

Lowy Institute Paper 04

diaspora

THE WORLD WIDE WEB OF AUSTRALIANS

Michael Fullilove

Chloë Flutter

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Executive summary

On any given day, there are approximately one million Australians outside Australia, perhaps three-quarters of whom live offshore on a permanent or long term basis. This latter group, the ‘Australian diaspora’, is large and, in the main, prosperous, well educated, well connected, and well disposed to this country. It is also very mobile: rather than turning their backs on Australia once and for all, expatriates these days are more likely to move back and forward between Australia and other countries as opportunities present.

Two groups within the diaspora are of particular value to this country: those at the pinnacle of their careers in significant international positions, and the class of highly skilled professionals, or so-called ‘gold collar workers’, sitting just beneath them. Our view is that Australian institutions should reach out to these and other expatriates and capitalise on their talent and goodwill to further the national interest. The Australian diaspora should be seen as our ‘world wide web’ of ideas and influence.

Australia has always sent people out into the world. In the last decade and a half, however, the numbers have increased markedly, prompting concern about a ‘brain drain’. The reality is both more complex and more hopeful. Some of the outward movement is driven by international, exogenous trends, in particular improvements in transport and communications and the rise of a global labour market for highly skilled people. Skilled Australians will go where opportunities

present, and it is not clear that Australian institutions can influence significantly the diaspora's growth. Fortunately, the loss of human capital through emigration has been more than offset by the arrival of new immigrants and Australians returning from overseas.

Furthermore, economic research indicates that emigration can have positive feedback effects, particularly those generated by diaspora business and knowledge networks. Expatriates can contribute to their home country by influencing trade, investment and philanthropic flows, connecting local organisations to international developments and opportunities, and projecting a contemporary national image. International experience shows, for example, that emigrants can boost bilateral trade because of their knowledge of, and business contacts in, their home country's market. Some of these benefits are already flowing to Australia. A logical approach for our country, which is small in population and physically isolated, is to try to capture more of these benefits: to maximise the possible gains from emigration by engaging more comprehensively with our diaspora.

Such an approach would likely be supported by the Australian public. Our opinion polling indicates that elite suspicion of prominent Australian expatriates has not translated into a widespread 'foreign poppy syndrome', or popular distrust of expatriates. On the contrary, Australians are generally extremely positive about expatriates and a large majority believe that the diaspora benefits Australia by building international networks and projecting our image offshore.

We suggest that Australian institutions, both public and private, should lift their eyes to the reality and the potential of the diaspora. The existence of a large number of overseas Australians is relevant to a range of issues facing the country, and needs to be better understood and properly considered. Furthermore, we believe that Australian institutions should move to enmesh expatriates in our national endeavours.

In the final chapter we set out the following six recommendations:

- Recommendation 1** The Australian government should lead from the top by embracing the Australian diaspora rhetorically. It should sharpen its interaction with expatriates through reforms to the Department of Foreign Affairs and Trade, including the establishment of a coordinating unit within the Department.
- Recommendation 2** All sectors should energise their networking with the diaspora, particularly those sectors in which Australia can gain from better international collaboration and information exchange.
- Recommendation 3** Institutions should strengthen expatriate linkages through short term return fellowships.
- Recommendation 4** Non-profit organisations should pursue the fundraising opportunity offered by the diaspora, including combined efforts to achieve benefits of scale.
- Recommendation 5** Government should reform overseas voting procedures to better accommodate expatriates, and establish a joint parliamentary standing committee on the diaspora.
- Recommendation 6** Government agencies should collect more and better quality data on the diaspora.

Because of the difficulty of making policy for a population that does not reside within the national borders, we suggest that the effectiveness of these policies in furthering the national interest should be assessed in three to five years' time, and refined as appropriate.

The Australian diaspora represents a market, a constituency, a sales force and an ambassadorial corps. In recent years Australians have become more alive to the reality of our diaspora. We should now build on these early steps and work to engage the diaspora in our national life and create a global community of Australians.

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List of acronyms

ABS	Australian Bureau of Statistics
ACT	Australian Capital Territory
AEC	Australian Electoral Commission
AIC	Australian Institute for Commercialisation
ARC	Australian Research Council
CEDA	Committee for the Economic Development of Australia
DEST	Department of Education, Science and Technology
DFAT	Department of Foreign Affairs and Trade
DIMIA	Department of Immigration and Multicultural and Indigenous Affairs
EOE	Enrolled Overseas Elector
GDP	Gross Domestic Product
HECS	Higher Education Contribution Scheme
IT	Information Technology
NASA	National Aeronautics and Space Administration
NCVO	National Council of Voluntary Organisations
NGA	National Gallery of Australia
NIDA	National Institute of Dramatic Art
NSW	New South Wales
OECD	Organisation for Economic Co-operation and Development
ORAO	Online Register of Australians Overseas
SCG	Southern Cross Group
UK	United Kingdom
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UNSW	University of New South Wales
US	United States
VESKI	Victorian Endowment for Science, Knowledge and Innovation
WCNZ	World Class New Zealand

Chapter 1

Introduction

On any given day, there are approximately one million Australians outside Australia, equivalent to nearly 5% of our total population. While some are short term travellers, perhaps three-quarters of these people — between 760,000 and 900,000 Australians, according to the Department of Foreign Affairs and Trade (DFAT)¹ — are living on a permanent or long term basis in a foreign country. These overseas residents form a new and significant phenomenon: ‘the Australian diaspora’, a community of Australians dispersed across the globe.

Australia has been slow to respond to the emergence of its diaspora. There is limited public discourse concerning our expatriates, and what does occur is often negative in tone. Few initiatives exist to involve this significant group in the life of the nation. Indeed, surprisingly little is known about who is overseas, where they are, and what they are doing. As a result, this national asset remains underutilised.

Our view is that Australian institutions should reach out to our expatriates and capitalise on their talent and goodwill. The emergence of an Australian diaspora presents an opportunity for Australia to raise our international profile as a modern and sophisticated country and to link domestic institutions to foreign markets, organisations and networks. Some of these kinds of benefits are already flowing to Australia, but in order to capture more of them we should create an active, global community

of Australians. To paraphrase an eminent New Zealand historian writing on his own country's diaspora, we should seek to benefit from a 'world wide web' of Australians, willing to help the national effort.²

1.1 Aims and scope of this Paper

This Lowy Institute Paper has two aims. The first is to analyse the Australian diaspora from several perspectives: demographics, economics and public opinion. The second is to suggest ways in which public and private institutions in Australia can harness the diaspora to further our national interests. While by no means the final word on the Australian diaspora, the Paper seeks to develop the discussion by providing new data and suggestions for action.

Three caveats should be noted. First, our focus is on how the Australian diaspora can further Australia's development, not vice versa. The rights and entitlements of expatriates are taken up by advocacy organisations and are largely beyond the scope of this Paper. Of course, the issues are interrelated: a diaspora that feels it is included in the national enterprise is more likely to contribute to it. Second, this Paper does not dwell on the factors which drive the departure and return of expatriate Australians. Rather, we focus on methods of networking with them while they are overseas. Finally, this Paper does not aim to resolve the question of whether the growth of the Australian diaspora is a positive development or a 'brain drain'. As set out below, the rise of the diaspora is largely the result of factors which are beyond our control. The globalisation of the labour market means that highly skilled Australians will go where opportunities present. Short of erecting fences along the coastline to keep people in, or bribing them to return with large sums of taxpayers' money, influencing the development of the diaspora is largely beyond the power of Australian institutions. Furthermore, the question of a 'brain drain' has been much researched. The gap in the literature — and an area that we believe holds promise for Australia — is in identifying ways of accentuating the positive effects of a phenomenon that already exists. As Lord Robert May put it, the diaspora should be regarded as "a resource to be used, not a thing to be lamented".³

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The evidence used in this Paper falls into four categories. First, we reviewed the existing literature on the extent and characteristics of the Australian diaspora. Second, we conducted more than 75 interviews with government officials and diplomats, prominent Australian expatriates, academics, business people, university administrators, scientists and expatriate activists.⁴ We also brought recent returnees together in focus groups to learn from their experiences. Third, we examined the records of other countries with significant overseas populations for examples of international best practice. Finally, we undertook original quantitative polling of resident Australians' opinions on these issues.

In the remainder of this chapter, we introduce our argument for engaging further with the Australian diaspora. The following three chapters present our findings: Chapter 2 describes the demography of the diaspora; Chapter 3 reviews the economics of diasporas; and Chapter 4 surveys Australian public opinion on expatriates. Chapter 5 suggests some initiatives for Australian institutions.

1.2 A new take on an old phenomenon

The use of the word diaspora to describe the community of Australian expatriates is relatively new. The term originates from the Greek word *diaspeirein* meaning “to disperse” and refers to “the scattering of a people” beyond their homeland.⁵ The term, first coined at the time the Jews were exiled to Babylonia, has traditionally been used to describe Jews living outside Israel and other expatriate populations who were forcibly displaced. The Jewish diaspora has, of course, played a critical role in the development of the state of Israel since its establishment in 1948. In recent times, the definition has expanded to include any population that “originated in a land other than which it currently resides, and whose social, economic and political networks cross the borders of nation-states or, indeed, span the globe”.⁶ The existence of a diaspora requires more than a mere population of expatriates. It requires an expatriate national group to continue to identify with the homeland and to cultivate connections between themselves and with the homeland.⁷

To date, interest in diasporas has focused largely on those originating

from developing countries or countries affected by conflict, such as India, China, Lebanon and Ireland. The domestic impact of diaspora populations from these traditional emigrant countries is well documented, including through remittance flows, political pressure and support for nationalist military causes.⁸

The study of the Australian diaspora represents a new take on an old phenomenon. Australia is unlike the home countries of many of the world's diasporas. It is a peaceful and developed nation with an excess supply of skilled migrants wishing to settle on its shores. Similarly, the members of its diaspora are unusual. Most have left Australia not to escape adverse conditions at home, but to widen their experiences and often, in the words of Australia's consul-general in New York, to "test their talents on a world stage".⁹ Moreover, their departure from Australia is often temporary and one of several moves they will undertake during their lives, in and out of Australia and between global cities.

1.3 The origins of the Australian diaspora

Australia has always sent people out into the world. In the last decade and a half, however, the number departing has increased markedly.¹⁰ This rise in emigration, including among the highly skilled, has been triggered by both global and domestic trends.¹¹

At the global level, improved transport and telecommunications technologies have shrunk the world, reducing the 'cost of distance'.¹² Tertiary education has become more international, awareness of opportunities outside Australia has increased and the relative cost of international job searching has fallen.¹³ International intra-company transfers have increased in frequency with the rise of multinational companies.¹⁴ The global shift towards a service economy has reinforced the value and tradability of human capital, that is, the skills and knowledge embodied in the labour force.¹⁵ Together, these exogenous global trends have contributed to the creation of an international labour market, particularly for the highly skilled, which draws talent to the world's economic hubs. They have also contributed to the rise of a new form of migration better characterised as international 'mobility' than

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the one-off permanent migration of the past.¹⁶ The OECD calls these developments “the other face of globalisation”.¹⁷

Several domestic factors have created international demand for Australian-trained workers. Australia has a well regarded education system, with our students ranked fourth in the world for literacy.¹⁸ Australians also have a justified reputation as hard workers: on average we work more hours per year than the nationals of any other developed economy.¹⁹ A journalist at *The Times* of London, seeking to explain the number of Australians leading British cultural institutions, wrote recently: “Aussies are seen as competent, confident, smart, cultivated and literate.”²⁰ As a result of both global and domestic factors, then, an increasing number of Australians are casting their eyes offshore for career and life opportunities.

1.4 Why Australia should tap its diaspora

Australia should increase its efforts to harness this expatriate community, for four reasons. First, the diaspora is large: there are nearly as many Australians living offshore at any time as there are in Tasmania and the ACT combined. Moreover, the diaspora is a phenomenon that is set to persist, particularly given the continued globalisation of labour. The OECD predicts that the international migration of highly skilled workers is “on the rise”.²¹ According to another estimate, the number of highly skilled and mobile workers, sometimes called ‘gold collar workers’, will double from 20 million in 2000 to 40 million in 2010.²²

Second, the diaspora is relatively well educated, prosperous and successful. Given our small population, the roll call of Australians in top international positions is extraordinary. In business, Australians head up McDonald’s, Rio Tinto, Pizza Hut, Santos, Dow Chemical, News Corporation, Polaroid and British Airways, and hold senior executive positions in IBM, Merrill Lynch, Kellogg’s, DuPont and UBS. The iconic American companies Coca-Cola and Ford were, until recently, run by Australians. The editors of the *New York Post* and *The Times* of London are Australian. The President of the World Bank was born an Australian,

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as was the Crown Princess of Denmark. The secretary general of the Pacific Islands Forum Secretariat is an Australian and another will soon be solicitor-general of Papua New Guinea.²³ There are 20 Australian born and educated professors at Harvard University and the Massachusetts Institute of Technology alone.²⁴ Australians and former Australians have worked in senior positions at United Nations Headquarters, in 10 Downing Street and the White House. An Australian was, until recently, Vice-Chancellor of the University of Cambridge in the UK, while another presides over the Royal Society. NASA has sent an Australian into space. Australians are prominent in Hollywood, both in front of and behind the camera, and are influential in Asia's film industry. Our success in the British arts world is just as notable: Australians run London's South Bank Centre, its Philharmonic Orchestra, its Science Museum and the Sadler's Wells Theatre. They also direct Britain's Royal Ballet School, the Royal College of Music, Edinburgh's International Film Festival, and Cardiff's Millennium Centre. Little wonder that British journalist Bryan Appleyard recently complained that "Britain is now run by Australians".²⁵ He is not alone in making this kind of observation. One former senior US State Department official is known to refer in jest to "the Axis of Ocker".

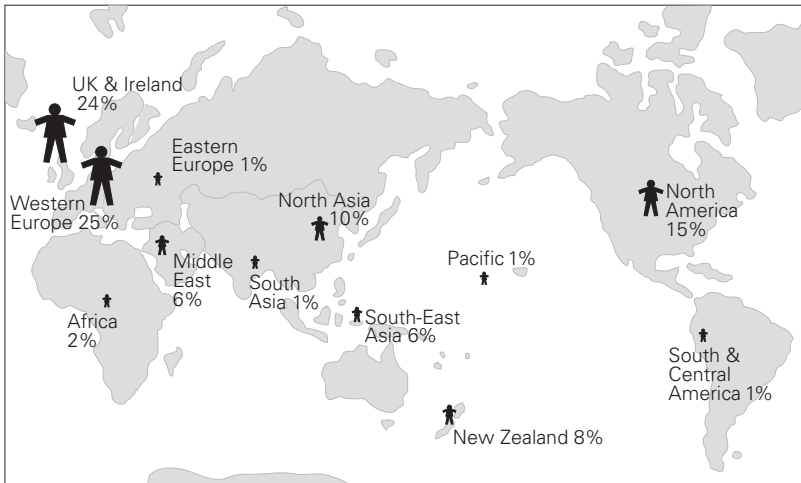
This list of pre-eminent Australian expatriates is impressive, but it represents only the tip of the iceberg. Beneath this highly visible first tier sit many Australian gold collar workers and other professionals, located in important sectors, often in regions of strategic significance. While many expatriates still cluster in the UK, there are now also significant numbers in Asia, North America and continental Europe (see Figure 1.1). As we describe in Chapter 5, these Australians help to project a contemporary image of our country, and can thereby increase Australia's 'soft power'.

Third, the will exists in both Australia's resident and expatriate populations to turn the diaspora to positive national ends. In relation to expatriates, there is strong anecdotal evidence that most are well disposed to the land of their birth and keen to contribute to it. Today's diaspora is mobile. Rather than turning their backs on Australia, expatriates are now more likely to move back and forward between Australia and other

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Figure 1.1

Location of the Australian diaspora



Source: Adapted from Department of Foreign Affairs and Trade figures (2004)

countries as opportunities present and their emotional ties to Australia remain strong. London-based author Nikki Gemmell put it this way: “We read Australian newspapers online, we watch Australian television shows, we seek out Australian films. We will always feel Australian, and we want our children to grow up with Australian accents.”²⁶ In other words, our expatriates live elsewhere but they remain engaged in Australia’s national life. In relation to Australian residents, Chapter 4 illustrates that Australians are strikingly positive, perhaps surprisingly so, towards their expatriate cousins and the existence of a sizable diaspora community. A renewed diaspora effort is likely to find favour, then, both here and overseas.

Finally, Australia’s size and location makes it important for us to act. As we set out in Chapter 3, international experience demonstrates that expatriate networks can generate economic benefits for home countries, in the form of trade and investment. Such networks are particularly valuable for Australia, because we face the twin disadvantages of a small population and significant physical distance from our trading and

diplomatic partners.²⁷ Diaspora networks can help connect us more firmly into the global matrix. The diaspora is not a first order economic issue, but it is an issue that Australia should take seriously.

1.5 Current policies

Australia's experience is not unique. Many developed countries, including New Zealand, Canada and France, are experiencing a rise in the number of nationals moving offshore, especially to the United States.²⁸ Some have been slow to react, but others are starting to reach out to their diasporas and establish concrete means of communication and engagement (see box).

International examples of expatriate engagement²⁹

Ireland

Non-profit organisations in Ireland have raised over US\$200 million from the Irish diaspora through the international fundraising body, the Ireland Funds.

South Korea

The Korean government established a 'brain pool' in the mid-1990s to facilitate the short term return of expatriate scientists and engineers to work with universities and other research institutions.

India

The Indian government recognised the importance of its diaspora by establishing a high level committee on the Indian diaspora, hosting a major annual conference for expatriates and creating a national day to recognise their achievements.

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In Australia, some important steps have recently been taken in this regard. In 2003, a major study on the diaspora was published by Hugo et al for the Committee for the Economic Development of Australia (CEDA), providing valuable quantitative analysis of the phenomenon.³⁰ Many active expatriate groups have been established, including an advocacy organisation, the Southern Cross Group (SCG).³¹ A Senate committee is currently inquiring into various aspects of Australians living overseas, including “the factors driving them there, their needs and concerns, as well as the economic and social implications for Australia”.³²

Moreover, the natural operation of the diaspora is already delivering benefits for Australia. A few examples suffice to demonstrate. An Australian actor donated US\$1 million to NIDA. Expatriates lobbied Washington to support the Australia–United States Free Trade Agreement. The American Australian Association has provided scholarships for Australians to study at leading American universities. Austrade representatives use expatriates regularly to open doors for Australian firms. We should now build on these kinds of early initiatives and develop a coherent strategy to create a truly global community of Australians.

