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INTERNATIONAL MIGRATION AND THE GROWTH OF HOUSEHOLDS IN SYDNEY: A RESPONSE TO CURNOW

■ **Peter McDonald and Jeromey Temple**

*Jill Curnow asserts that certain important statements that we have made in our article in the most recent issue of *People and Place* are largely unsubstantiated.¹ We accept that more detailed substantiation of these statements is required and welcome this opportunity to provide further argument.*

Why zero international migration to Sydney is 'very hypothetical'

We provided five scenarios relating to the future population growth of Sydney and described one of these, Series 4, as 'very hypothetical' or, as Curnow correctly points out, apparently more hypothetical than our other four hypothetical series. We did not substantiate why we considered this scenario to be more hypothetical than the others. Under the Series 4 Scenario, international migration to Sydney would fall to zero from July 2001 and remain at zero for the following 30 years. Over the same period, the current level of net internal out-migration from Sydney (movement from Sydney to other parts of Australia) would continue.

Net international migration to Sydney has been in the order of 40-50,000 per annum for the past five years (1998-99 to 2002-03).² As our projections commence in 2001, there is already two years of evidence that net international migration will not fall to zero from July 2001. If anything, in these two years, net international migration to Sydney was above the longer-term average. While many statements have been made over the years by Australian and New South Wales Governments that attempts will be made to redirect new immigrants away from Sydney, there is no evidence of any significant success in this endeavour. Indeed, the recent evidence is that international migration has been focussed to an even larger extent upon Sydney. In the

end, the level of international migration to Sydney is driven by the level of international migration to Australia. Present policy and recent outcomes have net migration for Australia running at around 100,000 per annum or more. There is no sign in the policy directions of any party that this number is about to fall to zero, indeed, some parties such as the Greens and the Australian Democrats have moved away from a zero migration stance. In the context of low fertility, migration continuing around the recent average level leads to a 'soft landing' at zero population growth in about 30 years time, a pathway that the former Minister, Phillip Ruddock, described as 'not a figure that I believe would be alarming to most Australians'.³ Even the Premier of NSW, Bob Carr, a strong advocate for the restraint of Sydney's population growth, calls for only a 30 per cent reduction in international migration to Sydney, not 100 per cent.⁴

There are long-standing reasons that explain why international migration has been focussed on Sydney (and Melbourne) such as the availability of jobs, the availability of family support and community networks and the cosmopolitan nature of the big city. These reasons show no sign of abating and, indeed, during the 1990s, jobs, particularly jobs for young people, became more concentrated in the major cities.⁵ However, new reasons for the

concentration of international migration on the big cities have emerged in recent times because of the shift in international migration from permanent to temporary movers. There are now two large groups of long-term temporary migrants in Australia: foreign students and those on temporary work visas (mainly 457 visa holders).⁶ These groups now constitute around 40-50 per cent of net migration to Australia. Because educational institutions that attract foreign students are primarily located in the large cities, foreign students go to those cities. It is reported that Australia's education services now raise more foreign earnings for Australia than either wheat or wool.⁷ In this circumstance, it seems very unlikely that Australia will shut out foreign students. It is equally unlikely that they will not be permitted to study in Sydney and Melbourne. Australian employers are now able to recruit workers from overseas on a temporary basis and this form of recruitment has been made easier in recent times. These workers are heavily concentrated in the major cities because they are often high-skilled workers and the high-skilled jobs are in the cities.⁸ The change in industry structure in advanced countries towards the 'producer services' has concentrated more jobs, especially jobs for young people, in the global cities.⁹ In Australia's case, this means Sydney and Melbourne. If Sydney and Melbourne were no longer attracting young people to these jobs and indeed, as implied by Scenario 4, if Sydney was losing more young, highly skilled people to other countries than it gained, this would be, in our view, a 'very undesirable outcome' indicative of a downward spiral for the Australian economy.

