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Critical Events and Labour Mobility: Relocations in the Wake of the Ansett Airlines collapse

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Critical Events and Labour Mobility:
Relocations in the wake of the Ansett Airlines Collapse

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ABSTRACT

Critical Events and Labour Mobility: Relocations in the wake of the Ansett Airlines Collapse

Abstract: Migration plays an important role in neo-liberal regional adjustment. This paper explores the role of economic shocks in stimulating internal migration within Australia. Drawing on the experiences of retrenched Ansett airlines employees, it argues that economic crisis impels some households to relocate but traps others in places with restricted employment prospects. For some, the crisis of retrenchment triggers inter-State migration to take up new jobs. For others, it prompts relocation to less expensive housing, often in a geographically proximate location. These opposing responses, which are different outcomes of similar causal processes, exacerbate regional inequalities as they selectively encourage younger skilled workers to enter growing regions. The combination of high housing costs and insecure employment discourages speculative migration. The paper concludes with a brief discussion of the policy implications of these findings.

Keywords: internal mobility, migration, Australia, aviation

Critical Events and Labour Mobility:

Relocations in the wake of the Ansett Airlines Collapse

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Introduction

As a result of twenty years of liberal market reform and an increasing reliance on commodity exports, the long-standing spatial differentiation of the Australian economy is becoming more pronounced. The mining and minerals exporting states of Western Australia, Queensland and the Northern Territory are growing rapidly whilst the economies of the former manufacturing heartland states – New South Wales, Victoria and South Australia – are languishing. Gross State Product annual growth rates in 2006-2007 were 6.3% in Western Australia, 5.6% in the Northern Territory and 4.9% in Queensland, compared to modest growth of 0.8% in South Australia, 1.8% in New South Wales and 2.7% in Victoria (ABS, 2007).

Policymakers now believe that labour shortages in the States with expanding economies are threatening to stifle aggregate national growth. In fact, the Australian Treasury now contends that Western Australia and Queensland have exceeded their non-accelerating inflation rate of unemployment (NAIRU). This in effect means that there is not enough available labour (that is, unemployment) in those States to quell inflation and inflationary expectations. To address this potentially damaging development, the Treasury has devised a radical plan to mobilise the Australian labour force. According to *The Australian* newspaper, the plan involves re-regulation of the taxes and charges that inhibit the mobility of home-owners and other measures to facilitate labour mobility (Uren, 2008). In the Treasury's view, increasing internal migration would release the inflationary pressure created by labour shortages without compromising economic growth rates. Fortunately the global financial crisis in late 2008 has dampened growth and removed the need to test this theory.

Nonetheless, the idea of mobilising the Australian population would represent a major shift in the structure of the Australian labour market, which historically has adjusted to economic shocks by

changes in the participation rate (i.e. the exit of less employable workers) rather than by geographical re-distributions of labour (Industry Commission, 1993). Cross-national comparisons highlight that the Australian workforce is relatively immobile compared to the workforces in other Western economies (Industry Commission, 1993). Moreover, and in contrast to the United States, in Australia employment conditions are weak predictors of inter-State migration (Debelle and Vickery, 1999; Groenwold, 1997; Kilpatrick and Felmingham 1996). O'Connor and Stimson (1996) conclude that the Australian space-economy is marked by the disarticulation of economic and demographic changes. This creates problems for both economic and demographic planning. Yet relatively little is known about the motivations and pressures that induce or inhibit internal migration in the Australian context. Much of Australia's research on internal migration has relied on analyses of aggregate data from the Census of Population and Housing. It provides information about overall demographic trends but affords few insights into the underlying causal processes that shape migration flows. Because aggregate data tangles together multiple causal processes, some of which may be contradictory and others complementary, it cannot unpack the spatial and temporal complexities of the internal migration process.

Accordingly, this paper responds to Wulff and Newton's (1996) call for finer grained analyses of internal migration and addresses Hugo and Bell's (1999) insistence that migration should be understood in the context of other life events. Rather than attempt to explain all motivations for migration, the paper focuses on the key economic policy question of the role of migration in regional adjustment; that is, the extent to which mobility is induced, for employment-related reasons, in reaction to regional economic shocks. It examines how the mobilising imperatives of Australia's spatially and sectorally differentiated labour market collide with the 'spatial fix' of household budgets. In particular, the paper seeks to understand the interaction between households, labour markets and migration following a severe regional employment shock, the collapse of Ansett Airlines. Drawing on the experiences of a sample of retrenched Ansett airlines employees, it shows how this economic crisis impelled some households to relocate whilst trapping others in place. The paper reveals that the crisis in some instances triggered

employment-related inter-State migrations but in others led households to relocate to less expensive housing in a geographically proximate location. The paper views these movements as different outcomes of similar causal processes, with individual outcomes determined by employer preferences rather than individual choices. These processes exacerbate regional inequalities as younger skilled workers are selected for entry into growing regions. The paper demonstrates that financially-stressed displaced workers are unlikely to make speculative moves to growth regions.

The paper contains four further sections. The next section introduces internal migration in Australia and discusses the relationship between migration, housing and labour markets. It argues for approaches that probe the contextualised dynamics of the decision processes that lead to migration. Section Three then draws on the experiences of former Ansett Airlines employees to further specify these associations. The policy implications of these patterns are discussed in Section Four. It contends that the insecure employment conditions promoted by Australia's recent labour market reforms discourage mobility and therefore inhibit Australia's longer-term economic development. The concluding section then argues that understanding internal migration requires greater attention to the role of labour demand, employer preferences and the interaction between labour markets and housing markets.

Internal Migration and Labour Market Shocks

The Treasury's reinvigoration of the internal migration debate continues the Federal government's long-standing objective of increasing the capacities of State and regional economies to adjust to economic shocks by encouraging the migration of workers and jobs. Under neo-liberal expectations, increasing the geographical mobility of workers is understood as a necessary pre-condition to the development of the flexible, mobile and highly specialised labour markets that are believed to be the drivers of growth (Industry Commission, 1993). But this expectation relies on a series of assumptions about how economies function and about how economic processes play out in space. It ignores the spatial

entrapment of some types of workers, and the place-specificity of labour markets and the processes of segmentation that condition workers' options (Hanson and Pratt, 1995; Peck, 1996).

