

Growing the National Capacity of Highly Skilled Personnel: A South Australian Perspective *

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Abstract

South Australia ranks low among Australian states and territories on many standard indicators of education partly as a result of a net loss of skilled young people through internal migration. The State has recognised that a crucial priority for equitable economic and social development is the enhancement of its human resources. This embraces a number of education, training and social inclusion initiatives but one of the most interesting developments has been in the development of a state population policy. This policy is aimed at the population of the state moving toward stabilisation at around 2 million in the middle of this century with an age structure that has a sustainable balance between working age and non working age populations. The population policy is also aimed at growing the State's highly skilled personnel. In conjunction with training, education and social inclusion strategies, the population policy includes policies with respect to immigration, activating a network of expatriate South Australians to interact more with the State and for some to return to the State, policies to strike a better balance between work and family, labour force initiatives and policies to retain skilled personnel in the State. The paper then discusses some of the ways in which these policies are likely to be operationalised and outlines some of the empirical base on which those programs are based.

*Tables and figures pp 127 - 130

The South Australian Context

South Australia has a distinctive demography in the Australian context (Hugo 2003; 1983). For much of the last two decades its population growth has been at the lowest rate of any of the mainland states. Indeed, Figure 1 indicates that the post-war era in South Australia can be divided into two parts. The first quarter century was a period of population growth above the national average while in the second half of the period it was well below the national average. This latter period has coincided with a restructuring of the Australian economy and a decline in manufacturing which is disproportionately located in South Australia. The low rate of population growth has been a function of three demographic processes:

- For the period of the 1970s, 1980s and early 1990s fertility levels were lower in South Australia than in Australia as a whole, although in recent years it has converged toward national levels (Hugo 2004a).
- The State has received a smaller share of the national immigrant intake than it has of the national population as is shown in Table 1. Moreover, it is apparent from Table 2 that South Australia receives more than its share of humanitarian migrants but disproportionately low proportions of skilled categories (Hugo 2004b).

- For most of the last two decades the state has experienced a significant net loss by interstate migration. Table 3 indicates that the losses were largest in the mid 1990s following the State Bank Crisis. The important issue, however, is that the migration out of the State is highly selective. It is firstly selective by age with greatest losses being in the 20s age group (Rudd 2004). Moreover, it is highly concentrated among the highly educated, high income and professional and managerial groups (Hugo 2003).

These demographic processes have had important effects on the State's population. One of these is demonstrated in Figure 2 where the age-sex composition is overlain with that of the Australian population. It is clear that South Australia is deficient in the 0-34 age groups compared to the national population while it has a higher proportion in the older groups. Hence, it has the oldest age structure in Australia. Perhaps more significantly there has been a substantial 'brain drain' out of South Australia, which has not been counterbalanced by an equivalent immigration from other states and overseas. This is reflected in Table 4, which indicates that in a series of education participation rates, South Australia is below the national average. In fact, it is not only below the average, but it ranks lower than all other states and territories in Year 12 retention rates, education participation in the 15-24 age groups and the percentage of all 15-24 year olds in higher education. The story is the same when we examine education outcomes in Table 5. This indicates that the State is well below the national average in the proportion of adults with qualifications. Although this is influenced of course by age structure, it also holds for young adults as well as the total adult population. Moreover, the national numeracy and reading benchmark tests show a lower level in the State than in the nation generally.

The State Government has identified a number of priorities in its development plan (Government of South Australia 2004a) including increased economic growth and improved social inclusion. It recognises in this that education and training and improving the level of human resources in the state is paramount. It has recently

(Government of South Australia 2004b) introduced a population policy that is designed to assist in this process. The remainder of this paper assesses some dimensions of that policy which address the three demographic processes listed above as most influencing the State's population over the last two decades.