Several years ago, *The Australian* editorialised in the following terms:

Expatriates... are our foot in the door to the world’s most dynamic markets, a conduit for ideas and trends. Without them, Australia would be more insular and inward-looking, left behind by forces driving globalisation and denied its benefits. Expats are also our ambassadors-at-large. Their achievements — whether in business, academia, the arts or sport — strengthen our reputation as a diverse nation with an advanced economy. They are, in fact, an under-used national resource.³³

We agree. We cannot bring all our expatriates home. But we can reach out and draw them into the Australian mainstream — and in so doing make Australia a bigger country, not only demographically but culturally and economically as well.

Chapter 2

The demography of the diaspora

This chapter describes the Australian diaspora, setting out its key demographic characteristics, its geographic distribution and its growth over time.

2.1 How big is the diaspora?

According to the best available estimate approximately 760,000 Australians reside overseas,³⁴ with a further 265,000 Australians temporarily offshore at any one time.³⁵ Comparing Australia with other countries shows that we are certainly not the only developed country with a significant diaspora (see Figure 2.1). The global forces discussed in Chapter 1 have affected many countries, prompting public discussions and policy initiatives in India, Canada and New Zealand, among others.³⁶

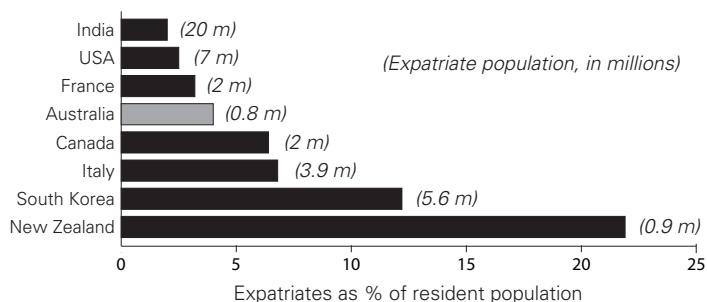
It should be noted that estimates of the size of the Australian diaspora, as with many of the figures in this chapter, are approximations and are best regarded as indicative. Australians who are overseas on a long term or permanent basis are not included in the Australian Census, nor is any other comprehensive data set collected on this group. The best available estimate of the total size of the diaspora comes from DFAT, which collates figures provided by its diplomatic missions of the number

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of Australians in their jurisdictions. These figures vary considerably in accuracy between countries.³⁷ The level of detail provided in DFAT's estimates also varies. For example, the estimates submitted by DFAT in 2004 to the Senate committee inquiry only break down the diaspora by sub-continent, whereas the Department's 2001 estimates provide more detailed information about the numbers of Australians by country and in certain cities.³⁸ This Paper cites the most recent data where possible. Where greater detail is required, such as in Section 2.3, the 2001 statistics are used.

Figure 2.1

Expatriate populations as percentage of resident populations in selected countries



Sources: Adapted from Hugo et al (2003), p. 21; Government of India (2001), Chapter 23; Loat (2004), p. 15; Department of Foreign Affairs and Trade (2004)

In addition, information can be gleaned from several alternative data sources and small surveys, including information gathered by the Department of Immigration and Multicultural and Indigenous Affairs (DIMIA) on departure cards collected at Australia's ports and airports, Australian Bureau of Statistics (ABS) data and independent studies such as the recent Emigration Survey by Hugo et al.³⁹ While none provide a complete portrait, together they provide sufficient information to piece together a reliable sketch of the Australian diaspora and its key attributes.

2.2 Who makes up the diaspora?

The diaspora is comprised of some of Australia’s most employable citizens. Using data on permanent departures as a proxy for the diaspora, we see that most expatriates are of prime working age. More than half are aged between 25 and 44 years, compared with only 30% of the resident population (see Figure 2.2). Those moving overseas permanently are especially concentrated between the ages of 30 and 34 years (16%), 25 and 29 years (13%) and 34 and 39 years (12%).⁴⁰ Australians become considerably less likely to move overseas after the age of 45 years. It appears, therefore that the majority of Australians who leave Australia on a permanent basis do so at the early to mid-stages of their careers.

Figure 2.2

Comparison between people departing Australia and the resident population, by age



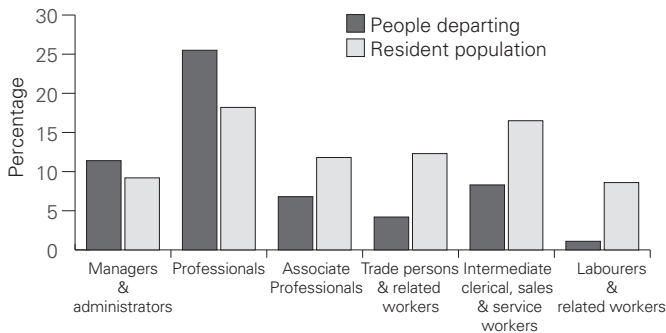
Sources: DIMIA unpublished tabulation for the financial year 2002–03; ABS 2001 Census Data

Members of the diaspora are also relatively highly skilled and concentrated in occupations that are in high demand in the international labour market. Relative to the general Australian population, people departing permanently are more concentrated in professional, managerial and administrative positions and less concentrated in trade

and intermediate roles (see Figure 2.3). In fact, if we only consider those expatriates who are active in the labour market, nearly 60 % are employed as professionals or managers and administrators. Nearly one third of Australians departing permanently are not in the workforce, whether because they are too young, students, or the spouses of expatriate workers.⁴¹

Figure 2.3

Comparison between people departing Australia and the resident population, by selected employment types



Sources: Adapted from DIMIA unpublished tabulation, financial year 2002-03; ABS 2001 census data

As a group, expatriate Australians also appear to be better educated than the general Australian population. The Emigration Survey in Hugo et al found that 42 % of overseas Australians held a postgraduate degree.⁴² Even though the method used in that survey may have, as the authors acknowledged, exaggerated this number, the true figure is still likely to be significantly greater than the 9 % of resident Australians with post-graduate qualifications.⁴³

The Emigration Survey also confirmed that Australia's expatriates are highly valued on the international labour market, finding that 22 % of respondents earned more than A\$200,000 per year.⁴⁴ The Victorian Endowment for Science, Knowledge and Innovation (VESKI) survey, which sampled 450 expatriates in 2002, reported similar findings.⁴⁵ Over half the respondent expatriates had a total household income of

greater than A\$230,000 (54%), while another 45% had a household income between A\$110,000 and A\$229,000.⁴⁶

These key demographic indicators demonstrate the existence of an important sub-group within the Australian diaspora, namely a group of highly skilled and very employable Australians, or ‘gold collar workers’. They are often aged in their late 20s and 30s, well educated, employed in managerial positions and earn a high income. While the ‘rite of passage’ travel by young Australians continues, increasingly the Australian diaspora includes this elite cohort of professionals. We return to this point below.

2.3 Where is the diaspora?

According to DFAT’s estimates, the Australian diaspora is widely dispersed across every continent.⁴⁷ The locational decisions of most expatriates, however, can be partly explained by a combination of history and economics.

As one might expect given the historical connection and common language, the UK is the most popular destination for Australians (see Figure 1.1). DFAT estimates that approximately 183,000 Australians, nearly one quarter (24%) of the Australian diaspora, live in the UK and Ireland. A further quarter (26%) live in continental Europe, with especially significant populations in Greece (16%), Italy (4%), Turkey and Ireland (1% each).

Asia is the second most popular region with 17% of the diaspora. Over 50,000 (6%) of these Australians reside in China, mainly Hong Kong (5%), making China the fifth most popular country for Australian expatriates. Other significant Asian destinations are Indonesia, Singapore and Japan (1% each).

North America is the next most popular continent for Australians (15%). The United States ranks as the third most popular country for Australians, with over 100,000 expatriates or 12% of the diaspora residing there. A further 35,000 Australians (4%) live in Canada, with nearly all of these in British Columbia, near Canada’s Rocky Mountains ski resorts.

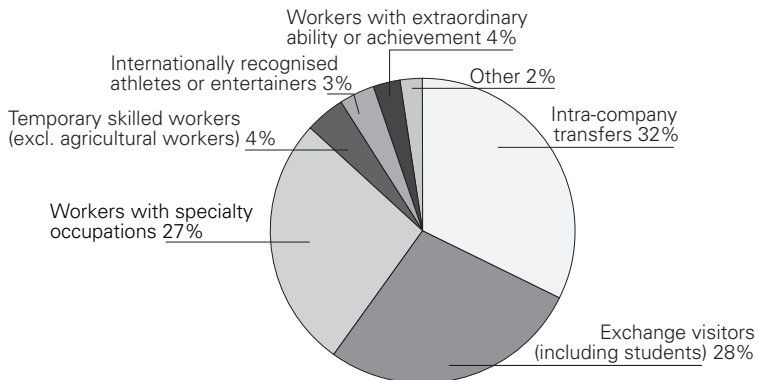
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The Pacific is home to 9% of the Australian diaspora. However, nearly 80% of these people live in New Zealand (8%), the fourth most popular destination for Australians. Finally, while Australians can be found in the Middle East (6%), Africa (2%) and South and Central America (1%), the only country in any of these regions with a significant expatriate Australian community is Lebanon (3%).

Two implications can be drawn from these data. First, over a third of the Australian diaspora is concentrated in the world's global cities, in particular London (approximately 20%), Hong Kong (5%), Los Angeles (3%), San Francisco (2%), New York (2%), Singapore (1%), Berlin (1%), and Tokyo (1%). These cities represent the hubs of today's global economy, particularly in knowledge-based industries, and are the key sites in the international skilled labour market. As Koser and Salt note, "skilled migrants are disproportionately attracted to a few 'global cities', primarily because of the concentration there of high-level and specialist jobs".⁴⁸

Figure 2.4

Categories of visas issued to Australians by the US government in 2002⁵⁰



Source: Advance — Australian Professionals in America (2004), p. 31; Data sourced from US Department of Immigration

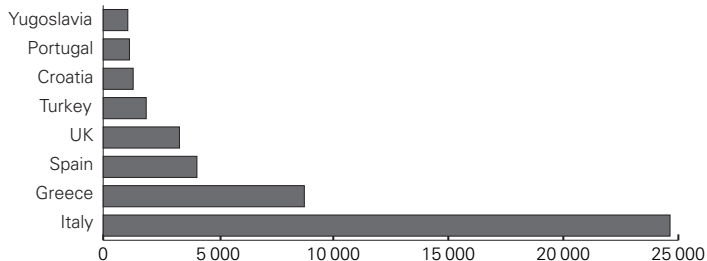
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The calibre of emigrants going to such global centres is well demonstrated by the example of the US.⁴⁹ Figure 2.4 shows the types of visas issued to Australians to work in the US in 2002. In all cases, high or exceptionally high levels of skills are required, so much so that in many instances American employers must show that there is no one with comparable skills in the US.

Second, nearly one quarter of the Australian diaspora can be found in countries that were once countries of origin for past waves of migration to Australia, such as Greece, Italy and Lebanon. Many Australian citizens residing in such countries are foreign-born or first generation Australians who have returned to their homeland or that of their parents, often because of a change in its political and economic situation or because they have retired. Figure 2.5 shows the main destinations for payment of Australian government pensions to Australians overseas. In total, over 60,000 people, equivalent to approximately 8% of the diaspora, receive such a pension from overseas.⁵¹

Figure 2.5

Overseas locations of recipients of Australian government pensions for the fortnight ending 26 June 2001



Source: Hugo et al (2003), p. 23; Data sourced from Centrelink

2.4 The rise of the diaspora

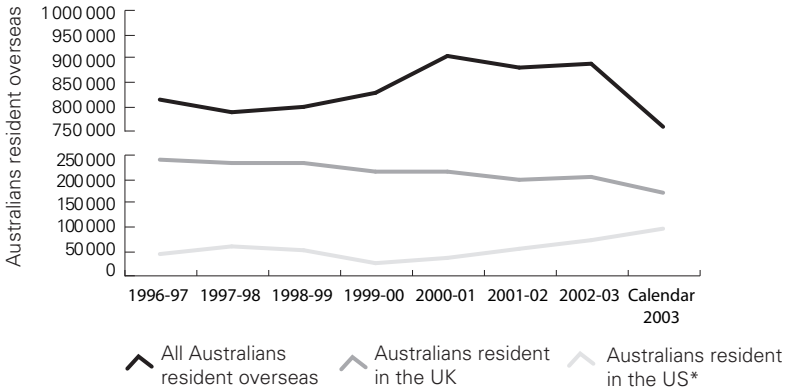
As Hugo et al note, “the evidence that the diaspora is expanding is compelling”.⁵² New data from DFAT confirm the growth of the Australian diaspora during the 1990s. The total number of Australians resident

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overseas rose sharply between 1997–98 and 2000–01 (see Figure 2.6), peaking at 906,000 people in 2000–01. One interesting shift is that the US appears to have increased in popularity relative to the UK.

Figure 2.6

Change in size of the Australia diaspora, 1996–97 to 2003 calendar year



Source: Adapted from data provided by DFAT upon request, May 2004

* This estimate appears to be inconsistent with other DFAT estimates.

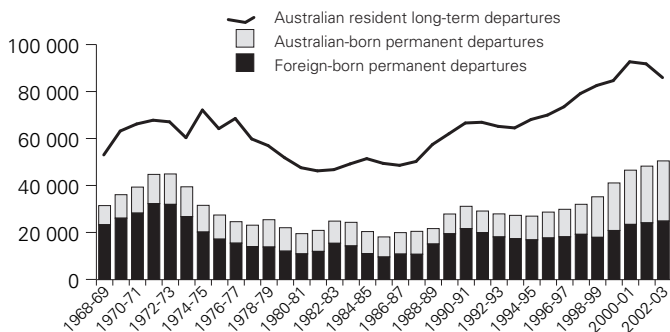
Emigration statistics further confirm this trend. While movement out of Australia has ebbed and flowed, the most recent period of high emigration began in the early 1990s and gained real momentum from 1994–95 (see Figure 2.7). Data from departure cards collected by DIMIA at Australian ports and airports reveals that this most recent wave of emigration differs from those preceding it, both because of its sheer size and the fact that it includes a far greater proportion of Australian-born citizens relative to overseas-born citizens.

In the decade between 1991–92 and 2001–02, the average increase in the number of Australian-born people leaving Australia permanently each year was 13%. Even in the wake of the terrorist attacks on 11 September 2001 and the downturn in the global economy, the number of Australian residents who left permanently rose by 3.7% between the financial years of 2000–01 and 2001–02 and a further 4.6% in the following year. Furthermore, the increase in departures was nearly twice as high among

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Figure 2.7

Permanent and long-term movements from Australia in the financial years: 1968–2002



Sources: Hugo et al (2003), pp. 25, 27; DIMIA unpublished tabulation

Australian-born emigrants compared with those born overseas.⁵³

Despite the increase in permanent departures, other indicators suggest that the growth of the diaspora is slowing. The number of residents departing on a long term basis has fallen since 2001–02. Similarly, DFAT’s estimate of the number of Australians living overseas has also fallen, dropping from nearly 900,000 people in 2002–03 to 760,000 by the end of 2003. However, the difference between the two DFAT estimates may be attributable as much to sampling errors as to any actual fall in the number of Australians living overseas. There was no corresponding sudden increase in the number of Australians returning home (see Section 3.2). Also, the number of Australians in the US, which is a relatively reliable figure, has actually increased over this period even though one might expect this to be the population most affected by the change in the economic and security environment. Therefore it is possible that DFAT’s new estimate is too low, or conversely that the Department’s old estimate was too high. In sum, uncertainty about the exact size of the diaspora exists, but it has certainly grown over the past decade.

2.5 Why do Australians move overseas?

Several surveys of expatriate Australians help explain why Australians were leaving the country in such quantities during this period. The VESKI survey found that “career advancement” was overwhelmingly the main reason for people choosing to leave, with two thirds of respondents ranking this as the most important decisional factor. Similarly, in the Emigration Survey by Hugo et al, “better employment opportunities” was the leading reason for Australians moving overseas (43 % of respondents), followed closely by “professional development” (36 %), “higher income” (32 %) and “promotion/career advancement” (24 %).⁵⁴ Interestingly, Hugo et al found differences between Australian men and women on this question. Although career related answers were still three of the top four reasons for women emigrating, women also nominated “marriage/partnership” (29 % of female respondents) as the second main reason.

However, while significant numbers of Australians are leaving Australia to live and work overseas, many are returning. In fact, Australia has what may be called a ‘rolling diaspora’,⁵⁵ featuring considerable churning of its membership. The latest data from Birrell et al indicates that the average length of a long term stay overseas for Australian residents who return is 2.2 years.⁵⁶ This finding is supported by survey data. More than 80 % of respondents to the VESKI survey indicated they would return. One quarter of respondents stated they intended to return in one to two years, one third in more than two years, and another quarter were undecided when they would return.⁵⁷ In the study conducted by Hugo et al, approximately half of the respondents stated they would eventually return. The authors found that age had a negative correlation with return. They also found that expatriates in Asia were the most likely to return, while those in North America were the least likely.⁵⁸ This notion of a ‘rolling diaspora’ is reflective of the mobility that characterises much of contemporary international migration, particularly among highly skilled people. We come back to the question of return migration in Section 3.2.

2.6 The face of the diaspora

It is plain that several discernable sub-groups exist within the Australian diaspora, although the data do not enable us to estimate with any accuracy the size of each group. Five of these groups are:

- > *The who's who*: These people are at the pinnacle of their careers, in significant international positions. They are located in the world's political and economic hubs, and may not intend to return to work in Australia.
- > *Gold collar workers*: Part of an emerging class which is "empowered by new notions of global connectedness", these Australians are mobile, highly skilled, well paid, and in the early to middle portions of their careers.⁵⁹ They are developing their skills on the international stage, but most intend to return to Australia.
- > *Other professionals*: Skilled Australians working in occupations such as nursing and teaching.
- > *Return migrants*: This segment includes first or second generation migrants who return to their countries of origin, usually for professional reasons or to retire, and often maintain links with both countries.
- > *Rite of passage travellers*: These young Australians tend to be away for shorter periods, often on working holiday visas, and split their time between work and travel.

Better data on the size and composition of these and other sub-groups would be very valuable, a point to which we return in Chapter 5. The skills and international connections that are of greatest value to Australia are most likely to be found among the first two groups. These two elite segments are more likely to be well connected in their

countries of residence and able to support Australian institutions and efforts. That said, all expatriates can be ambassadors for Australia, and diaspora policies should be broad enough to accommodate all expatriates with the will to contribute to their home country.

