

The Changing Labour Force Experience of New Migrants

Inter-Wave Comparisons for Cohort 1 and 2 of the LSIA

Report to the Department of Immigration and Multicultural and Indigenous Affairs

The National Institute of Labour Studies, Flinders University - June 2004

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The Changing Settlement Experience of New Migrants.

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Executive Summary

The labour force experiences of new migrants say much about the overall success of their settlement into Australia. Do they find jobs that match their skills and provide a satisfactory level of earnings? How do their varied backgrounds and English capabilities affect their engagement with work in Australia? How susceptible are they to unemployment?

An initiative of the Department of Immigration and Multicultural and Indigenous Affairs (DIMIA) has produced a world class data set – the Longitudinal Survey of Immigrants to Australia (LSIA) – that enables these and other questions to be answered authoritatively. Two sets of surveys have been conducted, the first including migrants who received their Visa offshore and arrived between 1993 and 1995 (Cohort 1), the second including migrants who received their Visa offshore and arrived between 1999 and 2000 (Cohort 2). In this report, which should be read as a companion piece to earlier documents, we focus specifically on the labour market experiences of the two migrant cohorts, as their period of settlement in Australia extends from six months (Wave 1) to 18 months (Wave 2).

Due in large part to a reshaping of the selection criteria for new migrants, which aimed to improve their employable skills and reduce the demand on taxpayer-supported services, Cohort 2 contained more highly educated and fluent English-speaking persons than Cohort 1. There were relatively fewer migrants in Cohort 2 who were selected on family or humanitarian grounds. With the exception of those holding Humanitarian visas, new migrants in Cohort 2 were excluded from access to most social welfare benefits for a period of two years after arrival. The interval between the arrival of the

two cohorts (1995-2000) was also marked by considerable political, social and economic change that affected the experiences of new migrants. In particular, Australia's unemployment rate fell by over three percentage points, and employment expanded by 16 per cent.

Labour Market Outcomes

Compared to Cohort 1, Cohort 2 migrants had much higher employment, and much lower unemployment, both six months and 18 months after arrival. However, the size of this advantage diminished between Waves 1 and 2. The labour force status of Cohort 2 migrants at Wave 1 was very similar to that of Cohort 1 at Wave 2. In short, the labour market standing of Cohort 1 migrants after 18 months in Australia was achieved by Cohort 2 migrants after a period of just six months.

By the second wave of interviews, Skilled Australian-linked migrants in Cohort 2 had the highest rate of employment among the visa groups. All but a few of the Business skills/Employer Nomination Scheme migrants who had been setting up their own businesses at Wave 1 had completed this process by Wave 2, causing a jump in the employment rate for this group. Preferential family/family stream and Humanitarian migrants had employment levels substantially below average, but this was mostly due to low rates of participation in the labour force, rather than to unemployment. However, in terms of employment and labour force participation, Humanitarian migrants in Cohort 2 were doing worse than their counterparts in Cohort 1 after 18 months.

A migrant's chances of being employed were higher if he was a man and a fluent English speaker. Three quarters of Cohort 2 men, and half of women, were employed after 18 months in Australia. Lower rates of employment among women, and among poor English speakers, were due mainly to low levels of participation in the labour force, not unemployment. Unemployment was much more a cause of low employment for Cohort 1, suggesting that changes in selection criteria for migrants have had a notable impact.

Migrants aged 35-54 years experienced the largest increases in employment, both between waves and across the cohorts. The labour market disadvantage that affected older workers in Cohort 1, even at Wave 2, was not apparent for Cohort 2, up to the age of 55 years. For Cohort 2, the slightly higher unemployment rates for older workers diminished over time, so that by Wave 2 there was hardly any difference in unemployment rates according to age. This improved outcome can be partly explained by the large numbers of older business migrants in Cohort 2 who were setting up their own businesses at Wave 1 and then working in them by Wave 2.

Most migrants were content to remain in their current main job, after they found one, and the proportion of migrants who were "employed job-seekers" was similar to that of the Australian population at large. Cohort 2 migrants were more likely to remain in the same job between interview waves than Cohort 1. The main reasons for wanting to change jobs were to obtain more money or job satisfaction, to use their qualifications, and to access better career opportunities. Some migrants changed their career path upon immigrating. Half did so for voluntary reasons, but another quarter did so because they either could not get their qualifications recognised, or could not find a job that used them.

Half of employed migrants work standard hours of between 35 and 44 per week, and another quarter work long hours (more than 44 per week). As with the Australian workforce more generally, women were much more likely than men to be in part-time employment. Most migrants like their work, with at least three-quarters saying that they have a "really good" job or that "it is OK". More say that they are employed in the best job they have ever had than say that they dislike their work. Migrants with poor English have a much lower level of expressed job satisfaction than the better English speakers, but because many of them hold Humanitarian visas and are not selected on the basis of employability, their entry into the labour market is likely to be more difficult.

A little over one quarter (28%) of Cohort 2 migrants had experienced unemployment in the 12 months between LSIA interviews. This compares to 40 per cent of Cohort 1. The incidence of unemployment varied according to visa category, gender, English proficiency and age, but was always lower for Cohort 2 than for Cohort 1. Long term unemployment was rare among new migrants – just two per cent of those in Cohort 2 said they had been continuously looking for a job and unable to find one in the 18 months since arrival. Where unemployment did occur, migrants sought various forms of assistance to help them find a job. Most called on private employment agencies, family members and friends. Informal networks were especially important for migrants who did not have good English.

Income

The temporary exclusion of most migrants from access to unemployment benefits puts added pressure on them to find paid work or self-employment. Primary Applicants in the second cohort have made real progress in the 12 months between Waves 1 and 2 towards achieving an income that is sufficient for financial

independence. An important change was the fall, from 27 to 15 per cent, of Primary Applicants who received no income.

Migrant earnings contributed most of the gain in income between the waves of Cohort 2 (including now both Primary Applicants and Migrating Unit Spouses). The proportion of migrants who received some earnings rose from 47 to 57 per cent, and all this rise was in the higher earnings groups. By Wave 2, 41 per cent of Cohort 2 Primary Applicants were earning above the full-time adult minimum wage, with more than one-fifth earning \$770 per week or more. Well over half (65%) of the migrants in the lower earnings group were employed part-time.

The average earnings story changes if we include in the calculation all migrants, rather than just those with jobs. Both the Business skills/ENS and Humanitarian visa groups had higher earnings in Cohort 1 than in either wave of Cohort 2 when we take account of people with no earnings. An important reason for this is the low rate of employment of the spouses of Business skills/ENS migrants soon after arrival, and of Humanitarian migrants in both waves.

Men earn more than women, in both cohorts and at both points in time. The difference is smallest when we look at the average earnings of only those Primary Applicants who had earnings. In this case, men earn between 30 and 40 per cent more than their female counterparts. Men are more likely to be employed, and they earn more, on average, than women, once they find a job. Men thus contribute more to the financial independence of migrants, though the women's contribution is still substantial. By Wave 2, Cohort 2 women were faring much better relative to men than were Cohort 1 women.

Average earnings are also strongly linked to levels of proficiency in English, and to age. The average earnings of all migrants who did not

speak English well was very low—only \$67 per week in Wave 1 of Cohort 2, though rising to \$113 per week by Wave 2. The highest average wages (among the employed) are earned by migrants aged 35-54 years. But the biggest gains in earnings have been for older workers—especially those aged 45-54. Migrant earnings peak, for Wave 2 of Cohort 2, at \$840 per week for Primary Applicants aged 55-64 years. An important reason for the growth in earnings among this older group is the experience of business migrants, who at Wave 1 reported low or no earnings because they were still setting up their businesses. By Wave 2 many were reaping a return from their business.

There is a systematic positive relation between the level of qualification of a migrant and his or her earnings: the higher the qualification, the higher the earnings. The exception is that, in Cohort 2, the migrants with trades qualifications earned more on average than those with professional/technical diploma or certificates, though it is debatable which is the 'higher' qualification. The strong performance of trade qualified migrants suggests there has been some effective identification of areas of skills shortage in the more recent application of the Migration Program.

The change in the qualifications of the migrant intake does not explain all of the higher earnings of Cohort 2; the returns to those qualifications are also higher. Migrants at each qualification level in Cohort 2 saw their earnings rise with an additional 12 months in Australia. With the exception of those with less than year 12 schooling, the qualifications that gained the most from an extra 12 months in Australia were at tertiary level or above. The large gain for those with incomplete schooling (13%) is due to both an increase in the proportion who found employment, and an increase in the proportion working full-time.

The proportion of Cohort 2 respondents who reported that they, or their spouse, were receiving some income from government payments at the time of interview rose—from 16 per cent at Wave 1, to 21 per cent at Wave 2. About double this proportion had received a government payment at some time in the 12 months between the waves. The use of government payments seems to arise largely from Humanitarian migrants (who were eligible on arrival, unlike the other visa groups), and from spouses of Primary Applicants who did not migrate with them and were already resident in Australia (and hence eligible to receive payments). The amounts received were modest—few received more than \$230 per week.

Adequacy of Income, and Expenditure

After 18 months in Australia, Primary Applicants felt no more comfortable about the adequacy of their income than they did after six months. This lack of perceived progress in establishing a comfortable standard of living is at odds with the rising incomes described above. It may be that perceptions of “need” have adjusted upward as migrants’ disposable incomes have grown. Some had a real increase in their needs, as they became responsible for providing their own housing. Humanitarian migrants do feel better off, with a fall from 45 per cent to 38 per cent in the proportion who say they “do not have enough” to meet their basic needs. The Business skills/ENS group continue to have the highest proportion who say they have “more than enough” income to meet their needs.

Most migrants felt their material circumstances had improved over time. Half said they were somewhat or much better off by Wave 2. Only 13 per cent said they were worse off. Concessional Family/Skilled Australian-linked migrants fared best: 60 per cent said they were better off after an additional 12 months in Australia. In contrast, 21 per cent of

Humanitarian migrants reported being worse off. Migrants with the poor English were much less likely to feel that their material circumstances had changed, for good or for bad, since Wave 1.

Better remuneration was the main reason for feeling better off, followed by having more workers in the household. The Humanitarian group benefited disproportionately from having more household members employed. Having fewer expenses as a result of the household being established was helpful in 19 per cent of cases, particularly for Business skills/ENS and Humanitarian migrants. The main reason for feeling worse off was an increase in the cost of living, while a fall in the number of employed household members was of less importance.

The basis of material living standards is the quantity and quality of goods and services that families buy and consume. There was little change in average weekly spending on food and clothes between Waves 1 and 2 of Cohort 2. There was, however, some increase in spending on medical care and on transport. The values were still quite low, relative to the Australian average. There is a very close correlation between the average weekly earnings of any category of migrants, and their average weekly expenditure on food, clothing etc.

Qualifications

Migrants who quickly find work that makes use of their qualifications are likely to be more productive, better paid, and happier about their integration into Australian society. Migrants from the second cohort are more highly qualified than those from the first. Forty-three per cent of Cohort 2 possessed a bachelor degree or higher, compared to 32 per cent of Cohort 1, and just 16 per cent of Australians. Cohort 2 migrants were also more successful in finding employment that utilised their qualifications: of those who possessed post-school qualifications and were employed, 60 per cent used their qualifications

most or all of the time in Cohort 2, compared to 49 per cent in Cohort 1. By Wave 2, migrants from Cohort 2 were more likely to make frequent use of their qualifications in their jobs than was the case for Cohort 1; and this difference was particularly noticeable for migrants who were female, younger, and from the Concessional Family/Skilled Australian-linked and Preferential family/family stream visa groups.