Fertility Policy

In Australia there has been increased debate about the possibility and desirability of initiating policies that might influence fertility. This has come about because of a fear that Australia's fertility may decline to the very low levels prevailing in places like Japan, Italy and Spain. Such low fertility can lead to difficulties with decline of the workforce and ageing so that the ratio of older to working age population puts strain on health, aged services and social security schemes. This was especially emphasised in two Australian Treasury papers (Costello 2002; 2004), which points to the costs to the nation of the projected ageing of the Australian population. Fertility in Australia fell below replacement level (Total Fertility Rate or TFR of 2.1) in the mid 1970s and has fallen to 1.7 (2003). Australia's future population will be greatly influenced as to whether fertility stabilises at this level (or perhaps increases slightly) or whether it moves toward a TFR of 1.1 – 1.2 as experienced in the countries mentioned earlier. Empirical research among Australian couples indicates an average preference of 2 children. Hence, some argue that the difference between achieved fertility and preferred fertility size can be addressed by policy intervention. The levers available to influence fertility are predominantly in the hands of the federal government in the form of policies regarding childcare, maternity leave, etc. Nevertheless, the South Australian government has indicated in its Population Policy that it seeks to create a more family friendly situation in the state. The goals of the policy are not just to stabilise fertility but also:

- to improve gender equity in the sense that young women and young men have the ability to combine work and family in the same way;

- to improve productivity since European research indicates that enterprises, which are family friendly workplaces, gain dividends in increased loyalty, lower absenteeism, lower employee turnover and increase in productivity; and
- to attract highly skilled adults in the 30s – 40s age group. Research indicates that increasingly life style dimensions are shaping where people chose to live. For people in the early family formation ages a family friendly context added to the other life style advantages of the state may be a factor in reversing the net loss of skilled people by migration.

Accordingly, it is suggested that the State attempt to mesh family and workplace responsibilities. This of course cannot be achieved by the State alone but can only be reached through a substantial change by employers and employees as well as the community more generally. Nevertheless, the experience in northern and western Europe may be indicative in this respect.

International Migration

As indicated earlier, South Australia has not attracted its share of national immigrants, especially skilled immigrants. There have been pressures in South Australia to accelerate immigration to the state for several years. Recently, the main lobby group of the State (Business SA 2004) argued that the state achieve a population of 2 million within the next decade. This would mean that the annual population growth would have to increase from its current level of 0.6 percent per annum to around 3 percent. This could only be achieved by immigration from other states and overseas. The thinking behind this is that immigrants will be able to create their own work. The reality is, however, that experience with successful attempts to channel immigrants into particular places in destination areas points in a different direction:

- immigrants tend to settle where previous migrants have settled. Social networks are crucial to new arrivals;
 - where such programmes have been
- successful in attracting people to new areas, there have been labour shortages so that migrants can readily find work; and
 - there is nothing to be gained from bringing in people who will compete for the same jobs with unemployed local people. Indeed it is likely to create conflict between local and newcomer groups.

The calls for South Australia to attract large numbers of immigrants regardless of their characteristics are misguided then from a number of perspectives. Firstly, migrants go to jobs not the opposite. Migration cannot be a 'silver bullet' if the economy is not producing jobs. Secondly, the immigrants won't come to places where they can't get work. They may be placed there initially but will gravitate to areas where there are jobs when they can. There are also substantial environmental constraints on population growth in South Australia, especially the limited available water and only a more sustainable use of the environment and natural resources would allow significant population growth.

Is there then a case for increased immigration to South Australia? The State Population Policy argues emphatically that there is, but it is a policy that assists and facilitates the economic policies and is not a substitute for an effective economic policy. Who then should the migrants be?

- There are significant shortages in a number of skilled areas in the State. Indeed these are a significant constraint on the development of the State. This applies not only to professional areas but also in trades.
- Increasingly in a world of high mobility and advanced information technology, many employers (especially small and medium businesses) are relatively footloose in where they can locate. Hence, many immigrants can bring their own jobs if they are attracted by other aspects of the business and living environment in the State.
- Some people (e.g. retirees) do not need a job but contribute to the economy.
- There is also some need for unskilled

workers in selected sectors (e.g. in certain agricultural processing) in selected parts of the State. Hence, some family and humanitarian migrants can be accommodated.

These types of migrants can contribute to economic development and not compete with local people for existing jobs. They are an adjunct to, and facilitator of, economic strategies.