In neo-liberal economic theory, the market for labour functions automatically through price signals. First, there is a direct relationship between wage levels and worker skills (human capital), so that within industries and occupations, the hierarchical structure of the division of labour is assumed to reflect real differences in workers' levels of skill. Second, and in contradiction to skill-based differences, there is a direct relationship between wages and the demand for different types of skills. Third, within and between places, wage differences reflect historical circumstances. Therefore wages will differ from place to place. Unemployment occurs when there is a mismatch between the demand for and the supply of labour. It follows that any measure that improves the matching of people to jobs will reduce equilibrium unemployment (Layard *et al.*, 1991). Migration is such a measure. In the standard Hicksean model, migration rates are a function of 'differences in net economic advantages, chiefly differences in wages' (Hicks, 1932:76) between places that induce migrants to flow from low wage to high wage locations. Worker mobility is thus a primary mechanism through which economies adjust to structural change. In the long run, migration is thought to promote regional economic convergence. As labour becomes more plentiful in a destination location, competition for jobs is expected to push down wages, which then stems the inflow of labour. The opposite process occurs in the source region as out-migration leads to labour shortages and wage increases. These market processes promote inter-regional wage equalisation and inter-regional equality.¹

These relationships are at best weakly reflected in reality, a fact that is often attributed to deficiencies in data or data analysis rather than deficiencies in the underlying theory (see Wilson and Bell, 2004). As Faini *et al.* (1997) show, a range of individual characteristics and intervening factors disrupt this idealised relationship between migration and wages. In practice, migration is the outcome of individual and household decisions. Neo-classical economics understands these through the lens of human capital theory. Here, individual decisions to migrate (or not) are rational and calculated investments in projected lifetime earnings (Becker, 1962; Sjaadstad, 1962). The decision to migrate

then depends on the combination of individual skill and effort, the labour demand conditions in different locations, housing costs and the costs of relocation. Additional influences such as the amenity of origin and destination locations, the regulatory context, the relative size and distance between places, personal and/or community stresses in the origin location, the age of potential émigrés, and the life-cycle characteristics of households are also contributing factors (Lowry, 1966; Mohlo, 1986; Plane, 1993; Plane and Rogerson, 1991; Polachek and Horvarth, 1977). Human capital theory successfully anticipates differential migration rates among demographic sub-populations. It explains that the returns to migration are greater for younger workers because their 'investment' has longer to amortise, and greater for skilled workers because their moving costs are offset by comparatively higher post-migration wages. However, human capital theory does not explain how people acquire the information necessary to recognise and assess the opportunities in different locations. It wrongly assumes that workers have an entrepreneurial outlook, that they are free to migrate speculatively, and that they are able to shift effortlessly between industries and occupations. It does not fully recognise the complex social, cultural and political allegiances that hold people in places regardless of their economic utility. It ignores the structural constraints imposed by labour market segmentation and other institutional barriers that inhibit the flow of labour between places (Hart, 1972).

Human capital theory does not provide a satisfactory account of Australia's internal migration processes. Although Debelle and Vickery (1999) show that out-migration from Australian States is correlated with State level unemployment rates and that overall internal migration rates slow when the national employment rate increases, in general inter-State migration is only weakly linked to economic incentives. There are number of explanations for this relative fixity:

- First, Australia's history of centralised industrial relations structures have systematically suppressed regional wage differences at the occupation, sector and industry scale (see Bell, 1992). The Industry Commission (1993) viewed this lack of regional differentiation as inhibiting processes of regional adjustment to structural economic change. Australia's 1997–2005 industrial relations reforms introduced individual and workplace-based wage setting to encourage the

development of regional wage differences, but inertia and the existence residual regulatory structures mean that wage differentiation remains weak.²

- Second, there are physical barriers to migration reflecting the spatial configuration of Australian urbanisation. With the exception of the emerging northern New South Wales and south Queensland conurbation, Australian States are dominated by capital cities that are separated from each other by vast and inhospitable distances. These distances imply prohibitively high relocation costs. As petrol prices increase, the costs of inter-State migration are also increasing.
- Third, each State's economy is relatively autonomous and each has developed a unique pattern of industry specialisation. This reduces the transferability of skills between States, since jobs that match worker skills tend to be close at hand. State-level differences in the institutions and regulations of skill training and accreditation further inhibit the inter-regional transmission of skill.
- Fourth, the structures of Australia's housing markets discourage relocation. Australia has relatively high rates of home ownership, but as Kendig (1984) shows, home ownership tends to dampen the likelihood of internal migration. According to Oswald (1999), migration is fostered plentiful private rental accommodation; a characteristic not typical of Australian cities. In recent years, house prices in Australia's major cities have escalated and rents have increased accordingly. Large differences in housing values in booming compared to declining regions make it difficult for workers who are potential economic migrants to buy into booming locations.
- Fifth, a large component of interstate migration is lifestyle related or prompted by a combination of lifestyle and economic motivations (Argent *et al.*, 2007, Walmsley, 1982).
- Sixth, housing and welfare policies have distorted population movements, in particular by inducing low income households to migrate to areas with cheaper housing or by locking low income households into subsidised locations (Bradbury and Chalmers, 2002; Dockery 2000; Holmes *et al.*, 2002; Wulff and Bell, 1998).

These characteristics encourage immobility, but recent history may have increased their effects. Figure 1 shows that, in the context of buoyant overall economic conditions, inter-State movement in Australia

has declined markedly year since 2001. According to Greenwood *et al.* (1986), writing in the United States context, migration rates should increase in economic upswings – the opposite to the recent trend in Australia. This changing pattern hints at the possibility of important structural changes in the Australian space-economy.