2.7 Goodwill towards Australia

A final feature of our diaspora is the goodwill that exists among its members towards Australia. Considerable anecdotal evidence suggests that many expatriates feel a strong sense of ‘Australian-ness’. The survey by Hugo et al, for example, found that nearly 80 % of expatriates “still call Australia home”.⁶⁰

During our research we encountered many examples of this kind of interest in and commitment to Australia. One interviewee recalled sending his postal vote back to Australia by FedEx to ensure that it arrived in time to be counted in a federal election. A senior New York-based financier told us of the career counselling he and his colleagues provided to newly arrived Australians. The American Australian Association raised funds from expatriates to establish an Education Fellowships Program that has so far enabled six Australians to undertake research at American institutions.⁶¹ An anthology of Australian expatriate stories has recently been published.⁶² The *Age* and *Sydney Morning Herald* websites attract approximately 1.3 million unique visitors per month from outside Australia, equivalent to one third of their online readership.⁶³ This year saw record numbers of Australians assemble at Gallipoli on Anzac Day despite security warnings, with the Australian Ambassador to Turkey estimating that it was the biggest gathering of Australians at Gallipoli since 1915.⁶⁴

The number and effectiveness of expatriate organisations provide a further example of the importance placed by expatriates on their Australian identity. There are over 100 Australian expatriate groups based in more than 30 countries, focused on activities ranging from football and socialising to business and politics.⁶⁵ In the SCG, expatriates now have an effective lobby group that advocates change to Australian policies that affect expatriates. The rapid rise and success of

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the expatriate networking organisation Advance in New York further reveals the latent desire among many expatriates to get involved with Australia and Australians. In the two years since its formation in May 2002, Advance has attracted nearly 3000 members as well as a number of impressive mentors willing to assist younger Australian professionals.⁶⁶ In sum, the indications are that many members of our large and distinctive diaspora retain their national identity and willingness to contribute to this country.

Chapter 3

The economics of the diaspora

The economic implications of a diaspora for the homeland can be significant, creating both negative and positive impacts. On the one hand, emigration can reduce an economy's human capital and growth prospects. On the other, a diaspora can be a source of foreign income and an effective method of connecting domestic business with international sources of trade, investment and knowledge. In this chapter, we review the economics of diasporas and examine the Australian case, pointing to ways in which the diaspora affects the Australian economy and providing new data from the ABS on the economic flows between Australia and its emigrants.

3.1 The economics of emigration

Debate over the economic costs and benefits of emigration is long standing. Historically, the principal focus has been on emigration from developing to developed economies, rather than on the flows of skilled labour between developed economies. In the 1960s, proponents of emigration argued that greater labour mobility would boost global economic efficiency.⁶⁷ On the other side of the debate, opponents concentrated on the costs involved for the home economies due to the loss of valuable human capital. The 'brain drain' argument was

popularised around this time.⁶⁸

This earlier debate has been revived and reinvigorated by two developments, the first empirical and the second theoretical. The empirical development was the increase in the international mobility of very highly skilled individuals. This is one of the by-products of the current era of globalisation, which is strengthening the tendency for human capital to cluster in places where it is already abundant.⁶⁹

The theoretical development was the rise of ‘new growth theory’. Analysis of the economic impact of emigration depends heavily upon the concept of human capital that is, together with physical capital (plant, machinery and buildings), a key input into the process of economic growth. Growth theory suggests that countries with more educated workers will tend to have higher levels of output per worker, just as economies with more physical capital will also have higher levels of output per worker. New growth theory goes further and posits that increases in human capital may lead to higher rates of growth of output per worker, not just higher levels.⁷⁰

New growth theory emphasises the positive externalities derived from human capital, arguing that the productivity of human capital relates positively to the availability of other human capital. For example, scientists are more likely to generate new ideas when they have contact with a lot of other scientists. This implies that there could be significant damage to a country’s development prospects as well as to its current economic performance if it loses “too much” human capital overseas.⁷¹ This argument lies at the heart of a fear in Australia that emigration is causing a brain drain.

On the other side of the debate, however, analysts have pointed to a wide range of positive feedback effects for source economies that send migrants overseas, including the growing importance of workers’ remittances as a source of financing for developing countries, the possibility of migrants returning with enhanced skills, and the creation of network externalities stimulating trade, investment and knowledge flows.

Economic theory, therefore, predicts that emigration has both positive and negative impacts on the source economy. Analysing the economic impact of the diaspora on Australia requires consideration of the range

of factors raised by both sides of this debate. First and most obvious is the impact on Australia's stock of human capital. Next are the largely positive feedback effects resulting from migration, in particular financial flows and remittances sent back to Australia from workers overseas, and 'diaspora externalities', including positive 'network benefits' capable of enhancing international flows in trade, capital and ideas.

3.2 The impact on Australia's human capital: brain drain?

The brain drain argument has most resonance in the context of emigration from developing countries. In that context, fears about its impact are exacerbated by evidence suggesting that those who emigrate are usually "the most skilled, educated, entrepreneurial, risk-taking and leadership-potential individuals".⁷²

Two factors make emigration particularly problematic in the developing country context: the fact that the impact of emigration on the stock of human capital is rarely tempered by immigration, and the greater relative scarcity of people with high levels of skill and education in such countries. For example, Guyana has lost 70% of its nationals with higher education qualifications to the US.⁷³ In such extreme cases, the loss of talent through emigration is likely to result in a major reduction in human capital, imposing a significant cost on those remaining at home.⁷⁴ Empirical work suggests that the countries most at risk of suffering this fate are those that are located close to labour-importing countries and have a relatively small educated population.⁷⁵

Determining whether Australia is experiencing a brain drain is less straightforward. Australia has a relatively large educated population and skilled labour force. Furthermore, on the international market for highly skilled workers, Australia is not only a sending economy, providing skilled migrants to the global pool. It is also a recipient economy, with an excess supply of skilled migrants wishing to settle on its shores. Immigration, therefore, goes some way to offsetting the negative impacts of emigration and should be considered in tandem

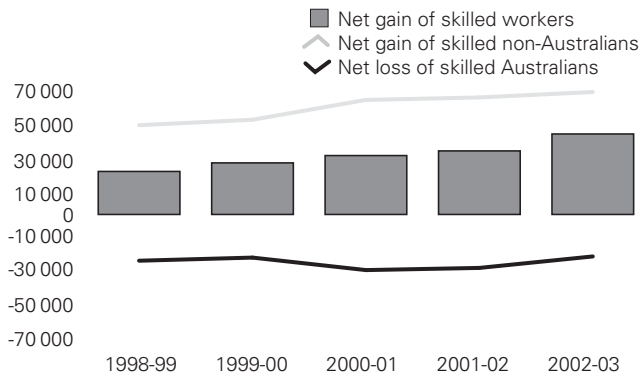
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with emigration in order to get a more complete picture of the impact of emigration on Australia's stock of human capital.

While Australia has experienced a net outflow of skilled Australian residents in recent years, in quantitative terms the arrival of skilled foreigners has more than offset this loss. DIMIA figures show that in the five years to 2003, the net loss of skilled Australians through emigration was approximately 135,000 people (see Figure 3.1). The net gain in skilled foreigners over this period was 302,000 people, more than double the number of Australians who left.⁷⁶ Furthermore, this loss of skilled Australian residents was small relative to the total Australian labour force. Birrell et al calculated that the net loss of skilled residents in the years 1998–99 to 2002–03 relative to the stock of employed people in Australia in 2001 was only 3%; furthermore, when inflows are considered, there was an overall gain of 4%.⁷⁷ In purely numerical terms, therefore, the emigration of skilled Australians has not resulted in Australia experiencing a deficit in skilled workers. Immigration has more than offset its impact.

Figure 3.1

The flow of skilled workers into and out of Australia



Source: Department of Immigration and Multicultural and Indigenous Affairs (2004)

This conclusion is reinforced when the figures for the total labour market are broken down to the level of specific professional groups.

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Even in those professions most in demand on the global labour market, Australia has enjoyed a net gain of skilled workers over the past five years. For example, the analysis of Birrell et al shows that Australia experienced a net gain of 5% in managers and administrators and a similar gain in professionals over this five year period relative to the stock in 2001, incorporating an increase of 17% among building and engineering professionals, 14% among computing professionals, 8% among accountants, 3% among nurses and 1% among school teachers. The only occupational group in which Australia suffered a net loss was 'other natural and physical science professionals' (-11%).⁷⁸

While there is no quantitative deterioration in Australia's skills base, there may, however, be a qualitative impact. Australian and foreign workers may not be perfect substitutes. Birrell et al acknowledged in 2001 that "the lack of qualitative data on movers leaves open the possibility that Australia is losing high quality residents and replacing them with lower quality settlers and visitors".⁷⁹ However, in their later study they showed this to be untrue in relation to one group of highly qualified people, those possessing PhDs: Australia experienced a net gain in the period 1996–2001.⁸⁰

A related concern is that the replacement of a locally born worker with an immigrant may involve some churning costs resulting from administration and settlement costs and lower initial worker productivity due to language or cultural barriers.⁸¹ Estimates of the relative productivity of migrants are typically derived by comparing their wage and employment performance with domestic-born workers. For example, despite being relatively highly educated, the typical migrant to New Zealand is likely to have a lower income and a lower probability of employment than a New Zealand-born worker, and will need 10–14 years to reach comparable levels.⁸² In Australia, Smith has shown that "recently arrived engineers experience significantly higher rates of unemployment and under-utilisation of their professional qualifications compared with Australian-born persons and earlier arriving migrants".⁸³

Even taking into account the transaction costs of emigration, however, the fact that two skilled migrants arrive in Australia for every skilled

Australian who leaves suggests that this country is not experiencing a decline in its total stock of human capital. Birrell et al wrote in 2001 that concern about the loss of skilled residents was “unnecessarily alarmist”, and in their 2004 report they argue that the effect of developments over the past three years “has been to increase Australia’s ‘brain gain’”.⁸⁴ The emergence of the Australian diaspora, therefore, has most probably not coincided with a brain drain or any significant depletion of Australia’s human capital, because losses of skill through emigration have been largely offset by immigration.

Furthermore, the brain drain argument assumes that when skilled residents emigrate, their human capital, and hence their value to the home economy, leaves permanently with them. According to this traditional view, the emigration of skilled labour is, therefore, “entirely negative from the perspective of the sending countries” given that the benefits from a skilled worker only accrue to the country in which that person resides.⁸⁵

This view is too pessimistic, for two reasons. First, it neglects the possibility of return migration. As we note in Chapter 2 and Figure 3.1, not all Australians who move overseas remain there permanently. Instead, we have a ‘rolling diaspora’, a significant proportion of the members of which return, often with enhanced human capital, in the form of new skills, experience, knowledge and networks, that is beneficial to the domestic economy.⁸⁶ Second, significant network benefits can accrue to the home economy from having an international diaspora, a point to which we return below.

3.3 Workers’ remittances and other financial transfers

The second major factor to consider in weighing the diaspora’s economic impact is the financial flows that return to the source country, often in the form of remittances. For many developing economies, the diaspora provides an important source of external financing. After foreign direct investment, workers’ remittances are currently the most significant source of external financing for developing countries. In fact, since 1997 remittances have been larger than aid flows as a

source of external finance: remittance flows to developing countries in 2001 totalled US\$72.3 billion, compared to net official development assistance to developing countries of US\$52.3 billion in the same year.⁸⁷ Remittance flows also tend to be more stable than capital flows such as portfolio investment and bank lending. Moreover, unlike other private sector capital flows, that tend to be pro-cyclical, there is some evidence that remittances can be counter-cyclical, as money is sent home to provide support for relatives suffering during economic downturns.⁸⁸

Empirically, remittances are relatively concentrated in a group of 20 developing countries that capture around 80% of total remittances to the developing world when measured in gross US dollar flows.⁸⁹ Not surprisingly, the importance of workers' remittances and other related transfers is much less significant for developed economies. Australia, for example, was ranked 112th, in terms of average remittance flows during the 1990s, out of 145 countries included in an international survey.⁹⁰ This low ranking reflects, in part, the fact that developed economies have a greater range of sources of external finance to draw upon, and much larger economies.⁹¹

One would expect workers' remittances and other transfers, therefore, to be relatively unimportant in the Australian case. To date, few attempts have been made to break down the data to answer this question. However, Australia's balance of payments statistics provide some indicative information on the financial flows resulting from the diaspora. While this data source is imperfect, the information captured in three lines in the balance of payments nonetheless allows us to gain some insight into the importance of remittances and other financial transfers:

1. Compensation to Australian employees from abroad

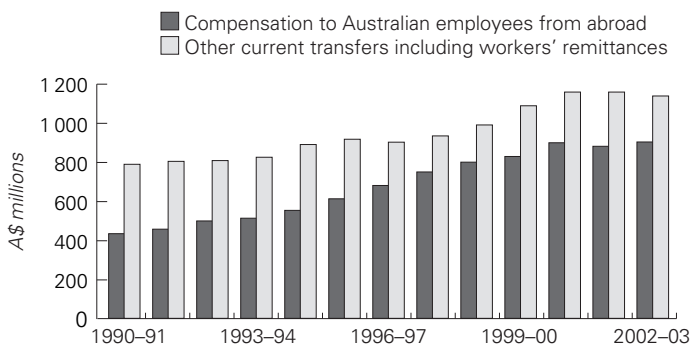
Part of the income section of the current account, this line captures wages, salaries and other benefits earned by individuals in economies other than the one in which they are resident, along with wages and salaries paid by so-called extra-territorial bodies (e.g. foreign embassies) to resident individuals. It includes payments to Australians working

overseas for periods of less than 12 months.⁹²

In 2002–03 compensation to Australian employees from abroad produced a gross inflow of A\$900 million (see Figure 3.2). In net terms, however, Australia ran a deficit in this area, paying out A\$1,324 million to non-residents.

Figure 3.2

Gross current account inflows



Source: Data provided by the ABS upon request, May 2004

2. Other current transfers, including workers' remittances

Workers' remittances provide a measure of funds transferred back to Australia by former residents who have been abroad for a year or more. Unfortunately, Australia does not isolate remittance flows. Instead, workers' remittances are included in a more general category in the current account called "other current transfers". Along with remittances, this line includes pensions paid by foreign governments to Australian residents, overseas contributions to Australian charitable, religious, scientific and cultural organisations, and other miscellaneous transfers such as payment of alimony, receipt of prizes and so forth.

In 2002–03 other current transfers saw an inflow of A\$1,136 million (see Figure 3.2). However, we cannot isolate the proportion of this inflow that is attributable to workers' remittances. Again, on a net basis, this flow is relatively small. Outflows under this category were A\$985 million in 2002–03, giving a net inflow in that year of A\$151 million.

3. Migrants' capital transfers

This is part of the capital transfers section of the capital account, and is the only line in this section relating explicitly to expatriates. It captures the transfer of net worth that occurs when an Australian resident migrates overseas or when a migrant arrives in Australia or a former resident returns after an extended period away. Australian expatriates make up approximately 40% of those moving to Australia each year.

In 2002–03 the outflow of migrants' capital transfers was A\$880 million. However, in the same year gross inflows from transfers from migrants entering Australia was A\$2,404 million, resulting in a net inflow to Australia of around A\$1,524 million.⁹³

These financial flows attributable to expatriates are not large relative to other items in Australia's balance of payments. Other current transfers, including workers' remittances, are approximately a quarter of total current transfers into Australia, while inflow due to compensation to employees represents only 6% of total income inflows into Australia. As Figure 3.2 shows, both measures trended upwards in gross nominal terms during the 1990s. However, any discernable trend over time evaporated when viewed as a proportion of Australia's current account. Therefore, allowing for the shortcomings of the data available, it is possible to confirm our *a priori* view that workers' remittances and other transfers from the diaspora into the Australian economy provide only a minor positive financial benefit to Australia.

3.4 Negative diaspora externalities

Several negative diaspora externalities have been identified by economists as further ways in which expatriates affect their home economy. Concerns have been raised in regard to the erosion of the domestic tax base (since the better-educated tend to be higher income earners, who in turn tend to contribute a disproportionately high share of taxation), and the possibility of large-scale loss of human capital hampering the formation of a middle class. These issues are more

applicable to developing countries, and are unlikely to be a concern in Australia's case.

However, emigration may nonetheless create some adverse externalities in Australia. Garnaut has pointed out that there are significant 'community externalities' associated with the employment of large numbers of professionals, through their contributions to professional and community organisations and public administration,⁹⁴ and that population size is important in the provision of national cultural goods such as broadcasting and newspaper content and national literature and drama.⁹⁵ There is probably some risk, which is difficult to quantify, that the loss of skilled Australians may impose social costs in some of these areas.

3.5 Positive diaspora externalities: the network benefits

The main positive externality resulting from a diaspora is the benefit accruing to the home economy from its expatriates' international linkages. Recent research has drawn attention to significant benefits arising from such international linkages, indicating that "the presence of highly skilled expatriates abroad should not be seen as a loss to the country but as an asset that can be mobilized".⁹⁶ This view of the diaspora holds that 'network approaches' can tap not only emigrants' own embedded knowledge, but also their social and professional networks in their new countries. Improved transport and communications have enabled an interest in the home country to be replaced by genuine engagement, which reduces the degree to which skills are actually 'lost' with migration.⁹⁷

At least four network benefits arising from diasporas can be identified. First, empirical evidence reveals that people living outside their own country can promote bilateral trade by providing market information.⁹⁸ For example, Gould has argued that immigrants' ties to their home countries can play a key role in fostering bilateral trade linkages, since those ties include knowledge of home country markets, language, preferences, and business contacts, all of which have the

potential to reduce transaction costs and facilitate trade.⁹⁹ Similarly, Rauch and Trindade found evidence that ethnic Chinese networks have a “considerable quantitative impact on international trade by helping to match buyers and sellers”.¹⁰⁰ Head and Reiss have examined the link between bilateral trade patterns and the origins of immigrants for Canada, finding that a 10 % increase in the accumulated stock of permanent immigrants from a typical country is associated with a 1 % increase in Canadian exports to that country and a 3 % increase in imports from that country.¹⁰¹

Second, a diaspora can play an important role in mobilising other balance of payments flows. We noted above the importance of remittances for many developing countries. In addition, overseas networks can be an important source of investment inflows. This may take the form of a direct effect, in that emigrants may be relatively more likely to invest in their home countries since they will have better local knowledge and links. Emigrants are also able to facilitate investments into the home country, by investors in their host country, by providing a source of local expertise. Several studies have pointed to the importance of the overseas Chinese in promoting foreign direct investment into China and Taiwan, for example.¹⁰² In the Australian context, Invest Australia admits that endorsement of this country as a business partner or investment destination carries additional weight with traders and investors when it comes from a third party rather than the Australian government.¹⁰³

Third, emigrants can act as ‘middlemen’, helping to stimulate business activity back in the home economy. Saxenian has described the substantial role played by Chinese and Indian engineers in Silicon Valley, who between them were running almost 30 % of the Valley’s technology businesses by the late 1990s. Subsequently Indian engineers have become “key middlemen linking US businesses to low-cost software expertise in India”, playing an important role in the growth of the Indian IT industry.¹⁰⁴

Finally, the fact that many diaspora members are highly mobile and likely to move countries again is relevant. Maintaining contact with emigrants will not necessarily cause them to return to their home

country, but if they decide to move on, it may increase the propensity of these people to move back, rather than to a third destination. Furthermore, we can speculate that if they do choose to return and have maintained their contacts at home, they are likely to achieve higher levels of productivity more quickly than either new migrants or expatriates who have retained few links with their homeland.