In recognition of this, the State has been an enthusiastic and strong supporter of the State Specific and Regional Migration Schemes (SSRMS), which have been developed by the Department of Immigration, Multicultural and Indigenous Affairs (DIMIA) in recent years (DIMIA 2004). There have been a suite of special schemes developed to encourage settlers to move in to regional areas and this element now accounts for around 8 percent of all immigrants coming to Australia under the SSRMS. There is every indication that these schemes will become more significant in the near future so the opportunity is available for South Australia to attract small but significant numbers of migrants with the characteristics listed above.

One specific group to be targeted to immigrate into the State are expatriate South Australians currently residing in foreign countries. Recent research (Hugo, Rudd and Harris 2003)¹ has shown that there are around 1 million Australians living overseas on a permanent or long term basis. Perhaps as many as 10 percent of those are former South Australians. The research on this group has shown :

- At least half have definite intentions of returning to Australia.
- They are a highly skilled, high income group.
- They left Australia mainly in their 20s and as singles, couples and groups and left for *rite of passage* and job-related reasons.
- Many in their late 30s and at the stage of family formation have a particular desire to return to Australia to have their families and bring up children.
- Their desire for return is motivated mostly by lifestyle and family

considerations and they are willing to sacrifice some income to do so.

- Overwhelmingly, they retain a strong attachment to Australia and a strong cultural identification with Australia even if they do not have intentions to return. Perhaps being overseas strengthens identification with Australia.
- Many belong to networks, both formal and informal, of fellow Australians. These are facilitated by the internet.
- They are able to maintain close contact with events in Australia through the internet and are extremely well informed about events and conditions in Australia through the internet.
- They have a readiness to link with their homeland in various ways and assist Australia in its interactions with their home area.

Accordingly, the South Australian diaspora in foreign countries could be utilised in a number of ways to assist the economic and social development of the State. While nothing has yet been finalised about this, the following might be considered:

- Encouragement of selected groups to return. These would fit into the groups outlined earlier as the type of immigrants which the State can and should attract – those with skills in shortage in South Australia, those with their own business which could be readily shifted here, retirees and investors. Such people often already have positive attitudes of and knowledge about the State but may need some encouragement and information to make the decision to return.
- Developing a South Australian expatriate network that can provide expatriate South Australians with news, information about opportunities, etc. but also which will facilitate their continuing identification with the state. It also may be a vehicle for careful use in linking economic activities in the State with possible markets. They can

be one of the State's beachheads into the global economy.

- Development of partnerships between key institutions, individuals and activities in South Australia with relevant expatriates located overseas. An obvious example here is in the science and academic area where exchanges and rapid transfer of knowledge can be facilitated by the development of formal networks (OECD 2002).

Each of these clusters of activities is low cost. The internet greatly facilitates the development of effective networks, which are essential to the operation of an expatriate policy. It involves the recognition of a wider 'South Australian community' than those people currently living within the State's boundaries and recognises the reality of contemporary globalisation.

Encouragement of expatriates to join the network can be done in a number of cost effective, efficient and innovative ways such as:

- circularising overseas residents on the alumni lists of South Australian universities and some schools;
- utilising the 'grandparent' factor – i.e. that the expatriates share important family linkages to South Australia; and
- arranging 'events' in key destinations when a significant South Australian (e.g. the Premier) visits.

The 'Bringing Them Back Home' Program

In addition to the diaspora of South Australian's currently living overseas, there is a community of expatriates of at least similar (an probably greater) size living in other parts of Australia. This group has similar characteristics to the international expatriate population and has also been surveyed recently by the present writer (Hugo, Rudd and Harris 2001)² and much of what has been outlined in the latter part of the previous section applies to expatriates in other states, especially those in the major cities of Sydney, Melbourne and Canberra where there are the largest communities of young South Australian

expatriates. The study findings can be briefly summarised here:

- The reasons for young people leaving are both job related as well as associated with a desire to live in a larger more cosmopolitan city than Adelaide.
- The migration is highly selective of young, well-educated, high-income groups.
- There is a strong desire among a significant proportion to return to South Australia. The reasons given are family, lifestyle, cost of living, security and the environment for bringing up children.
- The desire to return is concentrated in people in the early stages of family formation – late 30s and 40s.
- Strong networks, both formal and informal, are maintained with South Australia and other expatriate South Australians living in the same place. For example, there are strong chapters of some old scholars associations in both Sydney and Melbourne.
- There is detailed knowledge of conditions, prices, etc. in Adelaide and South Australia and of South Australian events.

