Continent on the edge: Communicating African migrants’ economic contributions to Australia

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Abstract

Africa has been on the edge of global communication for a long time. It has been the object of media hype and political mimicry. Unfortunately, little research evidence has been available to shift such negative, myopic and stereotypical gaze, especially when the continent is besieged by constant political unrest and economic mismanagement. This research aims at lifting African image beyond the edge, by using available data to balance the knowledge gap and misunderstanding of Africans in Australia. According to Tom Calma (2007, as cited in Australian Human Rights Commission, 2010), former Australian Race Discrimination Commissioner, African Australians have so much to contribute to the Australian society, but this can only happen when there is a sense of belonging, when people feel part of this country, when they call this country home because African-born Australians make up about 6% of the Australian population.

The general image and perception of Africans in Australia and in many other parts of the western world is premised on humanitarianism, poverty stricken and social disorder with little acknowledgement of the economic contributions made by people of African descent. In the context of the above, this paper uses creative econometrics to estimate African Australians’ economic contributions to the economy through three input analyses. Through such analyses, the research hopes to shift the negative gaze of Africans in the media and enable some objective analyses. The first is an analysis of economic inputs of skilled Africans and African business migrants, using Access Economics 2008 migration modelling. The second is an analysis of economic contributions of African humanitarian migrants using remittance commissions to calculate economic stimulation and finally, the third analysis is of African students’ contributions in the multibillion dollar education industry as well as indirect contribution through intellectual capital inputs. It is expected that the outcome of these analyses will trigger some rethink on immigration debates as well as the negative perception of Africans in Australia.

Research methodology and limitations

These analyses rely heavily on records from the Australian Bureau of Statistics (ABS) and the Department of Immigration and Citizenship (DIAC) because of their currency of data as well as direct access to all officially approved entries, departures and investments in the country. Although many of the available data are not country specific, the research tries to extrapolate country specific data where necessary to create a better picture of African inputs. It is worth noting that this research is one of the first to focus on African economic input in Australia from a migration point of view rather than from a
business investment perspective; therefore there are bound to be some data errors. The author acknowledges that while there is a small body of literature on African migrants' experience in Australia (most of them dated), due to the econometric nature of this research most current data on the subject are from research reports which are also available online. The researcher also acknowledges that while the figures that come out of this research may be tempting for political grandstanding, they should be used with caution because of the above mentioned data correlation factors. Finally, this research should not be taken as a comprehensive analysis of all sectors of migrants’ economic activities or contributions, but only as a starting point for further research and discussions.

**Brief introduction**

Africa is no longer physically dominated or colonised. It is a free continent like the rest of the world. But we have also realised that physical domination is the least of the problems facing many impoverished nations of the world. While first African nationalist leaders like Azikiwe, Senghor, Nkrumah, Awolowo and a host of others fought to liberate the continent from physical domination, it has become obvious according to Rousseau’s social contract that, although the continent is free from colonisation, it is still in chains of economic dependency, cultural and identity crises, political leadership and administrative foresight. As Fanon observed in *Wretched of the Earth*, the freedom from the power of colonisation is more than a mere declaration of independence, it makes those it colonised lose sense of identity and ask themselves in reality who they are. African intellectuals have variously written and questioned the powerless position of Africa in and after colonisation but have come back to the same hopeless assumption of a fallen hero. Films of Ousmane Sembene, Wole Soyinka and Hale Gerima; poems of Senghor, Diop and Clarke; plays and writings of Soyinka, Achebe, Tutuola; and writings of Ali Mazrui, etc., all ask questions of the role of Africa in the world as well as set agendas which have formed parts of the continent’s journey of self-discovery. But members of the African diaspora still find that despite such critical and intellectual inputs, African leaders do not seem to either notice or, if they do, implement them. As a result many of the best African minds migrated to other countries where they believe their inputs can be appreciated.

But through myopic lenses and cultural stereotypes compounded by media hypes and sensationalism, members of the African diaspora found themselves boxed into the same negative basket as those of their homeland which they tried to run away from. African migrants have often been defined as a homogenous constant underscored by such signifiers as hunger and starvation, civil wars, diseases, political instability and underdevelopment. This diminutive of the lowest common multiple (LCM) has created global identity crises which is very difficult to resolve. But the most important and perhaps close to true constant about Africa are the hopes and aspirations of its diasporic citizens scattered all over the world. They yearn for Africa's cultural revival, political stability, economic growth and international recognition. Members of the African diaspora believe that Africa has the potential and capacity to achieve great heights. According to Jeter (2000), sub-Saharan Africa, for example, has the largest reserves of oil and natural gas on the African continent. It is the cradle of the African diaspora, with its progeny dispersed throughout the world. The energy, intellect and raw talent of West Africa's people are second to none. The position of this author is that if we can translate some of the economic contributions made by members of the African diaspora in their various countries of residence into
quantifiable economic inputs, the perception of the continent and its people could shift from that of negative stereotype to that of respect and equal participation in global economic discourse.