Unfortunately, there are no quantitative estimates of these effects for Australia. It may be that these kinds of information spillovers are more important in developing countries, which have a greater need to build an international reputation.¹⁰⁵ However, it is noteworthy that both Austrade and Invest Australia believe that engagement with expatriates can contribute to increased Australian exports and foreign direct investment, and are taking steps to increase that engagement.¹⁰⁶

3.6 Accentuating the positive: taking the diaspora option

Calculating the net economic impact of the Australian diaspora is an empirical task and at present we do not have the data to make a definitive judgment. However we can make some observations. Our loss of human capital from emigration seems to be more than offset by the arrival of skilled new immigrants and the return of Australian residents. Direct financial flows attributable to expatriates seem to be low, especially in comparison with developing countries. However, recent international research indicates that emigrant networks can produce tangible economic benefits for the home country.

These benefits are likely to be particularly valuable for a country that is small in population and relatively isolated, such as Australia. Diaspora networks can increase our international visibility, facilitate trade and business links, and accelerate the flow of ideas between Australia and the world. The bottom line is this: given that emigration has both positive and negative effects, a logical approach is to minimise the losses and maximise the gains, by thickening the connections between Australia and its emigrants.

Chapter 4

Public attitudes to the diaspora

Sustainable public policy requires popular support. Any study of the policy implications of the Australian diaspora, therefore, must deal with resident Australians' attitudes to expatriates themselves and to the phenomenon of large numbers of their fellow citizens living offshore. This chapter tests public opinion on both questions.

4.1 Foreign poppy syndrome and fear of the brain drain

Based on the noise generated by certain commentators, one may conclude that Australians do not like their expatriates very much. Prominent expatriates who poke their heads above the parapet often have them shot off for their trouble. In January 2004, for example, Germaine Greer wrote an article that was critical of Australian culture, which prompted numerous letters to the editor. Prime Minister John Howard described her remarks as “patronising” and “elitist”, concluding, “if she wants to stay in another country, good luck to her”.¹⁰⁷

Another example was the criticism directed at international art critic Robert Hughes in 2000. Public disquiet over his BBC documentary on Australia, and his comments during a Western Australian court case, was compounded, apparently, by the fact that he resided overseas. One commentator stated that “loudmouth expatriates” should “learn to

listen to what those who live in this country have to say". Another complained of "expatriatitus". A third wrote that Hughes' peers "have spent so much of their lives elsewhere that maybe we should stop calling them 'expatriates' and just see them as ignorant foreigners".¹⁰⁸

Other expatriates have received similar criticism in recent times, raising the question of whether we are seeing a significant shift in Australian attitudes. Has the cultural pendulum, stuck for many decades in the position of excessive regard for the opinion of outsiders, now swung the other way? Does a foreign postcode disqualify an Australian from commenting on national affairs and incite resentment in those still residing in Australia? Are we in the grip of a new and more virulent strain of the tall poppy syndrome, our traditional suspicion of high-flyers and big-noters? Are we suffering from 'foreign poppy syndrome'?

A related question concerns the public's attitude to the phenomenon of a sizable diaspora. Many opinion leaders and commentators have argued that the large expatriate community is a negative development — that top Australian talent from universities, business and the arts is migrating offshore. Commentators state that the brain drain is "real and... growing" and is "sapping Australia's energy", that it "has reached its most critical level" and may eventually "cripple us".¹⁰⁹ So, again, the question can be posed: to what extent does this kind of elite commentary represent public opinion? Does the public fear that Australia's brains are draining away?

4.2 Testing Australians' attitudes

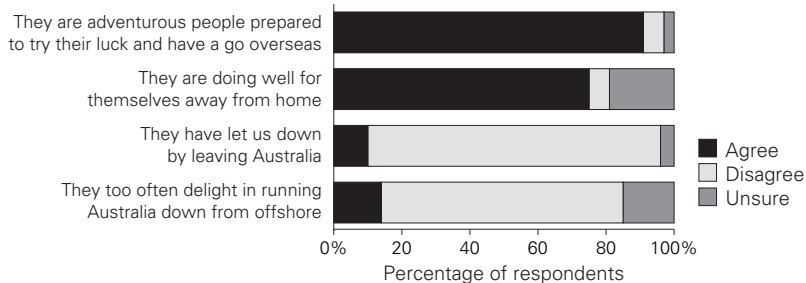
In order to gauge Australians' attitudes toward expatriates and the diaspora, we commissioned UMR Research to conduct a telephone survey of 1,000 resident Australians. On the question of the foreign poppy syndrome, Australians are in fact very sanguine about their non-resident countrymen and women (see Figure 4.1). Ninety-one per cent of respondents agreed with the positive statement that expatriates are "adventurous people prepared to try their luck and have a go overseas", and only 6% disagreed. Most respondents also believed that expatriates

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are successful: 75 % agreed they “are doing well for themselves away from home”, and only 6 % disagreed.

Figure 4.1

Australian attitudes to expatriates



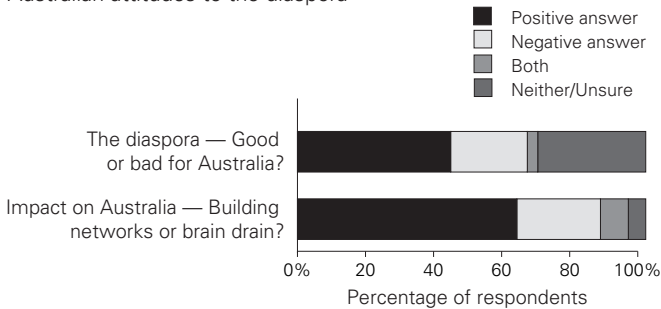
Source: UMR Research, 25–30 March 2004

By contrast, only 10 % of respondents believed that expatriates “have let us down by leaving Australia”, and a massive 86 % disagreed. On the issue of expatriates’ commentaries on Australia, only 14 % of people agreed that expatriates “too often delight in running Australia down from offshore”, and 71 % disagreed with the statement. Far from sniping at expatriates, then, most of us support them.

Similarly, Australians are extremely positive about the existence of a sizable community of offshore Australians (see Figure 4.2). Forty-four per cent of respondents believed that the fact that “almost one million Australians currently live overseas” was good for Australia, compared with only 22 % who believed it was bad. A larger majority again believed that the diaspora’s effects on Australia were positive. Sixty-three per cent of respondents agreed that expatriates “benefit Australia as they build networks and project our image offshore”. By contrast, only 24 % thought that “the number of Australians working overseas represents an alarming brain drain of talent from this country”. In other words, most Australians intuitively grasp the kind of network benefits that can flow from a well placed diaspora.

Figure 4.2

Australian attitudes to the diaspora



Source: UMR Research, 25–30 March 2004

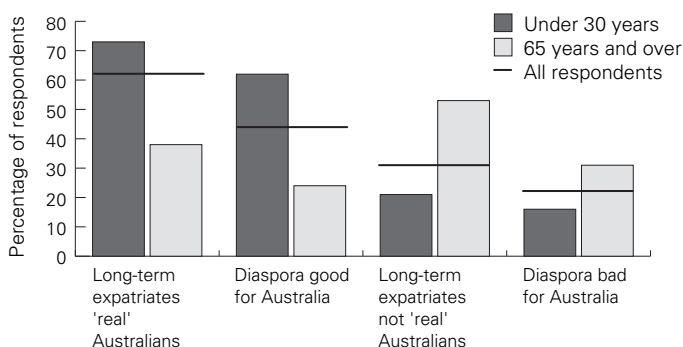
In sum, most Australians appear to be very positive about expatriates and about the existence of a substantial Australian diaspora. A further insight from the survey is the existence of a generational split: younger people are more positively inclined on these issues than older people (see Figure 4.3). On the question of attitudes to individual expatriates, we asked about Australians who “have been overseas for many years and have no plans to return home”. Sixty-two per cent of all respondents identified these people as “real” Australians, while 31% did not. However, the responses varied substantially depending on age: 73% of respondents under the age of 30 said they thought of these long term expatriates as “real” Australians, while only 38% of respondents over the age of 65 agreed.

There was a similar correlation between age and opinions towards the diaspora as a whole. When asked about the value of having so many Australians living overseas, 62% of those under the age of 30 thought this was good for Australia, whereas only 24% of those aged 65 and over agreed. A likely cause of this generational split is surely that, as described in Chapter 2, the diaspora is itself relatively young. Australians under the age of 30 are far more likely to have had personal associations with the diaspora, to have had friends in it, or to have been a part of it themselves, and therefore to appreciate its value.

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Figure 4.3

Differences in Australian attitudes by age



Source: UMR Research, 25–30 March 2004

In conclusion, Australians are generally very positive about expatriates and the existence of a large diaspora, and young Australians strikingly so. These are significant results and they indicate that the community may have a better grasp of the realities of globalisation than some of our opinion leaders. As Col Allan, former editor of the *Daily Telegraph* and currently editor of the *New York Post* describes it, “the chattering classes have fallen behind the public” on these issues.¹¹⁰ Strong public support is likely to exist for policies that reach out to expatriates and draw them into our national life, and use our diaspora to strengthen our national networks and image.

Chapter 5

Policy recommendations for mobilising the diaspora

As we have demonstrated in the preceding chapters, it is time for Australian institutions to think seriously about the diaspora. The existence of a large community of overseas Australians is relevant to a wide range of issues facing the country and needs to be considered in discussions of those issues. Furthermore, it makes sound economic and policy sense for Australia to increase its efforts to reach out to the diaspora and enmesh them in our national endeavours. First, our diaspora is large. Second, it is strategically situated, both professionally and geographically. Third, there is a deep well of goodwill within the diaspora towards Australia and vice versa. Finally, although the economic consequences of emigration are mixed, there are tangible benefits that can accrue to a home country from its diaspora. Some of these benefits are already flowing to Australia, but by working more closely with our emigrants we can seek to capture more of them.

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In this chapter, we set out six policy recommendations for Australian institutions:

- Recommendation 1** The Australian government should lead from the top by embracing the Australian diaspora rhetorically. It should sharpen its interaction with expatriates through reforms to DFAT, including the establishment of a coordinating unit within the Department.
- Recommendation 2** All sectors should energise their networking with the diaspora, particularly those sectors in which Australia can gain from better international collaboration and information exchange.
- Recommendation 3** Institutions should strengthen expatriate linkages through short-term return fellowships.
- Recommendation 4** Non-profit organisations should pursue the fundraising opportunity offered by the diaspora, including combined efforts to achieve the benefits of scale.
- Recommendation 5** Government should reform overseas voting procedures to better accommodate expatriates, and establish a joint parliamentary standing committee on the diaspora.
- Recommendation 6** Government agencies should collect more and better quality data on the diaspora.

One caveat should be noted. The formation of public policy in relation to diasporas is nascent and inherently difficult, given that expatriates are not resident within the national jurisdiction. Accordingly, the recommendations set out in this chapter are modest in terms of resource

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commitments. Furthermore, we suggest that their effectiveness in furthering the national interest should be assessed in three to five years' time, and refined as appropriate.

Policy Recommendation 1

5.1 Involving the diaspora in Australian diplomacy

The task of engaging with the Australian diaspora is not solely a job for the Australian government: much of the energy and initiative should come from the private sector. However, Canberra should take the lead in this national effort, and not only because it has the resources and legitimacy to do so.

Australia's expatriates should be seen as an integral element of our diplomatic efforts. A strategically located diaspora can help our international representatives to do their job: to gather information, build relationships and advocate Australia's interests. They can also assist our public diplomacy effort, serving as goodwill ambassadors and helping to project an accurate and contemporary image overseas.¹¹¹

This last function is not peripheral to Australian foreign policy. Nye has written of the salience of "soft power" in international relations: "A country may obtain the outcomes it wants in world politics because other countries — admiring its values, emulating its example, aspiring to its level of prosperity and openness — want to follow it."¹¹² Properly mobilised, the members of our diaspora could be powerful instruments of Australia's soft power.

Recommendation 1: The Australian government should lead from the top by embracing the diaspora rhetorically, and sharpen its interaction with expatriates through reforms to DFAT.

5.1.1 *Leading from the top*

Standing at what Theodore Roosevelt called a "bully pulpit", national leaders are well positioned to elevate an issue such as the diaspora to the national agenda. Several foreign heads of government have elected to communicate the value of their diasporas to their constituents and to reach out to expatriates. The former President of Ireland, Mary

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Robinson, for example, stated in her inaugural address that she would “be proud to represent [the] vast community of Irish emigrants”. Current Taoiseach Bertie Ahern has commented, “We view the Irish diaspora as a rich source of international influence and goodwill towards Ireland.” The Irish Constitution itself states that “the Irish nation cherishes its special affinity with people of Irish ancestry living abroad who share its cultural identity and heritage”.¹¹³ New Zealand Prime Minister Helen Clark told a business audience that “our expatriates can see opportunities for us overseas through New Zealand eyes”.¹¹⁴ The former Indian Prime Minister Atal Behari Vajpayee established, and addressed annually, a gathering of Indian expatriates in New Delhi called the *Pravasi Bharatiya Divas*. In 2003, he told the group his message was simply “Welcome home”. At this year’s event, he declared, “Together we constitute a global Indian family... You are our ambassadors in the countries you have chosen to make home. Given your links with India and your stature in your home countries, you are in a unique position to explain what India is, and what India can be, to the audiences in your countries.”¹¹⁵

Australian leaders, by contrast, have been relatively muted on the subject of the diaspora. Prime Minister John Howard and Foreign Minister Alexander Downer have spoken about the importance of protecting Australians abroad, but there has been no coordinated effort to embrace the diaspora rhetorically. We recommend that our national leaders, including the prime minister, the foreign minister and perhaps the governor-general, articulate clearly the value Australia places on its expatriates, and in so doing draw them more fully into the mainstream of our national life.

5.1.2 Sharpening government outreach efforts

Rhetorical enthusiasm should be backed up by a coordinated, targeted approach to government outreach. Some countries have invested significant resources in this issue. India is a notable example. As well as instituting the *Pravasi Bharatiya Divas*, the government appointed a high level committee which has recommended the establishment of an autonomous commission for diaspora relations.¹¹⁶ Poland has established

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the Department for Polish Diaspora Affairs within its foreign ministry, and an intergovernmental committee bringing together representatives from the ministries of education, culture, finance and internal affairs, and the prime minister's office. The Italian foreign ministry has the Directorate General for Italians Abroad and Migration Policies, as well as an extensive system for regular interaction with the diaspora, including the General Council of Italians Abroad. Similarly the Greeks have the General Secretariat for Greeks Abroad within their foreign ministry.¹¹⁷

In Australia, the obvious locus for activities relating to the diaspora is the Department of Foreign Affairs and Trade, the government agency with principal carriage of Australia's interactions with the world. The use of expatriate communities has, of course, always been a part of diplomatic work.¹¹⁸ The Department's submission to the recent Senate committee inquiry sets out the range of activities it carries out with respect to the Australian diaspora.

First among these is the provision of consular services. The Howard Government has put the highest emphasis on the security and welfare of Australians abroad. This is entirely proper, particularly in the wake of the Bali bombing in October 2002, which resulted in the single largest peacetime loss of Australian life overseas, and the Jakarta embassy bombing and Baghdad hostage speculation in September 2004. As part of its consular mission, the government assists 20,000 citizens in distress overseas each year, provides travel advisories, organises evacuations from trouble spots, issues passports and provides notarial services, and conducts elections overseas.¹¹⁹

DFAT maintains an online register of Australians overseas (ORAO) to assist the Department in locating Australians in an emergency. DFAT estimates that 14% of overseas residents are registered with ORAO, and is understandably reluctant to expand the functions of the system beyond the purpose of protecting Australians overseas, for fear of discouraging registration or limiting its use as a crisis management tool. The focus is on the security implications of the diaspora.¹²⁰

The Department is also active on broader fronts. Its Senate inquiry submission indicates that it uses expatriate communities to gather

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political and economic insights, and to promote and sponsor Australian cultural events, such as the Australia Week celebrations in Los Angeles in February 2003.¹²¹ Moreover, certain missions have had noteworthy successes in working with diaspora communities to establish energetic networks. For example, the consulate general in New York has been integral to the conception and establishment of Advance, and has contributed considerable in-kind support to its operations, including office space and a venue for events.¹²²

Notwithstanding this excellent work, however, there is no strategic, whole-of-department — let alone whole-of-government — effort to interact with the diaspora or to use it to achieve the Department's goals, including advocacy, information collection and public diplomacy. In particular, we noticed the following gaps:

- > There is no central unit within DFAT or any other department to engage with the diaspora.
- > Outside the performance of consular duties, there is no regular surveying of contacts with the diaspora in diplomatic posts, or a specific diaspora element in post evaluation reviews.
- > The issue is not emphasised in official DFAT documents such as annual reports and white papers.
- > The DFAT website contains a page of links for expatriates, but it is insufficiently tailored to their needs to be very useful.¹²³

Many Australian diplomats use their contacts with expatriates creatively to further our national interest. However, this has never been a priority of Australian governments and as a result it has never fully penetrated the Department's systems and structures. Consequently, the level and form of engagement that occurs between Australian missions and expatriates depends largely on the personalities of the senior diplomats in each post and in particular the head of mission.