As was the case with international expatriates, the expatriates in the other states could be the subject of an expatriate program which is outlined in Hugo et al (2001). Some elements could be:

- The centrepiece would be a 'Bringing Them Back Home' program to encourage expatriates to return. As with their international counterparts however, it should not be a program to encourage a rush of returnees who would compete for scarce jobs with people who have remained behind. It must be targeted to those who will not compete with others in the state for particular jobs but will facilitate the development of the state economically and socially. These groups would include:

- Those with skills in shortage in the state. This includes several professional areas but also some trades and some unskilled sectors, especially in particular regional areas.
- People who will bring their jobs with them – this is not only entrepreneurs and small and medium business owners but increasing numbers of people whose living place can be a substantial distance from head office since contact is maintained electronically.
- Retirees. There is a substantial literature which indicates that many like to retire to their origin area and this has a positive impact on local economies.
- There should not be a major concern in South Australia to stop the outflow of young people since the movement at a young age to see the world is inevitable. Indeed, it can assist their personal development.

However, the key is to encourage a flow back to South Australia of those expatriates as well as people from other states. South Australia and Adelaide are not going to be able to compete with Sydney as a big city environment for young people. Although it could be said in parentheses that Adelaide has a real chance to be a 'young people's city' if it develops as a university city and uses its size, costs structure, ambience, etc. to attract university students to its high quality tertiary institutions. This will not, however, just happen. It would take careful planning and some resources. In reality, however, Adelaide and South Australia at present have much more appeal in a life style sense for people slightly older in their 30s and 40s. Certainly the survey indicated that the group of expatriates in other states who are most likely to come back are those at the early stage of the family formation part of the life cycle. Hence, a 'Bringing Them Back' program should concentrate on this group. They are a group who are in their prime working ages and can contribute a great deal to the state. They have gained experience, networks, contacts, etc. in their time in the eastern states and this can be of assistance to

the state. The previously discussed "family friendly" policies also can be of considerable assistance in attracting back young couples and families to the state.

What are the kinds of initiatives that could be considered for the 'Bringing Them Back Home' initiative? These would be similar to those discussed for international expatriates and again the emphasis must be on targeting and on low-cost interventions that make substantial use of information technology. There have been interesting and successful attempts to do some similar things in the United States, in states like Iowa (Hugo, *et al.* 2001). The state can play a role in assisting the recruitment of outstanding expatriates to key roles in the state – in government, universities, businesses, etc. Such state assistance must be reserved for the most key appointments where difficulty is being experienced in attracting the best possible candidates. Mostly, however, it would involve a facilitation role matching people with opportunities in South Australia. Again, networks can play a role in preserving and entering links with South Australia and as a conduit for information about opportunities.

The question may well be asked at this stage as to whether strategies to bring back expatriates are viable given the two decades of net outmigration from South Australia. In fact, population distribution trends in Europe and North America are generally decentralising ones. Economic restructuring and the enhancement of transport and communication technology have meant that many jobs are no longer tied to being located in a major metropolitan centre. Accordingly, many decisions about where to locate economic activity are now being decided by lifestyle and day-to-day cost considerations. Hence, most of the world's major cities are experiencing substantial net internal migration loss although they have large net gains of people coming from overseas. In many ways, Adelaide and South Australia are highly competitive in this environment. The well-recognised life style qualities, low cost of housing, ease of getting around, security, etc. can be an effective attraction. It must not be seen that increasing concentration of economic activity in the eastern states is an inevitable long-term trend. In the United States, the last decade has seen a substantial reversal in both demographic

and economic concentration in traditional eastern and western seaboard metropolises. There is no reason why this cannot happen in Australia but it needs to be facilitated and assisted by relevant policies and part of these policies are related to population.

