



**Hopes Fulfilled or Dreams Shattered?  
From resettlement to settlement Conference  
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**Background Paper**

**Refugees and Economic Contributions**

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**This background paper has been prepared to inform discussion at this conference and does not necessarily represent the views of the Centre for Refugee Research.**

# **Refugees and Economic Contributions**

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## **Introduction**

Despite the humanitarian justifications for accepting and resettling refugees there still remains a great deal of scepticism throughout Australia about the economic costs of fulfilling our humanitarian obligations. Refugees are perceived as being a drain on Australia's welfare and social support systems and there is widespread debate about their levels of unemployment and ability to make positive economic contributions. This paper argues that these negative perceptions are frequently unfounded and when given the necessary support and opportunities refugees are able to make significant social, cultural, and economic contributions to both the region they are settled in and to Australia as a whole.

The first chapter constitutes a brief introduction to the definition of refugees and a description of the difference between "onshore" and "offshore" arrivals. This is of particular relevance to the rest of the paper - "onshore" refugees are those that receive the most media, political, and public attention and they are often held for lengthy time periods at significant expense in detention centres when they could be participating in and contributing to the Australian economy.

The second section of the paper is an introductory discussion about the social and cultural impacts that refugees have, and are likely to have, on Australian society. The social welcome extended to refugee arrivals can profoundly affect how easily they are able to settle into their new country and community. This has important implications for the speed with which they are able to start making positive contributions.

The next chapter focuses more on the economic argument for immigration. Since refugees constitute one section of migrants to Australia many of the economic arguments concerning the impact of refugees are similar to those aimed at other migrants. In this fashion, showing that immigration is of benefit to the Australian economy (or at least that it is not a cost) helps to allay many of the fears that people may have about what economic impacts refugees will have. However, refugees arrive in a significantly different context to other migrants to Australia, so the situation is different. But as other areas of the paper show, refugees – like other immigrants – can have important positive impacts on both the regional and national economy. The discussion then moves on to an argument to look beyond the short-term costs that immigrants and refugees can entail to the long-term benefits that they are able to bring.

The middle section of the paper covers some of Australia's demographic characteristics: Fertility, Mortality, and the possible results of our ageing population. The argument is put forward that refugees are able to slow the magnitude and effects of the ageing population. This debate has been around for many years and there have been strong arguments concerning whether retarding population ageing through immigration can produce lasting demographic benefits or whether it is just a short-term measure that is unsustainable in the long-term.

Subsequently there follows an important chapter about the roles that refugees can play in regional Australia. Regional Australia has been facing increasing problems related to depopulation and loss of services and there has been a wide range of support for the roles that refugees, including Temporary Protection Visa (TPV) holders, can play in helping to alleviate some of those problems. Included is an analysis of Frank Stilwell's quantitative research into the impact that Afghan TPV holders had on the economy in Young, New South Wales. This is a rare quantitative study into the economic impact of refugees and provides strong evidence for the positive contributions that refugees can make to a region.

The penultimate chapter discusses resettlement issues in light of what has been outlined in the rest of the paper. Finally there is a concluding section about asylum policy and the factors affecting it. The implications of the issues put forward in the rest of the paper are argued to be of value for policy-makers and governmental decision-makers.

## **Defining Refugees**

Refugees are legally defined under Article 1a of the *1951 Convention relating to the Status of Refugees* as:<sup>1</sup>

*Any person who owing to a well founded fear of being persecuted for reasons of race, religion, nationality, membership of a particular social group or political opinion, is outside the country of his/her nationality and is unable, or owing to such fear, is unwilling to avail himself/herself of the protection of that country.*

Refugees can come to Australia in one of two ways. The majority arrive under the Refugee and Special Humanitarian Program, which is the humanitarian component of the migration program (for these refugees selection occurs overseas, usually having been referred by the United Nations High Commissioner for Refugees (UNHCR)). These "offshore refugees" are granted a permanent residency visa upon arrival.

For some refugees this method of coming to Australia is practically impossible. Many of those fleeing persecution or conflict are unable to seek asylum in a neighbouring country either because that country is not party to the international treaties relating to refugees, may not be sympathetic to the refugees' plight, or may be equally unsafe itself. Refugees faced with these problems may choose to head directly to countries like Australia and become known as "asylum seekers". These "boat arrivals" attract a great deal of publicity and influence public opinion significantly – they receive the least government support and much of the argument involved in this paper is aimed towards this category of refugees.

All refugees should have the right to seek and enjoy asylum in another country, as stated in Article 14.1 of the *Universal Declaration of Human Rights (1948)*.<sup>2</sup> This

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<sup>1</sup> To view the *Convention Relating to the Status of Refugees* go to the United Nations High Commissioner for Refugees (UNHCR) website - [www.unhcr.ch](http://www.unhcr.ch)

<sup>2</sup> See <http://www.un.org/Overview/rights.html> for the *Universal Declaration of Human Rights*

fundamental right is at the heart of international refugee rights globally and forms the basis of the UN Refugee Convention. All refugees have been asylum seekers at some point but once their refugee status has been officially declared it is inappropriate to continue referring to refugees as asylum seekers.

The term “economic refugee” should not be used, as those people who move to another country for economic benefit are “economic migrants”. Refugees have very different needs to other migrants and thus must be treated differently when it comes to the provision of settlement services and introductory programs to Australia. There are three broad categories of immigrant that make up Australia's immigration program: Family, skill, and – of relevance to this paper - humanitarian migrants.<sup>3</sup>

## **Social Aspects**

Australian history and culture has been greatly influenced by refugees. Australia has proved itself to be one of the major countries involved in refugee resettlement - in the second half of the Twentieth Century almost 600,000 migrants settled in Australia under humanitarian programs - a particularly impressive number given the relatively small size of our population.<sup>4</sup> Australia was one of the first countries to ratify the 1951 Convention of Refugees having already allowed the entry of 181700 refugees and displaced persons between 1947 and 1952.<sup>5</sup> The diversity and multicultural nature of Australian society has largely resulted from the mass influx of refugees and other migrants during the last century. They have provided the building blocks on which the Australian nation as we know it has been built.

The movement of refugees has important political, social, economic and personal implications for those on the move as well as for the societies receiving them.<sup>6</sup> The reception that refugees receive upon their arrival in Australia or their area of resettlement can be of utmost importance in affecting the potential social, cultural and economic contributions they will be able to make. The skills, English language proficiency, and rural/urban background of each refugee will play a large factor in determining what type of social and economic interactions they are able to have in their new surroundings. The particular characteristics of each refugee group (their ‘visibility’, cultural difference, or human and social capital of the group) and the host society’s reception to them (its treatment of refugees through official policies and informal encounters) both combine to influence the process of refugee acculturation and settlement and subsequently the role they are able to play economically in their new environment.<sup>7</sup> If an individual feels that they are accepted in their new

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<sup>3</sup> Williams, 1995: 4

<sup>4</sup> Mares, 2002: 1 - *Peter Mares is a senior researcher in the Institute for Social Research at Swinburne University of Technology and the author of Borderline: Australia's Response to Refugees and Asylum Seekers in the Wake of the Tampa (UNSW Press 2002).*

<sup>5</sup> Pittaway, 2002

<sup>6</sup> Colic-Peisker & Walker, 2003: 338

<sup>7</sup> For an insight into the Human Capital, Acculturation and Social Identity of Bosnian Refugees in Australia, see an article by Colic-Peisker, V., & Walker, I., “Human

surroundings it is likely that they will be able to adjust much faster and therefore begin to play an active role in a community in a far shorter time than if a positive welcome is not extended.