An important determinant of qualification usage is whether training completed overseas can be promptly “assessed” – judged for authenticity and equivalence to local qualifications – by the relevant agencies. Fourteen per cent of Cohort 1 migrants, and 18 per cent of Cohort 2, sought assessment of their qualifications prior to arrival in Australia. A further eight and seven per cent of these groups respectively sought assessment post-immigration. A range of Australian agencies are involved in assessing migrants’ qualifications. The assessments are usually done quickly, and most result in qualifications being recognised at the same level as they were originally awarded. Forty per cent of migrants with qualifications in Cohort 2 did not seek an assessment, usually because an assessment was not needed to find a job or because they wanted to learn English better first.

The migrants in Cohort 2 who sought to have their qualifications assessed between Waves 1 and 2 were most likely to be from the Preferential family/family stream or Independent visa groups. Only small numbers of migrants from the Business skills/Employer Nomination Scheme and Humanitarian streams sought assessment. Similar patterns appear in the data for Cohort 1. For both cohorts, fewer migrants from the economic visa groups pass through the qualification assessment process after Wave 1 than before. In contrast, the numbers of non-economic migrants passing through the assessment process before and after Wave 1 interviews are quite similar. This is likely to be

the main explanation for the deterioration in assessment outcomes after Wave 1. Qualifications presented for assessment after Wave 1 are more likely to be recognised at a level lower than that at which they were awarded overseas.

There is considerable evidence of the value of qualifications for migrants. Those with higher qualifications are both more likely to be employed, and paid more on average for their work. However, the relationship is not strictly linear, as demonstrated by those with trade skills. The increasing employment rate of lower-skilled migrants appears to be partly a result of favourable economic conditions, which have had the dual effect of reducing unemployment and encouraging labour market participation from migrants who might not otherwise have tried to find work. There were also consistently superior outcomes of qualified migrants in Cohort 2, Wave 2, relative to both Wave 1, and to Cohort 1 at the same period of time after arrival in Australia.

English Proficiency

English proficiency is a key determinant of successful immigration. It affects migrants’ ability to engage with their local community, to access services and to find rewarding employment. We know from Wave 1 that, overall, Cohort 2 had better English than Cohort 1, and this was partly due to changes in migration policy. Improvements in the English proficiency of Cohort 2 migrants between Waves 1 and 2 have consolidated their already superior position. Less than a quarter of Cohort 2 migrants spoke English poorly at Wave 2, although this result should be interpreted in light of the fact that proficiency is self-reported by migrants.

Proficiency is highest among Concessional Family/Skilled Australian-linked and Independent migrants. The proportion of

business migrants who speak English poorly is much higher than for these two visa groups. Though the spoken English of Humanitarian migrants improved after more time in Australia, their proficiency in Cohort 2 has not risen above the levels reported by Cohort 1. They remain the most disadvantaged group relative to the other visa categories, and this is reflected in their labour market status, as highlighted earlier.

Migrants' skills in reading English were much more likely to improve over time than were their written English skills. The proportion of poor writers remained stubbornly unmoved at around 40 per cent. English proficiency peaks among younger migrants, and those aged 15-24 years had the most marked improvement over time. Most migrants found that their English skills had improved even without them deliberately setting out to learn the language. However, of the migrants who did consciously set about improving their English, Humanitarian and older migrants were least likely to feel they had

succeeded (and these two groups overlap to some extent).

One fifth of Cohort 2 migrants were participating in an English language course at Wave 1, and 14 per cent started a similar course in the twelve months between LSIA interviews. Migrants from the two unskilled visa streams were much more likely to enrol in an English course. The vast majority (above 90%) of participants in these programs thought the undertaking had improved their English ability.

Fluent English speakers have superior employment outcomes regardless of what visa they arrive on (excluding the Humanitarian group, in which there are very few with good English). Irrespective of their visa category, a majority of fluent English speakers are employed after 18 months. However, the employment outcomes of poor English speakers in Cohort 2 deteriorated relative to Cohort 1.

1. Introduction

Today, almost one quarter of Australian residents were born overseas, and there have been a number of years since World War 2 when migration provided over half of our population growth. Despite the significance of migration in the Australian story, it is not until recently that we have had the information that enables us to obtain a good appreciation of the experience of recent migrants in settling into their new country of residence. Nor has there been good evidence from which to assess the consequences for successful settlement of changes in migration policy and services. An important initiative by the Department of Immigration and Multicultural and Indigenous Affairs has produced a world class data set that enables the early settlement experience of two different cohorts of migrants to be traced in detail. Two sets of surveys have been conducted, of migrants who received their visas offshore. The first was conducted for migrants arriving in 1993/1994 and 1994/1995 (Cohort 1) and the second for migrants arriving in 1999/2000 (Cohort 2). Migrants were first interviewed about six months after arrival. A second wave of interviews of the same people was conducted 12 months after the first wave.¹

The information collected in this Longitudinal Survey of Immigrants to Australia (LSIA) provides a unique insight into a number of important questions. These include the extent to which people who migrate under different visa categories have different outcomes; the impact of personal attributes such as English language proficiency, age, formal education and gender on economic independence and other settlement

outcomes; and the role played by Australian migrant services in assisting settlement. It is also possible to investigate whether changes in the overall state of the economy and in government policy have had a substantial effect on the early integration of migrants into employment.²

In this report we focus particularly on information from the second waves of both Cohort 1 and Cohort 2. We use this to describe and compare the experience of these two groups of recent migrants, and to see what changes have occurred for the second group in the twelve months since their first interview. Earlier reports, which should be seen as companion to this report, have examined in detail the experience of the two cohorts six months after arrival. An additional report traces the experience of the first cohort as it moves from the date of first interview, six months after arrival, to its final interview, three and a half years after arrival.³ We note that in a number of cases the questions that were asked of each cohort at each wave differed. The first wave of Cohort 1 interviews were particularly likely to differ from the precise questions that were asked on other occasions. This is an additional reason for focusing our comparisons on Cohort 2, and on the second wave of Cohort 1.

² Almost all tabulated results are based on weighted data, as this gives the most reliable estimates for the migrant population. However, where numbers of people being analysed are small, unweighted figures are occasionally used. Therefore, unless stated otherwise, findings reported should be assumed to be based on weighted data.

³ See The National Institute of Labour Studies, *The Labour Market Experience of New Migrants* (2001), *The Settlement Experiences of New Migrants* (2002), and *New Migrants Have Their Say* (1999), each published by the Department of Immigration and Multicultural and Indigenous Affairs, Canberra.

¹ Respondents in the first cohort (but not the second) were followed up a third time, 18 months after the second interview.

Table 1.1: Number of valid responses, for each cohort and wave

	Primary Applicants	Migrating unit spouse
Cohort 1 – Wave 1	5,192	1,769
Cohort 1 – Wave 2	4,469	1,530
Cohort 2 – Wave 1	3,124	1,057
Cohort 2 – Wave 2	2,649	889

It is unusual for research on migrants to focus on the experience of the migrant. Most analysis is concerned with assessing the impact of migrants on the overall economy, the government budget and on other workers.⁴ The analysis that is presented in this report traces the experience of migrants as they settle into Australia over an 18 month period. The same people were interviewed twice, 12 months apart, for each cohort. In each cohort, the Primary Applicant (i.e., the person to whom the migration visa was issued) and any migrating unit spouse (i.e., a partner who accompanies and settles with the Primary Applicant) were both interviewed. The first cohort was interviewed in 1994-95 and again in 1995-96. The second cohort was interviewed in 2000-01 and again in 2001-02. The survey was confined to permanent migrants who obtained their visas offshore, and excludes New Zealanders.

Table 1.1 shows how many respondents there were at each interview.

1.1. Characteristics of Migrants

Changes in migrant selection criteria produced substantial changes in the main characteristics of migrants between the two cohorts. Compared with Cohort 1, Cohort 2 had a higher proportion

of people who were highly educated, fluent in English, employed, and reliant on their own wage earnings. The other side of the coin was that Cohort 2 had a smaller proportion who had little education, spoke little or no English, were unemployed and reliant on social welfare support. These differences were large. For example, the proportion who were employed about six months after arrival in Australia rose from 33 to 50 per cent, while the proportion who had less than Year 12 education fell from 23 to 14 per cent (these figures refer to both Primary Applicants and migrating spouses).

In the interval between the arrival of Cohort 1 (1993-95) and the arrival of Cohort 2 (1999-2000), there were several changes in policy and in the economy that were likely to affect the economic outcomes of recent migrants. Unemployment in Australia fell from around nine per cent to six and a half per cent. Employment rose by approximately 1.26 million people, or 16 per cent, between September 1993 and August 2000. At the same time, there was a considered change in migration policy that was directed to improving the employable skills of new migrants, and reducing the demands on taxpayer-supported services and payments. There were two main components to these policy changes. The first was a change to eligibility for social welfare payments. Between the arrival of migrants in Cohort 1 and those in Cohort 2, migrants (with the exception of those with

⁴ For a recent overview of Australian research on migration, see Glenn Withers, "Immigration", in *The Cambridge Handbook of Social Sciences in Australia*, 2003, Cambridge University Press, Cambridge.

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Table 1.2: Major characteristics of Primary Applicants and Migrating Unit Spouses approximately six months after arrival (per cent in each category)

	Cohort 1	Cohort 2
<i>Primary Applicant or spouse, males, females</i>	%	%
Male, Primary Applicant	41	39
Female, Primary Applicant	38	38
Male, spouse	4	7
Female, spouse	17	17
<i>Visa Category</i>		
Concessional Family/Skilled Australian-linked	10	12
Independent	20	30
Preferential family/family stream	49	41
Business skills/Employer Nomination Scheme	5	8
Humanitarian	16	9
<i>Age</i>		
Average years	35	35
<i>Labour Force Status</i>		
Employed	33	50
Unemployed	21	10
Not in labour force	46	41
<i>Region of Birth</i>		
Oceania and Antarctica	2	3
North-West Europe	16	15
Southern and Eastern Europe	18	14
North Africa and the Middle East	10	10
South-East Asia	20	16
North-East Asia	14	16
Southern and Central Asia	11	13
Americas	5	4
Sub-Saharan Africa	5	10
<i>Current Main Activity</i>		
Wage, salary earner	28	43
Own business	3	5
Other employed	2	2
Unemployed	21	10
Student	15	14
Home duties	23	21
Retired, pensioner	6	4
<i>How well speak English</i>		
English only language or best language	31	38
Other language -		
Speak English very well	10	13
Speak English well	21	20
Speak English, not well	26	22
Not speak English	12	8
<i>Major source of income</i>		
Government payment	36	11
Wage, salary	31	50
Business	2	4
Investment	8	10
No income	23	26
<i>Level of highest qualification</i>		
Higher degree, post-graduate diploma	12	19
Bachelor degree	20	24
Diploma, certificate, trade	27	27
Year 12	17	16
Less than Year 12	23	14
Total number	6961	4181

Notes: (1) Cohort 1 arrived in Australia between September 1993 and August 1995
(2) Cohort 2 arrived in Australia between September 1999 and August 2000

Humanitarian visas) have been excluded from access to most social welfare payments for a period of two years after arrival.⁵ The second was a change in the selection criteria for migrants. The proportion of migrants in the skilled categories was increased and the proportion of those in the Preferential family/family and Humanitarian streams was decreased. There was a cap placed on the entry of parents under the Preferential family/family stream, which had the effect of reducing the average age of migrants in this category. For migrants entering under the Independent or Concessional Family/Skilled Australian-linked categories, applicants:

- had to meet higher minimum skill and English standards (at the vocational level) and a maximum age limit;
- were given preference if their occupation was in short supply; and
- were given preference if they had obtained their qualifications in Australia.