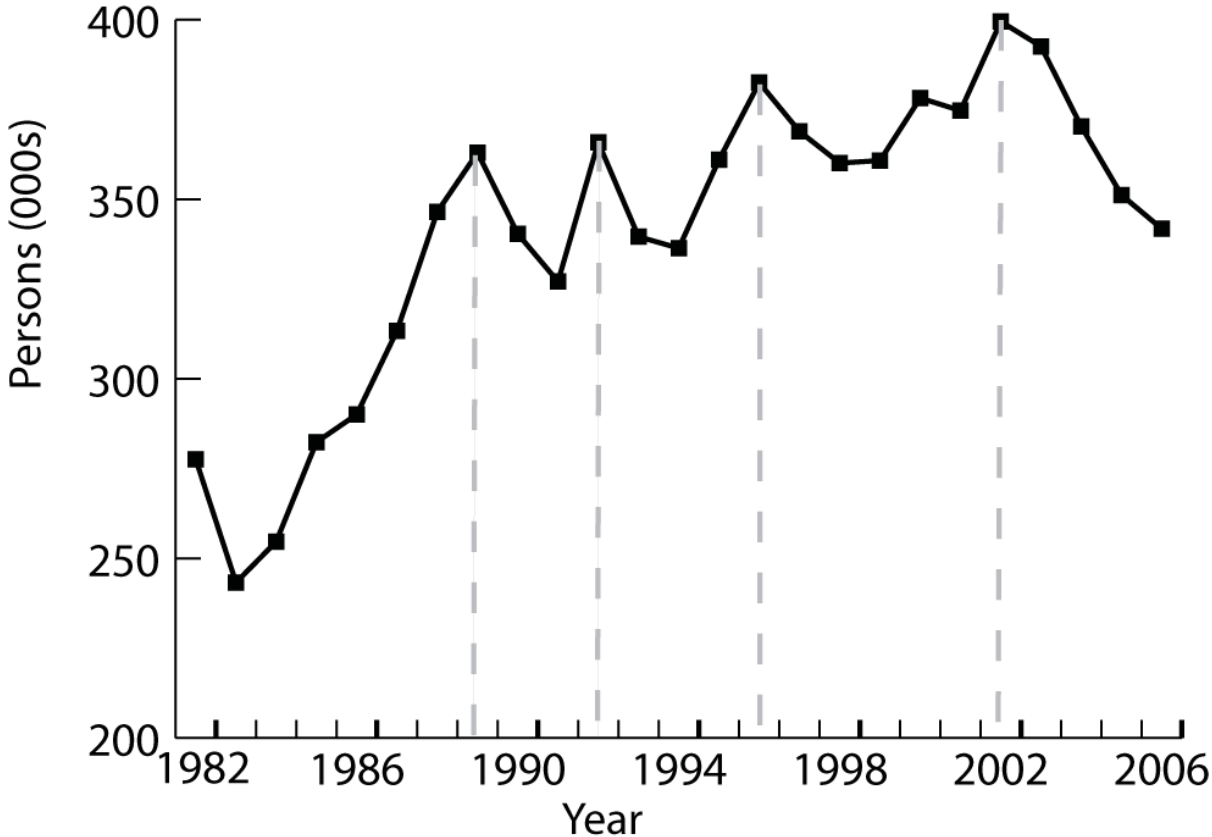


Figure 1 Interstate Migration Trends – Net Gains/Losses

Source: ABS (2006) *Migration, Australia*. ABS Cat No. 1340.0, Ausstats. www.abs.gov.au

The downward trend could be explained by orthodox neo-liberal theory. Since 2001, official unemployment rates have been low and falling, reducing the ‘push’ forces that are assumed to drive people out of depressed regions. But this is not a sufficient explanation. Official unemployment rates have been depressed by administrative reforms that force uncompetitive individuals out of the labour market, so economic disadvantage is no longer clearly correlated with unemployment rates (Mitchell, 2007). As a result of Australia’s labour market reforms, the years since 2001 have been marked by

decreasing job security. Australia's labour market reforms have suppressed wages growth and significantly increased the incidence of casual and other insecure forms of work (Watson *et al.*, 2003). The loss of the expectation of long-term job tenure increases the risks associated with relocation. In addition, increasing household debt in the context of increasing interest rates and increasing inflation have put pressure on household budgets. Households with high loan to value ratios are immobilised when insecure employment prevents re-financing (Henley, 1998). The rising incidence of 'mortgage stress' is likely to produce new patterns of movement. It is reasonable to assume that the combination of high housing costs and diminished job security have altered both the short- and long-term dynamics of the relationship between employment and housing.

The remainder of this paper explores these processes. As Massey (1990) argued, understanding the nature of internal migration requires intensive research that links wider structural forces with the minutiae of personal and household decisions. To understand migration's role in structural adjustment, this implies untangling the dynamics of the relationship between employment, housing and mobility. Viewing migration in a dynamic context demands an approach able to recognise sequences of migration decisions and actions and understand their trajectories in the context of other life events. In this vein, Clark and Ballard (1980) describe migration as a two-stage process in which the general decision to relocate—for example, in response to economic hardship—precedes any decision about the destination. In their view, households that relocate are a subset of the total number of households that entertain the option of relocation. Gordon and Vickerman (1982) extend this approach by distinguishing between self-motivated 'speculative' migrants and risk-averse 'contracted' migrants who relocate only with a firm offer of employment. For contracted migrants, the Clark-Ballard model is insufficient because their migrations are contingent on the offer of employment. This leads to a three-stage process: first is the willingness to move; second, the arrival of a job offer in a specific location; and third, the acceptance of a job offer that triggers actual migration. In contrast to human capital theory's expectation of speculative migrations by entrepreneurial workers, contracted migrations are conditioned by employer demand. Aggregate migrations are then the outcome of the interplay between the

strategies of firms (demand) and the migration decisions of individual workers (supply), both of which are influenced by the regulatory frameworks in which these interactions are organised (and which include housing as well as labour market policy influences). Migration then becomes a component in a larger historical process shaped by patterns of industrial growth and decline. From this perspective, the timing of migration is never accidental (Pandit, 1997). Understanding employment-related migration processes as a dimension of spatially and temporally specific processes of structural change demands analysis at the sectoral scale where occupationally specific mismatches in the demand and supply of labour can be identified (see also Angel, 1989; Ladinsky, 1967; Lawson and Brown, 1987; Massey and Meagan, 1982; Reisinger, 2003). In the next section, therefore, the migration of individual workers is understood in the context of the migration of firms and jobs. It shows that sectorally-specific labour market segmentations not only persist among places, but are amplified by contracted migrations.