We suggest that the bureaucratic focus on the diaspora should be

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sharpened. We do not believe that the answer to the problem is the creation of a large new bureaucracy, such as a ministry for the diaspora. Rather, we believe that certain modest, targeted reforms to DFAT's processes should be instituted, namely:

- > A unit should be created to generate new ideas on expatriate engagement, capture the experiences of different diplomatic posts, and distribute best practices throughout the system. This unit should be located in DFAT but work with other arms of government, such as the AEC, Austrade and Invest Australia.
- > Diaspora engagement should be made an explicit aim of the Department and be included in post and divisional objectives and ministerial directives to heads of mission. Posts should, of course, be allowed flexibility as to how this end is achieved, given the variety of environments in which they operate. For example, there are likely to be more opportunities to work with expatriates to advance Australia's interests in global cities such as New York, London and Hong Kong. However, the ambition should be consistent, even if the programs are not.
- > A tailored, up-to-date and comprehensive website should be created to function as a 'one-stop shop' for expatriates. It should be administered by the government to ensure it is regarded as trustworthy by users.¹²⁴

These policies would, of course, require some modest additional resources.¹²⁵ The provision of these would allow our diplomats to engage better with the Australian diaspora: to reach out, draw them into our national affairs and, where appropriate, set them to work for us.

Policy Recommendation 2

5.2 Using diaspora networks to internationalise Australia

As argued in Section 3.5, a well placed and well disposed diaspora can function as a bridge to international ideas, investment and capital. In order to maximise the traffic moving across this bridge, however, we need to make it wide and strong and clearly signposted. We suggest that government and business should work together to create networks that draw in members of the diaspora and facilitate communication among expatriates and between expatriates and resident Australians.

Recommendation 2: All sectors should energise their networking with the diaspora, particularly those sectors in which Australia can gain from better international collaboration and information exchange.

5.2.1 Principles for effective networks

Building workable networks is not an easy task: many are established, few survive. This is particularly the case where the participants are scattered around the world. A survey of diaspora networks in several countries indicates that lasting and effective networks generally possess four characteristics:

- > *Segmented*: ‘One size fits all’ networks tend not to succeed over the long term. The most effective diaspora networks are segmented, both vertically (by sector, industry or topic area) and horizontally (according to participants’ seniority and experience). This kind of targeting ensures that participants have certain common interests and experiences.

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- > *Mutually beneficial*: Reciprocity is vital to the sustainability and success of any network. Participants must enjoy some benefit from being involved in networks, for example the opportunity to meet other people in the field, make contacts in Australia, or generate business opportunities. Effective diaspora networks are more than a register of names and contact details for people. They are outcome-orientated, with specific aims and activities.
- > *Virtual and physical*: While the Internet has increased the ability of expatriates to remain in contact with their homelands, the ability to bring people together in person remains important to the development of strong and trusting relationships. Effective diaspora networks usually combine a web presence with periodic opportunities for members to meet.
- > *Public-private partnership*: As diaspora networks are public goods, governments often have a role in helping to facilitate their establishment, including by the provision of seed funding. However private sector leadership and knowledge is necessary to drive their growth.

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**Advance —
Australian Professionals in America**¹²⁶

Advance is a leading Australian example of a diaspora network. Founded in May 2002, Advance already has branches in seven US cities and a membership of nearly 3,000 Australian expatriates. Advance adheres to the four principles set out above:

> Segmented

Its operations are divided into 10 professional groups: financial services; life sciences; media, advertising and marketing; performing and visual arts; technology; property services; public interest; tourism and hospitality; academia; and enterprise investment.

> Mutually beneficial

Advance's activities include mentoring, networking events, professional development activities and information about career opportunities in Australia and the US.

> Virtual and physical

Advance has an interactive website and database available to all members, and hosted over 80 events in 2003.

> Public-private partnership

Advance is supported by federal and state governments, but also receives private sector support and has a substantial volunteer base.

5.2.2 Putting diaspora networks to work

There are some impressive efforts underway to build Australian diaspora networks. The SCG and Advance are only two prominent examples of expatriate mobilisation. A consortium of organisations has recently established a website for matching Australian expatriates and Australian businesses.¹²⁷ At a more informal level, organisations are exhibiting their willingness to look to our expatriate community for particular expertise. One example was the University of Sydney's decision to create the positions of Distinguished International Fellows of the University for two alumni, the President of the World Bank, James Wolfensohn, and the President of the Royal Society, Lord Robert May.¹²⁸ However, opportunities exist to develop these networks further, and to create new ones.

Diaspora networks could benefit many fields of Australian endeavour, but particularly those in which international connectivity is important. One example is the commercialisation of ideas: Australians have produced many world class innovations, but we sometimes fail to derive maximum value from our research.¹²⁹ Australian expatriates, working in front line businesses in the United States and elsewhere, can help us do better. A model of an organisation that taps these people, and that could be applied to other sectors and regions, is the ANZA Technology Network, which connects Australian and New Zealand technology professionals with their counterparts in Silicon Valley.¹³⁰

Another area that holds promise is the international expansion of Australian businesses. The Australian Institute for Commercialisation (AIC) notes that to “succeed in international markets Australian-based firms must often surmount geographical remoteness and prohibitively expensive access to market entry points, restricted access to capital and key distribution relationships in global markets, and lack of experience in the sheer ‘scale and speed’ of international business”.¹³¹ The diaspora can provide local knowledge and contacts for Australian firms moving offshore: in the words of the Australian consul-general in New York, they can explain “the lie of the land” and provide “warm hand-offs” to local players.¹³²

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A networked Australian diaspora could offer significant national advantages to this country. These advantages would not necessarily manifest in predictable and measurable ways, but there is little doubt that increasing the frequency and quality of interactions among expatriates, and between expatriates and resident Australians, would advantage both groups. We have not been prescriptive in this section about the number and nature of these networks. There is real potential in the two areas discussed above, but this type of networking should not be limited to those areas, or even to the world of commerce. Rather, it should be driven by demand and opportunity in all sectors. Properly organised, diaspora networks could be, in Professor Robert O'Neill's phrase, "expat bridgeheads" for Australia.¹³³

Policy Recommendation 3**5.3 Creating return fellowships**

Another way of engaging members of the diaspora is to facilitate short, targeted return visits by expatriates so they can share their knowledge and international experience. We suggest that return fellowship programs should be instituted in a range of sectors to enable selected expatriates to return to Australia for short periods to collaborate with domestic colleagues on specific initiatives.

Recommendation 3: Institutions should strengthen expatriate linkages through short-term return fellowships.

This concept of short-term return is a pragmatic one. Some members of the diaspora have rich professional and personal opportunities offshore that prevent their permanent return to Australia, at least for some time. However, most are keen to remain in contact with Australian colleagues, friends and family. Bringing them home for short periods and partnering them with local institutions would be congenial for them and also serve the national interest, as they could act as international conduits for information and contacts. These return fellowships would complement the diaspora networks discussed in the previous section.

Return fellowships would be valuable when two criteria are satisfied: first, there is a knowledge gap between this country and the rest of the world that could be filled by an expatriate; second, there is an appropriate local partner the returnee could work with on a specific project. Below, we examine the potential for return fellowships in academia and industry.

5.3.1 Academic return fellowships

The academy has long been globalised. International networking is critical for both the advancement of knowledge and the development

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of academic careers, enabling scholars to remain up to date with the latest research and maintaining the international visibility of local research.¹³⁴ The pace of academic research has quickened in recent decades, making such linkages even more imperative. In the sciences, for example, the Australian Academy of Science recently wrote that in the modern era, “technological progress and market competitiveness are contingent on scientific effort being conducted in accordance with international best practice. For countries such as Australia that produce only a small proportion of the world’s scientific output, the maintenance of international linkages to leading overseas researchers and facilities is therefore vital.”¹³⁵

A sizeable number of Australian academics, particularly in the sciences, live and work overseas.¹³⁶ This reflects a global trend towards the concentration of academic talent, particularly in the US, due to superior remuneration and research conditions offered by its institutions.¹³⁷ These expatriates are a natural target for Australian researchers seeking international collaboration. They are familiar with the quality and methods of research in Australia and, given that many wish to return eventually, are generally keen to maintain their professional links with home.

Certain programs exist to bring researchers to Australia permanently, notably the Federation Fellowships.¹³⁸ However, only a few Federation Fellowships are offered each year, and in any case only one third of the Fellowships have been awarded to expatriates.¹³⁹ Australia has numerous visiting fellowship programs open to researchers of any nationality.¹⁴⁰ Until very recently, however, there had been only one notable example of a formalised process of importing expatriate researchers for limited periods, the New South Wales Residency Expatriate Scientist Award (see box). The Queensland government has now announced that it will launch a similar program.¹⁴¹

***New South Wales Residency Expatriate
Scientists Award***¹⁴²

A new initiative conceived by Professor Bryan Gaensler and supported by the University of Sydney and the New South Wales government, the Award aims to “establish and re-establish research linkages and collaborations” with expatriate scientists. It provides expatriates with the opportunity to return to the University of Sydney for up to three months. Researchers are selected on the basis of merit and their proposals for joint research with their Australian counterparts. Two researchers have completed the exchange to date, both with significant success. Professor Paul Franzon, an engineer specialising in nanotechnology, returned from the US to collaborate with scientists at the School of Chemistry on research into molecular computing. Their collaboration has continued beyond the tenure of the fellowship, with recent submissions made to public and private institutions in the US for joint funding. Astronomer Professor Theo ten Brummelaar returned to collaborate with the team working on the University’s Stellar Interferometer in Narrabri, New South Wales. The partnership involved the transfer of remote capability technology, used by Professor ten Brummelaar on a similar instrument in California, to the Australian facility, as well as the development of future shared technology.

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We recommend the creation of a national academic return fellowship scheme, similar to that piloted in NSW. The fellowship scheme should have several characteristics:

- > Australian expatriate researchers should be supported to return to Australia to undertake specific joint research projects with identified Australian partners, for two to three month periods. The fellowships should be tenable at all Australian universities with research programs of international standing, and be available to academics and researchers in all disciplines.
- > The scheme should privilege candidates with the potential to bring in new sources of international research funding, and should also include a teaching component.

5.3.2 Industry return fellowships

Return fellowships have been pioneered in academia, but the principle could be applied in other sectors in which Australia could learn from international experience. There are international precedents for such a scheme. Since 1997, the United Nations' Transfer of Knowledge Through Expatriate Nationals (TOKTEN) Program has made it possible for expatriate professionals from developing countries to return to their home countries and provide short term technical assistance.¹⁴³ Another example closer to home is the World Class New Zealand Program (see box).

World Class New Zealand Program¹⁴⁴

The World Class New Zealand (WCNZ) Program emerged from a Cabinet discussion in 2001 on the impact of the ‘tyranny of distance’ on New Zealand’s economy. One of its components is short, sponsored visits by experts, both Kiwis and other nationals, to provide “world class international expertise, knowledge and invaluable networks to help the growth of New Zealand industry and business”. The Program costs NZ\$2.25 million per year and operates in the areas of biotechnology, investment banking, intellectual property law, US Food and Drug Administration regulatory affairs and commercialisation. In addition, an annual WCNZ Award is given to the expatriate who has given most back to New Zealand.

Industry return fellowships should be tailored to match the type of commitment that is feasible to ask of business people. The key features of an industry return fellowship scheme should be:

- > Successful expatriates should be supported to return home to advise local businesses on specific issues that are relevant to their sector.
- > The scheme should be funded by the private sector.
- > The return visits should have specific outcomes, such as sharing best practices or creating opportunities for collaboration or business ventures.

Policy Recommendation 4

5.4 Encouraging diaspora philanthropy

International experience has shown that long term engagement with expatriates can yield substantial philanthropic benefits for domestic non-profit organisations.¹⁴⁵ Given the socio-economic profile of our expatriates and their goodwill towards Australia, our diaspora presents a similar opportunity for Australian non-profit organisations.

Recommendation 4: Non-profit organisations should pursue the fundraising opportunity offered by the diaspora, including combined efforts to achieve benefits of scale.

We estimate that expatriate Australians donate approximately A\$80 million per year to philanthropic causes.¹⁴⁶ This assumes that expatriates give at a rate equivalent to the average Australian population, which may in fact be a conservative assumption. Expatriates may give more than other Australians, for two reasons. First, they earn more on average than resident Australians and higher earnings correlate to higher philanthropic giving.¹⁴⁷ Second, the philanthropic behaviour of expatriates may be influenced by patterns of giving in their countries of residence. A large proportion of expatriates reside in the UK and US, where charitable giving is roughly double and triple the rates in Australia respectively.¹⁴⁸

Of course, expatriates will direct some of their giving towards causes in the countries in which they now reside. Nevertheless, Australian non-profit organisations should seek to maximise their share of this pool of philanthropic income. The task for Australian institutions is to connect with potential givers overseas and maintain sustainable relationships with them. These relationships will require some investment by Australian non-profit organisations, including the maintenance of a permanent presence in the target country. It may be necessary, for example, to establish independent charitable bodies to

manage fundraising events and offer donors local tax deductibility.

Fulfilling these conditions across a number of geographical regions would entail an impossible resource commitment for most Australian non-profit organisations. However they may be able to exploit this opportunity by working together in international outreach and thereby achieving benefits of scale. In this section we focus on two types of non-profit institutions by way of example, namely universities and arts organisations.

5.4.1 Universities

Australian universities are increasingly looking to raise funds from private sources.¹⁴⁹ To date, their efforts have been largely restricted to the domestic market, but the growing number of Australian alumni who are based overseas (as well as international students who have studied at Australian universities)¹⁵⁰ make international alumni fundraising both viable and important. Some universities have taken early steps to tap the expatriate philanthropic dollar. Many of the Group of Eight universities have established or are considering fundraising schemes for the US and UK. There is still a long way to go, however. Many of our interviewees, for example, commented they had had little or no contact with their universities since moving overseas.

Securing this potential philanthropy would be easier and more cost-effective for universities if they worked together by sharing knowledge and international capacity. Even in the largest markets, such as London and New York, it is unlikely that all 38 Australian universities could maintain discrete alumni operations. However, by working together in their international philanthropic outreach, possibly through one of the existing umbrella organisations such as the Group of Eight, the Australian Vice-Chancellors Committee or IDP Education Australia, Australian universities could share information, best practices and resource costs. In most cases, universities would be targeting different expatriates, so they would not be in direct competition. There is a precedent for this kind of cooperation: the University of Sydney USA Foundation and the University of Melbourne USA Foundation, while separate organisations, are run from the same office.

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5.4.2 Arts Organisations

Arts organisations face similar problems of scale, without having universities' organic alumni networks on which to rely. For these groups and other non-profit organisations, an efficient way to identify and reach out to sympathetic potential donors would be through existing networks of Australian expatriates, especially those with an arts focus.¹⁵¹ These networks could provide access to volunteers and potential donors. Furthermore, greater outreach to the diaspora could expand the market for our national cultural goods, thereby alleviating one of the potential negative emigration externalities identified in Chapter 3.

Two examples of arts organisations that have had some success in diaspora philanthropy are the National Gallery of Australia (NGA), which established the American Friends of the NGA, and the National Institute for Dramatic Arts (NIDA), which has created the Friends of NIDA in America (see box).

Friends of NIDA in America Foundation¹⁵²

The Foundation was established in 1999 with a US\$1 million donation from actor Mel Gibson to help refurbish NIDA's buildings. The organisation allows tax deductibility for US donors, but also holds fundraising events in New York, promotes the education of drama and entertainment students in both Australia and the United States, and facilitates exchanges of people and knowledge between the two countries. Strong leadership by the board has been vital to the Foundation's development, which aims to "build long term loyalty and a sense of community among members".

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Most arts bodies will not have the ability to maintain their own international fundraising arms. Those that cannot should explore the possibilities of working together to achieve an international presence. In the long term, the Australian government should also consider creating an umbrella organisation to assist all Australian non-profit organisations to network, raise funds and process donations internationally. Ireland has been particularly successful in this regard with the Ireland Funds, which relies on international supporters to fund a wide spectrum of non-profit activity in the Republic of Ireland (see box).

*The Ireland Funds*¹⁵³

The Ireland Funds is a charitable umbrella organisation established in 1976 by a group of supporters of Ireland including businessman Dr Tony O'Reilly. It brings together funds operating in 11 countries according to local charitable laws. The Funds raise money from the Irish diaspora and direct it to programs in Ireland which benefit arts, culture, peace and reconciliation, education and development. The Funds hold local fundraising events and an annual worldwide conference, and they have raised over US\$200 million through membership fees, bequests and donations.

Policy Recommendation 5

5.5 Engaging the diaspora in Australian democracy

The growth of the Australian diaspora raises important issues regarding the engagement of expatriates in Australia's democratic processes. The right to participate in national affairs, particularly the right to vote, is usually regarded in Australia as a corollary of citizenship.¹⁵⁴ However, no right is unlimited. The demand for expatriate representation must be balanced against the principle of electoral legitimacy, the notion that elections should be determined by those who have a stake in their outcome.¹⁵⁵ Expatriates are often beyond the jurisdiction of the Australian government. Generally, they do not pay Australian income taxes, drive on Australian roads or use Australian hospitals. In other words, they usually feel the consequences of elections less than resident Australians. On the other hand, Australian expatriates continue to have an interest in the outcome of Australian elections, especially as most return to live here at some point. An appropriate balance must therefore be struck between expatriates' rights as Australian citizens on the one hand, and electoral legitimacy on the other.¹⁵⁶

Apart from the question of rights, we suggest it is also in the national interest that expatriates are involved in Australia's democratic processes. Australians resident overseas have valuable contributions to make to public debate. Increasing their participation would enrich our discourse, just as the inclusion of historically marginalised groups has expanded our national life. Moreover, history tells us that democratic participation tends to increase other forms of civic engagement. De Tocqueville observed a century and a half ago that participation in civil associations creates a feeling of duty, a habit of cooperation and a sense of interdependence.¹⁵⁷ A similar argument was deployed in 1924 when the Australian Parliament legislated for compulsory voting: Senator Payne, disturbed by declining

turnout, told the Senate that the reform “would effect a wonderful improvement in the political knowledge of the people”.¹⁵⁸ It seems intuitively correct, therefore, that a diaspora that exercises its democratic rights would be more likely to contribute to Australian civil society in other ways as well.¹⁵⁹

We do not believe that wholesale reform of enrolment and voting procedures are necessary. However we do think that two steps should be taken to involve expatriates more fully in Australia’s democracy.

Recommendation 5: Government should reform overseas voting procedures to better accommodate expatriates, and establish a joint parliamentary standing committee on the diaspora.

5.5.1 Encouraging overseas Australians to vote

At the last federal election in 2001, voter turnout among Australians living in Australia was about 95%.¹⁶⁰ By contrast, only 63,036 Australians voted from overseas, despite the fact that there were about one million Australians abroad at the time, the majority of whom would have been of voting age.¹⁶¹ Given that some of these votes were cast by Australians who were abroad temporarily, these figures imply that the great bulk of the Australian diaspora does not vote.