Migrants under the Employer Nomination Scheme (ENS) had to be under age 45, have vocational level English and have a commitment from their employer of at least three years' employment. Business skills migrants do not have the same age restriction, and are selected on the basis of past record in business, significant assets, and commitment to running or investing in business in Australia.

Table 1.2 shows how the two cohorts compare in terms of their major demographic characteristics. We can conclude from Table 1.2 that Cohort 2 migrants were rather different from those in Cohort 1. The former group had a greater

percentage selected on the basis of likely success in the labour market and a smaller percentage selected on family or Humanitarian grounds. Partly for this reason, Cohort 2 migrants have, on average, better English language skills and more education. This provides part, but only part, of the explanation for the distinctly superior labour market outcomes of Cohort 2.

The remainder of this report is presented in five sections. Each deals with a separate topic, namely labour force outcomes, income, household expenditure, qualifications, and English proficiency. Each pays particular attention to the experience of Cohort 2 as their length of settlement extended from six to 18 months. Comparisons are also routinely made with the Wave 2 outcomes of Cohort 1. Less attention is paid to the Wave 1 comparison between the two cohorts, since this has been extensively analysed in earlier reports. In most cases, the overall experience is disaggregated, so that differences can be identified according to the visa category, age, sex and English language proficiency of the respondents.

⁵ Neither group of migrants was eligible for most social welfare benefits for the first six months after arrival. The exceptions were the general eligibility of Humanitarian migrants; the eligibility of all migrants for special support if their circumstances had changed substantially for the worse since approval of their visas; and a general eligibility for family allowances.

2. Labour Force

The success or otherwise of migrants in finding paid employment is one of the most important indicators of their overall settlement success. In saying this, we recognise that some migrants of working age (almost all those in the sample were of working age) do not seek employment⁶, and are supported financially by other family members. The data on which we draw include the migrating unit spouse, as well as the Primary Applicant. Nonetheless, as a single indicator of success, the proportion of a cohort that is able to find paid work is better than most.

This section describes the employment outcomes of the two cohorts, six months and 18 months after arrival. It compares the outcomes of the cohorts, and the changes that occur as the migrants' time in Australia lengthens. It looks also at difficulties in finding work and at the experience of unemployment. In most cases we identify the separate experiences of people who migrate in the different visa categories; those with different levels of English language proficiency; men and women; and people of different ages.

2.1 Labour Force Status

The standard labour force classifications are employed, unemployed and not in the labour force. In its measures, the Australian Bureau of Statistics has precise definitions of each of these states. For example, to be classified as unemployed, a person has to be without a paid job (of one hour or more in the last week), and

have taken active steps to find a job within the past fortnight, and be able to start work within a short period. In the LSIA, people were asked a simpler set of questions to identify their labour force status. They were, in effect, asked to self-identify whether they were employed, unemployed or not in the labour force. For this reason, the labour force status that we report for migrants is not fully compatible with that used to classify the whole Australian labour force.

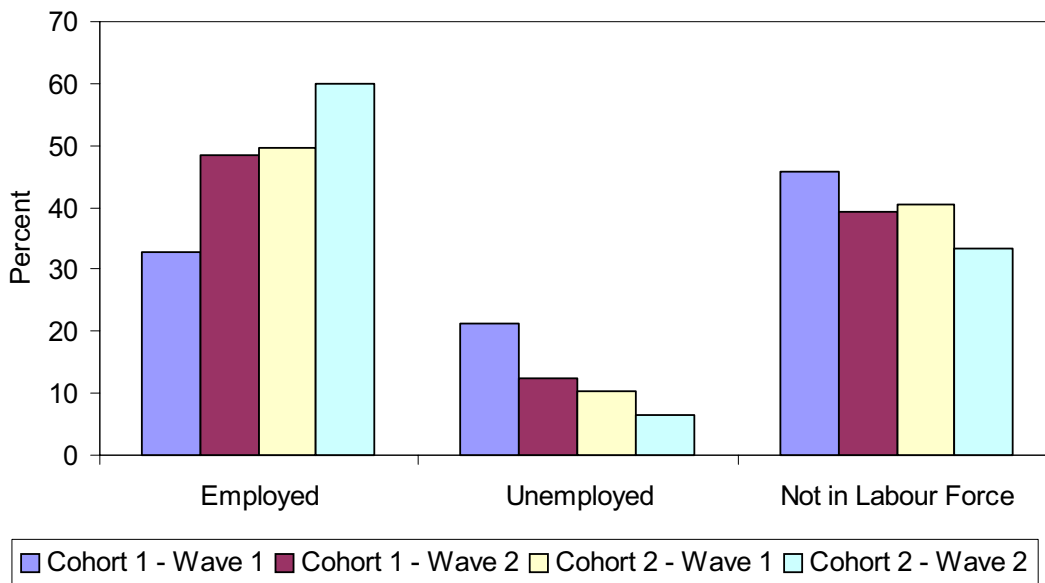
Figure 2.1 shows the labour force status of each cohort of migrants, as a whole, for each wave. Some strong conclusions can be drawn from the figure.

First, Cohort 2 has much higher employment, and much lower unemployment, than Cohort 1, both six months and 18 months after arrival. However, the size of the Cohort 2 advantage has diminished between Waves 1 and 2. For example, at Wave 1, Cohort 2 had an employment rate that was 17 percentage points higher than Cohort 1. By Wave 2, this advantage had fallen to 12 percentage points (60% employed, compared with 48%).

Second, the labour force status of Cohort 2 migrants six months after arrival is very similar to that of Cohort 1 migrants 18 months after arrival. One way to express this is that the initial superior labour market outcomes of Cohort 2 (caused by changes in migration policy, the labour market and probably also some self-selection) represent the equivalent of a further 12 months' settlement experience for Cohort 1.

⁶ At the time of their second interviews (i.e., Wave 2), one third of all the migrants in Cohort 2, and 39 per cent of Cohort 1, were not in the labour force, meaning that they were not working or looking for work.

Figure 2.1 Labour Force Status, Cohorts 1 & 2, Waves 1 & 2 (per cent)



Third, 18 months after arrival, migrants in Cohort 2 had an unemployment rate (i.e., the number unemployed as a percentage of the number in the labour force) of 9.8 per cent. This compares with an overall unemployment rate for the economy of 7.1 per cent at about the same time (July 2001).⁷ This small difference indicates that Cohort 2 migrants have integrated rapidly into the Australian labour market.

2.1.1 Employment and Visa Category

Table 2.1 shows labour force status for the different visa groups.

It is clear that all the visa groups, in both cohorts, made large gains in employment over the twelve-month period between the first and second waves of interviews. Several factors account for this. First, as their experience of Australia grows, migrants acquire knowledge of

the local labour market and networks of contacts that helps them move into employment. They also complete some of the necessary settlement tasks, such as sorting out housing, schools, banking, and transport. This enables more migrants to start looking for jobs, and so increases labour market participation.

By the second wave of Cohort 2, the Skilled Australian-linked migrants had the highest rate of employment of all the visa groups, having overtaken Independent migrants. This same group also made large gains between Waves 1 and 2 in Cohort 1. Only the Preferential family/family stream and Humanitarian groups had employment levels substantially below average, with Humanitarian migrants in Cohort 2 having especially low employment, even 18 months after arrival. A large majority of Humanitarian migrants in Cohort 2 were not in the labour force at all. This contrasts with Cohort 1 where half were in the labour force and a quarter were employed by Wave 2.

⁷ ABS, 2001, Labour Force, catalogue number 6203.0

Table 2.1: Labour force status by visa group

Labour Force Status	Cohort Wave	Concessional Family/Skilled Australian-linked				Independent	Preferential family/family stream	Business skills/Employer Nomination Scheme	Humanitarian	Total
		%	%	%	%					
Employed	C1W1	42	53	29	58	6	33			
	C1W2	62	69	43	73	26	48			
	C2W1	64	70	41	46	4	50			
	C2W2	79	74	53	71	16	60			
Unemployed	C1W1	25	20	18	3	35	21			
	C1W2	14	9	10	3	25	12			
	C2W1	17	7	12	3	11	10			
	C2W2	5	5	8	0	12	7			
Not in Labour Force	C1W1	32	27	53	38	59	46			
	C1W2	24	22	47	25	50	39			
	C2W1	19	23	48	51	85	40			
	C2W2	16	20	40	29	72	33			

Notes: (1) Includes Primary Applicant and migrating unit spouse

The relatively low rates of employment of Preferential family/family stream and Humanitarian migrants is explained more by their low participation in the labour force than by their high rates of unemployment. The Independent migrants of Cohort 2 had a distinctive pattern. Most of those who wanted jobs found them quickly—within six months of arrival. The subsequent 12 months saw a small gain in employment, a small fall in the proportion not in the labour force, and a low level of unemployment.

The low level of employment among Cohort 2 Business skills/ENS that was apparent in Wave 1 (only 46% were employed) was reversed 12 months later. By the second wave, their employment rate was similar to that of the other visa groups, there was no unemployment, and the proportion not in the labour force was about average.

These improvements are due to two factors. First, fewer business migrants reported that their main activity was “home duties” at Wave 2 (23%) than had said so at Wave 1 (28%). Secondly, all but a handful of the 14 per cent who said that their main activity at Wave 1 was setting up their own business had completed this

process. Thus, at Wave 2, these migrants were counted for the first time as “employed”, having previously been outside of the labour force.

Apart from the Humanitarian migrants, the visa group that is least engaged in the labour market is the Preferential family/family stream. While they do not have high levels of unemployment (by Wave 2), they have a relatively high proportion who are not in the labour force (40% for Cohort 2, Wave 2). Given the basis for their selection, this is not surprising: they are largely supported financially by their families.

2.1.2 Employment and Gender

In both cohorts and both waves, men are more likely to be employed and unemployed than are women, and women are more likely to not be in the labour force. Recall that the data are for both Primary Applicants and Migrating Unit Spouses. In Cohort 2, 24 per cent of migrants were spouses, about one-third of whom were men. Note also that 15 to 20 per cent of Primary Applicants migrated to Australia in order to get married. Thus, it is important to avoid the presumption that Primary Applicants are male breadwinners.

Table 2.2: Labour force status by gender (per cent)

Labour force status	Cohort/Wave	Male	Female
Employed	C1W1	46	22
	C1W2	64	36
	C2W1	64	37
	C2W2	75	47
Unemployed	C1W1	29	16
	C1W2	17	9
	C2W1	14	7
	C2W2	8	5
Not in Labour Force	C1W1	25	63
	C1W2	20	56
	C2W1	22	56
	C2W2	17	48

Notes: (1) Includes Primary Applicant and migrating unit spouse

We saw in Figure 2.1 that the employment rate for Wave 1 of Cohort 2 was the same as for Wave 2 of Cohort 1. This is true also for men and women viewed separately. After a further 12 months in Australia, a very high three-quarters of men and almost half of the women who came in Cohort 2 were employed. This is a substantially higher employment rate for both sexes than for Cohort 1 at the 18-month mark. The men and women of Cohort 2 gained employment equally during the 12 months between Waves 1 and 2 of the survey.

The women had about half the rate of unemployment of the men, in each cohort and each wave. The main reason for this is their lower participation in the labour force, as they also had substantially lower levels of employment.

2.1.3 *Employment and Age*

Earlier research based on Cohort 1 (e.g., VandenHeuval and Wooden, 1999) showed that older migrants tended not to do so well in gaining employment. Richardson et al (2001) showed that this age effect was much attenuated for Cohort 2 migrants as compared with Cohort 1 migrants, six months after arrival. In Figure 2.2 we show the employment rate for both cohorts and waves, for people in different age groups. It shows again the pattern we have seen in other series. The employment rate for each age group of Cohort 2, six months after arrival, was very similar to that of Cohort 1 migrants 18 months after arrival, and much higher than for Cohort 1 six months after arrival. At every age, employment for Cohort 2 then rose substantially as their time in Australia lengthened by 12 months.