This reception can be greatly affected by general macroeconomic problems that stimulate public interest in the effects of immigration. If the economy is doing well and unemployment is low in a country or region then few people complain and look for scapegoats (of which newly arrived migrants and refugees are an easy target). Social aspects of refugee resettlement – the welcome given and the opportunities available in all aspects of life – can greatly affect the speed of successful resettlement and therefore has an important effect on the time that it takes for refugees to start making positive contributions to the community. Refugees can be particularly vulnerable on arrival as they typically arrive without a job, contacts, knowledge or experience of the Australian labour market.<sup>8</sup>

Currently there are thousands of refugees living, working and studying in Australia and the majority are highly motivated to work, be educated and become part of Australia's increasingly multicultural society. Refugees have already shown great mental and physical strength to come to Australia and these characteristics often influence them to have a great desire to succeed and a determination to build a new and better life following the traumas involved during their previous displacement. They are often motivated to contribute through an immense gratitude to their new country. One prominent example is Sir Gustav Nossal – the renowned medical scientist, immunologist and the Australian of the year in 2000.<sup>9</sup>

Refugees can make invaluable contributions in business, academia, literature and virtually every other field of life if given the opportunity. Many of the most prominent intellectuals of the last century, amongst them Albert Einstein, Claude Levi-Strauss, and Edward Said, were refugees. Imagine the academic and intellectual input that would have been lost to humanity if these great minds – along with many others – had not been offered the chance to think and write in a safe environment. This fact was not lost in the Australian media as much as 67 years ago. Take for example the *Sydney Morning Herald*, on December 2, 1938:

*The ill wind of Nazi tyranny may blow this country good by providing her with those fresh resources of skill, intelligence, character, and culture embodied in the expatriates of Europe.*<sup>10</sup>

Again, in recognition of the skills held by many refugees fleeing Europe at the time, the *Sydney Morning Herald* on August 18, 1938 commented:

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Capital, Acculturation and Social Identity: Bosnian Refugees in Australia” *Journal of Community & Applied Social Psychology*, 13: 337-360 (2003)

<sup>8</sup> Foster & Baker, 1991: 73

<sup>9</sup> For more information about Sir Gustav Nossal's experiences since arriving as a seven year old refugee from Austria in 1939 see the transcript of his 21 April 2002 interview with Radio National - <http://www.abc.net.au/rn/bigidea/stories/s519564.htm>

<sup>10</sup> The *Sydney Morning Herald* article quotes are taken from: C. Hartley Grattan, “Refugees and an Underdeveloped Economy” *Annals of the American Academy of Political and Social Science*, Vol. 203, Refugees (May, 1939), 177-182

*Australia, in particular, having arrived at the stage where... the time is ripe for development of new secondary and tertiary industries, stands to gain from migrants with technical skills of the kind possessed by many refugees.*

Unfortunately during World War 2 and in the immediate post-war years Australia was slow to offer asylum to many of the budding intellectual geniuses that were forced to leave Eastern and Central Europe. These brains could have made enormous contributions to Australia. We should beware of being so short sighted in the present and future – it is inevitable that many of today’s refugees and their children will make profound contributions - economically, socially, culturally, or intellectually - to their countries of resettlement.

Refugees, both men and women, have had enormous success in the Australian business sector. Judit Korner and Jardin Truong are two of the country’s premier businesswomen and both arrived as refugees. They were enthusiastic to succeed in their new country and participate fully. In Judit Korner’s words: “Australia was the country that did it all for me... I was stateless. I was a refugee. It was not a question of “shall I give up my citizenship?” I became an Australian wholeheartedly”.<sup>11</sup>

There are often widespread misconceptions about the ambitions that refugees have but these are frequently vastly unfounded. Many have been through extremely difficult and traumatic times that most Australians cannot envisage and the majority have shown remarkable strength of character to get to Australia. Their strengths can only be of benefit to the nation as long as we ensure that we offer them a positive welcome and the necessary resettlement services to help them overcome the traumas of their past experiences and become fully participating members of Australian society and the economy.

The importance of being seen to abide by the international treaties relevant to refugees must also not be understated. It is crucial that Australia is perceived to be abiding to the agreements and commitments that it has signed in the past, that the country is acting as a good international citizen, and that it is willing to participate in the burden-sharing process of refugee resettlement with other countries. Not only does this set a good impression of Australia abroad, but it can also better Australian relations with the other countries that it is assisting in the process. In reality though, governmental policies with regard to refugees are often determined not by genuine humanitarian concerns but by economic or political factors.<sup>12</sup> If Australia refused to contribute its fair share to ‘international burden sharing’ of refugees our relationships with the rest of the international community would worsen in general, with our Asia-Pacific neighbours particularly, and therefore we could be faced with unpredictable and potentially serious economic and political problems.<sup>13</sup> Thus, fulfilling its

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<sup>11</sup> [www.madamekorner.com/korners\\_judit.html](http://www.madamekorner.com/korners_judit.html)

<sup>12</sup> In assessing Australia’s response to the Kosovar crisis, the government’s participation appears to have been more of a public relations exercise rather than any genuine concern for the rights and need of the Kosovars themselves – See Jackie King, “Factors Affecting Australia’s Refugee Policy: The Case of the Kosovars” *International Migration*, Vol.39 (2) 2001)

<sup>13</sup> *Population Issues and Australia’s Future: Environment, Economy and Society*, Population Issues Committee, National Population Council, 1991, p. 101.

international humanitarian obligations is most certainly in Australia's national interest.

### **Economic Aspects**

The extent to which refugees supply the economy relative to how much they take from it is one of the most contested issues surrounding asylum policy. It is commonly thought that immigrants, and in particular refugees, are of little economic value and make initial demands upon arrival on the host government that end up being at the taxpayer's expense.<sup>14</sup> Another accusation levelled is that refugees take away immigration places that would otherwise be filled by more skilled immigrants who could make a more positive contribution to Australia.

'What are the economic effects of refugee resettlement' is a complicated question with the answer dependent on a wide range of issues and circumstances. The impacts and contributions may appear to be different depending on whether analysis is conducted at a macro or microeconomic level. Different studies vary in assessing which economic indicators are the most important, be it per-capita GDP, balance of payments, inflation, wages, employment, government expenditures, production and marketing costs, living costs, or capital accumulation.<sup>15</sup>

Since refugees are immigrants, the debate over whether immigration is beneficial economically is of relevance here. Later I will focus more specifically on the roles refugees can play but since refugees must face up to the same accusations that the immigrants in general receive regarding their perceived "draining effect" on the economy it is worthwhile to discuss this "myth". Public debate regarding immigration is often misinformed as it does not readily account for the extent to which migrants make a positive contribution but instead focuses more on their supposed dependence on the welfare system.

The British Home Office conducted research in 2002 into the costs and distributions of foreign-born people in the United Kingdom.<sup>16</sup> It is a rare governmental study that adopts quantitative analysis of the much-debated issue. The report estimated that foreign-born people (including refugees and asylum seekers) contributed about 10% more in taxes than they consumed in benefits and state services. Their net fiscal contribution to the national economy was estimated to be around £2.5 billion and furthermore, Treasury Minister Ruth Kelly stated that the foreign-born population accounted for 10% of UK GDP in 2001.<sup>17</sup> Meanwhile, Paul Wiles, director of the British Home Office research, development and statistics, said: "The public debate over migration into the UK is often over-simplistic and ill-informed, sometimes distorted by myths about the extent to which migrants draw on our welfare state, and

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<sup>14</sup> King, 2001: 85

<sup>15</sup> Cocks, 1996: 69

<sup>16</sup> RDS Occasional Paper 77, 2002 -

<http://www.homeoffice.gov.uk/rds/pdfs/occ77migrant.pdf>

<sup>17</sup> Hansard, Written Answers, May 7, 2002, Column 33W – from [www.refugee-action.org.uk](http://www.refugee-action.org.uk) - <http://www.refugee-action.org.uk/information/challengingthemyths2.aspx#economic1>

without sufficient appreciation of the benefits they can bring.”<sup>18</sup> Another British Home Office report revealed that there were a higher proportion of qualifications and skills amongst refugee arrivals than among the general UK population as a whole.<sup>19</sup> This stands in the face of another myth: that refugees and asylum seekers are often unskilled and uneducated. It has been shown that immigrants to Australia (including refugees) make a positive contribution to the economy within five years of arrival and many refugees are skilled professionals who have been persecuted in their home countries.<sup>20</sup>

Residents’ standard of living is often equated to their economic well-being and so living standards are commonly used to measure the overall economic effects of immigration.<sup>21</sup> They are usually measured through assessing the average annual output per person or the average annual consumption per person. Most research has shown that the effects of immigration on average living standards are very small.<sup>22</sup> Each new arrival in Australia brings a new set of skills and experience with them (supply) and needs to live by buying food, paying for accommodation, and settling down (demand). Immigration increases demand for goods and services, thus increasing the size of the economy and the number of jobs needed to produce the new goods and services. Immigrants also generate private consumption and invest in new business. They help supply the economy through participating in the labour market and bring with them diversity, new work approaches and funds (although in the case of refugees the funds aspect is often not so relevant). When analysing the economic effects of refugees we must obviously take into account both aggregate demand and supply.<sup>23</sup>

In a 1995 analysis of research into the economic effects of immigration Lynne Williams, of the Bureau of Immigration, Multicultural and Population Research, concluded that at the macroeconomic level immigration in Australia can have multiple influences on each of the demand, supply, and efficiency sides of the economy. These tend to cancel each other out so that the overall effects are neutral. At the microeconomic level immigration may be advantageous or disadvantageous for a particular region, industry, occupation, or group of people, depending on a range of demographic, economic, social and regional factors.<sup>24</sup> This issue is followed up further in the following ‘Refugees and Regional Australia chapter’. Two main ways of assessing a country’s balance of payments are the exports and imports of goods and services.