Interstate mobility and Ansett Airlines

This section examines worker and job relocations triggered by the collapse of Ansett Airlines. Then Australia's second largest national airline, Ansett collapsed in September 2001 with the direct loss of approximately 16,000 jobs nationwide. An estimated 5,000 more jobs disappeared as Ansett-dependent contractors were forced out of business. At the time, this was Australia's largest ever corporate failure. About half of the Ansett job losses were in Melbourne, Victoria, with the remainder spread among Australia's major cities. The sophisticated division of labour within Ansett Airlines had reproduced a segmented set of gendered workplace identities among Ansett workers. These identities carried into former employees' post-Ansett job search (Author, 2008). Initially, most displaced Ansett workers hoped to find new jobs in their area of expertise – that is, to continue in their Ansett-based career path.

The Changing Structure of Labour Demand

The altered structure of labour demand in the years after Ansett’s collapse created a strong incentive for aviation specialised former Ansett employees to migrate interstate. The Australian aviation industry’s 53,000 employees are concentrated in the Australia’s three largest cities (Sydney, Brisbane and Melbourne). Before Ansett’s failure, Australia’s inter-State aviation services were dominated by three airlines: Ansett Airlines, the discount carrier Virgin Blue, and the privatised ex-national carrier, Qantas. In the industry’s post-Ansett restructuring, the locus of employment shifted, from Ansett’s former Melbourne base to the Brisbane home of Virgin Blue and to Sydney, the hub of the Qantas network. In 2004, three years after Ansett’s demise, Qantas established a discount subsidiary, Jetstar, which it based in Melbourne, where a significant pool of aviation-skilled labour remained. Figure 2 shows the post-Ansett decline of aviation employment in Victoria and the reciprocal growth of employment in the States to its north.³ The post-Ansett expansion of employment in the remaining airlines created perhaps 10,000 new jobs – jobs with similar profiles to those lost from Ansett Airlines, except that the jobs were in different places and with different employers. The patterns of employment growth in Figure 2 can be understood as a proxy for ‘employment opportunity,’ which is acknowledged as a key driver of employment-related inter-regional migration flows (Hart 1972).

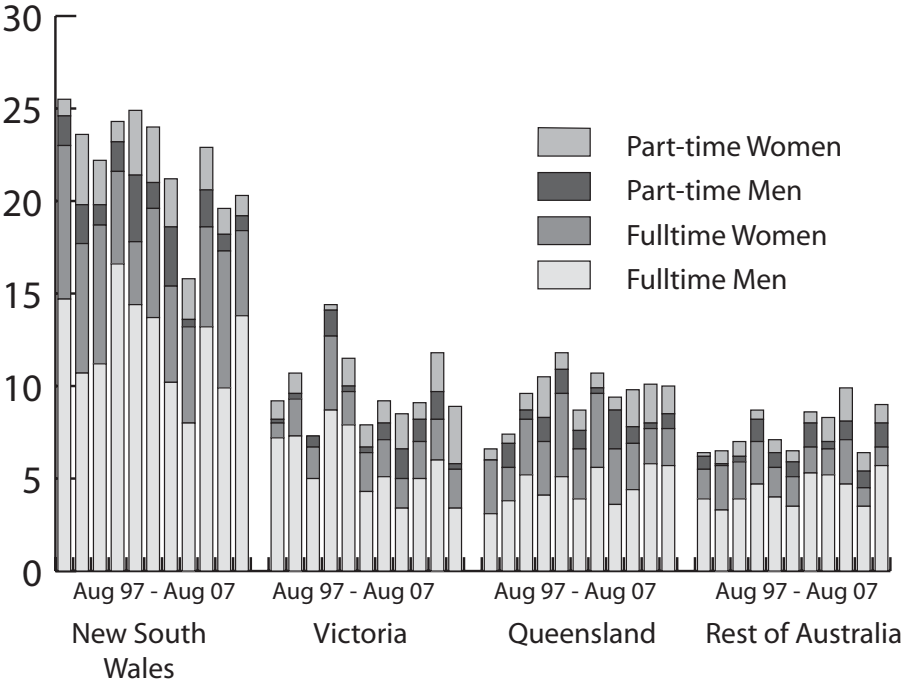


Figure 2 Trends in Aviation Employment

Source: ABS (2007) Labour Force, Australia, Detailed Quarterly, ABS Cat. 6291.0.55.003, data cubes.

The quality of these new aviation sector jobs differed between firms and therefore between places. Employment conditions in Australia's aviation industry began to change after the 1996 *Workplace Relations and Other Legislation Amendment Act* revolutionized the Australian labour market by limiting the number of 'allowable matters' that could be contained in Enterprise Agreements. This curtailed the activities of unions. These labour market reforms altered competitive conditions in the aviation sector because firms that operated before 1996 (that is, Qantas and Ansett Airlines) continued to be bound by a history of industrial agreements that limited their capacity to revise labour relations or implement cost-cutting labour strategies. The discount operators Virgin Blue and Jetstar, in contrast, entered the industry with management-friendly industrial agreements featuring more efficient staff deployment, fewer employee entitlements and more casually-employed staff.⁴ Because after 2001 Qantas was competing with low-cost discounter Virgin Blue, it sought to reduce its labour costs, for example, by increasing the incidence of part-time employment (see Figure 2). As a result, many of the jobs available to former Ansett airlines employees were not only in distant locations, but were part-time or short-term contract jobs offered at less attractive wage levels and poorer working conditions than former jobs at Ansett (Author, 2004).

Some characteristics of employment at Ansett Airlines encouraged of migration, others discouraged it. In general, the aviation industry encourages worker mobility, especially in skilled occupations, since high training costs encourage employers to import rather than train labour. Most of Ansett's workforce were frequent travellers, courtesy of the generous travel benefits and discounts provided as non-wage incentives at Ansett. Workers' social networks often reached into multiple Australian and international cities. Such familiarities are associated with a high likelihood of

migration (Johnson and Salt, 1990). However, the Ansett workforce was composed predominately of mature age employees with long tenure at Ansett and settled domestic arrangements. Their high rates of home ownership would be expected to discourage migration. There was clear tension, then, between the industry's mobile ethos and workers' settled household arrangements.