The age groups that had the biggest increases in employment, both between waves and across the cohorts, were 35-44 and, especially, 45-54. Indeed, the profile for Cohort 2, Wave 2 indicates that there is no employment disadvantage for older migrants, provided that they are aged no more than their mid-fifties. It may be that the greater levels of English proficiency of skilled migrants, the possession of skills in short supply in Australia, and an increased emphasis on education and skills, has made the effect of age less significant. Another important factor in the outcomes reported for older migrants is that many of those in the business stream, who represent the largest number of 45-54 year olds in Cohort 2, were setting up their own businesses at Wave 1 and then working in them by Wave 2. This contributed to the rise in employment for the migrants in this age group over time. At the same time, the proportion of 45-54 year old migrants doing mainly “home duties” declined (from 26% in Wave 1 to 18% in Wave 2).

When we look at unemployment, as distinct from employment, there is a matching story. For the whole Australian labour force, there is a modest fall in the unemployment rate as one moves from younger to older age groups, if we put to one side the high unemployment rate among youth. According to ABS data, in November 2000, the unemployment rate for people aged 25-34 was 5.9 per cent. It then fell for each 10-year age bracket to a low of 3.7 per cent for those aged 55-59 years. Among Australian workers who were born overseas, the comparable figures are 6.7 and 4.1 per cent.⁸ With this context in mind, we look at the relation between unemployment and age between the two cohorts of recent migrants.

⁸ ABS, 2001, Labour Force, catalogue number 6203.0, Tables 22 and 23

Figure 2.2 Employment by Age

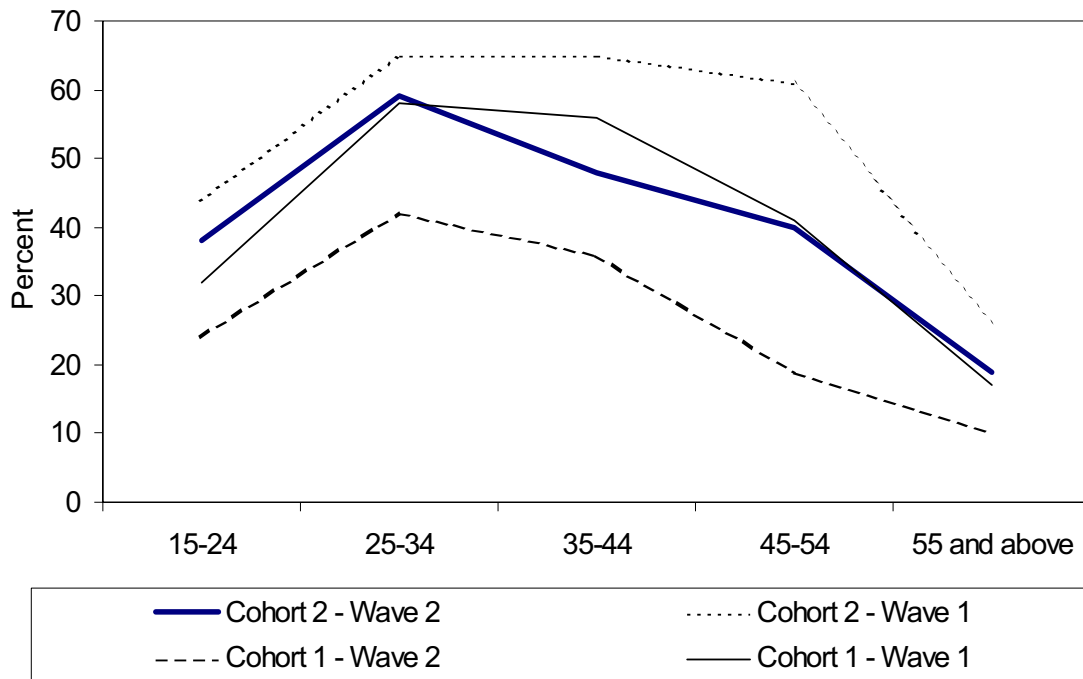


Figure 2.3 confirms that the labour market disadvantage apparent for older workers in Cohort 1, even at Wave 2, is not apparent for Cohort 2. By Wave 2, the unemployment rate hardly varied for workers of different ages, once they were past the youngest age group of 15-24.

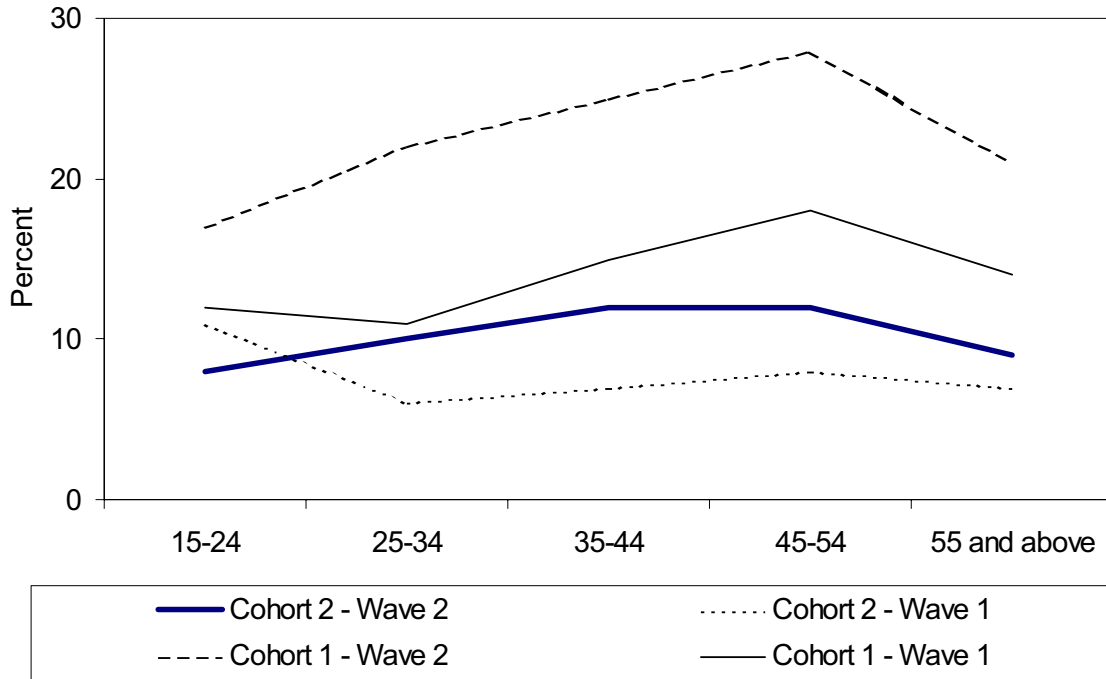
Figure 2.3 shows clearly that unemployment fell sharply for Cohort 1 migrants of all ages, as their stay in Australia lengthened. This fall was apparent at all ages, and the age/unemployment relation hardly altered between Waves 1 and 2. It fell also for Cohort 2, but from a lower base. In addition, for Cohort 2, the slightly higher unemployment rates for older workers diminished, so that by Wave 2 there was hardly any difference in unemployment rates according to age. The one exception is the rise in unemployment for the youngest group (from 8% to 11%), which was the result of both small

absolute numbers in the sample, and an apparent influx of young migrants into the labour force between waves (i.e., the proportion of 15-24 year olds not in the labour force fell from 54% to 45%).

2.1.4 Employment and English Language Proficiency

The employment advantages of high levels of proficiency in English are both well-established and easy to understand. Over one-third of Cohort 1 migrants said that English language difficulties were one of the reasons that they had problems in finding work. For Cohort 2, this had fallen to 20 per cent in the first wave (Richardson et al, 2001:36). In Figure 2.4 we display the levels of employment of migrants grouped by their level of proficiency in English, and show how this varies across the cohorts/waves.

Figure 2.3 Unemployment by Age

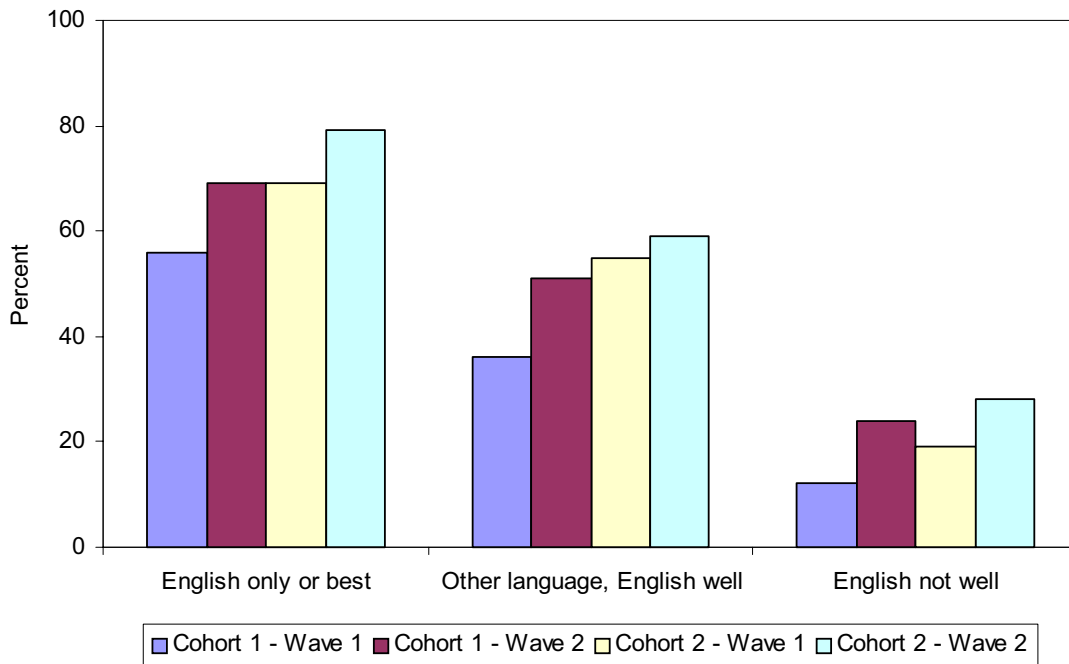


In each cohort and each wave, there is a much higher rate of employment among migrants who have good English language than among those who do not. For each cohort and both waves, the better the English, the higher the employment. This positive link between English proficiency and employment is large and systematic.

Among Cohort 2, the lower employment of those who do not speak English well arises not from high rates of unemployment, but from low levels of participation in the labour force. Unemployment was much more a cause of low

employment for Cohort 1. This suggests that the migration policy changes that have occurred between the two cohorts of migrants—to emphasise skills and English language competence for all but the family-reunion and Humanitarian migrants—has had a notable impact. Of the migrants in Cohort 2 who have low levels of English proficiency, the majority (86%) are Preferential family/family stream and Humanitarian migrants. However, more of the business skills/ENS migrants in Cohort 2 have poor English (23%) than was the case in Cohort 1 (18%).

Figure 2.4 Employment by English Language Proficiency



2.2 The Nature of Work

Migrants were mostly content to remain with their current main job, after they found one. Perhaps surprisingly, this was little changed after they had been in Australia for 18 months rather than six months. In each case, 27 to 33 per cent of migrants who were employed said they were looking for another job⁹: the main reason was to change job rather than to get additional work. The proportion of migrants who are “employed job-seekers” is similar to that of the Australian population at large. In the year to February 2003, 26 per cent of Australians who had worked for at

least 39 weeks had also looked for work at some time.¹⁰

Among migrants, the proportion of employed job-seekers was similar across the visa groups, and for men and women. The exception was the Business skills/ENS group, few of whom were looking for another job; a fact which is unsurprising given their high rates of self-employment. Note, however, that there was some increase (from 5% to 9% in each case) in the number who wanted either a different main job, or a second job, as Cohort 2 migrants moved from Wave 1 to Wave 2.