While expatriate turnout will never be as high as in-country turnout, the disparity between the two rates suggests that existing electoral procedures inhibit some expatriates from voting. The current electoral practice as it applies to overseas citizens is complex (see box over page for the key elements). In sum, however, expatriates have the right to vote, but it is dependent upon their remaining on the electoral roll and voting in or appropriately excusing themselves from all elections and referenda, whether local, state or federal.

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FOR MOBILISING THE DIASPORA

*Key elements of overseas voting*¹⁶²

- > *Right to vote:* Recently departed expatriates have the right to vote. There is no fixed time at which this right is removed, however it becomes more difficult to maintain after six years of living outside Australia.
- > *Enrolling to vote:* Expatriates must be on the electoral roll in order to vote. They can be on the roll by remaining enrolled at their previous residence in Australia;¹⁶³ enrolling to vote from overseas during their first three years away; or becoming an Enrolled Overseas Elector (EOE).
- > *Enrolled Overseas Elector:* Australians can apply to become EOE's if they intend to return to Australia within six years. If they remain outside Australia beyond six years, expatriates can apply annually to renew their EOE status.
- > *Compulsory voting:* Voting is not compulsory for expatriates. Being outside Australia is considered a “valid and sufficient” reason for not voting in an election. If an elector informs the Australian Electoral Commission (AEC) accordingly, they will not be not fined or removed from the roll.
- > *Mechanisms for voting:* Australians who are overseas can vote either by postal vote or in person at an Australian mission. For the 2001 federal election, 99 overseas polling stations were set up in 74 countries.¹⁶⁴
- > *Removal from the roll:* Expatriates may be struck from the roll if they do not vote or attempt to vote, or if they fail to inform the AEC why they did not vote. EOE's will be automatically struck from the roll if they fail to vote or if, after six years away, they do not apply to renew their enrolment three months before it expires.
- > *Loss of eligibility to enrol or to vote:* If an Australian citizen is not on or has been removed from the roll and has been overseas for more than three years, they are not eligible to enrol, to re-enrol or to vote until they return to live in Australia. Such people can only (re-)enrol and reclaim their right to vote in Australia by returning to live in Australia for one month or more.

The practicalities of the overseas voting system mean that it is often difficult for expatriates to remain on the roll and retain their right to vote. First, the EOE system is either unknown or unpopular among expatriates: in 2001, a mere 10,636 Australians were registered as EOE's. Furthermore, if the system was designed to facilitate expatriate enrolment and voting, it is having limited success: only 5,822 of the registered EOE's voted in the federal election in 2001.¹⁶⁵ Indeed, there is anecdotal evidence that the EOE process may actually discourage expatriates from voting: having enrolled, some expatriates are under the misapprehension that they will automatically receive a ballot upon an election being called.¹⁶⁶ In addition, under the EOE system expatriates have no opportunity to explain themselves if they fail to vote, as residents can. Failure to vote results in an EOE's name being automatically removed from the roll. In this regard, the EOE system seems more effective at helping the AEC identify overseas voters and cleanse them from the roll than enabling expatriates to exercise their democratic rights.

Second, while a limitation on the length of time expatriates remain on the roll seems appropriate given the need to strike a balance between the right to vote and electoral legitimacy, the timing within the current scheme seems arbitrary. The three year limit on being able to enrol to vote from overseas disenfranchises a significant number of Australian expatriates who technically should be able to vote but who, for one reason or another, have fallen off the roll.¹⁶⁷ The choice of six years as the cut-off for eligibility for EOE's is obscure in origin¹⁶⁸ and seems to have been made irrespective of Australian expatriates' contemporary patterns of mobility. In fact, six years is not a firm cut-off for voting eligibility. Expatriates can vote indefinitely if they successfully complete the AEC's administrative requirements for maintaining an EOE enrolment and always fulfil their responsibility to vote.

In conclusion, the current provisions for enrolment and voting outside Australia are complex and include several hurdles that could inadvertently disenfranchise expatriates, particularly those who are overseas for less than six years and should, in theory, retain their right to vote. We recommend that the government and the AEC should work to increase the level of engagement overseas Australians have with our

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democratic system, including by raising significantly the number who vote in federal elections. In particular:

- > The EOE system should be reformed so that it more effectively enables overseas Australians to maintain their enrolment and vote. For example, the AEC should notify EOEes automatically when an election is called.
- > In the context of the broader debate about expatriates' right to vote, the government should consider whether the various time limitations placed on expatriates' enrolment are appropriate, given their mobility patterns, the need to balance electoral rights and legitimacy, and the imperative to engage with the diaspora.
- > A proactive information campaign to raise awareness among expatriates of the overseas enrolment and voting arrangements should be initiated by the AEC and delivered at relevant locations including points of exit from Australia and Australian diplomatic posts and through diaspora organisations.
- > The AEC should monitor developments in electronic voting technology to determine whether it can be applied to facilitate expatriate voting.

5.5.2 Establishing a joint parliamentary standing committee on the diaspora

Democratic engagement is not just a matter of voter turnout; it also involves ensuring that our democratic institutions are receptive to expatriates. Currently, there is no vehicle within Australia's parliamentary institutions specifically designed to consider issues relating to expatriates. Furthermore, given the barriers to overseas enrolment and voting, many expatriates do not have ready access to the usual avenues into Australia's democratic institutions, such as a local member or senator.

There is a variety of ways by which countries have made their

democratic institutions more receptive to expatriates, including the election of expatriate representatives to the national parliament and the creation of an extra-parliamentary committee (see box).

***International examples of engaging expatriates
in democratic processes***¹⁶⁹

France — The High Council for French Expatriates, enshrined in the constitution, has 150 councillors elected directly by expatriates. From these, 12 are elected to the French senate. The Council’s purpose is “to give the Cabinet opinions on matters and projects of concern to French expatriates, and on developing France’s presence abroad” and it is presided over *ex officio* by the minister for foreign affairs.

Italy — In 2000, the Italian parliament agreed to reserve six seats in its Senate and 12 in the Chamber of Deputies for expatriates. The first elections for these positions will be held in 2006.

South Korea — The Committee of Koreans Resident Abroad is a high level committee which includes the prime minister and other ministers.

In the Australian context, however, we believe that a better way to make the federal parliament more receptive to expatriate concerns would be to establish a joint parliamentary standing committee on the diaspora. Such a committee would create a permanent forum for expatriates at the heart of the parliamentary system, involving representatives of both houses of parliament. It would also ensure that the effects of domestic legislation on expatriates are properly taken into account¹⁷⁰ and complement the new executive unit we suggest should be established within DFAT. The cost of such a committee would be minimal, but its potential impact could well be significant. Furthermore, this proposal would not disrupt Australia’s established principles of representation.

Policy Recommendation 6

5.6 Increasing our knowledge of the diaspora

As demonstrated, there is a dearth of information about Australia's expatriates. We have only limited information about the economic flows resulting from emigration. There is no precise data on the demography of Australian expatriates. Indeed, we do not know with any reliability how many Australians are overseas at any time.

Recommendation 6: Government agencies should collect more and better quality data on the diaspora.

It is important for three reasons that more information is collected. First, Australia's growing diaspora has implications for many areas of government policy. The Higher Education Contribution Scheme (HECS) is one area where emigration has had an unanticipated impact. Recently, the Department of Education, Science and Training (DEST) revealed a significant increase in bad HECS debt, which rose from 13.5% in 1996–97 to 19.5% in 2001–02 and is estimated to reach 28.7% by 2007–08.¹⁷¹ The growing number of Australian graduates moving overseas was one factor said to have driven up the level of bad debt.¹⁷² In order to ensure that such impacts from emigration are taken into account in the design of policy, more information is needed about the make-up and mobility of the Australian diaspora.

Second, additional information would help us to ensure that the democratic franchise is extended appropriately to all Australians. As discussed in Section 5.5, the current enrolment and voting arrangements for Australians abroad were designed with little consideration of the preferences and behaviour of those overseas. Better data would enable us to ensure our electoral arrangements are reflective of the reality of Australians' lives. Third, better data would help inform our efforts to build networks with our emigrants.

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Several specific types of data would be especially valuable. More data are needed on the size of the diaspora, its geographic dispersion around the world and its mobility patterns. Demographic details such as professional status, educational achievement, age and income levels would enable us to identify more clearly the sub-groups within the diaspora. Further information is also needed on the economic flows associated with emigration.

Granted, the collection of such data is difficult and faces serious logistical and jurisdictional hurdles. By way of example, the US Census Bureau is encountering significant difficulties in executing an overseas enumeration test this year. Congress might halt future planning efforts in this regard, and it seems unlikely that the census will be expanded beyond the pilot countries.¹⁷³ The ABS has reached a similar conclusion about undertaking a census of expatriates, stating that it is “not regarded as practical, nor is a quality outcome achievable”.¹⁷⁴

However, while a comprehensive census of expatriates is impossible, additional cost-effective efforts can be made by Australian agencies to collect more and better quality information about the Australian diaspora. In particular, we recommend that:

- > DFAT and ABS work together to improve the method of calculating the number of Australian expatriates;
- > DFAT and ABS undertake a large scale survey of the diaspora to gather sample demographic information on Australians overseas;
- > ABS collects more detailed balance of payments data relating to flows of funds into Australia, especially remittance flows and foreign income flows attributable to the diaspora; and
- > the Australian government takes the lead in international efforts to standardise countries’ methods of counting immigrants, such as the current trial being undertaken by the OECD.¹⁷⁵

Appendix

List of interviewees

Allan, Col	Editor, <i>New York Post</i>
Allen, Ken	Australian Consul-General, New York
Anderson, Graeme	Vice President, Fixed Income Futures, Credit Suisse First Boston
Barlow, Dr Thomas	Science Adviser to the Minister for Education, Science and Training
Battersby, Bryn	Economist, Macroeconomic Policy Division, Department of the Treasury
Brown-Watt, Dr Catherine	Director, Major Performing Arts, Australia Council for the Arts
Brummelaar, Prof Theo ten	Associate Director, Center for High Angle Resolution Astronomy, Georgia State University
Bloomfield, Jane	Pro-Vice-Chancellor, Institutional Advancement, University of New South Wales
Butcher, Dr Melissa	ARC Post-doctoral Research Fellow, Research Institute for Asia and the Pacific, University of Sydney
Chesterman, Dr Simon	Executive Director, Institute for International Law and Justice, New York University School of Law
Collins, David	Acting Director, Operations, Development Office, University of Sydney

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Cox, Susan	Acting Director, Consular Policy and Crisis Management, Public Diplomacy, Consular and Passports Division, DFAT
Davies, Rebecca	Former official, New Zealand Ministry of Economic Development
Davis, Karlene	Talent and Skills Strategic Adviser, New Zealand Trade and Enterprise
Douglas, Elena	Chief Executive Officer, Advance Australian Professionals in America
Ettinger, Dr Ronald	President, Sydney University Graduates Union of North America
Field, Prof Les	Convenor, Network of Expatriate Australian Researchers
Franzon, Prof Paul	Department of Electrical and Computer Engineering, North Carolina State University
Gaensler, Dr Bryan	Assistant Professor of Astronomy, Harvard University
Gardner, Sarah	Executive Director, International Federation of Arts Councils and Culture Agencies
Garnaut, Prof Ross	Professor of Economics, Research School of Pacific and Asian Studies, Australian National University; Board Member, Lowy Institute for International Policy
Gaymond, Nigel	Founder and President, British Expats in Life Sciences
Gemmell, Nikki	Author
Goddard, Commander Lee	Commander Operations, Maritime Command, Royal Australian Navy
Goodrich, David	Executive Director, Silver Spirit Partners
Grant, Andrew	Director, McKinsey & Company, New Zealand
Grieve, Dr Stuart	Researcher, The Brain Resource Company
Gonski, David	Chairman, Australia Council for the Arts
Harcourt, Tim	Chief Economist, Australian Trade Commission
Hollingsworth, Simon	Senior Policy Adviser, Department of Premier and Cabinet, Victoria
Hunt, Andrew	Manager, Taxation and Cultural Statistics, Department of Communications, Information Technology and the Arts

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Jaensch, Prof Dean	Emeritus Professor, School of Political and International Studies, Flinders University
Jones, Jeremy	President, Executive Council of Australian Jewry
Kamath, Gita	Performance Management, Staff Development and Post Issues, Corporate Management Division, DFAT
King, Phillipa	Australian High Commission, United Kingdom
Leunig, Peter	Director, Office of Development, University of Western Australia
Loat, Alison	John F Kennedy School of Government, Harvard University
Lowy, Peter	Managing Director, Westfield Group
Lloyd, Daniel	Formerly Senior Manager, Group Public Policy, Vodafone Group
Mai, Lea	Director, Primavera Floral Designs
Maxted, Keith	General Manager, Invest Australia
May, Lord Robert	President, The Royal Society; Member, International Advisory Council, Lowy Institute for International Policy
McCarthy, Zorica	Assistant Secretary, Planning and Evaluation Branch, DFAT
MacGregor, Anne	Southern Cross Group
MacGregor, Sid	Co-founder, Southern Cross Group
MacGregor-Lowndes, Prof Miles	Director, Centre of Philanthropy and Nonprofit Studies, Queensland University of Technology
Mercurio, Bryan	Gilbert & Tobin Centre of Public Law, University of New South Wales
Mullane, Rachael	Marketing Director, Pinpoint Marketing
Olsen, John	Australian Consul-General, Los Angeles
O'Neill, Prof Robert	Board Member, Lowy Institute for International Policy; Chairman, Australian Strategic Policy Institute
Page, Stuart	Post and LES Management Issues, Staff Development and Post Issues, Corporate Management Division, DFAT

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Palmer, Georgia	Project Coordinator, Emerging Skills Capabilities, Office of Science and Technology, Department of Innovation, Industry and Regional Development, Victoria
Phillips, Ian	Head of Global Banking Partnerships, Commonwealth Bank of Australia
Pritchard, Nancy	Manager, International Programs, Australian Academy of Science
Roediger, Anthony	Project Leader, Boston Consulting Group
Rodden, Harry	Principal Client Business Manager, IDP Education Australia
Scanlan, Phillip	Chairman and Founder, Australian American Leadership Dialogue
Schmidt, Grant	Director, Gresham Private Equity Limited
Semmler, John	Director, Sydney University USA Foundation
Serjeantson, Prof Sue	Executive Secretary, Australian Academy of Science
Skilling, Dr David	Chief Executive, New Zealand Institute
Smithson, Michael	Director, Oxford University Development Office
Spencer, Catherine	Manager, Fundraising Coordination, University of Melbourne
Stevens, Jo	Australian High Commission, United Kingdom
Styles, Kathleen	Director, 2004 Overseas Enumeration Test, United States Census Bureau
Taylor, Dehne	Manager, Fiscal and Social Policy Division, Department of the Treasury
Teague, Christopher	Executive Director, Allco Equity Partners
Tharenou, Prof Phyllis	Director of Research, Department of Management, Faculty of Economics and Business, Monash University
Turner, John	Secretary, Australia–Harvard Fellowship
Tysoe, Ross	Director, Consular Policy and Crisis Management, Public Diplomacy, Consular and Passports Division, DFAT
Vertovec, Prof Steven	Professor of Transnational Anthropology, University of Oxford
Verba, Prof Sidney	Department of Government, Harvard University
Vivian, Mark	Executive Officer, Kiwi Expat Association

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Walsh, Louise	Director, Artsupport Australia
Watkins, Kenneth	Director, Endowment and Private Giving, Australian Ballet
Whalley, Michael	Partner, Minter Ellison, UK
Williams, Paul	Assistant Statistician, Census, Demography and Geography Branch, ABS
Wood, Craig	Investment Analyst, GS Private Equity
Woods, John	State Director, Victoria, DFAT

Endnotes

- ¹ The exact number of Australians living overseas on a permanent or long-term basis is not known. DFAT arrived at these figures by tabulating the estimates of the number of Australians under the jurisdiction of each of its missions. Between 1996–97 and 2004, DFAT’s estimate of total Australians overseas has ranged between 760,000 and 906,000. See Chapter 2.
- ² James Belich, *Presenting a past* (paper presented at the Catching the Knowledge Wave Conference, Auckland, 1–3 August 2001).
- ³ Interview with Lord Robert May, 21 April 2004. The ‘brain drain’ literature is referred to in Section 3.2.
- ⁴ See the Appendix for a full list of interviewees.
- ⁵ R. J. Johnston et al, eds., *Dictionary of Human Geography*. 4th ed. Oxford, Blackwell Publishers, 2000; Judy Pearsall, ed., *Concise Oxford English Dictionary*. Revised 10th ed. Oxford, Oxford University Press, 2002.
- ⁶ Steven Vertovec, Three meanings of “diaspora”, exemplified among South Asian religions. *Diaspora* 6 (3) 1997. p. 280.
- ⁷ Esther Lethlean, *Diaspora: the new philanthropy?* Working Paper CPNS 17. Brisbane, Centre of Philanthropy and Nonprofit Studies, Queensland University of Technology, 2003. p. 1.
- ⁸ The literature on the diasporas of developing nations is extensive. See for example Brett Johnson and Santiago Sedaca. *Diasporas, Émigrés and Development: Economic Linkages and Programmatic Responses*. Study of the US Agency for International Development Trade Enhancement for the Services Sector Project. March 2004; Hillel Rapoport, *Who is afraid of the brain drain? Human capital flight and growth in developing countries*. SIEPR Policy Briefs. Stanford, Stanford Institute for Economic Policy Research, 2002; Robert Lucas, *Diaspora and development: highly skilled*

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- migrants from East Asia*. IED Discussion Paper 120. Boston, Institute for Economic Development at Boston University, 2001; Andrés Solimano, *Globalizing talent and human capital: implications for developing countries* (paper presented at the 4th Annual World Bank Conference on Development Economics, Oslo, 24–26 June 2002); R. H. Adams, *International migration, remittances and the brain drain: a study of 24 labor-exporting countries*. World Bank Policy Research Working Paper 3069. Washington DC, World Bank, June 2003.
- ⁹ Ken Allen, *The Australian Diaspora* (paper presented at the SUGUNA 2003 Annual Meeting, 9 August 2003).
- ¹⁰ Graeme Hugo et al, *Australia's diaspora: its size, nature and policy implications*. CEDA Information Paper No 80. Melbourne, Committee for Economic Development of Australia, 2003. pp. 26–28.
- ¹¹ A highly skilled worker is defined in the Australian context as someone with post-secondary qualifications, whether a university or trade qualification, and work experience in their respective field. In the Australian Standard Classification of Occupations, four employment categories are included under the banner of highly skilled, namely: managers and administrators; professionals; associate professionals; and tradespersons or related workers: see <http://www.dimia.gov.au/allforms/pdf/1121i.pdf> [cited 22 June 2004]. This definition correlates closely with internationally accepted definitions of highly skilled migrants: see Khalid Koser et al, The geography of highly skilled international migration. *International Journal of Population Geography* 3 1997. pp. 286-8; John Salt, *International movements of the highly skilled*. Directorate for Education, Employment, Labour and Social Affairs — International Migration Unit — Occasional Paper No 3. Paris, OECD, 1997.
- ¹² Brian Easton, *Globalisation and the labour market* (paper presented at the 2002 Labour Employment and Work Conference, Wellington, 2002).
- ¹³ Koser et al, The geography of highly skilled international migration. p. 286; Interview with Professor Phyllis Tharenou, 15 March 2004.
- ¹⁴ For example, intra-company transfers account for 5–10% of the total flows of skilled workers from Canada to the United States: see OECD, *International mobility of the highly skilled*. Policy Brief. Paris, OECD, 2002. p. 3.
- ¹⁵ Graham Bannock et al, *Dictionary of Economics*. London, The Economist, 2003. p. 174.
- ¹⁶ Steven Vertovec, *Transnational networks and skilled labour migration*. Transnational Communities Working Paper WPTC-02-02. Oxford, Economic and Social Research Council, 2002.