But when we consider the above ideological positioning of Africa, there are bound to be many challenges facing this research as it tries to calculate or imply that Africans make valuable economic contributions to western nations such as Australia. First of all, Africans are in numerical minority in Australia. They are also one of the newest migrant communities; therefore, implying that such a relatively small number from a “poor continent” can make tangible economic contribution to a developed nation like Australia will be met with serious econometric resistance. Historically, it would be fair to say that prior to the crises in Africa, Australia was not on the migratory radar of many Africans. Although it could be argued that African-Australian intellectual exchange has been in existence through Commonwealth scholarships and other academic fellowships, African humanitarian migration to Australia is relatively recent. For example, it was only as recently as 2006 that sub-Saharan African nations featured in Australian population statistics with an increase of about 6% between 1996 and 2006 (ABS, 2007).

It is however worth noting that despite the relatively small population of Africans in Australia, historical records\(^1\) have confirmed that at least 11 people of African descent were among the first fleet of convict settlers in Australia in 1788. While this history may not mean much in political and cultural significance, in today’s economic terms, if those eleven people were among the successful settlers who helped build what we now know as Australia, then it would make significant economic impact to the country. But an acknowledgement of such historical fact will only fuel more denial theory especially as Australia was built as a white society and maintained a white-only policy until very late. It was only in 1967 that section 127 of the Constitution was struck out in its entirety. This amendment allowed indigenous people to be counted in the Commonwealth Census. It was only in 1973 that the Whitlam Labour government legislated that all migrants, of whatever origin, be eligible to obtain citizenship after three years of permanent residence.

This piece of legislation also extended to Australia’s international obligations under the UN convention and enabled the passage of the 1975 Racial Discrimination Act (RDA) which overrode state and territories and made it unlawful to discriminate against anybody on the basis of race, cultural or ethnic origin. In fact, Indians were given voting rights before the true custodians of the land (Aboriginal people). It was only in August 2010 that Dr Ken Wyatt became the first Aboriginal person to be elected into the Australian House of Representatives. This historical event was marred by many hate mails from people who said that they would not have voted for him if they knew he was Aboriginal. This piece of historical information is necessary to understand the complexity of analysing data which seems to challenge popular belief. It also sheds some light on why many western nations including Australia have for long used South Africa to define their concept of Africa. It is also important to understand the extended implication of such belief system in research and data analysis because such biases often filter into the socio-political consciousness of the people.

\(^1\) Africans and Blacks in the First Fleet to Australia The information is extracted from the book “1788 - The People of the First Fleet” by Don Chapman, published 1986 by Doubleday, Sydney & Auckland; ISBN 0 86824 265 9 online account can also be found in http://firstfleet.uow.edu.au/s_multi.html
In 2008 the Premier of South Australia held a luncheon for Africans in the state, and it was interesting to note that Nigeria was not on the list of invited countries until somebody pointed out the omission to the department. The simple reason for this omission was because Nigeria did not fall under any of the government’s community radar, which is often triggered by either humanitarian status or trade partnership. While some may argue that small communities often get absorbed by larger ones for administrative convenience, it could also be argued that such actions deny legitimacy and disempower members of such community. Nigeria could never be regarded as a small community in any scheme of imagination because it is the largest and most populous country in Africa.

The complexity of African affairs in Australia can be placed under three levels of attention: the established, stable South Africa with huge economic investments in Australia; the unstable humanitarian crises in countries like Liberia, Sudan, Congo, Rwanda, Zimbabwe with huge economic burden to Australia; and finally the non-aligned mid-range countries like Nigeria, Ghana, Cameroon, etc., who are neither heavy investors nor refugees. In traffic monitoring terms this last group is neither green nor red and therefore does not attract political attention. This assumption is also reflected in the immigration classification for African nations. It is worth noting that South Africa has been a major trading partner of Australia, especially in mining. As a result South Africa has a more favourable immigration classification than West African countries. South Africa has also become Australia’s preferred transit point for many African migrants to Australia both for visa processing and for skills migration recognition. For example, the majority of African trained medical doctors who migrate to Australia come through South Africa irrespective of their country of origin and/or training. This is because African-trained medical doctors who practise in South Africa are highly regarded and therefore have higher chances of employment in Australia than those who practise or reside outside South Africa.