⁹ There was a slight change in the way this question was asked between Cohort 1 and Cohort 2 – in Cohort 1 respondents were asked if they were looking for a change of job, in Cohort 2 they were asked if they were looking for a change in their *main* job.

¹⁰ ABS, 2003, Labour Force Experience, catalogue number 6206.0

Table 2.3 For those wanting to change main job: reasons, Cohort 2, Wave 2

Reason	Per cent
Want more money	47
Want more job satisfaction	39
To work in job which can use my qualifications	35
Want better promotion, career opportunity	34
Want better job security	25
Just want a better job, conditions	19
Want better or different hours	16
Not happy with present job	15
Want different, more suitable, varied work	14
Want to work closer to home	11
To work in same occupation as in former country	10
Just want a change	6
The job is finishing	6
Total number	478

Note: More than one reason could be given

Only a handful (2-3%) of migrants at Wave 2 of both cohorts held more than one job at the time of interview: multiple job holding is rare. This is somewhat less true of the Australian population at large, in which six per cent of employed persons (5% of men, and 7% of women) hold more than one job.¹¹

Cohort 2 were asked at their second interview why they wanted to change their main job, if they did. The 478 people who were looking to change their job could give multiple reasons. These reasons are reported in Table 2.3.

The main reasons that people gave for wanting to change their job were to obtain more money, more job satisfaction, use their qualifications and have better career opportunities. These reasons sound very much like those we would expect workers at large to give. There is nothing

distinctly 'migrant' about them.

In their second wave of interviews, migrants in Cohort 2 were also asked whether they had changed their career path or type of work on migrating to Australia.¹² Of the 758 who said that they had, half gave reasons that suggested it was a voluntary search for a better outcome. The other half gave reasons that suggested the move was not voluntary. The reasons are set out in Table 2.4.

¹² The question is a little ambiguous. It asks "Since migrating to Australia, have you changed your career path or types of work?" If the answer was yes, they were then asked to give the reason for the change. The question could have been interpreted to mean has there been a change from one type of job in Australia to another, rather than from their pre-migration to post-migration job. However, we prefer the latter interpretation, partly because job change within Australia was asked about directly, and for Cohort 2 only small numbers said they had changed their main job between Waves 1 and 2.

¹¹ ABS, 2003, Australian Labour Market Statistics, catalogue number 6105.0

Table 2.4 Main reason changed career path on immigrating: Cohort 2 at Wave 2

	Per cent
Forced on me by unsatisfactory recognition of qualifications	13
Forced by health problems	2
I decided to change because of migrating	6
Decision I made to change lifestyle	15
Decision since arrival & wanting to change my life	7
Decision to investigate newer changes & opportunities	17
Earn extra money, better paid	3
Language difficulties, need to improve English	7
Took first job available, offered this job	4
Couldn't find job in career area, for qualifications	12
Needed work, to get a job	4
Not working in usual field, looking for something different	2
Other	8
Don't know, not stated	1
Total	100

A relatively high 18 per cent of those whose native tongue was English said that they changed because they could not find a job that matched their qualifications. The main reason for career change given by the 28 per cent of migrants with poor English was that they had experienced language difficulties in their work and needed to improve their English competency. The 13 per cent who said that the job change was forced on them by unsatisfactory recognition of their qualifications were evenly spread across the levels of English language competence. The motivations for men and women were very similar. Together, 25 per cent of those who had changed careers said they did so because they either could not get their qualifications recognised, or could not find a job that used their qualifications. This is a non-trivial waste of skills, both from the point of view of the Australian workforce and from the point of view of the migrants themselves. However, this wastage is spread unevenly across the visa groups. Of the 189 migrants who said they had changed careers due to inadequate recognition of, or demand for, their qualifications, 42 per cent were from the Preferential family/family

stream. A further 31 per cent were Independent migrants. Only a very small number (2%) were in the business skills/ENS stream. Business migrants were very likely to say they had changed careers because they wanted to investigate new opportunities, while family and Humanitarian migrants cited lifestyle choices and language barriers as their main reasons for changing career.

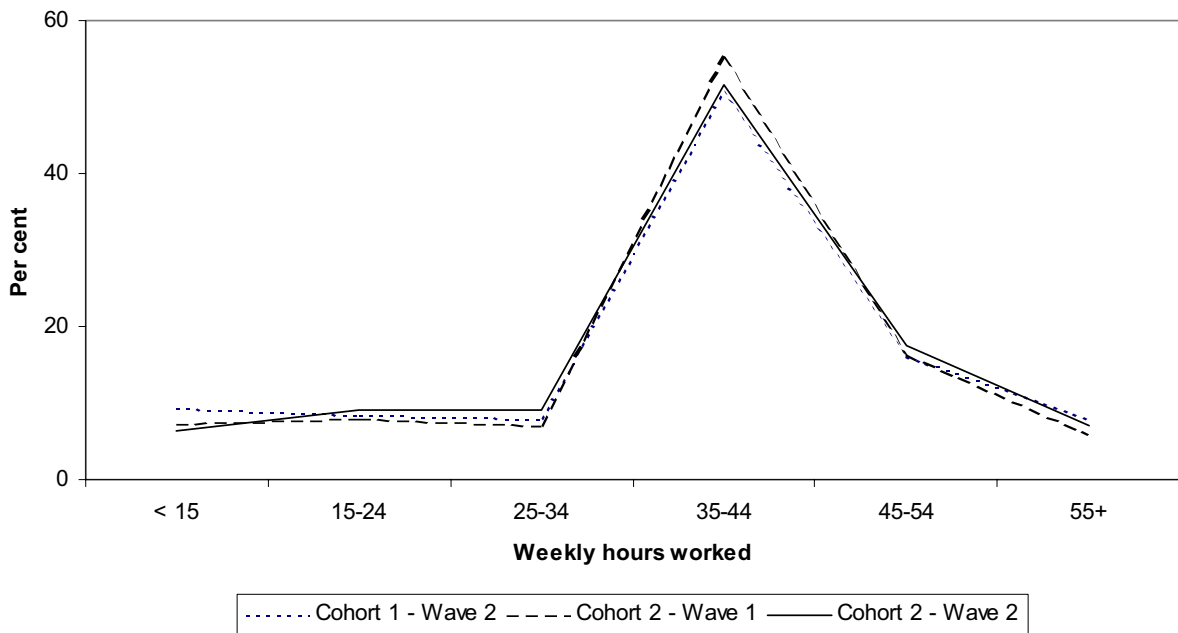
When we look at job change since arriving in Australia, we find quite different patterns for the two cohorts. At the Wave 2 interview, each cohort was asked if their main job had changed since the last interview (i.e., over the past 12 months). While 65 per cent of Cohort 1 had stayed in the same job (and with the same employer), the comparable figure for Cohort 2 was 92 per cent. This is a remarkably high level of job stability for Cohort 2. In 2000, 24 per cent of Australian workers had held their current job for less than one year. At Wave 2, 56 per cent of Cohort 2 held one job, three per cent held two jobs, and a further eight migrants (less than 1% of the cohort) reported holding three jobs.

2.2.1 Hours Worked

A job may consume all ones' waking hours, or involve just a few hours per week. We need to look more closely to see just how fully employed our migrants are. In Figure 2.5, we show hours worked in all jobs, for Cohort 1 Wave 2 and both waves of Cohort 2. It is clear that the pattern of hours worked is almost the same for each cohort/wave. There is a strong peak at standard working hours—35 to 44 hours per week. About half of employed migrants worked those hours. Three-quarters worked full time, defined as 35 hours or more. This distribution of hours of work is very similar to that for the Australian workforce as a whole, including a substantial

proportion who work very long hours (almost one quarter in each cohort/wave worked more than 44 hours per week). Independent and Concessional Family/Skilled Australian-linked migrants were the ones with the highest proportion who worked full-time—82 and 78 per cent respectively for Cohort 2 Wave 2. Almost half of those Humanitarian migrants who did have jobs in Cohort 2 were working part-time; as were a relatively large proportion (40%) of Business skills/ENS. As with the Australian workforce more generally, women (about 35%) were more likely to work part-time—in both cohorts—than men (about 15%).

Figure 2.5 Hours Worked In All Jobs By Cohort and Wave



2.2.2 *Do They Like Their Work?*

Work occupies a high proportion of people's peak hours. We have seen that it is not uncommon for migrants, like other Australian workers, to work well beyond the standard working week of 38 hours. While they are thus occupied, do they like what they are doing? It makes a big difference to one's enjoyment of life to get satisfaction from work, as distinct from disliking it. In Table 2.5 below, we set out the response of migrants to a question about how they feel about their main job.

Most migrants quite like their work, with at least three-quarters saying that they have a really good job or that it is OK. More (around 10%) say that it is the best job they have ever had, than say that they dislike their work. Overall, the responses indicate a high level of job satisfaction. There is little difference between the cohorts or the waves, with some tendency for Cohort 2 migrants to like their jobs more by Wave 2. The Business skills/ENS migrants were the most enthusiastic about their work, while the Humanitarian migrants were the least happy. There was little to separate the other visa groups. Tables that we do not display show that there is virtually no difference between the sexes, at each wave and cohort, in their attitudes to their work.

While there is some variation among the different age groups, there is no systematic tendency, beyond a slightly higher level of discontent among younger workers.

There is however, some systematic difference in feelings about their job between people with different levels of English proficiency. In short, highly proficient English speakers are more likely to like their job and less likely to dislike it. By the second wave of Cohort 2, 63 per cent of migrants who spoke English only or best said they liked or loved their job. The comparable figure for those who did not speak English well was 38 per cent. The details are shown in Table 2.6. It is not surprising that people who are not yet fluent in English must accept jobs that for some are not what they would like. However, it is also important to reiterate that, in Cohort 2, well over three quarters of the poor English-speaking group were in the family reunion and Humanitarian migrant streams, which do not emphasise skills as a basis for selection. They have lower rates of labour force participation, more difficulty finding work that fully draws on the qualifications they possess, and lower average levels of satisfaction with their jobs.

Table 2.5: Attitudes to their job by visa category

How migrants feel about their job	Cohort Wave	Concessional	Independent	Preferential	Business	Humanitarian	Total
		Family/Skilled Australian-linked	%	family/family stream	skills/Employer Nomination Scheme	%	
Love it—best job I ever had	C1W2	8	12	11	22	8	11
	C2W1	9	13	13	25	13	13
	C2W2	9	11	12	24	4	12
Like it—it is a really good job	C1W2	38	44	36	45	25	39
	C2W1	38	42	35	50	27	39
	C2W2	42	48	37	51	22	43
The job is OK	C1W2	44	36	41	27	42	39
	C2W1	42	35	39	25	27	37
	C2W2	42	34	42	24	54	38
Don't really care, it's just a job	C1W2	6	4	7	3	20	7
	C2W1	6	7	8	0	27	7
	C2W2	5	4	5	1	14	4
Dislike it—it's not a good job	C1W2	2	2	3	2	2	2
	C2W1	2	3	2	1	7	2
	C2W2	1	2	3	1	2	2
Dislike it—awful or worst job ever had	C1W2	2	1	2	1	3	2
	C2W1	2	1	2	0	0	1
	C2W2	1	1	1	1	4	1

Note. The number of people in each of the cells for Humanitarian migrants is mostly very small: these results should be treated with caution.