In recruitment, however, the oversupply of skilled ex-Ansett labour empowered employers and ensured that employer prerogative played a major role in reemployment. In theory, Ansett's highly trained and committed workforce should have been attractive to employers. But in practice multiple institutional barriers militated against their re-employment. These included animosities derived from the long-standing competitive rivalries between Ansett Airlines and Qantas; a reputation for union activism among Ansett workers; resentments carried over from the failed 1989 pilot's dispute, when Ansett pilots had been the first to return to work; other airlines' disquiet about the social impacts of Ansett workers' (assumed) identification as members of an Ansett 'family'; the mature age of many Ansett workers; and finally, the expectation that former Ansett employees were acculturated to archaic work practices (see Weller, 2007; 2008).⁵ This stereotypical depiction worked to penalise workers for their loyalty to Ansett.

Geographical Mobility

The relocation outcomes reported in this section were obtained in a questionnaire survey of former Ansett Airlines employees. A stratified random sample was drawn from the records of the Ansett Airlines Administrators (Korda Mentha Pty Ltd) in August 2002, some eleven months after Ansett's fall. Of the total of 2000 questionnaires sent out by mail, 714 were returned, of which 496 provided sufficient follow-up information to enable supplementary surveys to be conducted in 2004 and 2006. Participants included former Ansett employees with a range of skills and experiences and from a range of locations. The data collected provided an opportunity to observe patterns of job allocation and occupational, sectoral and geographical shifts in employment. This paper focuses on geographical mobility. In all, 411 people provided information about their geographical mobility.⁶

In the five years 2001-2006, 145 or 35.3% of survey participants relocated their residence at least once (Table 1). This is a lower rate than the national mobility rate of 40.1% recorded in the Australian Census of Population and Housing for the same time period, but is high given the mature age of this workforce. Men aged 45 years or less accounted for more than half of all recorded moves. Almost half (47.2%) of the younger men in the sample relocated at some time in the five years of the study. Women over 45 years of age, in contrast, were highly unlikely to relocate (8.1%). Of course, not all these relocations were triggered by retrenchment from Ansett Airlines, although many did result from the changes in domestic circumstances that followed retrenchment.

Table 1 Gender, Age and Relocation, 2001-2006

	Number Relocated	Sample	Within Group Relocations	All Relocations
Younger men	75	159	47.2%	51.7%
Younger women	33	85	38.8%	22.8%
Older men	33	118	28.0%	22.8%
Older women	4	49	8.1%	2.8%
Total	145	411	35.3%	100.0%

To estimate the effects of various predictor factors on the likelihood that former Ansett employees would move their residential location, Table 2 reports the results of logistic regression analyses of the outcome 'relocation after retrenchment' (that is, relocation at any time in the five years after Ansett's failure). Table 2 shows two models. Each includes gender and age, location and two measures of skill (one indicating whether respondents were flight crew, and the other a dichotomous skill variable to identify higher-order skills). Model 1 includes a variable representing the (self-reported) intensity of the impact of retrenchment on household finances, which picks up those households for which retrenchment triggered mortgage stress and other debt-related problems. The second model instead uses a measure of the overall impact of retrenchment, which is the sum of the self-reported scores of the severity of personal, household and career impacts. It

distinguishes households that spiralled into a 'chain of adversity' after retrenchment (Price *et al.*, 2002).

Table 2 Logistic Regression: Likelihood of Relocation

	Model 1		Model 2	
	B	S.E.	B	S.E.
Gender(Men)	.987	.28**	1.01	.28**
Age in 2001	-.068	.01**	-.062	.01**
Flight Crew	.668	.30*	.716	.31*
Victorian	-.511	.24*	-.538	.24*
Dependent children	-.113	.23	-.084	.24
Skilled	-.157	.25	-.198	.25
Financial Stress	-.111	.10		
Overall Impact (15 pt. scale)			-.119	.04**
Constant	3.094	.65**	2.664	.71**
- 2 Loglikelihood	458.5		450.1	
% of Cases correctly classified	69.6%		71.4%	

Note 1: Dependent variable is dichotomous: relocate or not relocate.

Note 2: ** significant at p<.001, * significant at p<.05

Note 3: Insufficient cases to conduct separate analyses for men and women.

In both models, gender and age are strong predictors of the likelihood of relocation. The negative signs suggest that women and workers over 45 years of age were less likely to relocate. This outcome is consistent with numerous studies that link place-fixity to household circumstances and life-stage (see, for example, Hanson and Pratt 1995). People employed at Ansett as Flight Crew (a category that included pilots, pursers and flight attendants) were significantly more likely to relocate. This reflects the geographies of their job opportunities. Whether households had dependent children living at home—included here as a proxy for household type—was not significant in either model. Nor was skill. Other skill measures that were tested but not included in the final model—including educational background, occupation and tenure at Ansett Airlines—did not provide statistically significant results or improve the models' explanatory power. This suggests, contrary to human capital theory, that worker skills were not a primary catalyst to mobility. After

other factors were taken into account, workers from Ansett's Victorian home state were less likely to relocate, despite the dearth of aviation-related employment opportunities in Victoria. This result appears to contradict the expectation that unemployment acts as a 'push' factor in migration. However, it could also be explained by the larger numbers of non-aviation specialised workers in Victoria (former Head Office personnel); the interventions of the Victorian State government, which helped place Ansett workers in jobs; or the strength of Ansett's social networks that also assisted in job search. The negative sign for the two household stress variables indicate that the households most severely affected by job loss were less likely to relocate. It is apparent from this analysis that the people who relocated after retrenchment tended to be younger, male and aviation specialised, and that those households most severely affected by retrenchment were trapped in place. Overall career, financial and personal outcomes after retrenchment were more favourable for émigrés than for those people that did not relocate. However, as the discussion below will show, relocation should not be viewed as having 'caused' better outcomes. Rather, both relocation and better overall outcomes reflect the stronger competitive position of one segment with Ansett's workforce in a segmented, sectoral labour market dominated by employer prerogative.