Conclusion

South Australia has been the slowest growing of all mainland states in recent years. Yet the State's population problems are not associated with population size or growth. They are predominantly tied up with a net loss of young skilled people through migration and an associated ageing of the population. To facilitate economic and social improvement, the State has adopted a population policy, which seeks to address these areas. It is recognised that a population policy should not stand alone. It needs to be integrated with and supportive of wider economic and social policies. Moreover, it has to be developed to be consistent with environmental sustainability since there are substantial environmental constraints on population growth within the state. The tabling of a population policy opens up the possibility of community debate about the State's future population and should be a sound basis for developing and eventually putting into practice interventions that facilitate the achievement of important goals such as enhancing innovation, economic prosperity, social inclusion and environmental sustainability.

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Footnotes

¹ Much of the information in this section is based on this study.

² Much of the information in this section is drawn from that study.

Table 1: Net overseas immigration¹, Total Australia and South Australia, 1966-2002

Year (ending Dec 31)	Australia Number	South Australia Number	SA Percentage of Australian Net Migration Gain
1966-70	643,351	64,766	10.1
1971-75	343,372	28,169	8.2
1976-80	293,860	10,517	3.6
1981-85	419,297	27,733	6.6
1986-90	591,770	26,570	4.5
1991-95	411,630	17,420	4.2
1996-97	182,529	6,851	3.8
1998	88,781	3,128	3.5
1999	104,210	3,689	3.5
2000	111,441	2,726	2.4
2001	140,277	3,627	2.6
2002	139,048	4,386	3.2

¹ Overseas Immigration - 1966-73 = Permanent Movement
- 1974-2002 = Permanent and Long-Term Movement

Source: ABS Overseas Arrivals and Departures Australia and Australian Demographic Statistics, various issues

Table 2: South Australian Share of Australia’s Migrant Intake by Visa Class 2001-02

Visa Class	Non Permanent Arrivals in SA	Share of Australian Total
Family	994	4.3
Skilled	1,139	3.8
Business	118	1.8
Humanitarian	558	8.3
Total	2,809	4.2

Source: DIMIA, unpublished data

Table 3: States and Territories, Australia: Estimated Net Interstate Migration, 1981-82 to 2002-03

1981-82	-4,875
1982-83	-328
1983-84	553
1984-85	-2,317
1985-86	-1,417
1986-87	-3,977
1987-88	-1,240
1988-89	-221
1989-90	-252
1990-91	1,545
1991-92	-658
1992-93	-5,210
1993-94	-3,978
1994-95	-7,069
1995-96	-6,192
1996-97	-3,318
1997-98	-1,996
1998-99	-1,631
1999-2000	-3,531
2000-01	-2,418
2001-02	-1,602
2002-03	-1,497

Source: Bell and Hugo 2000; ABS *Australian Demographic Statistics*, various issues

Table 4: Australia and South Australia: Education and Training Participation, 2002

	South Australia %	Australia %
Year 12 apparent retention rate-males	61.1	69.8
Year 12 apparent retention rate-females	72.6	80.7
Education participation-of all aged 15-19	76.7	77.3
Education participation of all aged 20-24	35.5	37.2
Higher education students-of all aged 15-24	17.1	19.8