An important research challenge that this paper encountered was establishing a working definition for what constitutes professional African migrants, whose intellectual capitals are used to determine African economic contributions to Australia. Docquier and Bhargava (2008) acknowledged the difficulty in having a standard definition and measurement of professionals’ country of origin. They discovered, for instance, that while Belgium used migrants’ country of birth, Portugal used country of citizenship and France used country of training. In the African situation, many of the skilled migrants to Australia especially in the medical profession come through either South Africa or the UK. If inputs are calculated on the basis of country of training or citizenship then there would be a likelihood of either double counting or complete omission of some, especially those from countries whose professionals might have trained in another country, migrated to another before relocating to Australia. Based on the above observations this research believes that data error is likely to occur because if, for example, Nigeria with a significant number of skilled professionals especially medical doctors, who service the nation’s rural population, is not on the state’s list of communities, then many other smaller communities may also be either classified as South Africans or omitted by statistics completely.

What this piece of information highlights is that although many of the available skills and business migration data from Africa are credited to South Africa, in actual fact some of them come through and from other African countries which unfortunately were not computed in immigration or database. Another important factor in this research is that with the influx of African humanitarian migrants to Australia, it becomes more difficult to demonstrate that African migrants can be equal economic contributors to the country. The general perception is that Africans are poor, constantly besieged by civil
strife, corruption and genocide while the lucky ones who escaped such horrific environments are here at the goodwill of the Australia people, having a free ride at taxpayers’ expense.

While there is no denying the fact that many African leaders have failed their people, it is also worth noting that even the few African migrants who come to Australia under the humanitarian visa category still make valuable economic and cultural contributions to the society. While migration in itself is fraught with many challenges, members of African diaspora especially in Australia are confronted with more complex social stereotyping and stigmatisation as a result of constant economic and political crises in their homeland. As a result, economic contributions made by African migrants in their countries of residence, such as Australia, are often overlooked and overshadowed by little humanitarian assistance to Africa. An average African migrant is confronted by paternalistic gazes of sympathy which are often underscored by implied intellectual ineptitude which indirectly gives weight to Sachs’ (2005) position that foreign aids is the panacea for African developmental needs.

As a consequence public opinions are divided when elections are played out on immigration platforms. Recent examples can be seen in the new David Cameron government in the UK and the 2010 hung parliament of Australian election where both elections had immigration as important policy issues. In the midst of these debates is an example of hope. The current Lt. Governor of South Australia, Hieu Van Le, is an example of a humanitarian migrant who made significant contribution to his country of adoption. Hieu Van Le came by boat from Vietnam and has worked hard to rise above sympathy. He has become both a powerful economic contributor and, more importantly, a vice regal of the state. Ben Yengi is another such humanitarian migrant from Sudan who has made significant socio-cultural contributions to Australia and was recognised in 2001 with the Order of Australia medal. He recently went back to Sudan to start a charity project called KADI.

Developing nations which are also the most populated nations in the world have witnessed more crises than developed nations especially since the 1990s. This seemingly one sided phenomenon has skewed the statistics of migration traffic from developing nations to developed nations. One of the aims of this research is to demonstrate that while developing nations migrate to developed nations for economic and political reasons, western nations also need such immigration numbers to bolster and maintain their quality of life as well as sustain their ageing working population. Even though such economic benefits seem obvious to many leaders, only a few can stand up to defend such position when public opinion seems to sway against their political fortune. As a result many of them bow to populist opinion by imposing inhumane immigration policies which in some cases act against their own national interests. Examples can be found in the John Howard’s mandatory detention policy which was contracted out to poor Pacific island nations like Nauru (Pacific Solution). In the Netherland, the compulsory Dutch language policy was another sanitising hindrance to immigration while the Patriot Act and border patrol in the US post 9/11 was justified under security platform. All these measures were aimed at reducing the inflow of migrants from developing nations to western nations under the guise of anti-terror legislations. The big question this research asks, which many people have failed to ask is, if all migrants from developing countries were to go back to their countries of origin and there is a zero migration policy in all western countries, who will stand to gain and who will stand to lose economically?