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- ¹⁷ OECD, *International mobility of the highly skilled*. p. 1.
- ¹⁸ OECD et al, *Literacy skills for the world of tomorrow: further results from PISA 2000*. Paris, OECD/UNESCO, 2003.
- ¹⁹ Rodney Tiffen et al, *How Australia compares*. Cambridge; Melbourne, Cambridge University Press, 2004. pp. 82-83.
- ²⁰ Bryan Appleyard, The great Australian invasion. *The Times Online*, 14 March 2004. [cited 14 March 2004].
- ²¹ OECD, *International mobility of the highly skilled*. p. 1.
- ²² Samuel P. Huntington, Dead souls: The denationalisation of the American elite. *The National Interest* 2004. p.8. See Section 2.6.
- ²³ Alexander Downer, *New era of cooperation with PNG*. Media release. Canberra, 11 December 2003.
- ²⁴ Advance — Australian Professionals in America, *Submission No 676 to the Senate Inquiry into Australian Expatriates*, 2004. p. 12.
- ²⁵ Appleyard, The great Australian invasion.
- ²⁶ Interview with Nikki Gemmell, 30 March 2004. A participant in our focus group for recently returned expatriates told us he was “obsessed” with staying in touch with Australia while he was overseas.
- ²⁷ By way of analogy, see David Skilling, *The importance of being enormous: towards an understanding of the New Zealand economy*, New Zealand Treasury, 2001; David Skilling, *Comparative disadvantage: NZ’s economic growth in historical perspective*, New Zealand Treasury, 2001; Interviews with David Skilling, 22 March 2004 and Andrew Grant, 16 March 2004.
- ²⁸ OECD, *International mobility of the highly skilled*. p. 1.
- ²⁹ Regarding Ireland, see <http://www.irlfunds.org> [cited 22 June 2004]. Regarding South Korea, see Hahzoong Song, From brain drain to reverse brain drain: three decades of Korean experience. *Science, Technology and Society* 2 (2) 1997. p. 339. Regarding India, see Government of India, *Report of the High Level Committee on the Indian Diaspora*, 2001.
- ³⁰ Hugo et al, *Australia’s diaspora: its size, nature and policy implications*.
- ³¹ <http://www.southern-cross-group.org> [cited 27 September 2004]
- ³² Terms of reference for the inquiry into Australian expatriates, referred to the Senate Legal and Constitutional Committee by the Australian Senate on 16 October 2003 and scheduled to report in October 2004.
- ³³ The Australian, Editorial. *The Australian*, 11 August 2001, p. 18.

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- ³⁴ DFAT's most recent estimate (759,849) is included in Department of Foreign Affairs and Trade, *Submission No 646 to the Senate Inquiry into Australian Expatriates*, 2004, p. 5.
- ³⁵ This DFAT estimate (264,955) was provided to the SCG in December 2001: <http://www.southern-cross-group.org/statistics/statistics.html> [cited 22 June 2004].
- ³⁶ Regarding India, see for example Government of India, *Report of the High Level Committee on the Indian Diaspora*. Regarding Canada, see for example Don DeVoretz et al, *Canadian human capital transfers: the United States and beyond*. Toronto, C.D. Howe Institute, October 1998. Regarding New Zealand, see for example L.E.K. Consulting, *New Zealand talent initiative: strategies for building a talented nation*, New Zealand Government, November 2001; Peter Bushnell et al, "Go west, young man, go west!?" Working Paper 01/07. Wellington, New Zealand Treasury, 2001; Hayden Glass et al, *Brain drain or brain exchange?* NZ Treasury Working Paper 01/22. Wellington, New Zealand Treasury, 2001.
- ³⁷ In some countries, such as Japan and the US, missions are able to estimate with a reasonable level of accuracy the number of Australians in their jurisdiction using immigration and census data. In other countries, such as the UK and most EU countries, there is less reliable immigration information available, making DFAT's estimates far less accurate: see Department of Foreign Affairs and Trade, *Submission No 646 to the Senate Inquiry into Australian Expatriates*. p. 5; Interview with Susan Cox, 7 April 2004. The task is further complicated by the difficulties in determining just who should be counted, such as the status of dual citizens or the children born to citizens who live overseas: Interview with Paul Williams, 6 April 2004.
- ³⁸ For DFAT's 2004 estimates see *Ibid.* p. 5. For DFAT's 2001 estimates see <http://www.southern-cross-group.org/statistics/statistics.html> [cited 22 June 2004].
- ³⁹ Hugo et al, *Australia's diaspora: its size, nature and policy implications*. pp. 39-54.
- ⁴⁰ DIMIA differentiates between the long term and permanent departure of Australian residents. Long term departures are defined by DIMIA as those "departing temporarily with the intention to stay abroad for 12 months or more". Permanent departures are "Australian residents (including former settlers) who on departure state that they intend to settle permanently in another country." See http://www.dimia.gov.au/statistics/explanations_and_definitions/explanations_and_definitions_main.htm [cited 30 June 2004]. It should be noted that some people who state they are departing Australia permanently change their intentions and return.
- ⁴¹ DIMIA unpublished tabulation, financial year 2002–03, ABS 2001 census data.
- ⁴² Hugo et al, *Australia's diaspora: its size, nature and policy implications*. pp. 42-43. This

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Emigration Survey is one of the largest surveys of Australians overseas. The authors surveyed 2070 expatriate Australians about their experiences and reasons for living offshore.

- ⁴³ Australian Bureau of Statistics, *2017.0 Census of population and housing: selected education and labour force characteristics Australia*. Canberra, ABS, April 2003. p. 3. Hugo et al acknowledge that the use of university alumni lists to locate respondents is likely to have biased the survey, though this limitation does not take away from the overall value of the survey: Hugo et al, *Australia's diaspora: its size, nature and policy implications*. p. 41.
- ⁴⁴ Hugo et al, *Australia's diaspora: its size, nature and policy implications*. p. 42.
- ⁴⁵ Joanne Williams, *Analysis of the data collected by the Victorian Endowment for Science, Knowledge and Innovation (VESKI) expatriate survey*, July 2002. Available from <http://www.biotechnology.vic.gov.au/news/newsarchive.asp?date+2/19/2003>. p. 10 [cited 17 March 2004].
- ⁴⁶ The fall in the Australian dollar exaggerated expatriates' salaries when converted into Australian dollars. These salaries were considerably lower when measured in terms of purchasing power parity, especially in the US and UK. On the other hand, emigrants sometimes decide to leave Australia based on the value of their international salary in Australian terms.
- ⁴⁷ As mentioned in the text, the most recent DFAT estimates from 2004 are used where possible. However, given the 2004 figures provided only limited information on the geographic distribution of Australian expatriates, DFAT's 2001 estimates are used in this section to provide additional information on the countries and cities in which the diaspora is located.
- ⁴⁸ Koser et al, *The geography of highly skilled international migration*. p. 289.
- ⁴⁹ The US has been used as an example in this section because its stringent immigration practices result in the collection of detailed information about Australians working there temporarily. It should be noted that these figures do not include all Australians in the US: green card holders, dual nationals and dependents of visa holders are not included in these visa categories.
- ⁵⁰ In 2003, the US reduced its H1-B category of visa (for workers with specialty occupations) from 185 000 visas to 65 000. This reduction will most likely reduce the number of Australians working in the US. The US reached its H1-B quota for the 2004 financial year on 17 February 2004: media release, US Citizenship and Immigration Services, February 17, 2004.

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- ⁵¹ Hugo et al, *Australia's diaspora: its size, nature and policy implications*. p. 23. It is possible that additional members of the Australian diaspora receive pensions from sources other than the Australian government.
- ⁵² Ibid. p. 10.
- ⁵³ Ibid. pp. 25, 27.
- ⁵⁴ Ibid. p. 44. The remaining reasons were: lifestyle (23%), marriage/partnership (22%), overseas job transfer (19%), education/study (15%), partner's employment (12%), to be close to family/friends (6%), to establish/expand business (3%), and separation/divorce (2%).
- ⁵⁵ Personal communication with Chris Aitken, 24 January 2004.
- ⁵⁶ Bob Birrell et al, *Skilled movement in the new century: outcomes for Australia*. Canberra, DIMIA, April 2004. pp. 6, 102.
- ⁵⁷ Williams, *Analysis of the data collected by the Victorian Endowment for Science, Knowledge and Innovation (VESKI) expatriate survey*. p. 8.
- ⁵⁸ Hugo et al, *Australia's diaspora: its size, nature and policy implications*. p. 50.
- ⁵⁹ Global Business Policy Council, quoted in Huntington, *Dead souls: The denationalisation of the American elite*. p. 8. The Council includes academics, international civil servants and executives in global companies in this category.
- ⁶⁰ Hugo et al, *Australia's diaspora: its size, nature and policy implications*. p. 46.
- ⁶¹ See <http://www.americanaustralian.org/Educational/> [cited 22 June 2004].
- ⁶² Bryan Havenhand et al, eds., *Australian expats: stories from abroad*. Newcastle, Global Exchange, 2003.
- ⁶³ Personal communication, Bruce Wolpe, 30 June 2004.
- ⁶⁴ Peter Fray, A bold crowd remembers the brave at Gallipoli. *The Sydney Morning Herald*, 26 April 2004, p. 5. A proportion of attendees would obviously have been tourists rather than diaspora members.
- ⁶⁵ See http://www.southern-cross-group.org/links/links_main.html [cited 22 June 2004].
- ⁶⁶ Advance — Australian Professionals in America, *Submission No 676 to the Senate Inquiry into Australian Expatriates*. p. 1.
- ⁶⁷ See for example Herbert Grubel et al, The international flow of human capital. *American Economic Review: Proceedings* 56 1966. Grubel's argument is that migration allows labour to move to where it is most productive (and hence attracts the highest wage). The overall increase in efficiency caused by the more productive use of labour increases the overall output in the world. However, in doing so it has distributional consequences, reducing the welfare of those in the source economy and increasing

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- the welfare of those in the host country.
- ⁶⁸ See for example W. Adams, ed., *The brain drain*. New York, Macmillan, 1968.
- ⁶⁹ Rapoport, *Who is afraid of the brain drain? Human capital flight and growth in developing countries*.
- ⁷⁰ See for example Robert Barro et al, *Economic growth*. Cambridge MA, MIT Press, 1998.
- ⁷¹ Solimano, *Globalizing talent and human capital: implications for developing countries*. p. 21; Lucas, *Diaspora and development: highly skilled migrants from East Asia*. p. 3.
- ⁷² Graeme Hugo, Brain drain and student movements, in *International trade and migration in the APEC Region*. ed. P. J. Lloyd and L. S. Williams. Melbourne, Oxford University Press, 1996. p. 210.
- ⁷³ William J. Carrington et al, *How big is the brain drain?* IMF Working Paper 98/102. Washington DC, International Monetary Fund, 1998. p. 17.
- ⁷⁴ Lucas, *Diaspora and development: highly skilled migrants from East Asia*. p. 3.
- ⁷⁵ Adams, *International migration, remittances and the brain drain: a study of 24 labor-exporting countries*. p. 19.
- ⁷⁶ Department of Immigration and Multicultural and Indigenous Affairs, *Submission No 656 to the Senate Inquiry into Australian Expatriates*, 2004. p. 3.
- ⁷⁷ Birrell et al, *Skilled movement in the new century: outcomes for Australia*. pp. 19, 14; Personal communication with Dr Bob Birrell, 18 August 2004. Of course, one could argue that a better outcome would be for Australia to have the same amount of immigration with less emigration.
- ⁷⁸ Ibid. pp. 14–15.
- ⁷⁹ Bob Birrell et al, *Skilled labour: gains and losses*. Melbourne, Centre for Population and Urban Research, Monash University, July 2001. p. 6.
- ⁸⁰ Birrell et al, *Skilled movement in the new century: outcomes for Australia*. pp. 42–48, 51.
- ⁸¹ DeVoretz et al, *Canadian human capital transfers: the United States and beyond*.
- ⁸² Glass et al, *Brain drain or brain exchange?* p. 45. Similarly, a survey of several studies looking at the Canadian experience finds that skilled immigrants are less productive than local born workers when measured in relative earnings: Stephen Tokarick, “Brain drain” from Canada to the United States, in *Canada: selected issues*. Washington DC, International Monetary Fund, 1999. p. 35.
- ⁸³ T. Fred Smith, Australia’s brain drain: fact or fiction? *People and Place* 4 (2) 1996. p. 67.
- ⁸⁴ Birrell et al, *Skilled labour: gains and losses*. p. 19; Birrell et al, *Skilled movement in the new century: outcomes for Australia*. p. 2.
- ⁸⁵ Lucas, *Diaspora and development: highly skilled migrants from East Asia*. p. 3.

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- ⁸⁶ Simon Commander, *The brain drain: curse or boom?* IZA Discussion Paper No 809. Bonn, Institute for the Study of Labor, June 2003. p. 1.
- ⁸⁷ Andrés Solimano, *Remittances by emigrants: issues and evidence*. WIDER Discussion Paper No. 2003/89. Helsinki, United Nations University, 2003. p. 2; World Bank, *Global development finance 2003: striving for financial stability in development finance*. Washington, World Bank, 2003. p. 198. The evidence indicates that the bulk of remittances are used for consumption, as well as investment in human capital. There is, however, a growing effort by development actors to channel a portion of remittances towards productive activities that generate income and employment: Johnson et al, *Diasporas, Émigrés and Development: Economic Linkages and Programmatic Responses*. pp. 6–7.
- ⁸⁸ Solimano, *Remittances by emigrants: issues and evidence*. p. 5.
- ⁸⁹ In 2001 the top ten developing countries in descending order, measured in terms of the dollar value of flows, were India, Mexico, Philippines, Morocco, Egypt, Turkey, Lebanon, Bangladesh, Jordan, and the Dominican Republic. When countries are ranked in terms of the importance of remittances as a share of GDP, the ordering changes significantly: Ibid. p. 3.
- ⁹⁰ Claudia M. Buch et al, *Worker remittances and capital flows*. Kiel Working Paper No 1130. Kiel, Kiel Institute for World Economics, 2002. Remittances as a share of GDP tend to be most significant for small developing countries, for example island states such as Samoa, Kiribati, Cape Verde, Jamaica and the Dominican Republic.
- ⁹¹ Another factor that could be at work is that a higher skill level among emigrants is associated empirically with a lower flow of remittances back to the source country. To the extent that most developed country emigrants tend to be skilled workers, this could be another (lesser) reason for the modest importance of remittances and other transfers: Riccardo Faini, *Migration, remittances and growth* (paper presented at the WIDER Conference on Poverty, International Migration and Asylum, Helsinki, 27–28 September 2002).
- ⁹² Beyond 12 months, a person is no longer classified as a resident and any funds transferred back to Australia is classified under workers' remittances. One exception to this rule is Australians studying overseas, for whom no time limit applies.
- ⁹³ The much larger scale of inflows relative to outflows reflects the funds brought to Australia by migrants entering under the business skills migrant stream.
- ⁹⁴ Ross Garnaut, Australia as a branch office economy. *Australian Journal of Agricultural and Resource Economics* 46 (3) 2002. p. 12; Interview with Ross Garnaut, 21 April 2004.