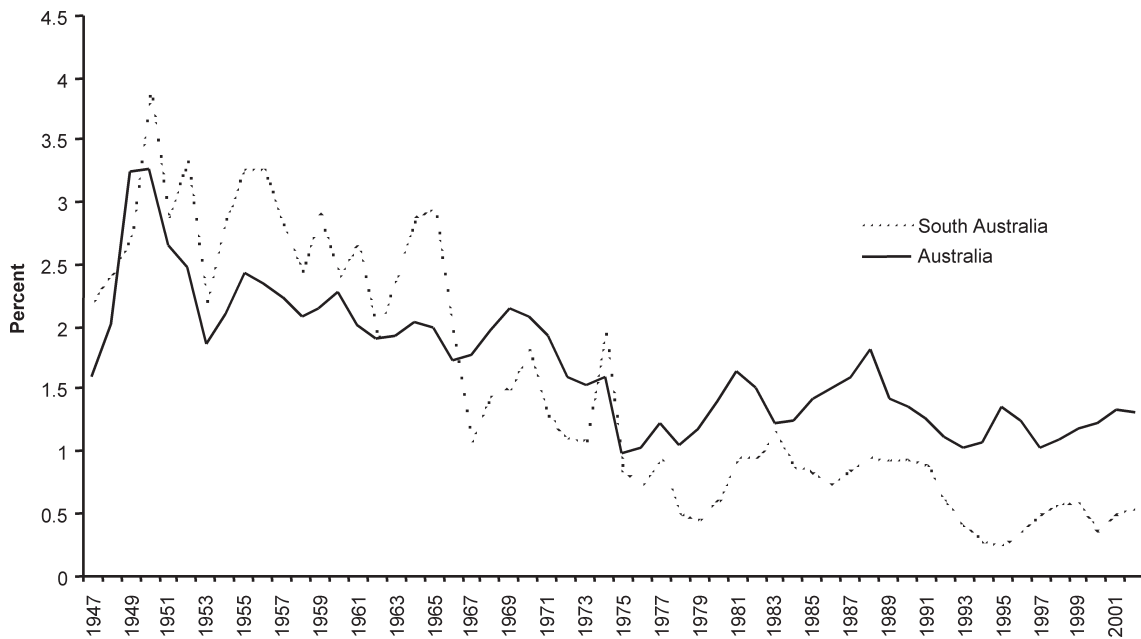
Source: ABS 2003

Table 5: Australia and South Australia: Education and Training Outcomes, 2002

	South Australia %	Australia %
With non-school educational qualifications of all persons aged 25-64		
...Of all aged 25-64	45.6	48.2
...Bachelor degree or above	14.0	17.8
...Advanced diploma and diploma or below	31.6	30.4
...Females-all with non-school educational qualifications	45.5	46.8
Without non-school educational qualifications		
- Of all aged 15-64	54.4	51.8
- Did not complete highest level of secondary school	39.8	34.9
Reading-Proportion of Year 5 students reaching national benchmarks		
- Males	82.2	85.2
- Females	86.7	89.6
Numeracy-Proportion of Year 5 students reaching national benchmarks		
- Males	83.1	89.4
- Females	82.7	89.8

Source: ABS 2003

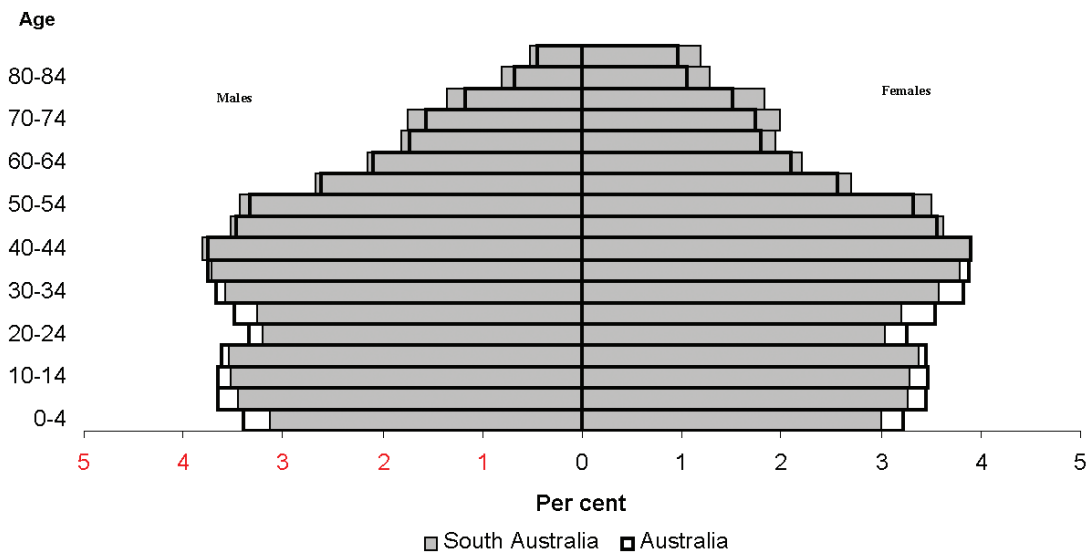
Figure 1: Australia and South Australia: Rate of Population Growth per Annum, 1947-2002



Note: Data are for calendar years.

Source: ABS 1986 *Australian Demographic Statistics Quarterly*, various issues

Figure 2: Australia and South Australia: Age and Sex Distribution of the Population, 2001



Source: ABS 2001 Census