If we take a critical look at Australia’s population and growth rate, the result will alarm any economically minded person. A recent debate on Australia’s Intergenerational Policy Framework, which was initiated
by Kevin Rudd (Prime Minister until a sudden shift in the Labour Party’s politics saw him replaced by Julia Gillard on 24 June 2010), painted a bleak picture of the nation’s future due to a fast greying population. According to the (ABS, 2007), the number of people aged 15-64 years (working age population) increased by only 1.4% in the year ended June 2006 while net overseas migration (NOM) accounted for around half of such population growth. The report also confirmed that the number of people aged 65 years and over increased from 10.5% to 13.3% between 1986 and 2006 and those above 85 years increased by 8.0%, and in two decades, have increased by 161%. This is against a total population growth of 29%. What this trend tells us is that the nation is in population decline among its working age bracket compounded by a strong ageing population. This crisis, unfortunately, is not limited to Australia but cuts across most of the developed nations of the world. It is also worsened by a decline in the 0-14-year-old population, which fell by 3.8% in the same period (1986 to 2006). The consequence of this population crisis is a threatened national economic, social, cultural and intellectual growth. Already this trend has affected the nation’s booming resources economy which has been facing acute skills shortage. This has also had a flow on effect in the agricultural sector because available casual labour force has migrated to higher paying jobs in the mining sector. One of the urgent recommendations at the 2020 Summit held in Canberra in 2008 was a review of Australia’s immigration policy to grant short-term working visas to Pacific Island people to help with the nation’s skills shortage.

**Socioeconomic benefits of migration**

According to the (2009), Australia’s median age (the age at which half the population is older and half is younger) increased by 5.1 years over the past 20 years, from 31.8 years in 1989 to 36.9 years in 2009. Ageing becomes an issue when the percentage of the older population increases more significantly than that of the younger population (children between 0-14 years). Findings of the Intergenerational Report claims that by 2050, there would be only 2.7 persons of working age for each person aged 65 years and older, compared with 7.5 in 1970, and 5.1 in 2010. Within 40 years, the proportion of the population aged 65 years and older would almost double to 23 percent. With a smaller proportion of Australians in the workforce, tax revenues won’t keep pace with rising costs of living in an ageing population (Viellaris, 2010). One of the recommendations of the intergenerational report is to have more skilled migrants.

According to a study by Birrell, Rapson and Smith (2006), the net gain of persons with a skilled occupation in Australia rose to 44,443 in 2004-05 as against 30,000 four to five years earlier. Another important study by Carrington, McIntosh and Walmsley (2007) of the Centre for Applied Research, University of New England, found that evidence available overwhelmingly supports the view that migrants to Australia have made and continue to make substantial contributions to Australia’s stock of human, social and capital growth from filling skills shortages to producing healthier population which according to them is a boost to human capital stocks apart from vibrant recreational and cultural activities for all Australians. During the (2007) Australian electioneering campaign, the CEO and Managing Director of Woodside Petroleum, Don Voelte, whose company had been adversely affected by skills shortage, called on whoever won government to relax immigration laws to make it easier for energy and mining companies to recruit skilled staff from overseas. He cited the lack of skilled staff as among the reasons companies in Australia could not meet production targets, and therefore could not satisfy the global demand for Australia’s resources (Alberici, 2007). A UK study by PriceWaterhouseCoopers found that migrant workers tend to be relatively
productive and have filled important skills gaps in the UK labour market rather than just displacing UK-born workers. The research also found that apart from helping scale up the treasury growth forecast in 2007, many of the workers aged between 18 and 34 also receive comparatively low wages despite their good education and skills levels (Balakrishnan, 007).

By using the New Zealand immigration data to analyse migrant economic contribution, Moody (2006) states that net migration surplus arises because immigrants increase national income by more than the cost of hiring them, and if there are positive externalities from immigration, the author believes the gain is even greater. He used some equilibrium theory studies to determine the economic effect of migration. For example, a 1993 Australian study which used the ORANI model estimated that with no economies of scale, one percent increase in immigration increases real GDP by 0.99 percent while real GDP/worker falls by 0.01 percent, but with full economies of scale, real GDP increases by 1.15 percent and real GDP/work rises by 0.15 percent. Using another study by Poot et al (1988), Moody also found that a net inflow of 15,000 people increases GDP by 0.6 percent per year, and GDP per capita increases by 0.2 percent per year and GDP per worker increase by 0.15 percent per year. With these figures we can therefore estimate that irrespective of the class of visa that migrants come in with, if such migrants have the capacity to work in any form, their inputs will help scale up the state’s economy. Carrington, McIntosh and Walmsley (2007) also believe that most migrants who came to Australia have contributed by working, producing and filling up skills shortages. The migrant presence has also substantially increased the range and viability of available recreational and cultural activities for all Australians:

Most migrants, including those arriving through the humanitarian intake, have over time learnt English, acquired qualifications and done well. Furthermore, they are generally ambitious for their children to achieve and to have better opportunities in life. . . . Hence many of the benefits of migration accrue to the second generation, while most of the personal costs of migrating are born by the first generation. These costs may include cultural isolation, separation from family and friends left behind, problems with acquiring English literacy, lack of recognition of overseas qualifications, underemployment, unemployment and welfare dependency. (xii)

But despite glaring labour shortages in western nations, migrant workers from developing nations still face resentments and marginalisation. This research posits that migration could be a reciprocal economic transaction which benefits both the host and emigration countries. It also argues that investments into immigration settlement by host countries should be seen as business investments with long term economic benefit rather than as philanthropic gesture which gives its citizens a false impression of altruism and as a result perceive migrants as economic parasites with condescending attitude rather than as equal economic contributors. According to Phillips (2006), Australian immigration policies were aimed at building up the population for defence, bring in workers to build up Australia’s intellectual and industrial markets and later, under international obligation, take in some humanitarian refugees. This position has not changed and can still be evidenced by the ratio of skilled migrants to humanitarian intakes.

A close look at humanitarian intakes in 2008 shows that while displaced people are brought into the country on humanitarian grounds, in reality the selection criteria of the “lucky” intakes show that they are people who, through their age, have the potential in the final analysis to make valuable contributions to
the economic and intellectual development of the society. For example, of the 11,000-13,000 humanitarian intakes into Australia between 2007 and 2008, 30% were aged 5-14 years old; 14-24 year olds made up 25%; 25-34 year olds made up 15%; while 35-44 year made up only 10% (DIAC, 2008). This ratio of age distribution is similar to the nation’s skilled migration criteria except that children do not fall under that category. This distribution ratio could have been factored in by Access Economics in their migration economic modelling which says that humanitarian migrants become profitable after 12 years, by which time, it seems, migrant children would have acquired enough education and training to enable them to make economic contributions to the nation.

On the one hand, skilled migrants from poorer countries are grateful for the opportunity to practise their trade and sustain their family, and on the other hand host countries gain international recognition for their humanitarian acts as well as gain economic leverage. We can therefore say that migration is a reciprocated win-win economic transaction. It could also be argued that while migration helps ageing western societies maintain their economic dominance over developing nations, leadership failures in developing countries provide the perfect platform for such dominance by making emigration the best option for their skilled but disillusioned citizens. This is the type of condition this author calls a vicious cycle of self-imposed economic enslavement. Colonial invasion led to the first wave of forced migration of Africans to the diaspora but failed domestic leadership led to the second wave of forced migration of African intellectuals. The only difference is that the local perpetrators in these crises have morphed from “traditional chiefs” to “political stooges”, and the format has been rebadged from forced dislocation to coerced dislocation. In his work, Bound to Lead: The changing Nature of American Power, Nye (1991) distinguished between what he referred to as hard power and soft power policy in American international relation. The same position can be extended in this research to argue that irrespective of the type of technique applied in power relation, the basic aim is always to subjugate the weak to the authority of the strong. African migrants can therefore be regarded as modern economic slaves lured or coerced into diasporic journeys by either the soft power of economic enticement or hard power of political uncertainty and disenfranchisement.

Migrants and intellectual capital imbalance

Docquier and Marfouk (2006) defined net brain gain as the difference between immigrants and expatriates with tertiary education or more as a proportion of working age residents. According to Clemens and Pettersson (2008), approximately 65,000 African-born physicians and 70,000 African-born professional nurses were working overseas in a developed country in the year 2000. Based on this study Mariani (2008) posits that most innovative countries are characterised by positive values for this variable (intellectual property exchange) which means inversely that those with negative inflow are likely losers in innovation. While Mariani’s analysis can easily be applied to a West to West intellectual capital exchange, it may be difficult to extend it to a West to South situation. For example, African governments are more likely to employ western expatriates to fill urgent gaps in their development projects, but it is hard to see any of these expatriates develop and register any patentable research output in African countries; on the contrary such expatriates use their African experiences to enrich their countries’ research and development potential. On the other hand, African intellectuals who emigrate are often lured by the research cultures of western countries. They are however prevented
Through employment contracts from transferring their research and inventions to their homeland countries.