Table 2.6: Attitudes to their job by English language proficiency

How migrants feel about their job	Cohort Wave	English only or best	English well and other language	English not well or not at all
		%	%	%
Love it—best job I ever had	C1W2	13	9	11
	C2W1	13	14	11
	C2W2	13	12	9
Like it—it is a really good job	C1W2	45	36	25
	C2W1	45	35	29
	C2W2	50	36	29
The job is OK	C1W2	36	42	42
	C2W1	35	38	41
	C2W2	31	43	53
Don't really care, it's just a job	C1W2	2	9	17
	C2W1	3	11	14
	C2W2	3	6	6
Dislike it—it's not a good job	C1W2	2	2	4
	C2W1	3	2	2
	C2W2	2	3	2
Dislike it—awful or worst job ever had	C1W2	1	2	2
	C2W1	1	0	4
	C2W2	1	0	1

Note. The number of people in each of the cells for Humanitarian migrants is mostly very small: these results should be treated with caution.

2.3 Unemployment

We have seen that overall, unemployment was substantially lower for Cohort 2 than for Cohort 1 and that for both groups it fell with an additional 12 months in Australia. Here we have a closer look at the experience of unemployment between Waves 1 and 2 of both cohorts.

Table 2.7 summarises the unemployment experience across the main analytical categories. It reports the percentage of people who said that

they had been unemployed and looking for work at some time in the interval between the Wave 1 and Wave 2 interviews. Overall, 28 per cent of Cohort 2 and 40 per cent of Cohort 1 migrants said they had been unemployed. The incidence of unemployment varied according to visa category, gender, English proficiency and age.

But in every case, the incidence of unemployment was higher for Cohort 1 than for Cohort 2. This is an important point. It shows that the superior Cohort 2 experience is not just a result of it having a different mix of migrants—e.g. more with good English, or younger.

Table 2.7: Unemployed during past 12 months, by selected characteristics

Characteristic	Cohort 1 Wave 2	Cohort 2 Wave 2
	%	%
<i>Visa Category</i>		
Concessional Family/Skilled Australian-linked	45	32
Independent	35	23
Preferential family/family stream	37	31
Business skills/Employer Nomination Scheme	11	8
Humanitarian	59	34
<i>Gender</i>		
Male	46	29
Female	35	27
<i>English Proficiency</i>		
English only or best	25	24
English well and other language	46	32
English not well or not at all	46	27
<i>Age</i>		
15-24	43	32
25-34	41	30
35-44	44	28
45-54	46	23
55-64	32	17
Total	40	28

A group can experience low levels of unemployment because not many are looking for work. This is the likely explanation for the lower experience of unemployment among Humanitarian migrants in Cohort 2. Of this group, only 16 per cent said that they were employed or conducting their own business at Wave 2. Twenty-nine per cent said that studying was their main activity, 31 per cent said home duties occupied most of their time, and 11 per cent said they were retired or receiving a pension. In contrast, the lower rates for Concessional Family/Skilled Australian-linked and Independent migrants reflect improved labour market outcomes for Cohort 2. Cohort 2 men also fared much better, to the point where their experience of unemployment was similar to that of the women. (Women usually have lower

levels of unemployment than men, because if they cannot find a job, they are more likely to withdraw from the labour force.)

Compared to migrants who spoke English fluently, non-native English speakers had about double the risk of unemployment in Cohort 1. However, by Cohort 2, this difference had largely disappeared, with 27 per cent of migrants with poor English saying they had been unemployed and looking for work since their last interview, compared to 24 per cent of the migrants who spoke English only or best. At Wave 2, employment was higher (and unemployment lower) for Cohort 2 migrants, regardless of their English language proficiency.

Table 2.8: Assistance finding a job, Cohort 2 Wave 2, by selected factors

Assistance finding a job	Other Employment Agency	Family	Friends	Internet	Newspapers	Employment National, Job Network	Centrelink	Other
	%	%	%	%	%	%	%	%
<i>Visa Category</i>								
Concessional family/skilled Australian-linked	33	28	30	13	3	16	35	8
Independent	45	*	31	30	18	10	25	8
Preferential family/family stream	33	37	35	13	*	8	24	12
Business skills/Employer Nomination Scheme	*	*	*	*	*	*	*	*
Humanitarian	20	19	46	*	*	26	47	10
<i>Gender</i>								
Male	31	28	40	17	5	14	31	7
Female	37	23	30	12	4	10	27	15
<i>English Proficiency</i>								
English only or best	52	15	29	30	8	12	26	12
English well and other language	33	27	33	11	4	14	28	12
English not well or not at all	12	35	46	*	*	10	35	9
<i>Age</i>								
15-24	22	45	25	*	*	11	30	*
25-34	39	27	38	20	5	13	26	12
35-44	33	16	37	11	5	11	32	14
45-54	31	11	31	16	*	13	37	*
55-64	*	*	*	*	*	*	*	*
Total	34	25	35	15	4	12	29	11

Note: * absolute numbers are less than six.

But non-participation in the labour market rose between the cohorts for migrants who did not speak English well. For migrants with poor English proficiency, the (apparent) reduction in the risk of unemployment between cohorts is partly the result of there being fewer job-seekers among this group. For the migrants who spoke English “well but not best”, on the other hand, the reduced risk of unemployment in Cohort 2 most probably reflects a genuine improvement in employment opportunities.

2.3.1 Long Term Unemployment

It is entirely to be expected that immigrants, like any new entrants to the workforce, will be at some risk of unemployment. This only becomes a serious matter when the unemployment is long term—stretching beyond the reasonable time required to become familiar with the opportunities of the new labour market. In Australia, the long-term unemployed (those without a job for more than one year), represent 1.3 per cent of the labour force. We looked at those migrants who had been unemployed for the whole 18 months since arriving in Australia. This question was only asked of Cohort 2. For this group, 231 people were unemployed at the time of the Wave 2 interview. Of these, 80 (or 2.3% of those surveyed) said they had been continuously without a job and wanting a job since they arrived in Australia. This number is so small that it is not sensible to disaggregate it according to the usual categories. But we can say that they were mostly of prime age (25-44 years), two-thirds were men, most did not have English as their best or only language, they mostly had no post-school qualifications and nearly all had Preferential family/family stream or Humanitarian visas.

Where people were unemployed, many sought assistance to help them find a job. The surveys contain detailed information on the use of such assistance, that is not easily summarised and compared across waves. For the purpose of this

report, we present, in Table 2.8, the types of assistance to find a job that was used by Cohort 2 migrants, as reported in their Wave 2 interview. The main conclusion is that migrants used private employment agencies, family and friends to find jobs. Independent migrants used the internet, but made little use of family. The informal networks of family and friends were especially important for migrants who did not have high levels of English proficiency. Those who were fluent in English tended to use more formal channels—the internet and employment agencies, though friends were still quite important. The Commonwealth job network was important only for Humanitarian migrants.

2.4 Conclusion

The satisfactory initial labour market outcomes of Cohort 2, identified in an earlier report, have been maintained and enhanced in their subsequent 12 months in Australia. Eighteen months after arrival, levels of employment were high, unemployment was low and participation in the labour market was low only for Humanitarian and Preferential family/family stream migrants. A total of 28 per cent had experienced some unemployment in the 12 months between interviews. Importantly, long term unemployment was rare. Very few held more than one job, so the image of the typical migrant having to accept multiple bits and pieces of low paid insecure work to make ends meet is not supported by the picture provided above. Nor did they work especially long hours. While some had found it necessary to change their occupation in order to obtain a job in Australia, an equal number had chosen to do so as a new opportunity. In many ways, Cohort 2 migrants looked much like the Australian labour force more generally. They relied on family, friends and employment agencies to find work; they worked a typical range of hours; a proportion wanted to change jobs to get more money or more job satisfaction, or use their qualifications better; most but not all were satisfied with the

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sort of work they did. A migrant's prospects of being employed were substantially higher if he was a man and spoke English fluently. However, by Wave 2 of Cohort 2, younger migrants (25-34

year olds) were no more or less likely to be employed than those in the middle (35-44) and later (45-54) stages of their working lives.

3. Income

In addition to employment, a second key indicator of successful settlement in Australia is the extent to which recent migrants are able to earn an income sufficient to support themselves and their families. One of the major changes in Government policy towards migrants has been to exclude migrants from access to social welfare benefits for a period of two years after arrival in Australia (though they remain eligible for family payments). This change, introduced in 1997, puts added pressure on migrants to find paid work or satisfactory self-employment. It also puts pressure on people not to migrate if they believe they are unlikely to be able to find work or private sources of financial support for the first two years. We report several perspectives on the level and source of income of recent migrants, and how this has changed.

We note at this point that the income data in the LSIA are not likely to be very precise. For several reasons, it is always difficult to obtain accurate information on individual and household income from personal surveys. One reason is that some people think in before tax and others in after tax terms. Incomes also fluctuate and people must estimate what is their usual weekly income. Some people are reluctant to report all their income, especially if tax is not being fully paid or if income is being earned in ways that are on the margins of illegality. The questionnaire asks people to record their income in intervals, which range, for Cohort 1, from \$1-\$57 per week to \$962+ per week, and, for Cohort 2, from \$1-\$57 per week up to \$2000+ per week. In order to determine an average amount, we assumed that earnings were distributed smoothly through each of these dollar bands, and then took the midpoint of each range.

For example, all persons who reported earnings in the \$1-\$57 range were assigned earnings of \$28 per week. The inaccuracy of this procedure is compounded when income totals must be calculated by adding together different sources of income. The coding of income into bands (which differ between the cohorts) also means that it is not possible to adjust precisely for inflation. In the interval between Cohort 1 Wave 2 and Cohort 2 Wave 2, inflation was 14 per cent. In the interval between the two waves of Cohort 2, inflation was 2.5 per cent. For these reasons, there should be no importance attached to small differences in income.

A distinction needs to be made between the income received by an individual migrant, and the income received by the family unit in which she or he resides. Very few respondents live alone. At the time of interview, around three-quarters were married. Many were married to a person who did not migrate with them. The information on income that is available in the survey is in different forms. Primary Applicants were asked information about their earnings, business income and receipt of government payments in both cohorts and both waves. Migrating Unit Spouses were also asked some information about their income, including their earnings. In Cohort 2, the Primary Applicant was, in several questions, asked to reply on their own behalf, and on behalf of their current spouse—who may or may not have migrated with them. A number of migrants, both married and single, live with other relatives in their early years in Australia. These differences in respondents, and in what constitutes the ‘household’, mean that much care is needed in making income comparisons.