Williams concludes that:

- immigration does not lead to an increase in the unemployment rate;
- immigration has a relatively small impact on both prices and wages;

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<sup>18</sup> “Treasury makes 2.4 billion from legal migrants,” David Leppard, Sunday Times, March 3 2002

<sup>19</sup> “International migration and the UK: Recent patterns and trends”, RDS Occasional Paper 75, Dec 2001

<sup>20</sup> King, 2001: 85

<sup>21</sup> Cocks, 1996: 46

<sup>22</sup> Williams, 1995: 8

<sup>23</sup> Foster & Baker, 1991: 2

<sup>24</sup> Williams, 1995: 25

- immigration has a relatively small impact on the balance of payments in the long-run; and
- in the longer term immigrants are net contributors to Commonwealth and local government revenues.<sup>25</sup>

She goes on to state that the research evidence indicates that it is impossible to justify strong positive or negative views on the economic effects of immigration due to the largely neutral overall effects of immigration.

Using a range of models, economists have shown that there is not a relationship between immigration, wages, and inflation in Australia.<sup>26</sup> Increased immigration does not have any significant effect on levels of unemployment.<sup>27</sup> Recently arrived immigrants, including refugees, often experience high levels of unemployment, but their impact through the demand and supply effects they have generates an essentially neutral result on unemployment rates.

In their 1994 study, *Australian Immigration: A Survey of the Issues*, Wooden et al. concluded that immigration does not lead to increases in aggregate unemployment. They established that immigration has a relatively small effect on prices or wages, in the long term it has very little impact on Australia's balance of payments, and also in the long term it generates government revenues that more than account for the government expenditure it entails. Some economists go further in their boldness in analysing the economic effects of immigration to Australia with Glenn Withers stating that migrant labour directly increased Australia's post-war GDP growth rate from 3.2 to 4.55 %.<sup>28</sup>

The mindset of Hong Kong's residents is often said to be the reason behind that state's standing as an economic powerhouse – most of the island's residents were originally refugees from mainland China.<sup>29</sup> Migration and the intake of refugees can diversify and enhance the skill level of the population, increase economies of scale and foster innovation and flexibility. Refugees are often entrepreneurial as they face the need to set up and establish themselves in a new environment.<sup>30</sup> They arrive with individual and collective skills, experiences and motivations and can create new businesses and employment opportunities that lead to positive direct and indirect fiscal effects.

The entrepreneurial trait that refugee arrivals often have is more than shown in the 2000 Business Review Weekly's annual 'Rich 200' list which showed that five of Australia's eight billionaires were people whose families had originally come to the country as refugees.<sup>31</sup>

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<sup>25</sup> Williams, 1995: 23

<sup>26</sup> Williams, 1995: 12

<sup>27</sup> Foster & Baker, 1991

<sup>28</sup> Withers, 1999: 23

<sup>29</sup> Mares, 2002: 2

<sup>30</sup> Withers, 1999: 24

<sup>31</sup> These include Frank Lowy – a Czech refugee who arrived in 1952, Richard Pratt – the packaging tycoon and Polish refugee, Harry Triguboff – Residential property

## Short-Term Costs outweighed by Long-Term Benefits

It is important to avoid being shortsighted when assessing the economic contributions of refugees and other migrants. There may be short-term costs as refugees are resettled and adjust to their new surroundings but once successful resettlement has occurred refugees are able to quickly make permanent cultural, social, and economic contributions and infuse vitality and multiculturalism into the communities into which they are resettled. Although refugees can bring short-term costs they are able to bring long-term benefits to their new country or region.<sup>32</sup>

Many major studies show that the initial costs of settlement services, language tuition, unemployment and other social security benefits are more than compensated for once immigrants have been in Australia more than ten years.<sup>33</sup> In a comparatively short time refugees begin to resemble other immigrants and are far more likely than many other groups of immigrants to end up becoming naturalized as Australian citizens.<sup>34</sup>

*Over the long term the financial effects of immigration on State budgets have been essentially neutral, (with) adverse short-term expenditure effects being eventually offset by favourable revenue effects and expenditure needs that have broadly diminished to the level of those of the Australian-born population.<sup>35</sup>*

We can clearly see the impact that the Vietnamese arrivals of the 1970s have had on the Australian economy. The fall of Saigon in 1975 led to the outflow of over a million refugees from Vietnam.<sup>36</sup> The Vietnamese who arrived in Australia when Malcolm Fraser was Prime Minister have turned out to be one of the most hard-working and productive sections of Australian society and have contributed significantly to trade between Australia and Vietnam. In the United States of America, the Vietnamese refugees who began arriving in 1975 revitalized commercial neighbourhoods by establishing restaurants, specialty shops, and other businesses while Miami's economic rebirth has often been attributed to the Cuban refugees who began to arrive in the 1960s.<sup>37</sup>

The intake of immigrants and refugees during the last three decades has diversified and extended the skills and networks available throughout Australia's industrial and business sectors as well as helping to increase trade and investment links to other markets, both regional and global.<sup>38</sup> Several influential groups, including the Business

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developer, Boris Liberman of Chain Reaction fashion stores, and John Gandel – the property billionaire. Taken from Mares, 2002: 2 & <http://www.brw.com.au>

<sup>32</sup> Zucker, 1983: 186

<sup>33</sup> Williams, 1995: 13

<sup>34</sup> Price, 1986: 86

<sup>35</sup> Russell Mathews, 1992, *Immigration and State Budgets*, Bureau of Immigration Research: 191

<sup>36</sup> Pittaway, 2002

<sup>37</sup> 2<sup>nd</sup> Triennial Comprehensive Report on Immigration, Submitted to U.S. Congress, May 1999, p.166 – <http://uscis.gov/graphics/aboutus/repstudies/addition.htm>

<sup>38</sup> Withers, 1999: 27

Council of Australia, have been advocating a higher rate of immigration on economic grounds.<sup>39</sup>

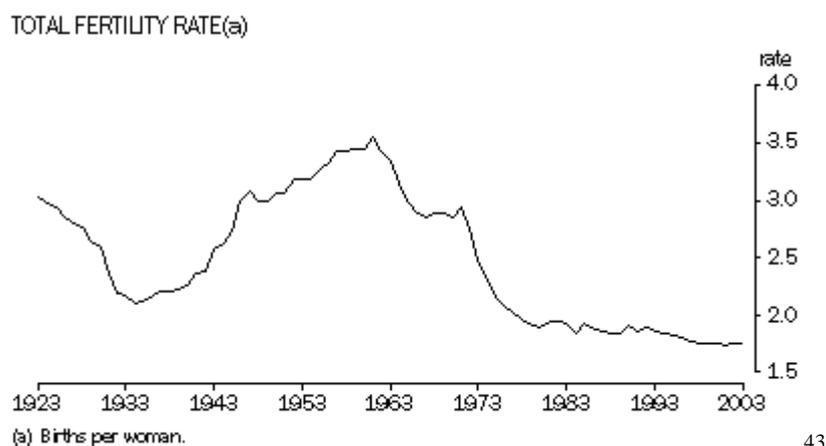
The circumstances in which different groups or refugees arrive can greatly affect how positive a contribution each group is able to make to their new country. For example, the East European intellectuals who arrived as refugees during the buoyant Australian economy of the 1950s will have experienced a far different reception and subsequent settlement process to Indo-Chinese unskilled rural workers arriving in the 1980s during a time of depression in the Australian economy.<sup>40</sup>

Characteristics of the refugee will significantly influence their economic activity upon arrival, be it age, skills, qualifications or English language proficiency. These will in turn drive the extent of their fiscal impact. Often the offspring of refugee arrivals, or those who arrive young enough to adjust well to Australian society, are extremely motivated, productive and successful as they adjust and settle quickly.