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- ⁹⁵ Ross Garnaut, Australian population choices: an economics perspective, in *Australia's population challenge*. ed. Steve Vizard, Hugh J. Martin, and Tim Watts. Camberwell, Penguin Books, 2003. p. 59; Interview with Ross Garnaut, 21 April 2004.
- ⁹⁶ Jean-Baptiste Meyer, Network approach versus the brain drain: lessons from the diaspora. *International Migration Review* 39 (5) 2001. p. 97; see also Jean-Baptiste Meyer et al, *Scientific diasporas: a new approach to the brain drain* (paper presented at the World Conference on Science, Budapest, 26 June–1 July 1999); Mercy Brown, *Using the intellectual diaspora to reverse the brain drain: some useful examples* (paper presented at the Regional Conference on Brain Drain and Capacity Building in Africa, Addis Ababa, 22–24 February 2000).
- ⁹⁷ Commander, *The brain drain: curse or boom?* p. 1.
- ⁹⁸ See for example James E. Rauch et al, *Overcoming informational barriers to international resource allocation: prices and group ties*. NBER Working Paper No 6628. Cambridge MA, National Bureau of Economic Research, 1998.
- ⁹⁹ David M. Gould, Immigrant links to the home country: empirical implications for US bilateral trade flows. *Review of Economics and Statistics* 76 (2) 1994. p. 302.
- ¹⁰⁰ James E. Rauch et al, Ethnic Chinese networks in international trade. *Review of Economics and Statistics* 84 (1) 2002. p. 116.
- ¹⁰¹ Keith Head et al, Immigration and trade creation: econometric evidence from Canada. *Canadian Journal of Economics* 31 (1) 1998.
- ¹⁰² See for example Constance Lever-Tracy et al, *The Chinese diaspora and mainland China: an emerging economic synergy*. Basingstoke, Macmillan Press, 1996.
- ¹⁰³ Interview with Keith Maxted, 6 April 2004.
- ¹⁰⁴ Anna Lee Saxenian, Transnational communities and the evolution of global production networks: the cases of Taiwan, China and India. *Industry and Innovation* 9 (3) 2002.
- ¹⁰⁵ Alessandro Nicita et al, *Exports and information spillovers*. Working Papers, International Economics. Trade, Capital Flows 2474. Washington DC, World Bank, 2000. p. 5.
- ¹⁰⁶ Invest Australia, *Submission No 641 to the Senate Inquiry into Australian Expatriates*, 2004; Interviews with Keith Maxted, 6 April 2004 and Tim Harcourt, 14 May 2004.
- ¹⁰⁷ Germaine Greer, Slack and insufferable. *The Australian*, 22 January 2004, p. 11; Hon. John Howard MP, *Transcript of the Prime Minister*, 2004. Available from <http://www.pm.gov.au/news/interviews/Interview740.html> [cited 7 June 2004]; Germaine Greer, It wouldn't pay to return home. *The Australian*, 17 April 2004, p. 27.
- ¹⁰⁸ Susan Mitchell, Spare us intimidation by expatriates. *The Australian*, 31 July 2000, p. 13; Susan Mitchell, The superior gall of inferior minds. *The Australian*, 15 May

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- 2000, p. 15; Shelley Gare, Expat overload still awes nation. *The Australian*, 29 July 2000, p. 20; Michael Duffy, Backward vision. *The Courier Mail*, 12 July 2000, p. 17.
- ¹⁰⁹ Terence Lovat et al, Student debt fuels the brain drain. *The Newcastle Herald*, 28 March 2003, p. 9; Robert Gottlieb, Brain drain is sapping Australia's energy. *The Australian*, 8 December 2000, p. 34; David Penberthy, 30,000 leave for overseas — brain drain crisis. *Daily Telegraph*, 30 October 2000, p. 8; Cathy Pryor, Nurture leaders, says Nevin. *The Australian*, 22 January 2004, p. 3. There are many other instances but see e.g. Ebony Bennett, Crean's \$44 million formula to stop scientists jumping ship. *The Sydney Morning Herald*, 9 July 2003, p. 4; ABC News, IMF urges Australia to cut income tax rate to stop "brain drain". 19 September 2002; Jeremy Calvert, Young workers chasing overseas cash — brain drain crisis. *Herald-Sun*, 18 September 2002, p. 9; AAP Financial News Wire, Liberal powerbroker Turnbull: drop taxes to combat brain drain. 20 August 2002; Daily Telegraph, \$2.9 billion fails brain drain. *Daily Telegraph*, 27 April 2001, p. 10; Darren Giles, Brain drain a pain. *Herald-Sun*, 4 November 2000, p. 30; Elizabeth Wynhausen, Brain-drain dumbs universities. *The Australian*, 22 July 2000, p. 3.
- ¹¹⁰ Interview with Col Allan, 21 April 2004.
- ¹¹¹ The key DFAT documents state that the Department's goals include "advocacy of Australia's international interests" and projection of "a positive image" of Australia internationally. They are largely silent on the role of expatriates in achieving these aims: see e.g. Department of Foreign Affairs and Trade, *Annual Report 2002-2003*. Canberra, Department of Foreign Affairs, 2003, Chapter 3.1.2; Department of Foreign Affairs and Trade, *Advancing the national interest: Australia's foreign and trade policy white paper*, Commonwealth of Australia, 2003; Department of Foreign Affairs and Trade, *Public Diplomacy Handbook*. Canberra.
- ¹¹² Joseph S. Nye, *Soft power: the means to success in world politics*. Cambridge MA, Perseus Books, 2004. p. 5; also Joseph S. Nye, *The paradox of American power*. Oxford, New York, Oxford University Press, 2003. pp. 8–9.
- ¹¹³ Mary Robinson quoted in *The Economist*, The view from afar. *The Economist*, 2 November 2002; Bertie Ahern, *Address to the Scottish Parliament, 20 June 2001*, 2001. Available from http://www.scottish.parliament.uk/S1/whats_happening/news-01/pa01-043.htm [cited 14 May 2004]; Article 2, Constitution of Ireland [cited 14 July 2004]. Available from <http://www.taoiseach.gov.ie/upload/static/256.pdf>.
- ¹¹⁴ Helen Clark, *Address to the NZ Apec Business Coalition*, 2002. Available from <http://www.beehive.govt.nz/ViewDocument.cfm?DocumentID=15580> [cited 14 May 2004].
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- ¹¹⁶ Government of India, *Report of the High Level Committee on the Indian Diaspora*.
- ¹¹⁷ Ibid. pp. 544-545; http://www.esteri.it/eng/2_10_127.asp; www.ggae.gr/default.en.asp [both cited 22 June 2004].
- ¹¹⁸ Interview with Ross Tysoe, 6 April 2004.
- ¹¹⁹ Department of Foreign Affairs and Trade, *Advancing the national interest: Australia's foreign and trade policy white paper*. pp. 119, 122; Department of Foreign Affairs and Trade, *Submission No 646 to the Senate Inquiry into Australian Expatriates*. pp. 3, 7-8.
- ¹²⁰ Department of Foreign Affairs and Trade, *Submission No 646 to the Senate Inquiry into Australian Expatriates*. p. 7. Anecdotal evidence indicates many expatriates are reluctant to appear on the ORAO for privacy reasons.
- ¹²¹ Ibid. pp. 3, 11; Interview with John Olsen, 30 April 2004.
- ¹²² Advance — Australian Professionals in America, *Submission No 676 to the Senate Inquiry into Australian Expatriates*. p. 22.
- ¹²³ The site merely provides links to the homepages of government departments: www.smartraveller.gov.au/useful_govt_sites.html [cited 16 September 2004].
- ¹²⁴ The New Zealand government has an impressive expatriate portal: <http://www.nzconnection.govt.nz> [cited 23 June 2004]. We suggest the Australian version should be even more information-rich, for example providing easy instructions for voting overseas and access to sectoral networks.
- ¹²⁵ In recent years, the Department has been asked to carry out a wider range of activities with fewer staffing resources. DFAT staff, excluding locally-engaged overseas employees, declined from 2,633 in 1994 to 1,923 in 2003, a fall of 27%: DFAT Annual Reports, 1994-2003; Personal communication with DFAT staffing officer, 13 May 2004.
- ¹²⁶ Interview with Elena Douglas, 24 March 2004; <http://www.advance.org> [cited 23 June 2004].
- ¹²⁷ <http://www.expatriateconnect.com> [cited 12 June 2004]. See, for example, Annabel Crabb, Nobel laureate hopes to snare a million expat Aussie brains in the web. *The Sydney Morning Herald*, 11 June 2004, p. 11.
- ¹²⁸ Interview with Lord Robert May, 21 April 2004; University of Sydney, *Annual Report*,

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- 2002-2003, 2003. p. 5.
- ¹²⁹ Peter Andrews, *Building brain-based industries? First, find the brains* (paper presented at the Australasian Research Managers Society Workshop “Beyond Brain Drain”, St Lucia, 21–22 February 2004), Australian Institute for Commercialisation, *Submission No 225 to the Senate Inquiry into Australian Expatriates*, 2004. p. 1; Innovation Summit Implementation Group (2001), xi; Interview with Professor Paul Franzon, 12 May 2004.
- ¹³⁰ See <http://www.anzatechnet.com> [cited 21 June 2004]. An international example is the Silicon Valley Indian Professional Association: see <http://www.sipa.org>; Johnson et al, *Diasporas, Émigrés and Development: Economic Linkages and Programmatic Responses*. pp. 38–39.
- ¹³¹ Australian Institute for Commercialisation, *Submission No 225 to the Senate Inquiry into Australian Expatriates*. p. 3.
- ¹³² Allen, *The Australian Diaspora*; Interview with Ken Allen, 23 April 2004.
- ¹³³ Interview with Professor Robert O’Neill, 21 April 2004; Interview with John Olsen, 30 April 2004.
- ¹³⁴ See, for example, Fiona Wood et al, *International networks and the competitiveness of Australia’s science and technology*. Canberra, Australian Academy of Science, 1999. p. xi, 33.
- ¹³⁵ *Ibid.* p. 1.
- ¹³⁶ Jan Thomas, *Mathematical sciences in Australia: looking for a future*. FASTS Occasional Paper Series No 3. Canberra, Federation of Australian Scientific and Technological Societies, October 2000.
- ¹³⁷ Average pay rates for full professors in the US for the 2003-04 academic year was US\$125,644 for all US universities and US\$152,540 for private or independent universities. At Australian universities, the top salary for professors in 2003 was A\$112,018. See American Association of University Professors, *Don’t blame faculty for high tuition: the annual report on the economic status of the profession 2003-2004*. Washington, American Association of University Professors, 2004. p. 36; Personal communication, National Tertiary Education Union, 12 May 2004. Regarding research conditions, see J. S. Boyd, *Brain drain or brain gain? Report prepared for the Chifley Research Centre*. Barton, Chifley Research Centre, September 2001. p. 2.
- ¹³⁸ The Federation Fellowships aim to give “opportunities for Australian researchers to return to, or remain in key positions in Australia” by paying fellows “international competitive salaries” of approximately \$230,000 for five years: <http://www.arc.gov>.

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- au/apply_grants/discovery_federation.htm [cited 22 June 2004]. Other examples are the Burnet Award and the Howard Florey Centenary Fellowships, both offered by the National Health and Medical Research Council, and the recently created Victorian Endowment for Science, Knowledge & Innovation (VESKI) fellowship valued at \$100,000 per annum over five years.
- ¹³⁹ Over 2001–04, 25 of the 75 Federation Fellowships awarded were given to expatriates, with the remainder going to resident Australians and foreigners: see Brendan Nelson, *Government funding brings top researchers home*. Media release. Canberra, 16 June 2004; Brendan Nelson, *\$34.8 million for Australian brain gain*. Media release. Canberra, 20 March 2003; Sarah Stock, Scientists fly home for \$1.1m. *The Australian* 2002, p. 2; Stephen Brook, Brain gain — six of the best lured home. *The Australian* 2001, p. 3.
- ¹⁴⁰ For example, the Economics Faculty of Melbourne University allows international researchers to spend three to 12 months doing collaborative work with faculty members. Similarly, the Australia–Harvard Fellowship supports visits of up to three months by “senior Harvard-based science researchers intending collaborative work in Australia”: <http://www.harvard.org.au> [cited 21 May 2004].
- ¹⁴¹ Peter Beattie, *New fellowships scheme reverses the brain drain*. Media release. Brisbane, 7 July 2004; Suzanna Wong, Scheme to regain drained brains. *The Courier-Mail*, 8 July 2004, p. 3.
- ¹⁴² Interviews with Professor Les Field, 23 April 2004, Professor Paul Franzon, 12 April 2004, and Professor Theo ten Brummelaar, 19 April 2004; University of Sydney, *Submission No 468 to the Senate Inquiry into Australian Expatriates*. Canberra, 2004.
- ¹⁴³ See <http://www.tokten.org/about/index.html> [cited 27 September 2004]
- ¹⁴⁴ Interview with Karlene Davis, 9 March 2004; http://www.nzconnection.govt.nz/_article-story.asp?id=90 [cited 22 June 2004].
- ¹⁴⁵ For example, see Government of India, *Report of the High Level Committee on the Indian Diaspora*. Chapter 34.
- ¹⁴⁶ This estimate is derived from data on domestic household giving that has been extrapolated to the diaspora population: Philanthropy Australia, *Giving in Australia*, Philanthropy Australia, 2004. Available from <http://www.philanthropy.org.au/factsheets/7-05-07-giving.htm> [cited 8 June 2004]; Australian Bureau of Statistics, Population, households and families, in *Yearbook Australia 2002*. Canberra, Australian Bureau of Statistics, 2002.
- ¹⁴⁷ Myles McGregor-Lowndes et al, *An examination of tax-deductible donations made by individual Australian taxpayers in 2000-01*. Working Paper CPNS 24. Brisbane, Centre of Philanthropy and Nonprofit Studies, Queensland University of Technology,

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- 2004; Mark Lyons, *Recent research in Australian philanthropy* (paper presented at the Nothing Ventured, Nothing Gained — Philanthropy Australia Conference, Sydney, 17–18 March 2003). p. 4.
- ¹⁴⁸ Regarding Australian giving rates, see Philanthropy Australia, *Giving in Australia*. For US giving rates, see Independent Sector, *The new non-profit almanac in brief: facts and figures on the independent sector*. Washington DC, Independent Sector, 2001. For UK giving rates, see Les Hems, *The need for strategic change in the voluntary sector*, Institute for Philanthropy, 2002. Available from <http://www.instituteforphilanthropy.org.uk/growth.html> [cited 8 June 2004]. Interview with John Semmler, 25 May 2004.
- ¹⁴⁹ One anecdotal piece of evidence is the appointment of development directors with US fundraising experience to leading Australian universities.
- ¹⁵⁰ According to Department of Education, Science and Technology figures, international student enrolment in Australian higher education institutions increased from 35,290 in 1994 to 136,252 in 2003: <http://aei.dest.gov.au/AEI/MIP/Statistics/StudentEnrolmentAndVisaStatistics/Recent.htm#Final> [cited 15 July 2004]; Personal communication with Simon Bush, IDP Education Australia, 15 July 2004. One networking event for these alumni is the Australian Universities International Alumni Convention, taking place in 2004 in Hong Kong: see <http://www.auiac2004.org.hk/index.htm> [cited 27 September 2004].
- ¹⁵¹ Representatives of the Australia Council suggested to the authors that arts organisations will face stiff competition for international philanthropy from the more obviously needy social welfare charities: Interviews with David Gonski, 4 May 2004 and Cathy Brown-Watt, 19 May 2004.
- ¹⁵² Personal communication with Jody Johannessen, Director of Friends of NIDA in America Foundation; <http://www.friendsofnida.org> [cited 22 June 2004].
- ¹⁵³ Lethlean, *Diaspora: the new philanthropy?*: pp. 6-7; <http://www.irlfunds.org> [cited 22 June 2004]; Shailagh Murray, Emerald Isle: Irish diaspora learns that charity begins at the ancestral home. *The Wall Street Journal Europe*, 8 December 1998, p. 1.
- ¹⁵⁴ Dean Jaensch, *Election! How and why Australians vote*. St Leonards, Allen & Unwin, 1995. p.15. This chapter deals with the issues of enrolment and voting, not broader questions of citizenship.
- ¹⁵⁵ The disparity in how other democracies restrict the franchise to expatriates attests to the difficulties in finding an appropriate balance. Engagement is the critical factor in some countries, measured in time for Britons (15 years) or in frequency of return for New Zealanders (once every three years). By contrast, US citizens retain the right to

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- vote for life, indicating that the franchise there is viewed as an inalienable political right that is not limited by physical absence.
- ¹⁵⁶ We are indebted to Professor Sidney Verba for the interesting discussion he had with the authors on this general subject on 11 March 2004.
- ¹⁵⁷ Alexis De Tocqueville, *Democracy in America*. ed. R. D. Heffner. New York, Signet Classic, 1984.
- ¹⁵⁸ Jaensch, *Election! How and why Australians vote*. p. 19.
- ¹⁵⁹ Social scientists have generally sought to prove the reverse causal relationship, i.e. that civic participation increases democratic engagement. See for example Pamela Paxton, Social capital and democracy: an interdependent relationship. *American Sociological Review* 67 2002. Most likely, there is a complex interrelationship between civic participation and democratic engagement: see, for example, Alan S. Gerber et al, Voting may be habit-forming: evidence from a randomised field experiment. *American Journal of Political Science* 47 (3) 2003; and Steven E. Finkel, Reciprocal effects of participation and political efficacy. *American Journal of Political Science* 29 (4) 1985.
- ¹⁶⁰ In the 2001 election, voter turnout was 94.85 % for the House of Representatives and 95.20 % for the Senate. Approximately 96 % of the eligible Australian population were enrolled to vote. See Joint Standing Committee on Electoral Matters, *The 2001 federal election: report of the inquiry into the conduct of the 2001 federal election and matters related thereto*. Canberra, June 2003. p. 6.
- ¹⁶¹ Ibid. pp. 64-65. On the age profile of Australians, see Section 2.2. There is no data on how many of Australians overseas would have been eligible to vote.
- ¹⁶² The following is derived from the *Electoral Act 1918 (Cth)*, in particular Part VII; the AEC website (<http://www.aec.org>); and personal communications with AEC officials. The AEC is charged with maintaining the roll for Australian elections and hence responsible for overseeing expatriate voting practices.
- ¹⁶³ Technically, voters must notify the AEC of a change of address within four weeks of moving. However, there is no penalty for not notifying the AEC of changes in address. Consequently, while not technically allowed, it is possible for expatriates to remain enrolled at their past address indefinitely if they continue to vote as required.
- ¹⁶⁴ See http://www.southern-cross-group.org/archives/Statistics/Australian_Overseas_Voting_by_Post_10_Nov_2001.pdf [cited 16 July 2004]; data sourced from AEC.
- ¹⁶⁵ Joint Standing Committee on Electoral Matters, *The 2001 federal election: report of the inquiry into the conduct of the 2001 federal election and matters related thereto*. p. 67.
- ¹⁶⁶ Personal communication with AEC official, March 2004.

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- ¹⁶⁷ On 17 June 2004, the Senate passed the *Electoral and Referendum Amendment (Access to Electoral Roll and Other Measures) Act 2004*, which increased this limit from two to three years: see Southern Cross Group, *Electoral Act: changes won't help the most disenfranchised expat Australians*. Media release, 18 June 2004.
- ¹⁶⁸ It seems that the correspondence of both the current (six years) and prior limit (three years) to parliamentary terms is coincidental. The recommendation of the Joint Standing Committee on Electoral Matters that the limit be raised to six years flowed from complaints from the Australian Ambassador to Belgium, Luxembourg and the European Union, Ted Pocock AM, who was removed from the roll while overseas: see Joint Standing Committee on Electoral Matters, *Inquiry into all aspects of the conduct of the 1996 federal election and matters related thereto*. Canberra, June 1997. p. 47.
- ¹⁶⁹ <http://www.csfe.org> [cited 28 June 2004]; Government of India, *Report of the High Level Committee on the Indian Diaspora*. Chapter 37; Loat, *Canada is where Canadians are: the Canadian expatriate as an element of international policy*. pp. 24–25.
- ¹⁷⁰ For example, many submissions to the Senate Inquiry argued that various government policies, in areas such as superannuation, health and social security, act as a barrier to the return of expatriates.
- ¹⁷¹ Australian Senate, Official Committee Hansard: Employment, Work Place Relations and Education Legislative Committee Estimates. Friday 20 February 2004. p. 15.
- ¹⁷² Chelsey Martin, For one in four, HECS now a lifelong debt. *Australian Financial Review*, 21 February 2004, p. 16.
- ¹⁷³ Interview with Kathleen Styles, 16 March 2004.
- ¹⁷⁴ Australian Bureau of Statistics, *Submission No 645 to the Senate Inquiry into Australian Expatriates*, 2004.
- ¹⁷⁵ *Ibid.*

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