According to an analysis by Pang et al (2002), a third to half of South Africa’s medical graduates immigrate to the developed world. It was also calculated that about 600 South African medical graduates registered in New Zealand cost South Africa about $37 million. Clemens and Pettersson’s (2008) research findings also confirm that South Africa loses over $1 billion a year as a result of medical staff emigration to Western countries. While such economic losses may not be directly translated as gains by the recipient western countries, it is common sense logic to assume that such Western recipients would not be losers in the same transaction. It is worth noting that Australia and New Zealand operate a reciprocal immigration policy, which means that residents of either country can migrate to the other as residents. It is also worth understanding that as a result of this arrangement many skilled African migrants to Australia also come via New Zealand because of its more relaxed immigration policy. The implication of this is that even though Pang’s analysis may refer to New Zealand, in many cases the final beneficiary is Australia. The UN Commission for Trade and Development estimates that each migrating African professional represents a loss of $184,000 per annum while the continent spends $4 billion a year on the salaries of 100,000 foreign experts who, as we have discussed, do not necessarily contribute to the continent’s intellectual capital growth.

This research analysis does not in any way put blame on western nations for benefiting from Africa’s misfortune; on the contrary the blame lies with African leaders who fail to capitalise on their nations’ intellectual capital due to misplaced priorities, bad leadership and corruption. The research acknowledges the fact that African nations benefit from skilled migrants’ remittances. But it also argues that the proportion of capital input to the host country far outstrips what comes to migrants’ homeland through remittances. For example, the Central Bank of Nigeria estimated that in 2007, diaspora remittances to Nigeria amounted to about $16 billion. While such figure may seem a lot at first glance, if we make a generous assumption that an average skilled migrant remits about 10% of their income to their homeland, we will still be left with 90% of their income invested in their host country. Therefore, if we assume that the $16 billion remitted in 2007 accounted for only 10% of income by members of the Nigerian diaspora, we can then estimate how much the homeland country would have gained if these skilled people were fully employed in their own country with similar conditions of service.

**African skilled and business migrants’ contributions to Australian economy**

In this section of the paper I will use data from Access Economics (2008) modelling of migration fiscal contribution to the Australian economy to calculate African migrants’ contributions in Australian economy. According to their findings, skilled migrants attract high incomes, which lead to a high level of direct tax receipts. The participation of skilled migrants is generally well above the Australian average. Those from English-speaking backgrounds reduce the need for language services while the use of temporary visa status excludes skilled migrants from many government benefits for the first two years of arrival except education. Finally, the age profile of skilled migrants is generally much younger than the
Australian population average. For example, only 9% of migrants in 2006-07 were aged 45+, compared with 38% of the general population that belongs to this category. It is argued that such youth demographics support a strong contribution to the Commonwealth budget bottom line over a 20-year horizon: “because most principal applicants (particularly in the skilled streams) tend to be aged between 20 and 40 years, in 20 years most would still remain in the workforce, and not draw significantly on health costs or age pension costs” (Access Economics, 2008). Generally speaking, the report confirms that “new migrants provide a substantial contribution to the Commonwealth government budget initially, and this contribution grows over time in real” terms (Access Economics, 2008).

On fiscal contributions it was noted that the 2006-07 intake of Temporary Business migrants numbered some 87,000 with a net fiscal contribution of about $1.097 billion in year 1 and in year 3 the net fiscal contribution of those remaining stood at $437 million. The ABS (2009a) shows that South Africa was the third highest source of business migration visas in 2007 with a total of 9340. If we extract African contribution from this figure it will come to about $117.8 million in year 1. Using the same year’s data, Access Economics’ modelling estimated that migration in aggregate provides a significant boost to the fiscal bottom line (some $707.3 million in Year 1). With revenues growing at a faster rate, in 20 years it was estimated to build about $1.3 billion to the economy. According to the (2007) records, there was a total of 158,960 new migrants to Australia in 2006/7 and the proportion of migrants from sub-Saharan Africa increased to 7.2% or 11445 with more than half (51%) as skilled migrants. If we use these figures to apply to Access Economics’ model we will discover that African input in this analysis comes to about $50.93 million in year 1.