## The Demographic Argument

### Fertility

Australia's fertility rate has been below replacement level since 1976.<sup>41</sup> Some of the factors that contributed (and continue to contribute) to the decline in fertility have included an increasing level of employment among women, later marriage, access to contraception and abortion, and the high costs associated with raising a large family.<sup>42</sup>



Replacement level fertility, where each woman in the population is just replacing herself, is represented by a Total Fertility Rate (TFR) of 2.1.<sup>44</sup> As can be clearly seen

<sup>39</sup> Guest & McDonald, 2002: 6

<sup>40</sup> National Population Council, *Refugee Review*, AGPS, Canberra, 1991: 129

<sup>41</sup> "Australia: National Report on Population for the United Nations International Conference on Population and Development (ANRP), Cairo 1994. Commonwealth of Australia March 1994, p.16

<sup>42</sup> ANRP, 1994: 16

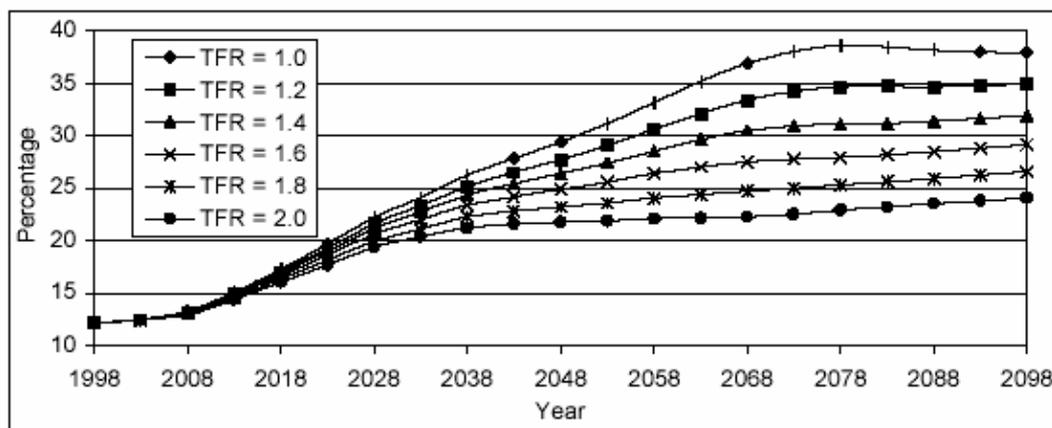
<sup>43</sup> [www.abs.gov.au](http://www.abs.gov.au) - 3301.0 Births, Australia

<sup>44</sup> Cocks, 1996: 11

in the above graph, the Australian fertility rate has been declining since the mid-1970s and in 1999 it stood at 1.85 offspring per woman.<sup>45</sup> In an *Australian Economic Review* article, Peter McDonald recently suggested it was likely that the TFR in Australia would fall from its 2002 rate of 1.75 to 1.65 within the next decade.<sup>46</sup> This will have a significant impact on Australia's age group structure in the future (we have already begun to see the results of lower fertility levels during the 1970s).

## The Ageing Population

Figure 1. Percentage of the population aged 65+ under different TFR assumptions, Australia 1998-2098



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Along with the declining fertility rate, there has also been a declining mortality rate in Australia in all age groups for both males and females since the mid-1970s (the infant mortality rate fell dramatically from 17 per 1000 births in 1971 to 7 per 1000 births in 1992).<sup>48</sup> The decline in death rates can be attributed to improvements in public health care, greater community awareness about health issues, advances in medical science and technology, and lifestyle changes.<sup>49</sup> Since WW2 average life expectancy has increased by a year for every five calendar years.<sup>50</sup> At current rates of fertility, mortality and immigration, the ratio of people aged over 65 years to those of working age will double by 2050.<sup>51</sup> In other terms this population share (over 65 years old) will increase from 12% in 1997 to 22% by 2031.<sup>52</sup> The rapid ageing of Australia's population results from a sustained period of high fertility rates (1946-1975) followed by a sustained period of low fertility rates (1976 - present).<sup>53</sup>

<sup>45</sup> Withers, 1999: 21

<sup>46</sup> P.McDonald, "The shape of an Australian population policy", *Australian Economic Review*, vol. 33, no.3, 2000, pp.272-80

<sup>47</sup> <http://www.immi.gov.au/population/ageing.pdf>

<sup>48</sup> ANRP, 1994: 17

<sup>49</sup> ANRP, 1994: 17

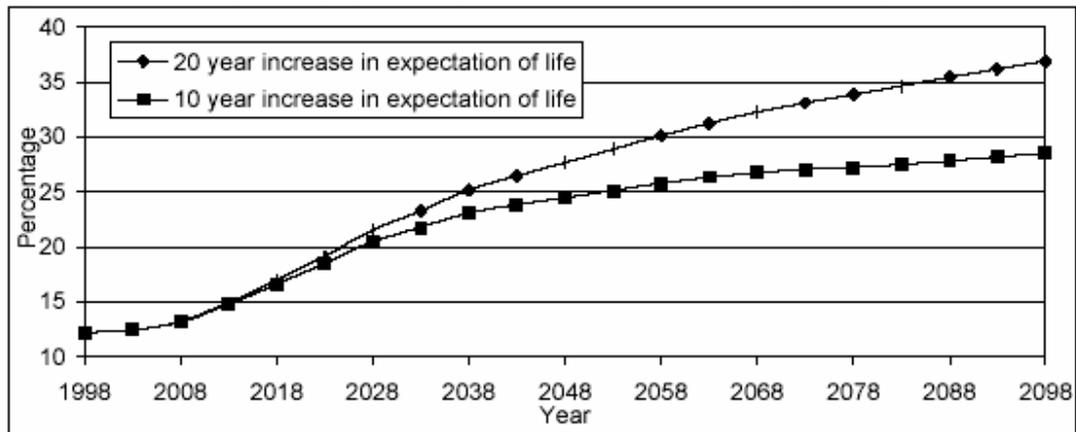
<sup>50</sup> Withers, 1999: 21

<sup>51</sup> Guest & McDonald, 2002: 6

<sup>52</sup> Withers, 1999: 25

<sup>53</sup> "The Impact of Immigration on the Ageing of Australia's Population", McDonald, P. & Kippen, R., May 1999, p.4 - <http://www.immi.gov.au/population/ageing.pdf>

Figure 2. Percentage of the population aged 65+ under different mortality assumptions



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The implications of such an ageing population are significant and we are already beginning to see some of its effects. As Australians become older they will increasingly put pressure on the country's health services and pension costs will rise.<sup>55</sup>

Glenn Withers, in a May 1999 *Business Council of Australia* article laid out what some of the impacts of an older population would be:

- Reduced participation in the labour force and reduced labour force flexibility as the proportion of those retired increases;
- Reduction in savings and investments as aged persons spend more on current consumption, using their savings;
- Rise in government social expenditure, especially in health, pensions and aged care services;
- Reduction in taxation revenues for the government as taxable incomes fall in retirement and increased government outlays on health and social security.<sup>56</sup>

Withers went on to conclude that, from the assessed evidence, immigration could substantially reduce aged dependency costs.<sup>57</sup>

So the ageing of the Australian population poses increasing challenges to the social security system and research has shown that population ageing will increasingly impose additional demands on government expenditure.<sup>58</sup> The subsequent decline in the relative size of the labour force compared with that of the aged dependant population puts additional pressure on the government to adopt policies that will increase the size of the productive labour force and the productivity of the labour force.<sup>59</sup>

<sup>54</sup> <http://www.immi.gov.au/population/ageing.pdf>

<sup>55</sup> Richardson, 2002

<sup>56</sup> Withers, 1999: 25

<sup>57</sup> Withers, 1999: 27

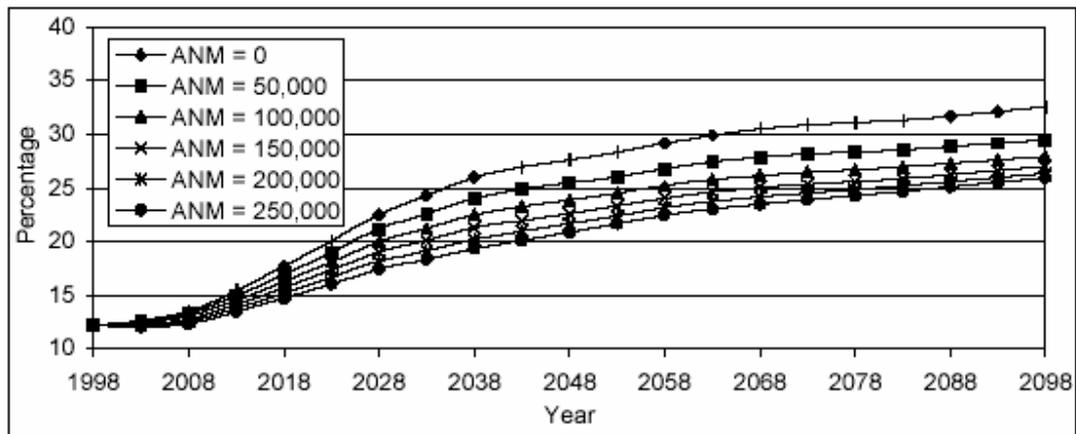
<sup>58</sup> ANRP, 1994: 41

<sup>59</sup> ANRP, 1994: 41

*Large inflows of people with higher fertility and a younger age structure than the native population can retard the process of population ageing and therefore the growth in the ratio of social expenditure to GDP.*<sup>60</sup>