Table 3 cross-tabulates the geographical reach of relocations with self-reported reasons for moving. Although more than half of all moves were local, there was a strong correlation between the type of move and its geographical reach. Interstate and overseas migrations tended to be associated with employment, whilst neighbourhood relocations were more likely to be prompted by personal and lifestyle factors. Relocations for employment and moves classified as 'forced downgrades' (which included financial reasons and marital breakdown) were both directly associated with the Ansett airlines collapse and workers' changing positions in the labour market. As such, they can be viewed as different outcomes of a similar cause. Lifestyle-related relocations (35% of the total number of moves) were not directly associated with the retrenchment event (for example, moving to a bigger or smaller house).

Table 3 Causes and Spatial Dimensions of Relocations

	Employment	Lifestyle	Forced	Personal	Total	
Neighbourhood	6	38	17	18	79	54.5%
Within State	7	7	4	3	21	14.5%
Interstate or Overseas	35	6	1	3	45	31.0%
Total	48	51	22	24	145	100.0
	(33.1%)	(35.2%)	(15.02%)	(16.6%)	(100%)	

Note 1: Data relate to the first recorded relocation. Chi-square 60.1, d.f. 6, sig < .000; but note small cell counts.

Note 2: Moves were classified as in a 'neighbourhood' if in the same or an adjacent postcode.

Bivariate comparisons did not reveal statistically significant relationships between personal characteristics (in four age-gender groups) and the type of relocation. This is shown in Table 4.

Similarly, the destinations of relocations did not differ significantly with personal characteristics.

Table 4 Reasons for Moving by Gender and Age

	Younger men	Younger women	Older men	Older women	Total
Employment	25	9	13	1	48
	(33.3%)	(27.3%)	(39.4%)	(25.0%)	(33.1%)
Lifestyle	25	15	9	1	50
	(33.3%)	(45.5%)	(27.3%)	(25.0%)	(34.5%)
Forced downgrade	12	3	7	0	22
	(16.0%)	(9.1%)	(21.2%)	(0.0%)	(15.2%)
Other personal	13	6	4	2	25
	(17.3%)	(18.2%)	(12.1%)	(50.0%)	(17.2%)
Total	75	33	33	4	145
	(100.0%)	(100.0%)	(100.0%)	(100.0%)	(100%)

Note: Data relate to the first recorded relocation. Chi-squared 7.8, d.f. 9, n.s.

Among those retrenched workers that moved once, 22 had moved a second time and 10 moved more than twice. Figure 3 shows the pattern of multiple relocations. Most of these occurred in the first year or two after Ansett's failure, when many of these workers were in desperate financial circumstances (see Weller, 2010). Among those people that moved interstate or overseas, it was common for the first move to be into rental accommodation. The second move was then either a return home to their original location or a consolidation of the relocation in the purchase a house in

a preferred suburb in the new city. People who moved for lifestyle reasons generally moved once only. Only one person in the sample became a frequent mover: he moved from city to city following contract employment opportunities. These trajectories reveal risk-minimising household strategies: only after both the employment and social arrangements in the new location were settled (and satisfactory) did workers make their relocations permanent.

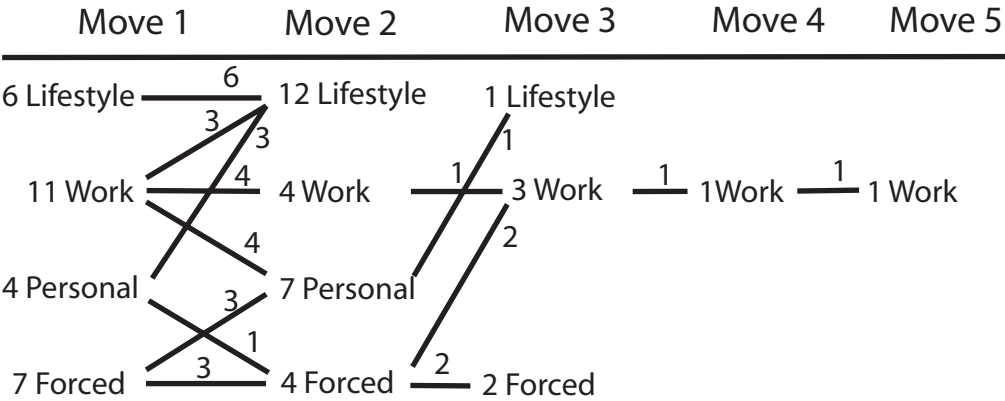


Figure 3 Multiple Relocations

Closer examination of the data shows that proximate and long-distance relocations had quite different characteristics. In fact, all of the interstate and overseas migrations recorded in this data were accompanied by the take-up of a job (although in two cases, the recruit was the survey participant's spouse). In Gordon and Vickerman's (1982) terms, therefore, interstate moves were 'contracted' rather than speculative, and as such were an outcome of the job search process. Their incidence was governed by the distribution of job offers and aligned to the structure of labour demand (as outlined in Figure 2). In other words, employers selected these migrants from a pool of potential émigrés and, through the selective geography of job offers, allocated them to preferred destinations. As Figure 4 shows, interstate moves were dominated by (younger, specialised and male) workers exiting from Melbourne to Brisbane and Sydney in a pattern reminiscent of 'rustbelt' to 'sunbelt' movement (Plane, 1989). Contrary to the expectations of gravity models of migration, these workers migrated long distances and often from larger to smaller cities. Contrary to wage

models of migration, workers moved to Queensland where wages and working conditions (at Virgin Blue) were less attractive than at other locations but where vacancies were more plentiful.

