

## A BRIEF OVERVIEW OF THE INITIAL LOCATION DECISIONS OF IMMIGRANTS

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*The current longitudinal survey of recent migrants has provided information on the factors shaping their locational choices within Australia. The main finding is that family and friends are the dominant influence. Job opportunities are much less influential, even amongst Independent migrants.*

Immigration is a key source of population growth in Australia. Since the Second World War, it has accounted for about 40 per cent of Australia's population growth. However, this growth has not been evenly distributed across the country. Variations in locational choices by immigrants (as well as by permanent residents migrating internally) have resulted in differential population growth. Immigrants tend to settle in large cities, particularly in Sydney and Melbourne. Apart from Western Australia, the smaller States and Territories attract relatively fewer immigrants than their share of the total population.

Where immigrants initially choose to live in Australia is important for a number of reasons. Any increase in population puts additional demands on social and physical infrastructure. As well, immigrants add to labour supply both in terms of numbers and skills.

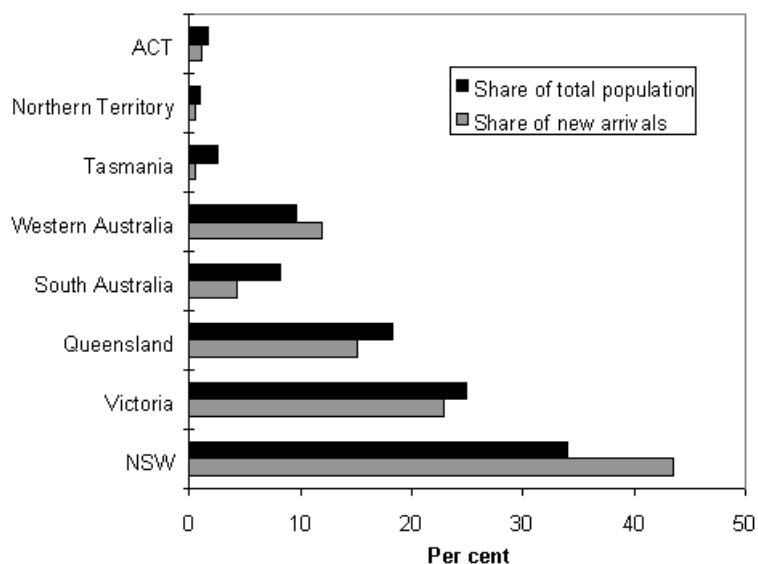
This article discusses the determinants of new immigrants' initial location decisions in Australia. It is based on findings from the first wave of the Longitudinal Survey of Immigrants to Australia (LSIA). The LSIA interviewed 5,192 principal applicants (PAs) and their families who arrived in Australia between September 1993 and August 1995, two to seven months after they arrived. The LSIA was chosen to reflect the distribution of Australia's immigrant intake by visa category, country of birth and intended initial location. Because approximately 96 per cent of immigrants intended to live in either a capital city or a major urban area, the LSIA sampling frame was restricted to capital cities and Newcastle, Wollongong and Cairns. Thus in general the data for States is in most cases identical to that for each State/ Territory's capital city.

The LSIA asked interviewees a wide range of questions relating to their social, employment and other experiences in Australia, and it also asked them questions regarding their motivations for choosing to live in particular locations.

### THE DISTRIBUTION OF NEW IMMIGRANTS BY STATE/TERRITORY OF RESIDENCE

In 1994-95, NSW and Western Australia attracted a disproportionate share of new arrivals, given the size of their existing populations (see Figure 1). All the other States and Territories attracted fewer immigrants relative to their population size. More than two fifths of new arrivals to Australia in 1994-95 intended to settle in NSW, while less than a quarter intended to reside in Victoria and 15 per cent in Queensland. Fewer than five per cent of arrivals intended to live in the ACT, Tasmania and the Northern Territory combined.

**Figure 1: Shares of new arrivals and total population by State and Territory, 1994-95**



Source: Australian Bureau of Statistics (ABS), 1995, Bureau of Immigration, Multicultural and Population Research (BIMPR), 1996

Sydney and Melbourne have traditionally received the majority of immigrants, although their relative prominence as immigrant receivers has changed over time. While Melbourne dominated in the decades after the Second World War, Sydney has become more dominant since the 1980s. Table 1 shows that the importance of NSW as a place of residence for new arrivals has increased over the ten years to 1994-95, with its share rising from 38.8 per cent to 43.5 per cent. Similarly, Queensland has become a more popular place of residence for new settlers in recent years. (Note too that Queensland attracts a high number of residents from interstate each year.) On the other hand, the proportion intending to settle in Victoria has fallen since 1984-85, from 26.3 per cent to 22.8 per cent in 1994-95. As well, the proportion of new arrivals who intended to settle in South Australia decreased significantly over this period. There have also been reductions in the proportion of new immigrants who intended to reside in the smaller States and Territories.

