorists, innovation is most likely to surface in circumstances where there are a variety of perspectives, and these are amply provided through cultural, linguistic and religious diversity.

Professor Richard Florida (University of Toronto) in his book The Rise of the Creative Class (2002) observes that skilled and especially talented labour will move
domestically and internationally in pursuit of a lifestyle that allows their talents to flourish and that:

“... regional economic growth is powered by creative people, who prefer places that are diverse, tolerant and open to new ideas. Greater and more diverse concentrations of creative capital lead to higher rates of innovation, high technology, business formation, job generation and economic growth.”

Florida’s thesis was tested through an analysis of 50 US cities which clearly established a correlation between diversity and relative prosperity and economic achievement, especially in those cities with high proportions of foreign-born residents. He found that these cities tended to have the highest levels of technological innovation (Florida 2002: 2).

A European socioeconomic impact analysis of cultural diversity by Baycan and Nijkamp (2012) found that:

“... diverse societies are more efficient in terms of cultural vitality, and economically more successful than culturally-homogeneous societies. Diversity fosters creativity and innovation, contributes to entrepreneurship, enhances productivity, and promotes economic growth. Being linked to creative activities, diversity offers a major source of competitiveness for multicultural cities; and assists the cities’ efforts to boost their international profile, attracting investments and a well-educated, creative workforce; and, therefore, contributes to the improvement of the creative capacities of cities and regions.”

Concluding observations

This summary demonstrates how WA’s cultural diversity has contributed economically and socially and in many ways provided benefits beyond those measurable. Our cultural diversity has added to creativity and innovation in workplaces and in communities.

WA’s cultural diversity will attract further international and domestic migration, including temporary workers, permanent settlers, tourists, students and business visitors and investors.

An awareness of the benefits of cultural diversity to the broader community will generate further opportunities and beneficial outcomes as greater consideration is given to the latent potential this great asset has for WA.