

CHAPTER 2

THE AUSTRALIAN EXPATRIATES PHENOMENON

Introduction

2.1 This chapter discusses certain aspects of the 'expatriates phenomenon', including:

- how 'expatriate' is defined;
- characteristics of expatriates;
- why Australians go overseas;
- why some expatriates stay overseas long-term or permanently; and
- the implications for Australia.

Defining an expatriate

2.2 The Collins Australian Dictionary defines an expatriate as 'a person who lives overseas'. The Federation Edition of the Macquarie Dictionary defines the term 'expat' as 'someone living or working in a country of which they are not a citizen'.

2.3 For the purposes of this inquiry, the Committee has simply regarded as an expatriate any Australian citizen or other person with an historic physical link to Australia who is residing overseas. The duration of time the person has spent overseas is not regarded as relevant.

Characteristics of expatriates

2.4 In general terms, Australian expatriates increasingly tend to be young, highly skilled and highly educated.¹ A recent analysis of the size and nature of Australia's expatriate population is contained in the report by Professor Graeme Hugo and his colleagues (Hugo report). Determining the overall size of Australia's expatriate community has been problematic, and will be considered separately in Chapter 3.

2.5 However, the Hugo report clearly showed, from the evidence of the DIMIA movements database and the 2001 Census, that emigrants were representative of particular groups. Of the long-term Australian resident departures in 2002, over two-thirds were professionals, para-professionals, managers or administrative occupations. Only 0.5 per cent of males and 0.6 per cent of females were unemployed.²

1 G Hugo, D Rudd and K Harris, *Australia's Diaspora: Its Size, Nature and Policy Implications*, Final Report, Committee for Economic Development of Australia, July 2003 (Hugo report), pp. 32-35; see also Professor Graeme Hugo, *Committee Hansard*, 28 July 2004, p. 2.

2 Hugo report, p. 36.

2.6 Again, from the evidence of the DIMIA movements database for 2001-02, expatriates were also predominantly young: some 51.6 per cent of long-term Australian resident departures were between the ages of 20 and 34, and overwhelmingly for this age group, their destination was the United Kingdom (UK).³ In fact, the UK appears to be the destination of choice for expatriates more generally – the UK accounts for at least 25 per cent of Australians leaving on a permanent and long-term basis.⁴ Other popular destinations include Western Europe (particularly Greece), Asia, the United States (US) and New Zealand.⁵ The Hugo report noted that the number of Australians emigrating to Asia has increased by more than 50 per cent in recent years.⁶

2.7 Within the broad expatriate community, there are also numerous subgroups, each with their own characteristics and concerns, which may or may not overlap. Major subgroups include working holidaymakers; Australians working abroad on a longer-term or indefinite basis; naturalised Australians who have returned to their place of birth; and Australians who are residing abroad for family reasons. And, as outlined above, in recent years, one of the most significant subgroups to emerge has been young, highly skilled, well-educated, high earning Australians – who have been described as 'gold collar workers'.⁷

2.8 These groupings are infinitely flexible, with working holidaymakers in particular regularly metamorphosing into long-term or permanent expatriates, for employment or family reasons. At the same time, the overall return rate for Australian residents who say they are leaving long-term or permanently is about 75 per cent.⁸ It is noted that the concerns of the long-term expatriates are not necessarily similar to those who have been away only a short while.

Why Australians go overseas

Evidence from submissions

2.9 On the evidence submitted, the Committee noted that Australians went abroad for a wide variety of reasons. These reasons could broadly be categorised as relating to better employment opportunities, more financially rewarding work, study opportunities, travel opportunities, and family issues. In many, if not most, cases, these factors were not mutually exclusive.

3 *ibid*, pp. 33-35.

4 *ibid*, p. 11; see also DFAT, *Submission 646*, p. 5.

5 Hugo report, p. 22; see also DFAT, *Submission 646*, p. 5.

6 Hugo report, p. 11.

7 Lowy report, p. 15.

8 B Birrell et al., *Skilled Movement in the New Century: Outcomes for Australia*, Centre for Population and Urban Research, Monash University, 2004, p. 50.