However, the Australian government has long felt that retarding population ageing through immigration (increasing the size of the labour force, reducing its average age and increasing the number of workers relative to the number of dependents) is only a temporary mechanism for reducing the ageing of the population and is not a sustainable policy.<sup>61</sup>

Figure 3. Percentage of the population aged 65+ under different annual net migration assumptions



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In recent years there has been resurgence in the opinion that immigration can be useful in slowing the effects of Australia's ageing population. Take this quote from the leader of the opposition, Kim Beazley:

*Labour knows that immigration can help keep our population young*<sup>63</sup>

Or the editorial in *The Age*:

*The prospect of a static, greying population is why the Premier, Mr Jeff Kennett, has joined the Australian Chamber of Commerce and Industry and the Federal Opposition in the chorus of voices calling for an increase in Australia's migrant intake*<sup>64</sup>

Or, furthermore, the editorial from *The Australian*:

*The answer is not to veto a long-term immigration program, condemning Australia to slowing population growth, an ageing population and worsening*

<sup>60</sup> Alvarado and Creedy 1996: 42

<sup>61</sup> ANRP, 1994: 67

<sup>62</sup> <http://www.immi.gov.au/population/ageing.pdf>

<sup>63</sup> Kim Beazley, Leader of the Opposition, Address to the Global Foundation Luncheon, 3 August 1998

<sup>64</sup> Editorial, *The Age*, 9 March 1999: 16

*employment prospects*<sup>65</sup>

In 1999, Withers, now Professor of Public Policy at the Australian National University, published 'a revisionist view' in his paper *A Younger Australia?*<sup>66</sup> He insists that:

*Immigration has helped keep Australia younger in the past. But some demographers assert it cannot do so in the future, a view accepted by Government and used as a justification for lower immigration. This paper argues that the Government view and its demographic underpinnings are wrong. Once deficiencies in conventional demographic methodology are allowed for, a much more significant impact of immigration is describable. These corrections involve migrant composition, projecting migration rates not levels, properly calculating dependency ratios and incorporating budget costs.*<sup>67</sup>

There is still widespread debate about whether or not immigration can have a lasting positive effect on stemming the negative effects of an ageing population.

There are three phases of life consisting of investment, productive and retirement. Migrants, including many refugees, do not need the investment phase if they arrive as adults. The tax payments during the productive phase of life – that tends to last around forty years – subsidises the other two ends of the life span – those of investment and retirement. It is of economic benefit to the receiving country if the country of origin has paid for a refugee's healthcare and education costs during the first life phase. As the Australian population ages, this in time will lead to a slowing of economic growth as less people enter the workforce. In the same vein, the retired population will no longer be contributing taxes but will instead be subsidised in retirement. Therefore there will be a diminishing sector of the population paying taxes and an increasing sector using up the taxes.

### **Contributions to the Workforce**

As less people enter the workforce the result will inevitably be a slowing in the country's economic growth. Since migrants and refugees are often younger than the host population – the median age being about five years lower than the general population – they can help counter the extent and effects of Australia's ageing population.<sup>68</sup> This trend had already been recognised three decades ago as we can see from the writings of Charles Price in his 1975 book *Australian Immigration*:

*The attempt to increase the younger ages of the work-force by immigration succeeded to the extent that, by mid 1973, immigrants made up about 30 per cent of the male population aged 20-44 and about 26 per cent of the female, some 1.3 million persons in all. Likewise (we see) the importance of immigrants and their children in the age-groups immediately below the working ages,*

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<sup>65</sup> Editorial, *The Australian*, 4 August 1998

<sup>66</sup> Withers, G. 1999 (b), 'A Younger Australia?', Discussion Paper No. 63, Public Policy Program, Canberra: Australian National University.

<sup>67</sup> Withers, 1999: 1

<sup>68</sup> Withers, 1999: 22

*revealing how much Australia's future work-force will be influenced by immigration that has already occurred. The full measure of the impact, though, comes when comparing... 1973... with ... 1947; (it is) abundantly clear that immigration has had a very substantial effect on the growth of the work-force and that without it Australia's post-war development would have been very much less.*<sup>69</sup>

Through increasing the size of the population, immigrants increase demand for various goods and services. This can lead to economies of scale where commodities are produced more cheaply in bulk.<sup>70</sup>

Sustained immigration-driven population growth can:

- drive expansion of output;
- increase domestic demand;
- provide a skilled and flexible workforce;
- foster entrepreneurship;
- encourage innovation and technological transfer;
- develop trade links and international integration;
- support change and challenge rigidities;
- improve the value and return on capital;
- expand business and job opportunities;
- spread the costs of overhead requirements;
- through a growing economy, encourage the purchase of more modern, technologically advanced equipment.<sup>71</sup>

It has been estimated that without the migrants and their offspring that came to Australia since the Second World War the country's national GDP would be more like \$260 billion rather than \$530 billion as it was at the turn of the century – this category of the population have accounted for nearly 60% of the post-war growth in the Australian workforce.<sup>72</sup> Therefore migration has an important role in increasing participation in the workforce and reducing unemployment, as well as perhaps offering the chance to positively impact upon some important demographic problems that currently face Australia and which are only likely to increase in the future if new policies are not implemented.

## **REFUGEES AND THE REGIONAL ECONOMY**

'Regional Australia' can be defined broadly to compose 'all areas of Australia except Sydney, Newcastle, Wollongong, Melbourne, Perth, Brisbane and the Gold Coast'.<sup>73</sup> Many parts of regional Australia are struggling economically, ecologically, and socially, and are thus failing to achieve the necessary conditions for sustainability.<sup>74</sup>

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<sup>69</sup> Price, 1975: 17

<sup>70</sup> Williams, 1995: 5

<sup>71</sup> Withers, 1999: 23

<sup>72</sup> Withers, 1999: 24

<sup>73</sup> [www.apo.org.au](http://www.apo.org.au) – Refugees – The Devil in the Detail *This article first appeared in the Australian Financial Review.*

<sup>74</sup> Gray & Lawrence, 2001, & Stilwell, 2000: Ch.20, from Stilwell, 2003: 246

There has been increasing difficulties experienced with maintaining profitability in family-based agriculture, as well as widespread depopulation and loss of services.<sup>75</sup> In the words of John Nieuwenhuysen, Director of the Bureau of Immigration and Population Research at the time:

*A recurrent theme of public discussion is population decline in different regions and suburbs. Perhaps the most visible and dramatic of these declines is in rural areas and smaller country towns where depopulation sometimes strangles the life and infrastructure of communities. Not always obvious, but also telling, are the drops in population numbers and the consequent decay of services, amenities and property values in suburban areas.*<sup>76</sup>

A government report in 1999 stated that we are now facing 'many new challenges such as rapid globalisation and changes in technology... some regional communities are struggling to adequately meet these challenges'.<sup>77</sup>

Regional Australia has experienced out-migration (particularly of young people); skills loss; lack of local entrepreneurship; business closures and the loss of social capital; the regionalisation, or withdrawal, of services.<sup>78</sup> Greater levels of mobility have allowed workers greater locational flexibility, greater pervasiveness of urban values and expectations have affected regional areas, There has been a decline in regional services and employment opportunities, economic restructuring and the globalisation of the world economy has withdrawn enterprise locations away from rural areas. The previous factors have all conspired to create a situation in which inland Australia now has only a limited number of urban centres that are self-sustaining.<sup>79</sup> In a nutshell, regional Australia has been increasingly struggling as the youth are attracted to the more-globally integrated urban areas and businesses move away due to a lack of demand and insufficient workforce.

Refugees can have an important role to play in filling regional labour shortages. Many hundreds of refugees live and work in rural and regional Australia. Recent research has shown that refugees are amongst the most hard-working and economically productive sections of the community and they often do work that others (other Australians) are not prepared to do.<sup>80</sup> Since refugees often do not have the family ties or attachments that the majority of the population have in Australia they are often more happy to move to areas where new industries are starting up or where labour demand is greater than the available workforce.<sup>81</sup> There are many industries in rural Australia with significant labour shortages that refugees are more than willing to participate in. Afghani and Iraqi refugees are making a major contribution to the

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<sup>75</sup> Stilwell, 2000: 267

<sup>76</sup> John Nieuwenhuysen, Director, Bureau of Immigration and Population Research, "Forward" in McKenzie, 1994

<sup>77</sup> J.Anderson and I.MacDonald, *Regional Australia: Meeting the Challenges, Joint Ministerial Statement*, Commonwealth of Australia, Canberra, 1999: 1 – quotes taken from Stilwell, 2000: 255

<sup>78</sup> Stilwell, 2000: 255

<sup>79</sup> McKenzie, 1994: 59

<sup>80</sup> [www.ruralaustraliansforrefugees.org](http://www.ruralaustraliansforrefugees.org)

<sup>81</sup> Williams, 1995: 5

regional economy in the Goulburn Valley, particularly in the horticulture industry.<sup>82</sup> Refugees have readily taken up jobs in abattoirs, poultry plants, farms and as fruit pickers – industries that struggle to attract members of the regular Australian workforce.