An important observation from the modelling is that even though the cost of servicing humanitarian migrants is high at the onset, it becomes profitable after 12 years. If we consider that the majority of humanitarian migrants are between the ages of 5 and 24, it makes more economic sense to assume that in 12 years they would have graduated from school and be in a position to make significant contributions to the economy. While it could be argued that humanitarian migrants start making direct economic contributions after 12 years, those in the student visa category make instant economic contributions as soon as they arrive in the country. Report by Global Higher Education (2009) states that each international student (including their friend and family visitors) contributes an average of $28,921 to the Australian economy and generates 0.29 in full-time equivalent (FTE) jobs. Currently, of the 190,000 international students studying in Australia, there is an estimated 9,000 African students\(^2\). If we apply the above Global Higher Education model to this number, it will bring the financial contributions made by African students to the Australian economy to around $260.2 million or 2610 FTE jobs.

**African humanitarian migrants’ contributions in Australia through remittances**

The impact of remittance and migrant labour has attracted many scholarly, government and NGO policy debates: Buch, Kuckulenz and Le Manchec (2002); Carling (2004); Mutume (2005); PriceWaterhouseCoopers (2007); Mares (2005); Lucky (2007); Udogu (2005); Balakrishnan (2007); Savina\(^2\)

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\(^2\) [http://www.netnewspublisher.com/australia-promises-to-increase-scholarships-for-african-students/](http://www.netnewspublisher.com/australia-promises-to-increase-scholarships-for-african-students/)
(2003) Bester, de Koker and Hawthorne (2004); Genesis (2003); Mohammed (2005); Plaza (2007); Orrenius (2003); Tiemoko (2003); Sander and Maimbo (2003); Isern, Donges and Smith (2006) and a host of others. Many of these debates centre on the developmental impact of remittance on both the donor country and the recipient countries. Many of the recent African migrants in Australia come under the humanitarian category. Their incomes are limited. But unfortunately, as a result of such limited resources, they are bound to remit funds more frequently and as a result pay more service fees than those whose incomes can enable huge lump sum payments with less frequency.

Of the three remittance services that this research investigated—Western Union, Moneygram and RIA, many African migrants still use Western Union and Moneygram despite their exorbitant service fees (commission) compared to RIA. It must however be understood that RIA seems to be a new player in foreign exchange transfers to African countries. For example, RIA charges a flat rate of $15 for remittances of $50 - $1000 to Nigeria and any amount beyond $1000.00 attracts a 2% commission. The downside with RIA is that the money is paid in the local currency equivalent rather than foreign currencies such as the USD or Pounds Sterling, which are currencies that many migrants and their recipients prefer as they can negotiate higher exchange rates locally. This notwithstanding, RIA’s local currency exchange rate is more competitive than either Western Union or Moneygram. Western Union and Moneygram, on the other hand, can provide such foreign currency transfer but their rates are far more exorbitant than RIA. For example, Western Union charges $20 for any amount from $1 to $75.00 and then $22.00 for amounts up to $150.00. This then goes up to $70.00 for amounts up to $1,400.00 before it jumps to $80.00 for amounts from $1500.00. Another costly part of the transaction is the exchange rate charged to remit money in a foreign currency other than the recipient’s such as the USD. While the market rate on the date of this inquiry was .91 US cents to an Australian dollar, Western Union’s rate was .87 cents and Moneygram’s was .867 cents. Therefore for a transfer of AU$1500 to Nigeria in USD the migrant will be looking at $80.00 commission plus an exchange rate loss of 4 cents per dollar which comes to another $60.00, totalling $140 or 9.3% of the amount sent. It must be understood that different countries attract different commissions and rates.

If we use the above figures to make a hypothetical calculation, we would come up with some fascinating results which are not normally factored in when making migration economic decisions on remittances. If we compound these commissions and assume that an average migrant will make a minimum of two remittances a year of about $1500.00 each, we can therefore estimate that every working humanitarian migrant who remits the above amount will commit an extra $280 of their income to the nation’s economy. By extrapolating data from the Australian Department of Immigration and Citizenship (DIAC, 2009), a total of 622,466 new migrants arrived in Australia from 2005/6 to 2008/9. Out of this figure 40741 or 6.5% came under the humanitarian Programme. These people come from the following regional distributions: North Africa and the Middle East 39.6 %; Southeast Asia 22.8 %; sub-Saharan Africa 19.5 %; Southern Asia 9.6 % and Central Asia 7.0 %. By extracting the figures of African-related countries from the North African/Middle East region we came up with 9.86%. When we add this to the 19.5% from sub-Saharan African region we come up with an African total of 29.36% humanitarian intakes in Australia from 2006-2009 or about 11,962 people.