There is also an argument that, to some extent, the level of movement out

of Sydney to other parts of Australia is contingent upon a continued in-flow from overseas.¹⁰ If this is the case, the assumption of Scenario 4 that net out migration to other parts of Australia would continue at its present level while international migration fell to zero is unlikely because it would imply a large negative net migration from Sydney, a very rare occurrence in its 216 years of non-indigenous settlement.

The other four scenarios described in the McDonald and Temple may all be hypothetical but they are much more likely pathways than Scenario 4, the zero migration pathway. Figure 5 in the McDonald and Temple paper shows that, in the short-term (say, the next five years), there is almost no difference in the projected number of households across these four scenarios, one of which is Bob Carr's preferred option of reducing international migration to Sydney by 30 per cent compared to the 1996-2001 average and by 42 per cent compared to the recent higher levels of migration. This is why we have concluded that migration policy is a very 'blunt instrument' to burst the housing bubble (which now seems to have burst in any case using the much less blunt instrument of interest rates).

Why, 'on present trends, the imbalance between projected numbers of aged people and workers in coastal areas of NSW is unsustainable'

Jill Curnow suggests that we have made this statement on the basis of 'a general fear of an ageing society, a fear which has often been shown to be exaggerated'. Our statement is not based on a general fear of ageing. Indeed, we have been prominent in arguing that such a general fear is not warranted when the unit of analysis is Australia and Jill Curnow herself cites work by McDonald and Kippen

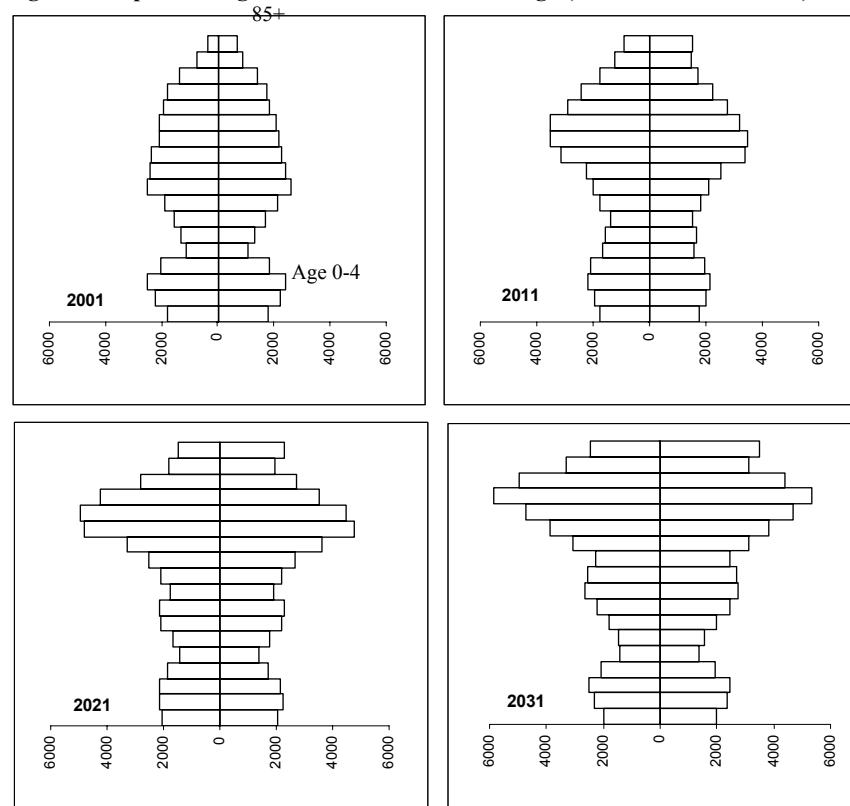
in this regard.¹¹ Of course, this does not mean that we should not plan prudently for the ageing of Australia's population.