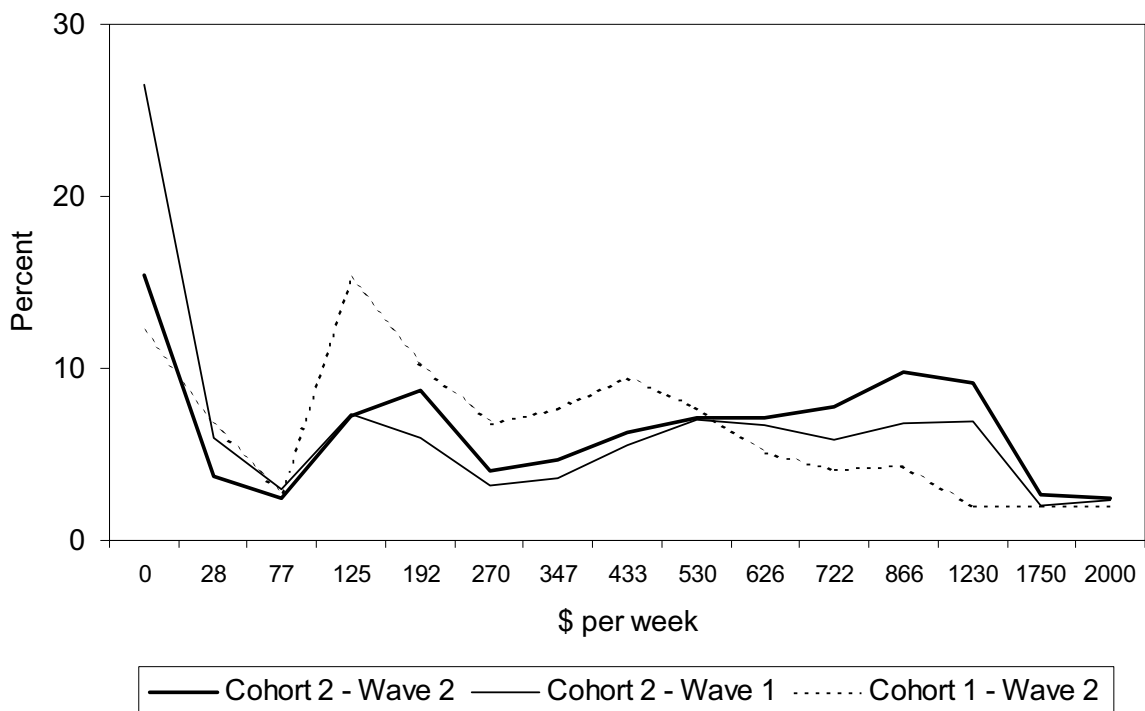
If our interest is to understand the capacity that individual migrants have to be self-supporting through their own earnings and business income, then it is appropriate to focus on the income of the Primary Applicant. If our interest is in the extent to which all migrants integrate into the Australian economy, and bring valuable skills, then it is appropriate to focus on the income of Primary Applicants and their accompanying spouses. If our interest is to understand the standard of living of migrants soon after arrival, then we need more complex information about their living arrangements and the incomes of all the members of the household (including spouses who did not migrate with Primary Applicants). In this section, we mostly concentrate on the incomes of the Primary Applicant and Migrating Unit Spouse, and make

reference where appropriate to the incomes of the Primary Applicants alone.

3.1 Total Income

We begin with a picture of the total weekly income received by the Primary Applicant, for the two waves of Cohort 2. This gives a swift visual insight into the extent of the progress of Primary Applicants in establishing satisfactory levels of income, drawing on their own earnings, income from business and assets, and any government income support. We distinguish these different sources of income later in this section. Subsequent tables provide information on the combined incomes of Primary Applicants and the spouses who migrated with them.

Figure 3.1 The distribution of Primary Applicant income from all sources: current dollars per week



Cohort 2, but causes the improvement of income between cohorts to be overstated to a modest degree

The purpose of Figure 3.1 is to show the extent to which migrants are receiving different levels of income, from low to high. The income levels are not adjusted for inflation, because it is difficult to do this reliably when the data are recorded in intervals. But this does not affect the shape of the income distribution for each cohort/wave, which is our main interest.

From Figure 3.1 we can see that at Wave 2 compared with Wave 1, the Primary Applicants of Cohort 2 had a higher proportion of their number in all of the income brackets except the lowest ones, and especially in the higher income brackets. In part this results from the increase in the proportion of Primary Applicants with some income (those with zero income fell from 27 per cent in Wave 1 to 15 per cent in Wave 2). There is also an increase in income of those who had a positive income. The greatest growth was in the proportion of people who received income in the range of \$722-\$1230, with little growth in the income bands higher than this. The figure clearly shows that Cohort 2 Primary Applicants have made real progress in achieving an income that is sufficient for financial independence in the 12 months between Waves 1 and 2. Cohort 2 migrants were also more likely to have incomes in the high brackets than were Cohort 1 migrants at the same stage of settlement. Cohort 1 had a higher proportion of incomes in the range \$125-\$530, and lower proportions at each of the ranges above \$530: it had twice the Cohort 2 proportion of Primary Applicants who had incomes of only \$125 per week. The differences in favour of Cohort 2 are large enough to be real, even though the data do not account for inflation.

In both 1995 (Cohort 1) and 2001 (Cohort 2), the minimum full-time adult wage was in the income interval of \$386-\$481 (represented on Figure 3.1 as \$433). This can be viewed as the minimum income needed to provide self-sufficiency (although it is higher than the typical value of

government social welfare benefits). Among Cohort 1 Wave 2 Primary Applicants, half received incomes below this range and a further 12 per cent received no income.¹³ The comparable group for Cohort 2 had 31 per cent receiving less than this threshold, and 15 per cent receiving no income. The main change between the waves of Cohort 2 was the fall from 27 to 15 per cent of Primary Applicants who received no income. Thus, even making some allowance for inflation, it is clear that a higher proportion of Cohort 2 Primary Applicants have incomes above the wage-earners' minimum, in both waves, than was true for Cohort 1.

We can look at this from the other end, and see how the different waves fare in terms of the proportion who receive incomes that are comfortably above this minimum (i.e. \$481). By Wave 2, Cohort 2 has outcomes that are substantially better than either of the other waves, with almost half (46%) receiving incomes above the minimum. This contrasts with 38 per cent at the first interview of Cohort 2, and 21 per cent for the second wave of Cohort 1. We can make some rough allowance for inflation by including in the Cohort 1 total the proportion who receive income in the interval \$382-\$481 (rather than counting only those who received more than \$481). This gives 31 per cent of Cohort 1 Wave 2 receiving above the minimum—still well short of the 46 per cent for their counterparts in Cohort 2.

On this evidence, Cohort 2 Primary Applicants have done well in positioning themselves to be financially self-supporting soon after arrival in Australia, certainly better than Cohort 1 migrants.

¹³ Nearly three quarters (72%) of these migrants were in the two non-economic visa groups (i.e., Humanitarian and Preferential family/family). Just three per cent were business migrants, while a further 17 per cent were in the Independent stream.

Table 3.1: Sources of income, Cohort 2, per cent in each income bracket

Sources of income	Cohort 2 Wave 1	Cohort 2 Wave 2
	%	%
<i>Wages and salaries</i>		
\$0	53	43
\$1-230	7	6
\$231-481	9	11
\$481-769	17	21
\$770+	14	20
<i>Own business</i>		
\$0	96	95
\$1-230	1	1
\$231-481	0	1
\$481-769	1	1
\$770+	1	1
<i>Government payments</i>		
\$0	84	79
\$1-230	20	22
\$231-324	3	3
\$325+	3	5

Note: The data refer to Primary Applicant and Migrating Unit Spouse. Inflation, which is not accounted for in this table, was 2.5% between the two waves. Government payments include those to a current spouse of the Primary Applicant. The other sources of income exclude that received by spouses who did not migrate with the Primary Applicant.

In Table 3.1 we look at the distribution of income for both Primary Applicants and Migrating Unit Spouses, differentiated by source of income.¹⁴ It is clear that the main gain between the waves of Cohort 2 has been through earnings. There has been almost no change in the receipt of business income, either in the number of recipients or in the level of income received. Only five per cent of Cohort 2 migrants received business income, in both waves. In contrast,

there was a rise from 47 to 57 per cent in the proportion of migrants who received some earnings.

There was little change in the proportion earning at the lower levels of \$1-\$481 per week: all the rise was in the higher earnings groups. The income interval which saw the largest growth in numbers was the top end—\$770+ per week. Numbers earning this amount or more rose by six percentage points between the two waves of Cohort 2. Four-hundred and eighty-one dollars per week is close to the amount that would be earned in a full-time job on the minimum wage. By Wave 2, 17 per cent of Cohort 2 Primary Applicants and Migrating Unit Spouses were earning this amount or less, and well over half (65%) of this group was employed part-time. Forty-one per cent were earning above this

¹⁴ The information for receipt of government payments includes all spouses—not just those who migrated with the Primary Applicant. About 45 per cent of primary applicants report having a spouse whom they did not migrate with. The information in the Table is based on the response to the question about receipt of government payments at the time of interview. About twice as many respondents said that they or their spouse had received some form of government payment in the 12 months between waves, as were *currently* receiving such payments.

threshold, with more than one-fifth earning \$770 or more per week.

There was also a rise in the number of respondents who reported they or their spouse received some income from government payments at the time of interview—from 16 per cent to 21 per cent across the waves of Cohort 2. Twice as many reported receiving some government payment in the 12 months between the waves of Cohort 2. The amounts received are modest—few received more than \$230 per week. Nonetheless, it is at first glance surprising that so many responded positively to the question “Since your last interview, have you (or your spouse/partner) received any Australian Government payments?” Note that this question was only asked of Cohort 2. Most migrants in Cohort 2 (excluding those on a Humanitarian visa) were not eligible for social welfare payments for the first two years of their residence in Australia. For Cohort 1, the period of ineligibility was six months. In order to understand how the Cohort 2 migrants came to be receiving government payments, we looked more closely at both their marital arrangements and at the type of benefit they claimed to be receiving.

The question asks the Primary Applicants whether “you (or spouse/partner)” received a payment. The question is not confined to those who recently migrated: it includes all spouses—those who migrated with the Primary Applicant and those who were already in Australia. While we cannot be definitive, it appears that a substantial amount of the remaining use of these benefits arises from the eligibility of the spouses of Primary Applicants, who were in Australia prior to the arrival of their migrant partner (estimated to be 10%).

3.2 Average Earnings

We inquire next about the relation between average earnings (Primary Applicant and Migrating Unit Spouse) and the main characteristics of interest, for three different interview waves. We focus on earnings, because this is the major source of income for migrants, the one that has changed most, and the one that is measured in the same way across the cohorts. We begin by noting that for the Australian workforce as a whole, both men and women who were born overseas have higher average earnings than men and women who were born in Australia, by a margin of 12 per cent for all employees in 2001.¹⁵ The margin is 25 per cent for workers who were born in the main English speaking countries and is small but still positive for those born in other countries.

Tables 3.2(a) and (b) show average earnings for the migrants in our survey. In Table 3.2(a) the averages are calculated to include only those people who have earnings. This gives the best perspective on the sort of wages that migrants can command. In Table 3.2(b) they are calculated to include all the migrants, whether or not they have a job. This gives a view of the ability of migrants as a whole to earn enough for financial independence. The average values have been adjusted to remove the effect of inflation that occurred between interview waves: they are expressed in 2001 dollars. The following discussion focuses mostly on Primary Applicants.

¹⁵ ABS, 2001, Employee Earnings, Benefits and Trade Union Membership, catalogue number 6310.0 (Data Cube table number 4).

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Table 3.2 (a): Average earnings of migrants with earnings, by Selected Characteristics (2001 dollars)

Characteristic	Cohort 1 Wave 2	Cohort 2 Wave 1	Cohort 2 Wave 2
	\$	\$	\$
<i>Visa Category</i>			
Concessional Family/Skilled Australian-linked	591	646	707
Independent	777	801	836
Preferential family/family stream	530	531	616
Business skills/Employer Nomination Scheme	1005	1054	903
Humanitarian	373	385	373
<i>Gender</i>			
Male	719	780	830
Female	480	559	587
<i>English Proficiency</i>			
English only or best	777	811	837
English well and other language	552	614	620
English not well or not at all	369	354	441
<i>Age</i>			
15-24	394	492	477
25-34	651	685	728
35-44	665	764	752
45-54	535	714	780
55-64	401	600	732
<i>Current highest qualification</i>			
Higher degree, post graduate diploma	894	872	941
Bachelor degree or equivalent	736	711	779
Technical/professional qualification diploma, certificate	633	625	632
Trade	570	651	691
12 or more years of schooling	453	522	521
Less than 12 years of schooling, other	459	364	413
Average income per week	624	688	723

Note: The average is calculated to **exclude** those who receive no earnings—that is, it is earnings averaged across only those Primary Applicants and Migrating Unit Spouses who had positive earnings. The values are adjusted for inflation, and expressed in September 2001 dollars (those current for Cohort 2, Wave 2).