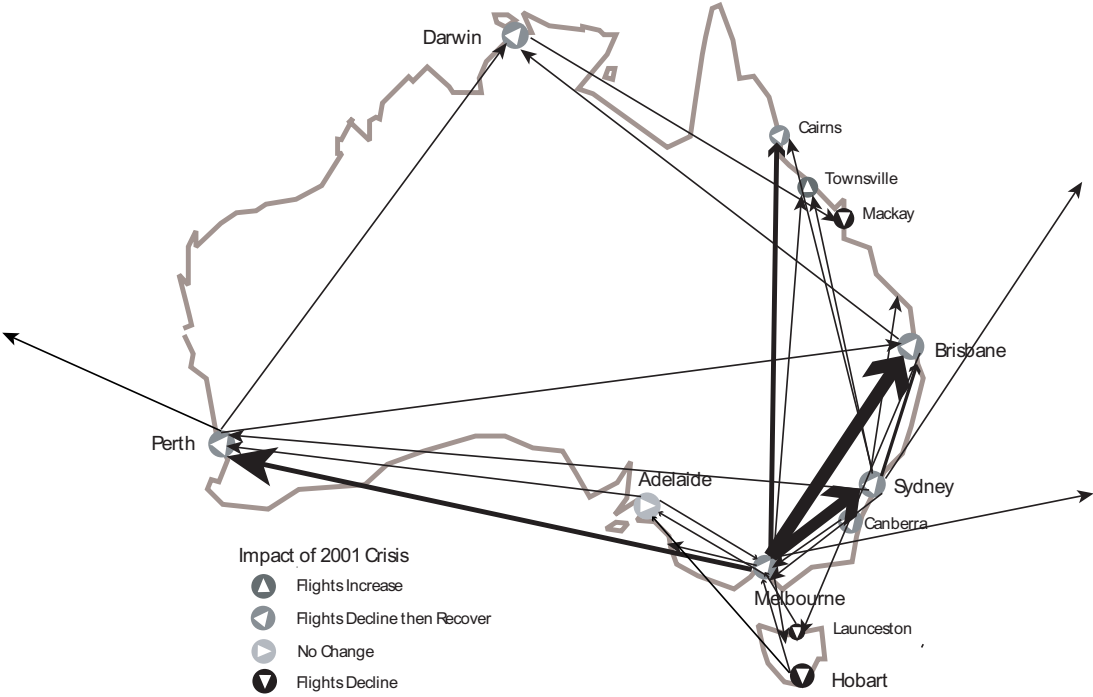


Figure 4 Inter-State and Overseas Migrations

Local scale relocations had a quite different character. Figure 5 shows the pattern of relocations within metropolitan Melbourne. When working for Ansett Airlines, most employees worked at or near Melbourne’s Tullamarine airport or in the city’s central business district head office. Many Ansett workers lived in the northern suburbs adjacent to the airport. The suburbs surrounding the airport are predominantly low-income areas, so better-paid Ansett employees had tended to commute from the more affluent middle-class suburbs to the east of the city centre.

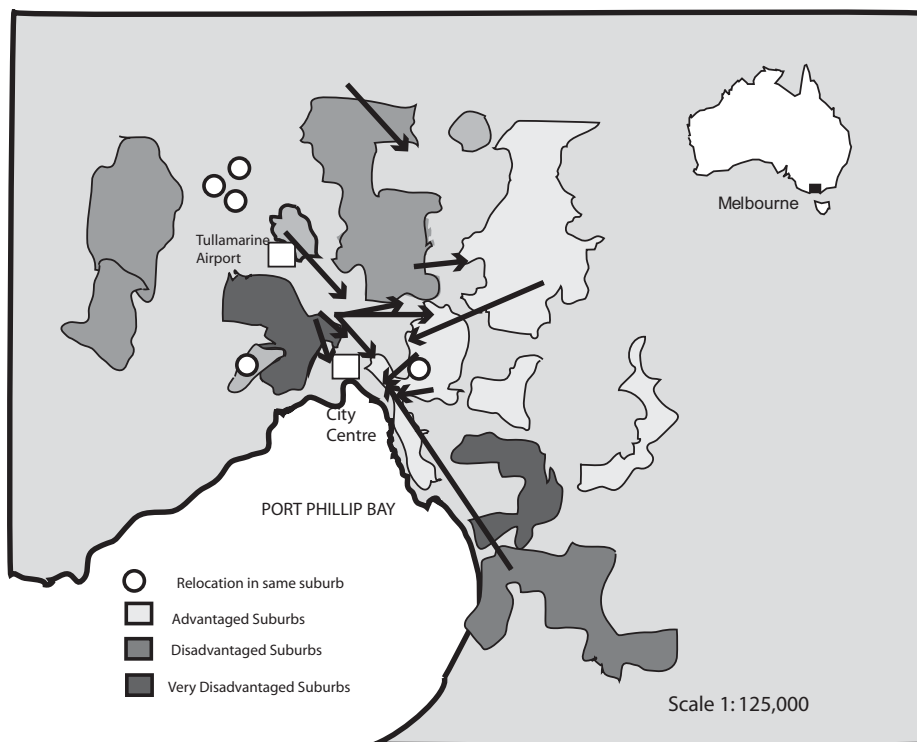


Figure 5 Relocations within Melbourne metropolitan area

Three processes are suggested by the small sample of moves shown in Figure 5. First, people who had lived in the cluster of moderately affluent suburbs located between the airport and the city centre have tended to relocate eastward, into more affluent suburbs. Second, people who lived in the outer suburbs have moved closer to the city. These are predominantly ‘mortgage stress’ moves from home ownership to rental accommodation. Third, people who lived on Melbourne’s semi-rural fringes relocated to a new homes close by. These are generally lifestyle moves. At the urban scale, then, the Ansett collapse appears to have resulted in the loss of higher income residents from the inner western suburbs, an outcome that increases inequality within the city.

Implications for Policy

Because inter-State migrations were contracted, they relied less on individual choices than on the preferences of employers. Since employers selected only the most competitive individuals among the

retrenched workforce, the inter-State migration process to some extent resembled the processes described in the literature of international 'brain drain' migrations, where the loss of skilled workers from disadvantaged regions depresses the economic potential of already disadvantaged regions. However, in this case, migrations were explained instead by the 'pull' of particular employment opportunities in growing cities. This brought the most employable of the Ansett cohort to growth centres from a range of origin cities in a process similar to that identified in recent literature on the labour market's role in agglomeration (see, for example, Pons *et al.*, 2007). Still, the social distance between *in situ* downgrading or interstate migration was often narrow: many of the relocations that ended up being local would have been interstate if a suitable job offer (in an aviation specialised job) had materialised. This supports Osberg *et al.*'s (1994) conclusion that inter- and intra-regional labour mobility are jointly determined.