2.10 Some submitters, particularly academic researchers, cited the opportunity to work in leading overseas research establishments, with the top professionals in the field, and with significantly superior infrastructure support, as the main reason for their decision to expatriate.⁹ Other submitters felt that there were few openings in their chosen fields in Australia, and that overseas offered their only genuine employment opportunities.¹⁰ The need for overseas experience to pave the way for career advancement was often cited.¹¹ Others mentioned the challenge of testing their abilities in a complex working environment in a different culture,¹² while still others pointed to the scale of opportunities awaiting abroad,¹³ or the proximity to other vibrant economies.¹⁴

2.11 The higher salaries often available elsewhere was frequently cited. For some, this was the reason for expatriating, but for others it was a pleasant surprise when they got there. The Australian Business Council in the Gulf, which surveyed its members as to their reasons for working in the Persian Gulf, found the combination of higher salary levels and lower taxes to be the predominant reason.¹⁵ Some individuals made no bones of the fact that they were working abroad specifically to pay off the mortgage on their Australian home, to buy an investment property, and generally to set themselves up financially as early in life as possible, and faster than they could hope to do so in Australia.¹⁶

2.12 Another large group of expatriates left initially to study abroad, frequently on some form of scholarship or bursary.¹⁷ Others chose to study abroad because their chosen course was unavailable in Australia.¹⁸

2.13 Travel opportunities, often in conjunction with work or study, were frequently cited as a reason for going abroad. As Mr Simon Robinson put it, 'Australians like to travel. We're good at it. We're flexible and adaptable and inquisitive.'¹⁹ Many shared

9 See for example, Ms Jacqueline Mowbray, *Submission 319*, p. 1.

10 See for example, Mr David Guilfoyle, *Submission 338*; Ms Denise Curnow and Dr Michael Dutch, *Submission 607*, p.1.

11 See, for example, Mr Phil Wilson, *Submission 65*, p.1; Ms Noeleen Segal, *Submission 203*, p. 2; Australasian Taxation Services Pty Ltd, *Submission 629*, p. 3.

12 Mr Mark Mitchell, *Submission 27*, p. 1; see also Dr Melissa Butcher, *Committee Hansard*, 27 July 2004, p. 22.

13 Ms Suzan Bennet, *Submission 187*, p. 5.

14 Mr Bruce Rogers, *Submission 230*, p. 1.

15 *Submission 483*, pp. 4 & 6-7.

16 See, for example, Mr Dean Lowney, *Submission 427*, p. 1.

17 See, for example, Dr Peter Andry, *Submission 41*, p.1.

18 See, for example, Mr Dave Mincey, *Submission 267*, p. 1.

19 *Submission 79*, p. 1.

the motivation of Mr Barton Guthrie, who left by boat in the 1960s to 'broaden [his] horizons and to see the world'.²⁰

2.14 A smaller subset of expatriates travelled and lived abroad to experience life in the birthplace of a parent, or to connect with their family history.²¹ Others went in part to give their children the experience of living in a different culture.²² Another considerable proportion of expatriates were accompanying partners, the so-called 'trailing spouses'.²³

2.15 The 'pull' factors, or the attractions of going abroad, were not the exclusive reasons for leaving Australia. Some felt a decided 'push' from their homeland, again for a variety of reasons. Prominent amongst them were the Australian tax system,²⁴ and a perception that intellectual endeavour was undervalued.²⁵

Evidence from the Hugo 2002 survey

2.16 The Hugo report contains one of the few quantitative attempts to assess the expatriates phenomenon (the Hugo survey).²⁶ The aim of the Hugo survey was to more fully understand the emigration process and to assess its economic and social implications. As Professor Hugo pointed out, his survey was biased towards more recent professional graduates, and those who were linked to alumni or support organisations; and to those who are on the Internet.²⁷ The Committee notes that the Hugo survey did not take into account European migrants to Australia in the 1950s (and their children) who have now returned to their countries of origin to stay, but who still retain strong links with Australia. The Lowy report noted that this group of expatriates, resident in countries such as Greece, Italy and Lebanon, make up nearly one quarter of the Australian global expatriate community.²⁸

20 *Submission 412*, p. 1.

21 See, for example, Mrs Vanessa Cusumao, *Submission 63*; Dr Ron Hackney, *Submission 349*; see also Professor Hugo, *Committee Hansard*, 28 July 2004, p. 2.

22 See, for example, Mr Richard Middelmann, *Submission 356*, p. 1.

23 See for example, Ms Frances Colley, *Submission 460*, pp. 2-3; Ms Robyn Stephenson, *Submission 533*, pp. 2-3; Ms Catherine Rawson, *Submission 650*, p. 1.