<b>Table 1: Settler arrivals by State or Territory of intended residence, frequency and per cent</b>											
State	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
NSW	(30,336)	(36,760)	(45,569)	(57,286)	(56,065)	(47,153)	(47,569)	(44,066)	(32,093)	(30,886)	(38,056)
per cent	38.8	39.8	40.2	39.9	38.6	38.9	39.1	41.0	42.0	44.3	43.5
Victoria	(20,302)	(23,848)	(29,007)	(35,050)	(35,024)	(31,788)	(32,071)	(27,547)	(19,053)	(15,918)	(19,968)
per cent	26.0	25.8	25.6	24.4	24.1	26.2	26.4	25.7	25.0	22.8	22.8
Queensland	(9,454)	(11,772)	(14,042)	(20,988)	(21,780)	(15,922)	(16,243)	(15,189)	(10,939)	(10,267)	(13,179)
per cent	12.1	12.7	12.4	14.6	15.0	13.1	13.3	14.1	14.3	14.7	15.1
South Australia	(5,172)	(4,923)	(5,701)	(6,278)	(6,867)	(5,898)	(5,963)	(4,796)	(3,534)	(3,201)	(3,782)
per cent	6.6	5.3	5.0	4.4	4.7	4.9	4.9	4.5	4.6	4.6	4.3
Western Australia	(9,755)	(11,752)	(15,710)	(20,054)	(22,278)	(17,512)	(15,819)	(11,712)	(7,928)	(7,743)	(10,379)
per cent	12.5	12.7	13.9	14.0	15.3	14.4	13.0	10.9	10.4	11.1	11.9
Tasmania	(795)	(948)	(938)	(1,015)	(846)	(864)	(709)	(617)	(401)	(465)	(552)
per cent	1.0	1.0	0.8	0.7	0.6	0.7	0.6	0.6	0.5	0.7	0.6
Northern Territory	(994)	(1,045)	(941)	(1,053)	(927)	(733)	(825)	(569)	(426)	(372)	(496)
	1.3	1.1	0.8	0.7	0.6	0.6	0.7	0.5	0.6	0.5	0.6

per cent											
ACT	(1,257)	(1,358)	(1,401)	(1,766)	(1,523)	(1,343)	(1,488)	(1,178)	(949)	(807)	(1,001)
per cent	1.6	1.5	1.2	1.2	1.0	1.1	1.2	1.1	1.2	1.2	1.1
Not stated	(22)	(4)	(0)	(0)	(6)	(14)	(1,001)	(1,717)	(1,007)	(109)	(15)
per cent	0.0	0.0	0.0	0.0	0.0	0.0	0.8	1.6	1.3	0.2	0.0
Total	(78,087)	(92,410)	(113,309)	(143,490)	(145,316)	(121,227)	(121,688)	(107,391)	(76,330)	(69,768)	(87,428)
per cent	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: BIMPR 1996, 1995, 1994.

Note: frequencies (numbers) are in parentheses.

Table 2: Demographic characteristics of PAs by State/Territory, per cent										
Characteristic	NSW	Victoria	Queensland	South Australia	Western Australia	Tasmania	Northern Territory	ACT	Total	
Sex										
Females	49	50	47	46	39	44	60	45	48	
Males	51	50	53	54	61	56	40	55	52	
Age										
15-24	21	18	11	15	11	9	12	18	17	
25-34	49	43	52	48	42	44	64	45	47	
35-44	18	19	22	17	28	14	23	19	20	
45-54	5	8	6	9	8	6	*	8	7	
55-64	4	6	5	4	5	*	*	*	5	
65+	3	5	4	7	6	*	*	*	4	
Marital status										
Married	68	72	77	69	75	72	76	84	71	
Separated/divorced/widowed	7	8	7	10	8	*	*	3	8	
Never married	25	20	16	21	17	15	25	13	21	
Country of birth										
Oceania and Antarctica	3	2	3	*	*	*	*	*	2	
Europe and the USSR	26	28	49	53	42	56	20	32	33	
Middle East and North Africa	14	11	2	2	4	*	*	5	10	
Southeast Asia	20	23	19	21	24	11	52	25	22	
Northeast Asia	17	14	11	10	7	*	*	10	14	
South Asia	10	13	5	4	6	*	*	11	10	
Northern America	3	3	4	5	6	*	*	6	4	
South and Central America	2	1	2	1	1	4	*	3	2	

Africa (excluding North Africa)	3	5	5	3	9	*	*	5	5
Visa category	58	58	62	55	51	64	74	59	58
Preferential Family	8	7	7	8	11	5	8	10	8
Concessional Family	3	3	5	3	5	5	*	4	3
Business/Skilled	19	13	16	19	22	14	10	15	17
Independent	13	19	10	16	12	12	*	13	14
Humanitarian									
Total for each characteristic	100	100	100	100	100	100	100	100	100
Proportion of PAs by state	44	25	11	5	11	1	1	2	100
Source: LSIA Wave 1, 1995.									
Note: * sample size too small.									