3 This figure recognises that while some migrants are likely to remit smaller amounts more frequently, others are likely to remit perhaps once or none at all. It also understands that while many migrants are likely to remit more than AU$3000 (USD2730.00) others will remit less. It also recognises the fact that more remittances will incur more commission hence the compounded base amount easy calculation.
By distilling the data further and extracting the skill level of these humanitarian migrants, we come up with 22.6% Skilled Humanitarian migrants; 21.9% Not in Labour Force Humanitarian migrants (which in this case could refer to children and perhaps elderly parents); 17.5% Not Employed and 38% Unstated Category. If we use these figures to compute some economic stimulus spending, we could infer that despite being migrants with limited resources, these new humanitarian migrants are still able to make valuable economic contribution to stimulate the host country’s economy. It is worth noting that even though 38% was classified as unstated category, several factors could contribute to this situation: many of the humanitarian migrants are people who have lost everything including any evidence of their identity and profession, while some may have incomplete data entry. Therefore, lack of documentary evidence does not necessarily imply that such people have no skills or are unemployable.

On the other hand, the group classified as Unemployed does not necessarily imply incapacity to work or lack of skills. As displaced migrants many factors could have contributed to their inability to be gainfully employed. We should also understand that due to the social security system in Australia, even though this group of people may not be employed, they are still paid social security allowances to maintain their families both here and in their homeland countries. This author has witnessed many African refugees coming straight from Centrelink4 office to one of the foreign exchange centres operated from an African video store, to remit less than $100.00 to people at home. Based on these factors we can therefore halve the number of Unstated as well as the Unemployed with the assumption that their capacity to remit will be less than those who are employed with skills. When we add up these various categories of humanitarian migrants, we come up with a 50.4% African humanitarian migrants capable of meeting our minimum remittance of $1500.00 x 2 annually. This percentage translates to 6,028 people. If we multiply this number by the $280 remittance commission mentioned above we come up with about $1.7 million. We can therefore say that this small group of African humanitarian migrants would have ploughed back into the Australian economy about $1.7m through remittance commissions alone in 2009.

If we extend this number to the 1998 to 2008 figures extracted from the Department of Immigration and Citizenship data which put the number of African migrants during this period to 139,749 a different picture will also emerge. Let us make a simplistic assumption, that at least half of these migrants are still currently living in Australia. By this number we factored in that some of them would be children and some would have left the country. If we take the worst case scenario and assume that they are humanitarian migrants, similar to the ones we have just calculated, we would be looking at a staggering $19.6 million input into the Australian economy in 2008 alone. While some scholars and politicians look at remittance as one way traffic from host countries to migrants’ motherland, this simple calculation shows otherwise. It actually helps to create jobs for the host country’s economy. It must also be understood that such remittances are from migrants’ after tax incomes, which indirectly translate to double taxation if we factor in the fact that these service fees equate to 9.8% of the total remittance amount.

The above calculation should not be interpreted as denying the investments made by the Commonwealth on African humanitarian migrants, but rather it demonstrates that migration is a reciprocated transaction which benefits both the emigrating and immigrating countries. While host countries like Australia benefits more quickly from skilled migrants, its investments in humanitarian migration takes longer to yield dividends. However, while the long term benefit is still in the incubation stage, the country derives other indirect benefits through migrants’ economic stimulation to the society from such activities as banking

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4 Commonwealth of Australia Agency, which administers social security payments.
and remittance fees plus other nonmaterial cultural assets. But most importantly, what it demonstrates is that while we try to recycle humanitarian assistance to extrapolate indirect migrant economic contributions to their host countries, such humanitarian gestures should be seen as temporary bandage solution which should not subsume the urgency for self sustenance because Africans in general need trade, not aid (Calderisi, 2006; Easterly, 2001). An empowered African will make more economic contribution to their society than a humanitarian dependent.

Summary

From the data and income generations of the various sources discussed, we can make the following deductive assumption: that immigration policies are business policies with two faces—economic and humanitarian. Australia is in need of migrants to grow its economy; as a result, the country’s migration policies have been skewed in favour of skilled migrants. Because the majority of African migrants to Australia come under the humanitarian category, the general mentality has been to subsume members of the African diaspora with welfare dependency rather than as equal economic contributors. African business and skilled migrants have made significant contributions to Australian economy. Early humanitarian migrants have already reached the economic break-even points and their impacts have started yielding results. Humanitarian migrants make as much economic contributions as other members of the Australian society.

References