24 See, for example, Mr Rhys Weekly, *Submission 435*; and Dr George Botha, *Submission 415*.

25 See, for example, Ms Margo Huxley, *Submission 397*; and Dr Alan Offer, *Submission 485*.

26 Hugo report, pp. 39-43.

27 The sample in the Hugo survey was a cross-section of recent overseas-based graduates from 12 Australian universities; respondents could reply online or by hard copy. In addition a number of relevant groups publicised the survey on their websites. Some 2072 useable questionnaires were received, representing a creditable response rate of 33.5 per cent. A number of in-depth interviews were also held in several locations: Hugo report, pp. 39-41.

28 Lowy report, p. 17.

2.17 The Hugo survey showed that the prime stated motivation for emigration for both men and women was 'better employment opportunities'.²⁹ This was supported by the submissions to this inquiry. This is perhaps to be expected, given the sample concerned, but also reflects the growing global opportunities now open to capable persons worldwide. Table 2.1 also highlights the extent of the 'trailing spouse' (and primarily female spouse) phenomenon, from a sample which might not have been expected to produce such a result. It is unclear how many of the Hugo sample involved 'working holiday' expatriates, a factor which may have influenced the 'lifestyle' response.

Table 2.1 Reasons given by male and female respondents for emigration (percentage indicating 'yes' to a list of specified reasons)

Reasons ranked by popularity of total response	Males (n=1153) %	Females (n=919) %	Persons (n=2070) %
Better employment opportunities	49.3	34.2	42.6
Professional development	42.9	27.4	36.1
Higher income	38.2	25.1	32.4
Promotion/career advancement	28.9	17.2	23.7
Lifestyle	22.2	23.8	22.9
Marriage/partnership	17.0	29.1	22.3
Overseas job transfer	23.1	14.7	19.4
Education/study	16.0	12.5	14.5
Partner's employment	4.6	21.4	12.1
To be close to family/friends	4.4	7.0	5.6
To establish/expand business	4.3	0.8	2.8
Separation/divorce	1.2	2.1	1.6

Source: Emigration Survey 2002, Hugo report, p. 44.

2.18 Clearly, the reasons for expatriating are many and varied, and one cannot discount an element of post-hoc rationalisation of the decision. 'Pull' factors (the

29 Hugo report, p. 44.

appeal of abroad) appear to outweigh 'push' factors (a dislike of aspects of Australian life), though the latter were well represented.

Why some Australian expatriates stay overseas long-term or permanently

2.19 Despite their intentions on leaving Australia, many Australian expatriates do not return on a permanent basis. DIMIA, and those researchers using the DIMIA movements database, have noted the extent of category jumping between the 'permanent' and 'long-term' departure categories. A number of 'long-term' departures are back within two years.³⁰ On the other hand, numerous submitters to this inquiry explained that they had left for a short working holiday and many years later were still away.³¹ The stated reasons that keep them there were many and varied, and broadly echoed the reasons they left in the first place. Some of these reasons are examined below.

Work opportunities

2.20 Some expatriates felt there was little choice but to remain overseas if they wished to remain in their current field of work. As Dr Louella Vaughan stated, 'In order to pursue an international career in academic medicine, I virtually have to forsake any dreams of returning home'.³² Dr Elizabeth Beattie, a gerontologist who specialises in the management of difficult behaviours associated with Alzheimer's disease, believed the only openings for her in Australia were in administration, rather than research.³³

2.21 Others valued the working conditions overseas. Professor James Danckert, working in the cognitive neuroscience field, lauded the level of support funding, in his case in Canada.³⁴ Another submitter told the Committee that:

I am at the premier research institution in my field; it is easier and less expensive to attend conferences and meetings from the US; and the potential to attract significant research funding is very good.³⁵

Remuneration and financial issues

2.22 Some expatriates nominated remuneration as their primary reason for remaining overseas. A former Ansett pilot, Mr Andrew Ferguson, now happily settled

30 B Birrell et al., *Skilled Movement in the New Century: Outcomes for Australia*, Centre for Population and Urban Research, Monash University, 2004, p. 33.

31 See for example, Ms Susan Moriarty, *Submission 149*, p. 1; Mr Graeme Hudson, *Submission 192*, p. 1; Ms Jillian Dacyk, *Submission 424*, p. 1.

32 *Submission 9*, p. 1.

33 *Submission 516*, p. 3.

34 *Submission 352*, p. 2.