## DEMOGRAPHIC AND SOCIO-ECONOMIC CHARACTERISTICS OF IMMIGRANTS

Analysis of differences in the characteristics of respondents in the LSIA by State/Territory shows that respondents who settled in Queensland and Western Australia were the most qualified, most skilled and had higher levels of English language proficiency than other immigrants. These two States attracted high proportions of Independent and Business/ skilled immigrants, many of whom were from the UK and Ireland (see Table 2). This would augur well for these States in terms of the labour market potential of new arrivals. In contrast, settlers in Victoria and South Australia were less skilled in terms of English proficiency, qualifications and previous occupations, partly reflecting the disproportionate share of Humanitarian immigrants located in these two States. Presumably, such immigrants would take longer to adjust to the labour market and, indeed, new arrivals in Victoria and South Australia experienced particularly high rates of unemployment.

## LOCATION DECISIONS

In total, as shown in Table 3, nearly 80 per cent of respondents gave location of family (including spouse) and friends as the main reason for their location choice. Overall, only 11 per cent of respondents selected their place of residence on job-related grounds.

**Table 3: Main reason for settling in State or Territory of initial location by State/Territory, per cent**

State	Spouse/partner lived there	Employer is located here	Job opportunities	Family living here	Friends living here	Preferred climate	Lifestyle	Other	Total %	N1	N2
NSW	40	3	12	30	7	1	2	3	100	2,177	32,796
Victoria	39	3	4	38	9	1	3	2	100	1,352	19,118
Queensland	41	5	5	27	6	6	8	3	100	531	8,336
South Australia	36	6	3	32	7	*	6	8	100	79	3,975
Western Australia	32	4	4	34	8	3	9	5	100	582	8,250
Tasmania	31	10	*	40	*	*	*	8	100	75	608
Northern Territory	60	*	*	14	*	*	*	*	100	55	507

ACT	42	8	*	36	*	*	3	7	100	141	1,400
Total	39	4	7	32	7	2	4	4	100	5,192	74,990

Source: LSIA, Wave 1, 1995.

Note: \* sample size too small.

N1 sample size.

N2 population estimates based on State of interview. The percentages in the body of the table are calculated on the basis of N2.

However, although the location of spouse and/or family is the overriding determinant of location for settlers in all States and Territories, the reasons for choosing particular locations differ across States and Territories. For example, the decision to settle in Victoria appears to be based overwhelmingly on the existence of a spouse, family or friends, whereas relatively more of those who settle in NSW do so because of job opportunities. The location of an employer is important for a relatively high proportion of settlers to Tasmania and the ACT. Other factors emerge as important in other States — such as the lifestyle and the climate for Queensland and Western Australia. A very high proportion of settlers to the Northern Territory chose this location because their spouse lived there.

These findings are important in the sense that they can be used to predict overall directions of initial settlement to each State and Territory. For example, although family is an important pull factor for many new immigrants to Melbourne, this city is likely to attract a smaller proportion of Australia's immigrants over time. As a smaller proportion of new arrivals settle in Melbourne, the chain migration effect will become less significant and unless arrivals are attracted to Victoria for other reasons, such as employment opportunities, the proportion of new immigrants coming to this State will continue to fall.

The situation in both Queensland and Western Australia is quite different. Amenity factors (climate and lifestyle) are the *main* reason for choosing to live in Western Australia or Queensland for over ten per cent of respondents who lived in each of these locations. As more immigrants choose these locations, this trend will be reinforced through a subsequent chain migration effect.

Twelve per cent of new settlers in NSW chose to live there because of job opportunities, compared with less than six per cent in all other States and Territories. This is a factor which might help explain why Sydney receives a disproportionate share of new immigrants relative to its population. Clearly, there is a perception by prospective immigrants that job opportunities are greatest in Sydney, possibly because it is the most populous city in Australia.

The proportion of immigrants attracted to the smaller States and Territories is still low and, in fact, has fallen over the last ten years. Most of the smaller States and Territories attract new arrivals because family or a spouse is living there, although in Tasmania and the ACT the existence of an employer has also influenced the decision for some new arrivals. Tasmania has been keen to attract a greater share of the immigrant intake, mainly because of a high rate of outmigration, particularly of its young people. The bulk of immigrants to the Northern Territory are female Preferential Family immigrants, who chose to live in the Northern Territory because their spouse lives there.