However, there has long been a concern about the rate of ageing of small country towns and a question about their viability. The University of Queensland's Robert Stimson has gone so far as to suggest that all may be better off if older people in the most rapidly declining towns were offered substantial economic incentives to settle elsewhere.¹² Thus, while a country as a whole may not have 'an ageing problem', this does not mean that ageing is not a major issue for localities or regions within that country.

Our statement that 'on present trends, the imbalance between projected numbers of aged people and workers in coastal

areas of NSW is unsustainable' is based on our recent projections of population for coastal regions of NSW.¹³ This is an important topic that warrants a full paper. For the time being, as evidence of our concern, we present the projected age structure for the lower south coast of NSW (Eurobodalla-Bega) over the 30-year period, 2001-31, based on continuation of present trends¹⁴ (falling fertility and mortality and constant age specific rates of migration). See Figure 1. We argue that the projected age structures are not sustainable from the perspective of the availability of workers relative to older persons. We suspect that Jill Curnow might like to argue that the corresponding projected population growth in Eurobodalla-Bega (from

Figure 1: Population age structure, Eurobodalla-Bega (2001, 2011, 2021, 2031)



64,600 in 2001 to 103,400 in 2031) is unsustainable from the environmental perspective. If the shortfall in workers were to be filled by higher migration at

younger ages into Eurobodalla-Bega, the population growth would be much higher and the environmental impact greater.

References

- ¹ P. McDonald and J. Temple, 'International migration and the growth of households in Sydney', *People and Place*, vol. 11, no. 4, 2003, pp. 63-74
- ² Based on figures of net international migration to NSW published in Australian Bureau of Statistics (ABS), *Australian Demographic Statistics, June Quarter 2003*, ABS Cat. no. 3101.0, ABS 2004, p. 10. These figures should be interpreted in the light of discussion about the reliability of international migration estimates in recent years. See P. McDonald, S-E. Khoo and R. Kippen, 'Alternative net migration estimates for Australia: exploding the myth of a rapid increase in numbers', *People and Place*, vol. 11, no. 3, 2003, pp. 23-36
- ³ P. Ruddock, 'The Coalition Government's position on immigration and population policy', *People and Place*, vol. 7, no. 4, 1999, p. 11
- ⁴ McDonald and Temple, op. cit., p. 63
- ⁵ P. McDonald and R. Kippen, 'Scenarios for the future population of Sydney', *Australian Geographer*, vol. 33, no. 2, 2002, pp. 264
- ⁶ S-E. Khoo, C. Voigt-Graf, G. Hugo and P. McDonald, 'Temporary skilled migration to Australia: the 457 visa sub-class', *People and Place*, vol. 11, no. 4, 2003, pp. 27-40
- ⁷ Reported by Professor Graeme Hugo.
- ⁸ Khoo, et al., 2003, op. cit., pp. 28-29
- ⁹ S. Sassen, *The global city: New York, London, Tokyo*, 2nd edition, Princeton University Press, Princeton, 2001.
- ¹⁰ For a discussion, see McDonald and Temple, 2003, op. cit. pp. 63-64
- ¹¹ See in particular, S. Dowrick and P. McDonald, 'Comments on the Intergenerational Report, Budget Paper Review, released 21 June 2002'. <http://acpr.edu.au/Publications/IntergenReport.pdf> Also, J. Curnow, 'Myths and the fear of an ageing population', Occasional Paper, October 2000, Australians for an Ecologically Sustainable Population, p.4
- ¹² R. Stimson, public lecture presentation, Australian National University, 2002
- ¹³ Completed under contract to the NSW Department of Housing.
- ¹⁴ The projections are based upon a continuation of fertility, mortality and migration trends as observed over the 1996-2001 period. The TFR of 2.14 in 2001 falls to 2.03 in 2016, remaining at that level until 2031. The life expectancy at births rises from 77.4 to 82.04 for males, and from 82.39 to 86.04 for females. Rates of migration continue at their 1996-2001 level, rising from 1123 in 2001 to 1786 in 2031. The slight shift in migration reflects the shifting population composition.