35 *Submission 459*, p. 1.

and employed in Hong Kong, told the Committee he was earning double his former Australian salary for the same work, paid less tax, received assistance towards buying a home, and had his private health care and children's education paid for.³⁶ Another submitter raised the spectre of his HECS debt, which he viewed as 'a tax on returning home'.³⁷

Friends and family

2.23 Self-evidently, it is easier for single people to move from country to country than it is for those with families. Once partnered and with children, and particularly if partnered with an overseas national for whom entry to Australia or work in Australia might be difficult, many of our expatriates stay put.³⁸ Mr Neale Ferguson, who left Australia with a five-year plan while his children were in primary school, now accepts 'we may be here for a longer time than expected' and has commenced planning for college and retirement.³⁹

The lure of the lifestyle

2.24 For some, the cultural opportunities presented by living abroad were simply too inviting to leave.⁴⁰ The exposure to other cultures was the attraction for many, while the ready opportunities for travel was mentioned by others who found Australia's location too isolated.⁴¹

Stasis

2.25 Perhaps the most telling reason for remaining overseas was advanced by Mr Richard Baxter, who told the Committee that with the increasing amount of time one spends abroad, the development of personal and professional ties increasingly precludes a return to Australia.⁴² Or as Ms Deborah Dean from Hong Kong told the Committee:

We did not anticipate we would stay expatriates for as long as we have, but like so many before us the initial lure of becoming an expatriate – to 'escape' Australia's high tax environment so we could save some money – has evolved into a happy and fulfilling life.⁴³

36 *Submission 197*, p. 1.

37 Mr Michael Garrett, *Submission 627*, p. 1.

38 See, for example, Ms Gaye Rochow, *Submission 484*, p. 1.

39 *Submission 152*, p. 2.

40 See, for example, Ms Maria Butler, *Submission 586*, p. 1; and Mr Andres Vecchiet, *Submission 497*, p. 2.

41 See, for example, Ms Georgina Wright, *Submission 496*, p. 1; Mr Keith Walker, *Submission 649*, p.1; and Mr Kenneth McKenzie, *Submission 23*, p. 1.

42 *Submission 538*, p. 2.

43 *Submission 232*, p. 1.

2.26 Having tasted success in business in the UK, Mr Barton Guthrie reflected:

To give it all up with a view towards starting in business all over again back home struck me/us as being too great a decision to make (and a possibly risky one).⁴⁴

2.27 Or as Dr Richard Whitfield told the Committee, after two years in Hong Kong, he remained there because of work opportunities; after five years, he remained because of friendships he had built up; and now he remains because he believes, rightly or wrongly, that his working experience would not be adequately valued if he moved back to Australia.⁴⁵

2.28 The above reasons for remaining abroad are, again, not mutually exclusive. Some expatriates may also have a genuine fear of returning, particularly if they have lost their connections. Many doubted they would find any job, let alone a well-paying or satisfying one. Some expatriates stay abroad because they felt they have no other option, due to family illness or commitments. Some stay abroad unhappily. Others felt that they would be the victim of the tall poppy syndrome (which some have dubbed the 'foreign poppy syndrome') on their return to Australia.⁴⁶ The decision to go abroad, to stay abroad or to return to the homeland is, essentially, an individual decision, and one which will reflect the individual's personal life priorities.

Still call Australia home?

2.29 Before engaging in a consideration of the public policy issues concerning expatriates, the Committee was interested to learn whether they regarded Australia as their homeland. Based on the responses to this inquiry, the answer overwhelmingly was 'yes'.

2.30 Many submitters provided instances of their continuing attachment to Australian ways, and things Australian. Some noted that it has become much easier in recent years to maintain links with Australia. For example, Dr Jill Walker submitted that:

In many ways it's become easier to be an Australian abroad now than it was when I was growing up. The cost of calling home has dropped dramatically, and email and the web make it so much easier to keep up with what's going on in Australia. Even travel is cheaper and easier ...⁴⁷

44 *Submission 412*, p. 10.

45 *Submission 28*, p. 1.

46 See, for example, Mr Brad Tyler-West, *Submission 117*; and Ms Sally Goers Fox, *Submission 350*; see also Lowy report, p. 37.

47 *Submission 399*, p. 2.

2.31 Indeed, submitters frequently mentioned the Internet, as a means of keeping in touch with family, friends and Australian news and events.⁴⁸ As Professor Hugo observed:

... people going away these days can keep a much stronger linkage with the home country. Going overseas is no longer as big a cut from the homeland as it previously was. In all the qualitative interviews I did with Australians overseas I was struck by how up they were with things in Australia, through the Internet and through reading newspapers at the same time as people in Australia read them. They knew the football scores. They knew what was happening in politics. So they could engage very readily with the home community.⁴⁹

2.32 The Hugo survey also sought to ascertain how many of his sample of expatriates still called Australia home. The survey found that 79.3 per cent did so, with women more so than men (84.7 per cent to 75.1 per cent). Not surprisingly, this weakened with time away – only 67 per cent of those who left before 1990 said yes; and only 53 per cent of respondents aged 65 or more agreed.⁵⁰ The Hugo report found that:

... the majority [of expatriate Australians] have definite plans to return to Australia and the great majority (even of those who intend to remain overseas) still consider Australia home and have very strong commitments and feelings toward Australia.⁵¹

Implications for Australia

Brain drain or brain gain?