South Australia has attracted a declining proportion of new arrivals in recent years and it is well below South Australia's share of the total population. Three quarters of new settlers to South Australia in the LSIA chose this State because family or friends lived there — and a high proportion of these were born in Europe. Given that the birthplace of new arrivals is shifting away from Europe, South Australia's prospects for attracting more immigrants look bleak, as fewer immigrants will be likely to have family there. However, an above average proportion of LSIA respondents who settled in South Australia chose this State for its lifestyle. In addition, the LSIA shows that a high share of Humanitarian immigrants from

different birthplaces did settle in South Australia.

Table 4 presents the data on the main reason for new immigrants choosing their initial location by visa category. As expected, 90 per cent of those in the Preferential Family category choose their initial location based on the location of spouse/partner or family. Similarly, three quarters of the Concessional Family group choose their location because family live there. This latter result is more surprising because entrants in this category have to meet a points test based on their labour market potential.

In contrast, for those arriving in the Business/skilled category, 60 per cent choose their location based on location of employers and job opportunities. Those arriving in the Independent category base their decisions on a combination of job and family/friends related factors, with the presence of friends being the main factor (30 per cent), followed by job opportunities (22 per cent). The location decisions of entrants in the Humanitarian category are also dominated by the location of family and friends, but in this case family is the more important.

Overall, the overwhelming determinant of new immigrants' location decision is the location of a spouse/ partner, family or friends. However, there are some differences between States and Territories and these differences can help predict future settlement patterns of new immigrants. In particular, it is likely that immigrants will increasingly be attracted to Sydney's employment opportunities, and to Queensland's and Western Australia's climate and lifestyle. In contrast, the Victorian intake is dominated by those joining spouse/partner, family or friends (86 per cent compared with the average of 78 per cent). It is likely that the share of the immigrant intake settling in Victoria will decline as this chain migration effect peters out.

POLICIES TO INFLUENCE LOCATION DECISIONS

Findings from the LSIA suggest that there is little prospect (without intervention) that the share of the intake for the smaller States and Territories will increase in the future. This might present a case for seeking to influence location choice to attract more new arrivals to the smaller States and Territories and possibly away from the cities.

Table 4: Main reason for settling in State or Territory of initial location by visa category, per cent											
Visa category	Spouse/partner lived there	Employer is located here	Job opportunities	Family living here	Friends living here	Preferred climate	Lifestyle	Other	Total %	N1	N2
Preferential Family	66	1	3	24	1	1	2	2	100	2,195	43,105
Concessional Family	1	2	11	75	3	2	4	2	100	778	5,882
Business/skilled	*	46	14	13	7	5	9	7	100	536	2,576
Independent	4	9	22	17	30	4	9	5	100	852	1,836
Humanitarian	2	*	5	65	10	2	4	11	100	831	10,587
Total	39	4	7	32	7	2	4	4	100	5,192	74,990
Source: LSIA, Wave 1, 1995.											
Note: *sample size too small.											
N1 sample size.											
N2 population estimates based on State of interview. The percentages in the body of the table are calculated on the basis of N2.											

Putting aside the reasons for attempting to influence location choice, there exist several

policies for doing so. The bond scheme, which has recently been considered by the Federal Government, would entail an upfront payment by immigrants which could be retrieved once immigrants have made an investment in a designated area. This scheme would be unsuccessful if immigrants choose to make a low cost investment, then settle elsewhere. There may also be adverse side effects on the housing market and on the financial position of immigrants after making the initial outlay.

The Regional Sponsored Migration Scheme, which encourages employers in regional areas to nominate skilled immigrants to particular jobs, makes more practical sense. It ensures that the incoming immigrant is employed (at least for two years) and it is administratively straight forward. Similar to this are the bonus points awarded to Business Skilled Category immigrants by States who nominate business immigrants. Although both these schemes have been underutilised, greater promotion may increase the uptake rates.

The allocation of points for having a sponsor located in a 'designated area' has been operating for several years in the Concessional Family category. The current scheme allocates five points out of a possible 140 and, as yet, does not appear to have had an effect on the distribution of new arrivals. Increasing the number of points for location may damage the integrity of the points test, as other factors such as skills and English language ability lose significance. Another disadvantage of this scheme is that there is no guarantee that immigrants will indeed settle in the designated location, and if they do, that they will stay there in the long term.

Schemes to attract immigrants to particular States or regions can only work if immigrants decide to settle there in the long term, and this will only occur if support services and employment opportunities are readily available. For this reason, such schemes are often seen as inappropriate. Instead, policies which make a location more attractive to the general population — both the overseas-born and the Australia-born — are advocated as ways to increase population growth in these areas. In any case, consideration of such broader policies is necessary to secure new immigrants' long-term commitment to settle in a particular location.

This article is based on a longer report entitled *The Initial Location Decision of Immigrants* (Murphy, forthcoming) prepared for the Department of Immigration and Multicultural Affairs while the authors were employed in the Bureau of Immigration, Multicultural and Population Research.

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