These outcomes also suggests that the familiar axes of labour market segmentation, which are in large part generated by social processes external to the labour market, infiltrate the mechanisms that shape where people live. This is especially true of inter-State migration. This case study suggests that the workers who migrate to better jobs are chosen by employers because of their competitiveness in the labour market. When employers select recruits that they consider the 'best' candidates, and in the process reproduce labour market segmentations based on age and gender, those given the option of contracted migration are likely to be drawn from already-advantaged sub-populations. This process was not driven by wage differences (at least not in an immediate sense) and did not favour the employment of people from high unemployment localities. Workers that were less competitive in the labour market were entrapped not only by their social links in place, but also by the unacceptably high-risks they faced when considering speculative migration. It is reasonable to surmise that the disincentives of housing tenure and household characteristics dampen speculative migrations but not contracted migrations i.e. these workers rarely refused firm job offers because of household issues.

These migration patterns seldom accord with human capital's theoretical expectations. It is not unusual to read that human capital-based accounts of migration do not take into account the self-

selecting characteristics of émigrés, *a fortiori*, their more adventurous dispositions (for example, in Hart 1972). But in this study, migrants were not themselves self-selecting. Instead, employer governed selection reproduced labour market segmentations in ways that amplified regional differences. This demonstrates that human capital theory cannot accommodate the dialectical relationship between individuals and contexts or the way it plays out in spatially and temporally specific social practices that unfold in and through life events. High rates of unemployment, under-employment and insecure employment among skilled workers in the suburbs close to Melbourne airport did not induce speculative out-migration, but it did play a role, three years after Ansett's demise, in Qantas's decision to establish the new discount airline, Jetstar, in Melbourne. By that time, unemployment had 'disciplined' the remaining Ansett workforce to accept what were by Ansett standards, inferior working arrangements.

If this case is taken as an indicator of more general processes relating to inter-State economic migrations, its implications for policy are significant. If, in the Australian space-economy, economic migrations are governed by institutional structures, in particular by employers' job allocations, and if worker mobility is predominantly contracted rather than speculative, then the standard neo-liberal policy tools of increasing inter-regional wage differentiation and reducing the costs of relocation are unlikely to promote greater mobility. If instead migrations are related to the geography of job vacancies and employers preferences within that geography, increasing interstate migrations would require intervening in the structures of employer preferences rather than the structures of wages.

Given that reforms in the Australian labour market that have reduced job security, relocation has become a high-risk strategy even for workers making contracted moves. It seems that the diminution of job security has not mobilised the workforce in a newly 'flexible' labour market, but has locked people in place. Perhaps, therefore, increasing workers' expectations of job security would increase workers' willingness to accept job offers that involve the risk of relocation. This implies rethinking Australia's labour market reforms. The alternative of reducing Australia's reliance on home-ownership would be politically unpopular and socially unacceptable. Thankfully, under the Australian Constitution housing policy is predominantly in the State jurisdiction, which limits the extent to which the

Commonwealth could intervene to weaken housing security and further 'flexibilise' the relationship between work, housing and migration.

Conclusion

This paper has described relocations triggered by the crisis of retrenchment. It has shown that among the former Ansett Airlines workforce, the same catalyst – job loss – created a range of different relocation outcomes and that these outcomes reflected the pivotal role of employer preferences. The internal migration process was a product of the relationship between households and labour markets, where individual decisions were framed by structural conditions, principally work opportunities in a crowded labour market. Thus, the regional structural adjustment process was shaped by the geography of job opportunities more than by the needs or preferences of households.

In conclusion, then, this paper challenges human capital theory's assumption that migration processes are underpinned by individual (or household) choices based on utility maximization. Instead, it has shown that the choices available to working people are constrained by processes that are beyond individual control. Under neo-liberal policies that shun policy-led re-distribution, the growth rates of places and regions are diverging sharply (O'Neill, 1996). Yet but the only policy solution that neo-liberalism can identify to reduce inter-regional inequality is migration, i.e. more free trade in labour. This research suggests that this is not a realistic solution. Rather, policy on inter-State migration should pay more attention to the deliberate spatial strategies of firms and their role in attracting particular types of in-migrants. Perhaps, too, less time could be spent on developing incentives for workers to accept the risks associated with moving to a different State without job guarantees, and more time spent on examining means by which quality jobs might be created in the regions were people live.

Endnotes

¹ Although Hansen (1998) shows that wage differences impact on migration only in proximate regions (within 800 kilometres radius from the core). See Pons et al. (2007) for an alternative conceptualisation of these processes.

² The enterprise- and individual employment contracts were encouraged under the 1996 *Workplace Relations and Other Legislation Amendment Act* (WRA) and its successor, the *2005 Workplace Relations Amendment Act* (Workchoices).

³ It is appropriate to discuss the aviation sector at the State scale because employment and industry activity is concentrated around major airport hubs which often straddle cities and their hinterlands.

⁴ In fact, before the labour market was liberalised the low cost airline model could not be applied profitably in Australia, and Ansett's failure was in large part attributable to its uncompetitive cost structure relative to low cost entrants.

⁵ I have used the word 'archaic' to denote work practices that managers have described as low productivity, inefficient or lacking systematic accountabilities. However, workers describe these same practices as having a high regard for customer and worker safety and as professional rather than bureaucratic (i.e. demanding initiative).

⁶ Attrition of the survey group is a potential source of bias in the analysis of worker mobility. Since many people provided the study with mobile telephone numbers, they could be contacted despite having relocated. The patterns of mobility described in this paper can be considered representative under the reasonable assumption that mobile phone users are not more likely to relocate than non-mobile phone users. Some of the 115 people who could not be located in 2004 returned to the sample in 2006, so that in all 80 people who provided contact information in 2002 were not able to be located subsequently.

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