2.33 We live in mobile times. Impediments to overseas travel and employment have increasingly been removed and most governments of advanced economies are facilitating the movement of skilled persons across their borders. As a consequence, there has been a massive increase in the international transfer of highly skilled managerial and professional workers.⁵² It is by no means a uniquely Australian phenomenon.

2.34 While a large number of skilled Australian workers emigrate overseas every year, it appears that this loss is more than offset by the arrival of skilled migrants to Australia. DIMIA's submission indicated that, over the past five years, Australia has increasingly experienced a net gain of skilled migrants. For example, 'the net inflow of

48 See, for example, Mr Raymond Viers, *Submission 367*, p. 2; Ms Allison Bennett, *Submission 474*, p. 2; and Mr Mark Pennay, *Submission 623*, p. 2.

49 *Committee Hansard*, 28 July 2004, p. 2.

50 Hugo report, p. 46.

51 *ibid.*, p. 20.

52 Organisation for Economic Co-operation and Development (OECD), *International Mobility of the Highly Skilled*, OECD, 2002.

skilled workers in 2002-03, as a result of immigration and emigration, was some 36,260.⁵³ Other recent research has also concluded that the overall balance of movement of skilled persons (defined as those reporting managerial, professional, associate professional and trade occupations) remains in Australia's favour. This is despite a loss of skilled Australian residents over the five-year period to 2002-03, equivalent to about five per cent of the stock of employed professionals in Australia as of 2001.⁵⁴ However, it appears that Australia has suffered a net loss in the category of 'other natural and physical science professionals' of around 11 per cent.⁵⁵ The Hugo report also concluded that 'overall, Australia undoubtedly experiences a brain gain.'⁵⁶ Professor Hugo reiterated this in evidence to the Committee: 'Quantitatively, we do have a net gain from migration; there is no question of it'.⁵⁷

2.35 At the same time, the qualitative impacts of the flow of skilled workers are less certain. As the recent Lowy report explained, 'Australian and foreign workers may not be perfect substitutes'.⁵⁸ Similarly, the Hugo report cautioned that 'the differences between incoming and outgoing flows in levels and types or expertise and training need to be distinguished'.⁵⁹ Professor Hugo suggested that:

... we do not know too much about the people who go. If those people are the brightest and the best—if they are that really top group of achievers; if they are the people who, if they stayed here, could really make the difference in making the social and economic breakthroughs which improve the country—then one person does not equal one person ... I would really like a more nuanced understanding of who is leaving.⁶⁰

2.36 Professor Hugo concluded that we still need to gain a better understanding of 'how we are being impacted by this new migration'.⁶¹

The Committee's view

2.37 Clearly, the expatriates phenomenon is significant and the trend towards greater international movements and an increasingly globalised workforce is likely to continue. This presents both opportunities and new considerations for Australian policymakers. For example, expatriates could be seen as an 'underutilised national

53 *Submission 656*, p. 4.

54 B Birrell et al., *Skilled Movement in the New Century: Outcomes for Australia*, Centre for Population and Urban Research, Monash University, 2004, p. 50.

55 *ibid.*, pp.14-15; see also Lowy report, pp. 28-30.

56 Hugo report, p. 37; see also Professor Hugo, *Committee Hansard*, 28 July 2004, p. 9.

57 *Committee Hansard*, 28 July 2004, p. 9.

58 Lowy report, p. 29.

59 Hugo report, p. 13; see also Mr John MacGregor, *Committee Hansard*, 29 July 2004, p. 6.

60 *Committee Hansard*, 28 July 2004, p. 9.

61 *ibid.*

asset'.⁶² At the same time, the needs and concerns of this considerable portion of the Australian community must also be considered.

2.38 Some of the opportunities and issues presented by the expatriates phenomenon will be considered in subsequent chapters of this report. However, the next chapter will first consider the size of the Australian expatriate community, and how this number is determined.

62 Dr Rowan Gilmore, *Committee Hansard*, 27 July 2004, p. 1.