The Rural Australians for Refugees (RAR) is a grassroots level organisation that represents over fifty rural and regional communities across Australia. The organisation's national spokesperson, Janet Carr, makes their support for the role of refugees in regional Australia clear:

*Refugees are working on farms and in abattoirs. These are industries that have a major labour shortage and the refugees are filling the gap. In Shepparton (Victoria) there are more than 1,000 living and working in the community. Research has shown in doing so, refugees are contributing millions of dollars to regional economies across Australia ... If our government was serious about regional economic development they would grant permanent protection to refugees and give them a real chance to put down roots in our communities.*<sup>83</sup>

Ian Skiller, a farmer from Tooleybuc, New South Wales, and another prominent member of RAR, agrees that the labour injection provided by refugees are of great benefit to the regional economy. "It would be a great blow to my farm and to my region if they were sent back. They should be allowed to stay." Since the arrival of Afghan refugee workers he has been able to work all of his farm, something he was not able to accomplish beforehand. Skiller featured on an edition of *Australian Story* (a weekly ABC documentary program within an emphasis on regional and rural Australia) which focused on his relationship with his new-found workforce. He feels that for refugees to succeed and contribute in their new environment it is fundamental that suitable services and opportunities are provided. He says the biggest factor confronting refugees is mental health as a result of the trauma that they have experienced: "We can't employ them and throw their families on the scrap heap... If we want the area to succeed, then we have to offer those services".<sup>84</sup>

The view that refugees can make positive contributions to the regional economy is not only held by groups like the Rural Australians for Refugees. We have recently seen increasing political recognition of the impact that refugees are able to have in areas that have labour shortages – in particular regional Australia.

Governmental policies are beginning to reflect this change in attitude as shown by recent changes to the Temporary Working Visa (TPV) rules implemented by Immigration Minister Senator Amanda Vanstone. If a refugee arrived in Australia after 20 October 1999 without a valid visa or passport they can only be granted a three year Temporary Protection Visa (TPV – Visa Subclass 785). The recent changes would let refugees on TPVs apply to stay in the country if they had worked in a regional area for over a year and had the backing of an employer – regardless of how

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<sup>82</sup> [www.ruralaustraliansforrefugees.org](http://www.ruralaustraliansforrefugees.org) – Regional Australia expresses concern over potential loss of refugee workers

<sup>83</sup> [www.ruralaustraliansforrefugees.org](http://www.ruralaustraliansforrefugees.org)

<sup>84</sup> Quotes taken from Mares, 2004 article

many jobs the refugee has had.<sup>85</sup> Vanstone said that the TPV changes were in response to “the fact that many TPV holders are making a significant contribution to the Australian community, particularly in regional areas”.<sup>86</sup>

Many factors have contributed to the government's softening of the TPV rules (labour shortages, depopulation in rural areas, employers' economic interests, middle-class humanitarianism, lobbying from Australian groups (such as Rural Australians for Refugees), and international pressures) but the economic considerations appear to have had the most impact.<sup>87</sup> Refugees are increasingly perceived in rural areas as a potential benefit rather than a threat.<sup>88</sup> The new policy reflects this change of attitude, emphasizing regional economic development as a major impacting factor for the new rules. Support for refugees has also come from unexpected sources such as local Nationals MP John Forrest, the Member for Mallee, who lobbied hard to influence the TPV policy changes. The changes have been received well by the refugee community as well as rural farmers like Ian Skiller, who claim that the changes will help to overcome labour shortage in areas like the Murray Valley.<sup>89</sup>

In an address to the *Rural Australians for Refugees* on the 7th December 2002, Martin Ferguson MP (the shadow minister for Regional Development, Transport, Infrastructure and Tourism) outlined Labor policy on the issue: The party recognised that regional communities are finding it difficult to find labour and this was holding back regional development. He proposed that the dispersal of refugees and asylum seekers to these country regions would enrich them and have a positive impact on the labour shortages as long as the right settlement and support programs were in place and accessible (health services, English language tuition, orientation services, translating services, job network information, training assistance and access to advice). He concluded that regional migration of refugees was a win-win situation as long as it is applied strategically and with the proper support mechanisms.

We have also seen rural local councils declaring their towns to be 'refugee-welcome zones' and attempting to influence government policy to allow Temporary Working Visa (TPV) holders to stay longer.<sup>90</sup> In 2003, the understaffed abattoir in Albany, Western Australia, was set to lose fifty of its workforce as Afghan refugees in its employment approached the expiry of the TPVs. Albany City Council wrote to Immigration Minister Amanda Vanstone requesting that the “Albany Hazara Afghan refugees... be granted permanent refugee status (so) they can continue their valuable contribution to the social, cultural, and economic fabric of the region”.<sup>91</sup>

The settling of refugees in rural areas can contribute to regional towns becoming more cosmopolitan, thus bringing multiculturalism to ‘rural and regional Australia’. This

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<sup>85</sup> [www.apo.org.au](http://www.apo.org.au) – Refugees – The Devil in the Detail

<sup>86</sup> Mares, 2004

<sup>87</sup> [www.fmreview.org](http://www.fmreview.org)

<sup>88</sup> [www.fmreview.org](http://www.fmreview.org)

<sup>89</sup> [www.apo.org.au](http://www.apo.org.au) – Refugees – The Devil in the Detail

<sup>90</sup> [www.fmreview.org](http://www.fmreview.org)

<sup>91</sup> Grattan, M., “Fighting to let refugees stay”, *The Age*, November 12, 2003.

'secondary movement' of refugees out of large cities to rural towns has helped to revive struggling local businesses.<sup>92</sup>

Regional arguments cannot be regarded as being irrelevant to national issues – the national economy is made up of many regional economies. Therefore if refugees are good for regional Australia, it follows that they are good for the nation as a whole. Support for the roles that refugees can play in regional Australia has come from a diverse range of groups and individuals. There are many gaps in regional economies that refugees can fill and many problems that they can help solve. The government must bear this in mind when assessing asylum policy and deciding where refugees can most usefully be resettled so as to be of greatest benefit not only to Australia but also to the refugees themselves.

**Case Study: Research conducted by Frank Stilwell (University of Sydney):  
“Refugees in a Region: Afghans in Young, NSW” *Urban Policy and Research*,  
Vol. 21, No. 3, p.235-238, September 2003.**

Frank Stilwell examined how Afghan Temporary Protection Visa holders affected the regional economy in Young during an 18-month period between mid-2001 and 2003. The main source of work for the Afghans was at the Burrangong meatworks – the largest employer in the area but a business that had been suffering from an acute labour shortage before the arrival of the refugees. Stilwell used a Keynesian economic analysis of the circular flow of income and regional economic multipliers to measure the impact of the refugees on the regional economy.

Stilwell states that the dominant local view was that the Afghans made a positive contribution as workers and caused no significant social problems. Due to the continuing problems the abattoir experienced in finding enough workers job displacement of locals caused by the arrival of the refugees was not a general problem.

Stilwell attempted to quantitatively the economic impacts of the Afghans by:

- calculation of total wage payments;
- calculation of other non-wage income received;
- estimation of how much of these incomes were spent within the regional economy;
- estimation of the direct boost to capital incomes and regional investment expenditures;
- estimation of ‘multiplier’ effects of these expenditures on other regional income flows;
- identification of any ‘displacement effects’ to be offset against these positive economic effects;
- supplementary consideration of national fiscal impacts.<sup>93</sup>

It was estimated that the total wages received by the Afghans was about \$2.8 million. Of this about \$550000 would have been paid as income tax leaving a total net income

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<sup>92</sup> [www.fmreview.org](http://www.fmreview.org)

<sup>93</sup> Stilwell, 2003: 238

of around \$2.25 million. The refugees also would have picked up some additional income through picking fruit and vegetables part-time during the harvesting season (estimated at around \$18000).<sup>94</sup>

The wages received by the Afghan workers would have been an injection into both the national and regional economies. Stilwell estimated that between \$1.35 and \$1.57 million of the Afghans' total net incomes would have been recirculated as regional expenditures. Furthering this line of thought, we can see the importance of 'multiplier effects' and in particular 'regional multipliers' whereby all direct expenditures in a region usually contribute to further economic expansion over and above the critical expenditure 'injections'.<sup>95</sup> Stilwell felt that a conservative multiplier estimate would be 1.5 – thus meaning an indirect additional generation between \$0.8 and \$0.91 million. Thus the total additional regional income resulting from the employment of the Afghan refugees over the 18-month period is estimated to have been between \$2.4 and \$2.7 million.<sup>96</sup>

The fact that through working the Afghans were no longer in receipt of welfare payments would have 'saved' the federal government an estimated \$862000. Along with the total income tax payments of \$550000, payroll tax payments of \$168000, and a likely \$135000 to \$157000 in GST revenues through expenditure by the Afghans, Stilwell estimated that the total positive Commonwealth net fiscal impact would have been around \$1.71 to \$1.73 million.<sup>97</sup> This net fiscal impact would allow government expenditure in other areas and so the contributions of the Afghans in Young can be seen to have positive multiplier effects for the national economy.

**Table 1. Estimated economic effects of the Afghans in Young from mid-2001 to end of 2002: summary table**

	(\$thousands)
<i>(a) Regional economic impact</i>	
Wages generated at BMP	2800
Less income tax	550
Other earnings	18
Social security payments	75
Less savings remittances and expenditures outside the region	600-900
Local expenditures	1350-1570
Capital expenditure	250
Sub-total	1600-1820
Secondary 'regional multiplier' effects	800-910
Total impact on regional income	2400-2730
<i>(b) National fiscal impact</i>	
Income tax	550
Payroll tax	168
Social security payments saved	862
Net impact on GST	135-157
Total positive fiscal impact	1715-1737

*Note:* These figures are broad estimates, as described in the body of the article, and should be taken as indicative of the general magnitudes involved in the income flows associated with the presence of the Afghan refugees in Young.

<sup>94</sup> Stilwell, 2003: 239

<sup>95</sup> Stilwell, 2003: 242

<sup>96</sup> Stilwell, 2003: 242

<sup>97</sup> Stilwell, 2003: 244

<sup>98</sup> Stilwell, 2003: 244

Stilwell also assessed qualitative regional economic effects that the Afghan refugees working in Young had. The high work ethic of the Afghans contributed to a higher level of productive efficiency at the abattoir and the national publicity received by Young for readily accepting the refugees into the community would have been beneficial.<sup>99</sup>

Stilwell concludes that the permanent settling of Afghans in the region would positively counter the demographic imbalance that came about as a result of the drain from the countryside of young people seeking other employment and social opportunities in the urban centres. The settling of the refugees would also help to maintain demand for local services, reduce savings rates, and increase local expenditures, thus having positive regional multiplier effects.<sup>100</sup>

The positive economic impact of Afghan refugees in Dubbo has been equally well documented.<sup>101</sup> Another sizeable group of Afghan refugees works at the abattoir at Murray Bridge in South Australia and they have likewise made significant economic contributions.<sup>102</sup> The refugee presence can thus be of economic benefit when they are allowed to do useful work rather than being held in detention centres at the government and taxpayers' expense.

## **Resettlement Issues**

Resettlement is the organised movement of refugees to a third country where they are able to live permanently. All of the countries that have signed and ratified the UN Refugee Convention, including Australia, are obliged to grant the same rights and assistance to refugees as they do to their own citizens. These rights include the right to work, the right to education, and the right to adequate medical care.

The Commonwealth government, on December 1, 1938, announced a policy in which it recognised that “an indispensable factor in the assimilation of the refugees is the establishment of some organization to assist migrants after they arrive. It will grant some financial assistance to help the establishment of such an organization”.<sup>103</sup> Unfortunately, 67 years later, the government has yet to establish a program that adequately meets the needs of new refugee arrivals.

Refugees are survivors. Many are educated middle-class people back in their home countries and many have overcome great hurdles – emotionally, physically, and practically – to arrive in Australia. By helping refugees to cope with their past experiences and settle into Australian society would be of great benefit not just to the refugees themselves, but to Australia in general as we reap the benefits of a mentally strong, committed, and often grateful section of the population.

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<sup>99</sup> Stilwell, 2003: 245

<sup>100</sup> Stilwell, 2003: 247

<sup>101</sup> [www.refugeecouncil.org.au](http://www.refugeecouncil.org.au)

<sup>102</sup> Stilwell, 2003: 247

<sup>103</sup> *Sydney Morning Herald*, December 2, 1938

Successful resettlement can be a more efficient and faster process if settlement services, programs, and opportunities are made more available and accessible. The long-term benefits to regions and the country once successful resettlement has occurred are likely to far outweigh the short-term costs involved.

For refugees to be successfully integrated into Australian society it is important that they are able to achieve economic self-sufficiency in as short a time as possible. Once refugees possess the capacity to earn money they become able to purchase many of the other resources and commodities they require to rebuild a new life and settle into their new surroundings. If they are not able to gain employment refugees will find themselves in a situation of social and economic marginalisation that can not only affect themselves but also the community in which they are attempting to settle. Once refugees become economically self-sufficient they are no longer dependent on social support payments, begin contributing to the tax base and gain purchasing power.<sup>104</sup> Entering the workforce is the primary avenue through which refugees are able to not only begin making positive economic contributions but also become more active members and participants of their new community in a social sense. As refugees increasingly feel a part of their new community and country their productivity and contributions are likely to increase.

The following table is a list of recommendations from UNHCR advising on how policy-makers can help refugees to become economically self-sufficient.



#### ACHIEVING ECONOMIC SELF-SUFFICIENCY

##### OVERALL A SOUND INTEGRATION PROGRAM WOULD:

- offer a program for providing individualised assessment and job placement assistance for refugees which is sensitive to the refugee and resettlement experience;
- have strategies to prevent discrimination against and promote equal employment opportunity among refugees, targeted to both employers and refugees themselves;
- offer support for refugees wishing to establish small businesses;
- aim to support refugees to compete on an equal basis with nationals in the labour market and to advance in the labour market commensurate with their skills, experience and aptitude;
- incorporate strategies to promote and support employment opportunities for refugee women, refugee young people and refugee elders (see Part Three).

##### SPECIFIC PROGRAMS ESTABLISHED TO SUPPORT REFUGEE EMPLOYMENT WOULD:

- foster a partnership approach with resettled refugees to ensure that they play an active role in and have a sense of ownership of the job search process;
- support resettled refugees to represent themselves to employers by assisting them to accurately assess their abilities and job possibilities;
- provide language assistance;
- provide support which is sensitive to the needs of refugee women, elders and young people (see Part Three);
- engage employers and labour unions;
- engage refugee communities in planning and implementation;
- promote refugees as assets to employers in receiving countries;
- provide or facilitate access to support with practical barriers (child care, transport, tools of trade);
- promote access to meaningful and sustainable employment.

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<sup>104</sup> [www.unhcr.ch](http://www.unhcr.ch) - Refugee Resettlement: 173

<sup>105</sup> [www.unhcr.ch](http://www.unhcr.ch) - Refugee Resettlement: 190

If suitable resettlement services are available to ease the transition of refugees into the Australian workforce then positive economic contributions will become apparent in a much shorter time period. In a similar vein the work skills and language ability of the refugee, as well as the area in which they are resettled, can greatly affect the impact they are able to have. Resettlement aid should be made up of efforts to provide opportunities and solve short-term problems that new arrivals face that could inhibit their adjustment in a new community.<sup>106</sup> Refugees are likely to have a greater positive economic impact when they are successfully resettled in a region where there is demand in the labour market for the skills and work that they are able to offer such as many parts of regional Australia.<sup>107</sup>

If adequate resettlement services are not provided for refugee arrivals then their impact, especially when they are unqualified and unfamiliar with English, can become a financial and services drain and so it is of utmost importance for these services to be provided so that the country can benefit economically from our humanitarian obligations.<sup>108</sup>

The conditions and circumstances in which refugees arrive in Australia will greatly affect how they settle and participate in society. These conditions include:

- local attitudes towards refugees;
- economic conditions in the country and region at the time;
- whether the qualifications or work experience held by refugees are recognised by Australian employers;
- the availability of support programs such as language training or further education and/or vocational training and preparation for employment in the national labour market;
- availability of national job placement networks and programs;
- legislative frameworks and programs to prevent discrimination against and exploitation of refugees as a vulnerable group in the labour market.<sup>109</sup>

Job placement services for refugees can play an important role in the settlement of refugees and, as we have seen, can be a major step in helping refugees to, first, become economically self-sufficient and, second, begin to contribute positively to the regional and national economies. The Department for Immigration and Multicultural and Indigenous Affairs (DIMIA) is the federal government agency with responsibility for settlement services but it needs a combination of federal, state, and local government agencies, Non-Governmental Organisations, and community groups to be involved in delivering and providing those services to refugees. Since the actual process of resettlement occurs at the local level, it is vital that cooperation between the different agencies and organisations involved occurs in an efficient manner that takes into account resources available and both regional and national capabilities.<sup>110</sup>

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<sup>106</sup> Zucker, 1983: 184

<sup>107</sup> 2<sup>nd</sup> Triennial Comprehensive Report on Immigration: 165

<sup>108</sup> Zucker, 1983: 185

<sup>109</sup> [www.unhcr.ch](http://www.unhcr.ch) - Refugee Resettlement: 176

<sup>110</sup> Zucker, 1983: 183

Local processes and principles inevitably operate within a broader institutional and structural context. Thus for resettlement services to be effective in helping refugees make economic contributions to Australia, the federal government has to provide the lead and establish an overall framework that influences the system from the top-down. However, deciding over these policy solutions needs to involve the communities at hand so that local issues are addressed in a adequate manner.<sup>111</sup> Then we will be able to see a system in which resettlement services at the grass-roots level and in regional Australia are able to be efficient, both for the sake of the refugees themselves and for the Australian economy.

This paper has put forward several opinions and research (including, quantitatively, that of the British government and Frank Stilwell) that support the idea that refugees can make positive economic contributions. There has been an increasing range of political, economic and social support for the resettlement of refugees in regional areas and recognition of the contributions that TPV holders have been making in regional Australia. As Martin Ferguson MP concluded in his address to the Rural Australians for Refugees (discussed earlier), regional migration of refugees is a win-win situation as long as it is applied strategically and with sufficient support mechanisms. Thus resettlement programs and decisions are of fundamental importance in dictating whether refugees are able to have the opportunity to make positive contributions to Australia.

## **Refugee Policy**

*One of the major problems in evaluating the costs of immigration is that it affects different groups of Australians in different ways. Some groups gain significantly, others, marginally, while still others lose. These different groups have differing degrees of solidarity and political power. Thus, we need to be reminded that it is often political power rather than knowledge that shapes immigration policy; policy is thus related to the consequences of immigration as perceived by those with the power to dictate policy.*<sup>112</sup>

Australia's refugee policy is influenced predominantly by the complex interaction of foreign policy, political, economic, and social objectives rather than the secondary consideration of humanitarian ideals and fulfilling international obligations.<sup>113</sup> Any adequate policy decision in this area necessitates a complex balancing of a wide range of international and national factors, social as well as economic objectives. Therefore all policies are compromises but in the case of asylum policy it should be a compromise that has the wellbeing of the refugees and asylum seekers at its heart to comply with the central ingredient of international refugee law – the responsibilities of states to asylum seekers.<sup>114</sup>

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<sup>111</sup> McKenzie, 1994: 70

<sup>112</sup> Stahl, C., Ball, R., Inglis, C., Gutman, P., "Global Population Movements and their implications for Australia, Australian Government Publishing Service, Canberra, 1993, p.112.

<sup>113</sup> King, 2001: 87

<sup>114</sup> Cox & Van Amelsvoort, 1994, "The Wellbeing of Asylum Seekers in Australia", p.6

Unfortunately governmental policy decisions are often influenced by short-term results and it is difficult to pursue a long-term agenda that promises to have a positive impact years down the line. But it is of fundamental importance that asylum policy is not determined by short-term considerations – the government must look to the future to see the possible benefits that refugees and their children will be able to have once they have successfully settled in Australia.

The intake of refugees in the immediate post-war years was a means to satisfy Australia's labour requirements and the government avoided responsibility for 'hard to place' refugees – this set the tone for the country's future refugee policy.<sup>115</sup> Today the conclusions reached by research such as that of Lynne Williams (discussed in the economic contributions chapter), Glenn Withers, and Frank Stilwell should be acknowledged by policy-makers when they are deciding on how to act with regard to immigration issues. It is clear that if given the chance refugees are able to make significant economic contributions, particularly in areas of regional Australia.

In establishing a new and fair asylum policy the government needs to take into account five main factors:

- The viability of the asylum seeker protection regime
- International acceptance and collaboration
- National support, reflecting local social and economic factors
- Conformity with international treaties and instruments
- The wellbeing of the asylum seekers in question.<sup>116</sup>
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To implement an effective and long-lasting refugee policy that is of benefit to both Australia and the refugees themselves responsibility for the issue must be addressed within a non-confrontational, cooperative, international environment that both takes into account the sovereign rights of states but also conditioned by the central obligation to respect and ensure human rights.<sup>117</sup> Political will to create such a policy is essential but due to the short-term mind set of policy makers and the need for fast results hopes for a policy aimed at producing long-term, lasting benefits unfortunately seem bleak.

Refugees and asylum seekers frequently arrive with qualifications and skills and provide a large, willing, mobile, yet underused workforce. Many refugees are prevented from contributing to the Australian economy through governmental policy, ignorance and prejudice based on false assumptions. The initial costs of supporting refugees and asylum seekers by helping them to become a part of the Australian workforce would only represent a fraction of total public spending. The economics of refugees are extremely minor when compared with other federal expenditures. In the 2001-2002 financial year the government's strategy for dealing with unauthorised

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<sup>115</sup> Pittaway, 2002

<sup>116</sup> Cox & Van Amelsvoort, 1994: 81

<sup>117</sup> Goodwin-Gill, 1989, "Refugees and Resources", Chapter 15 in "In Defense of the Alien, Volume XI: Implementing the Immigration Reform and Control Act of 1986, Current Legislative Initiatives Refugees, Migration Policy: Health and Education" Tomasi, L.F., (ed.) p.113

boat arrivals cost \$572 million.<sup>118</sup> When we see the possibilities that refugees can offer for both our national and regional economies once they are successfully resettled we must ask ourselves if the huge cost of the government's strategy at present is warranted.

In a report into "Prospective demographic change and Australia's living standards in 2050" Ross Guest and Ian McDonald concluded that future living standards in Australia would be more or less independent of rates of immigration and that immigration policy should be decided with more humanitarian considerations in mind.<sup>119</sup> Although refugees are able to make economic contributions in Australia (and it is important that policy-makers take this into account when assessing how best refugees can be resettled to participate in the regional and national economy), overall immigration policy should be decided more by social and humanitarian factors.<sup>120</sup> The government should be thinking about how we might best incorporate our humanitarian obligations into the economy in ways that best suit Australia and the refugees themselves rather than how we might avoid the issue at the taxpayers' expense by detaining asylum-seekers.

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<sup>118</sup> Mares, 2002: 236

<sup>119</sup> Guest & McDonald, 2002: 14

<sup>120</sup> Sloan, J., "Taking Immigration into Account", *Australian Financial Review*, 21 April, 1994

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<sup>1</sup> <http://www.immi.gov.au/population/ageing.pdf>

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[www.abc.net.au/rn/bigidea/stories/s519564.htm](http://www.abc.net.au/rn/bigidea/stories/s519564.htm) - the transcript of Sir Gustav Nossal’s 21 April 2002 interview with Radio National

[www.abs.gov.au](http://www.abs.gov.au) - Australian Bureau of Statistics: 3301.0 Births, Australia

[www.apo.org.au](http://www.apo.org.au) - Australian Policy Online

[www.brw.com.au](http://www.brw.com.au) - Business Review Weekly

[www.fmreview.org](http://www.fmreview.org) - Forced Migration Review

[www.homeoffice.gov.uk/rds/pdfs/occ77migrant.pdf](http://www.homeoffice.gov.uk/rds/pdfs/occ77migrant.pdf) - RDS Occasional Paper 77, 2002

[www.immi.gov.au/population/ageing.pdf](http://www.immi.gov.au/population/ageing.pdf)

[www.madamekorner.com/korners\\_judit.html](http://www.madamekorner.com/korners_judit.html)

[www.refugee-action.org.uk/information/challengingthemyths2.aspx#economic1](http://www.refugee-action.org.uk/information/challengingthemyths2.aspx#economic1)

[www.refugeecouncil.org.au](http://www.refugeecouncil.org.au) - The Refugee Council

[www.ruralaustraliansforrefugees.org](http://www.ruralaustraliansforrefugees.org) - The Rural Australians for Refugees

[www.unhcr.ch](http://www.unhcr.ch) - The United Nations High Commissioner for Refugees

[www.unhcr.ch/cgi-bin/taxis/vtx/home/opendoc.pdf?id=3d9861584&tbl=PROTECTION](http://www.unhcr.ch/cgi-bin/taxis/vtx/home/opendoc.pdf?id=3d9861584&tbl=PROTECTION)

[www.un.org/Overview/rights.html](http://www.un.org/Overview/rights.html) for the *Universal Declaration of Human Rights*

<http://uscis.gov/graphics/aboutus/repstudies/addition.htm> - 2<sup>nd</sup> Triennial Comprehensive Report on Immigration, Submitted to U.S. Congress, May 1999, p.166. U.S. Citizenship and Immigration Services Website.

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