3.2.1 Visa Groups

In each wave/cohort, Business skills/ENS migrants clearly have the highest average earnings, followed by the other economic category, Independent migrants, and then Concessional Family/Skilled Australian-linked. Humanitarian migrants had low earnings, with no change between the first and second cohorts. The average earnings received by most of the different visa groups was highest in Cohort 2 Wave 2, the exceptions being the Business skills/ENS and Humanitarian groups. The fall in the average earnings of Business skills/ENS between waves one and two of Cohort 2 is in part explained by the entry into employment of a substantial number of Migrating Unit Spouses in the interval between the two waves—at lower earnings than their Primary Applicant partners. It also reflects proportionately higher loss of sample in higher income ranges for Primary Applicant Business skills migrants: the bulk of this loss reflects people ‘overseas temporarily’ at the time of the wave 2 interview.

The 12 months between waves of Cohort 2 saw only small gains in earnings among the economic migrants, but substantial gains among the family-linked migrants. This suggests that the former group settled more quickly into the Australian economic environment than did the latter. But the earnings difference between the two groups that was apparent early on in their settlement has diminished with time in Australia.

The sizeable differences in average earnings across the visa groups implies that changes in the relative size of each visa category in the migration mix has been important in causing some of the overall higher earnings and incomes reported by Cohort 2. The proportion of the total migrant sample who were in the economic visa

categories rose between the cohorts. For example, Independent migrants represented 20 per cent of Cohort 1, compared to 30 per cent of Cohort 2, at Wave 2. At the same time, the proportions of migrants in the non-economic categories fell for Cohort 2 (from 17% to 9% for the Humanitarian group, and from 49% to 42% for the Preferential family/family stream).

Another perspective is provided if we include migrants who have no earnings in the calculation of average earnings. This shows us what contribution earnings make to the financial independence of migrants taken as a whole, rather than just those migrants who are able to get employment. It shows a different picture, as is apparent in Table 3.2(b). The average values are of course reduced when we include people with zero earnings. For Cohort 1, the pattern of earnings among the visa groups is unchanged, with the Business skills/ENS and Independent migrants still having the highest earnings and the Preferential family/family stream and Humanitarian migrants the lowest. But for Cohort 2 the rankings change in that the Business skills/ENS group had relative low earnings in both waves, but especially in the first wave. Both Business skills/ENS and Humanitarian migrants had higher earnings in Cohort 1 than in either wave of Cohort 2, when we take account of people with no earnings. An important reason for this is the low rate of employment of the spouses of Business skills/ENS migrants soon after arrival and of Humanitarian migrants in both waves of Cohort 2. The other three visa categories had higher earnings in both waves of Cohort 2 (especially the second wave) than they did in the second wave of Cohort 1.

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Table 3.2 (b): Average earnings of all migrants, including those without earnings by selected characteristics(2001 dollars)

Characteristics	Cohort 1 Wave 2	Cohort 2 Wave 1	Cohort 2 Wave 2
	\$	\$	\$
<i>Visa Category</i>			
Concessional Family/Skilled Australian-linked	348	411	555
Independent	512	547	602
Preferential family/family stream	205	207	313
Business skills/Employer Nomination Scheme	571	294	403
Humanitarian	93	29	67
<i>Gender</i>			
Male	426	466	578
Female	157	203	272
<i>English Proficiency</i>			
English only or best	492	538	633
English well and other language	267	316	342
English not well or not at all	82	67	113
<i>Age</i>			
15-24	121	185	219
25-34	359	394	461
35-44	336	351	458
45-54	179	213	394
55-64	55	105	141
<i>Current highest qualification</i>			
Higher degree, post graduate diploma	576	583	697
Bachelor degree or equivalent	415	369	503
Technical/professional qualification diploma, certificate	351	318	383
Trade	388	388	521
12 or more years of schooling	182	145	202
Less than 12 years of schooling, other	113	86	119
Average income per week	279	325	412

Note: The average is calculated to **include** those who receive no earnings—that is, it is earnings averaged across all Primary Applicants and Migrating Unit Spouses. The values are adjusted for inflation, and expressed in September 2001 dollars (those current for Cohort 2, Wave 2).

3.2.2 Gender

However you measure it, men earn more than women, in every cohort/wave. The difference is smallest when we look at the average earnings of those Primary Applicants who had earnings. Men in this group earn 30 to 40 per cent more than their female counterparts. This compares with a 50 per cent male earnings advantage for all Australian workers who were born overseas.¹⁶ When they are employed, men on average earn more than women. Men are also more likely to be employed, especially soon after arrival. Men, as a result, contribute substantially more to the financial independence of migrants than do women, although the women's contribution is still substantial (\$272 per week for every female migrant, in Cohort 2 Wave 2). However the average is measured, by the second wave women in Cohort 2 fared better relative to men than did women in Cohort 1. They received higher earnings relative to men if they had a job, and a higher proportion of them were employed.

3.2.3 English Proficiency

Average earnings is strongly linked to levels of proficiency in English. By all measures, average earnings were highest for Wave 2 Cohort 2 migrants who were fluent in English. This group earned considerably more in Cohort 2 than in Cohort 1, Wave 2. If we look only at the migrants who had a job, their earnings were eight per cent, or \$60 per week, higher in Cohort 2. They achieved only small gains between waves of Cohort 2, of \$30 per week for Primary Applicants and \$26 for all migrants. The gain was much larger if we include all migrants, not just those with a job. This is caused by a rise in the proportion of fluent English speakers who found employment in the interval between the first and second waves of Cohort 2.

Among our employed respondents, those who do not speak English well had earnings that were half, or less than half, those of fluent English speakers. This was a much greater differential than is found among all migrant workers in Australia: those born in English-speaking countries have average earnings that are 21 per cent higher than those born in other countries (in 2001). So it is no surprise that this disadvantage was diminished as time in Australia increased, being least among Cohort 2 Wave 2 migrants. The average earnings of all migrants who did not speak English well was very low—only \$67 per week in Wave 1 of Cohort 2. The high proportion who were not employed (81%) dragged down this average figure and increased the disadvantage of this group compared with fluent English speakers. (The latter group had both higher earnings per employed worker, and a higher proportion of employed workers.) The 12 months between waves of Cohort 2 saw a substantial rise in this average earnings of poor English speakers, however, to \$113 per week.

3.2.4 Age

As with the Australian workforce, migrant earnings vary with age. The highest average wages (among the employed) are earned by migrants aged 35-54, which is to be expected. What is interesting, however, is that the biggest gains in earnings have been for older workers—especially those aged 45-54. Compared with their Cohort 1 counterparts, migrants of this age group in Wave 2 of Cohort 2 had wages that were 46 per cent higher on average. This age group also made relatively large gains in wages between the two waves of Cohort 2, with an increase of nine per cent. This is a surprising result for new entrants to the labour market who are facing an employment environment that has become increasingly difficult for older workers. It is in part driven by the movement into employment of older business migrants.

¹⁶ ABS, 2001, Employee Earnings, Benefits and Trade Union Membership, catalogue number 6310.0 (Data Cube table number 4).

For the Australian workforce as a whole, men's earnings peak in the age group 45-54, and women's peak at age 25-34. These averages include the earnings of full and part-time workers. Men in the peak age group earned on average \$964 per week in 2001. This compares with peak migrant earnings of \$780 for Wave 2 of Cohort 2, for Primary Applicants and Migrating Unit Spouses combined, and \$840 for Primary Applicants alone (the peak for this group being among those aged 55-64). With the exception of the youngest age group, Primary Applicants have higher average wages at every age and every interview wave than accompanying spouses.

3.2.5 Qualifications

In Section 5 we take a closer look at the link between qualifications and a range of labour market outcomes, including earnings of the Primary Applicant. Here we present information on the average earnings of the Primary Applicant and Migrating Unit Spouse, adjusted for inflation.

The level of qualifications of Cohort 2 migrants was high compared both with the Australian population and with Cohort 1 migrants. We can see from Table 3. the implications that this has for the earnings of the later set of migrants. There is a systematic positive relation between the level of qualification of a migrant and his or her earnings: the higher the qualification, the higher the earnings. This is true for both cohorts and both waves. The exception is that in Cohort 2, migrants with trades qualifications earned more on average than did those with professional/technical diploma or certificates. It is debatable which is the 'higher' qualification—indeed, it depends on which of the range of qualifications that are grouped under the diploma/certificate label is being considered.

At every qualification level, with one exception, the Cohort 2 migrants did better at Wave 2 than

did the Cohort 1 migrants. The main exception is those who had less than year 12 schooling, whose earnings were highest in Cohort 1 Wave 2. The vast majority of these migrants (87%) are in the non-economic groups, that is the Humanitarian and Preferential family/family visa streams. Those with technical/professional diplomas earned the same in Cohort 2 as in Cohort 1. The largest gains between the cohorts were for people with trade qualifications (a gain of 21%), followed by people who had completed their secondary schooling but had no post-school qualifications (a gain of 15%). The strong performance of those with trade qualifications suggests that there has been some effective identification of areas of skills shortage in the more recent application of the Migration Program.

The higher earnings of most of the qualification levels in Cohort 2 suggests that it is not just the change in the qualifications of the migrant intake that explains the higher earnings of Cohort 2: the returns to those qualifications are also higher. Migrants at each level of qualification in Cohort 2 also saw their earnings rise with an additional 12 months in Australia.

With the exception of those with less than year 12 schooling, the qualifications that gained the most from an extra 12 months in Australia were the higher ones of bachelor degree or higher. These gained eight to nine per cent in the period, for Cohort 2. The large gain for those with incomplete schooling (13%) is due to both an increase in the proportion who have paid employment, and an increase in the proportion working full-time. At Wave 1, 75 per cent of Cohort 2 migrants with less than year 12 schooling reported zero working hours. This proportion fell to 71 per cent by Wave 2. Over the same period, the proportion of school non-completers working full-time rose from 14 to 17 per cent, and the proportion working for less than 15 hours per week was halved.

The other group of interest is those with qualifications awarded in Australia. The number of Cohort 2 migrants in this situation who reported having zero income fell considerably between interviews (from 27% to 16%), which contributed to an increase in average earnings. A similar effect was produced by the rising proportions in the top earning brackets. Between waves, there was a doubling in the proportion of migrants with Australian qualifications earning \$962-\$1499 per week (8% to 16%), and \$1500-\$1999 per week (2% to 4%).

The pattern of change in average earnings for those who had earnings is similar if we include in the average all migrants, whether or not they had a job. In the latter case, the increases across the cohorts and the waves were much bigger, as both the rate of employment and the level of pay rose. People with trade qualifications saw rises in their average earnings of one-third, when compared across both cohorts and waves. But the biggest gains across the waves of Cohort 2 were for those with relatively low levels of qualifications, admittedly off a low base.

3.3 Conclusion

Earnings from wages and salaries are the overwhelming source of income for recent migrants. All the evidence on income and earnings confirms two main themes. These are that Cohort 2 has done better in establishing the basis for financial independence than did Cohort 1 at the same duration of settlement. And an additional 12 months in Australia, between Waves 1 and 2 for Cohort 2, has resulted in increased incomes and earnings.

The superior economic outcomes for Cohort 2 is the result of two factors. One is that the characteristics of Cohort 2 migrants were more conducive to success in the labour market: they were on average younger, better educated and had better English language skills. The second is that, even for those with the same attributes, Cohort 2 migrants typically had higher earnings and income than did their earlier counterparts. This confirms what we found when comparing the cohorts after six months in Australia. In most cases, the early advantage has been retained, even if the size of the advantage has diminished for some groups with extra time in Australia.

Typically, the levels of income and earnings of Primary Applicants were higher than those of Migrating Unit Spouses. Across the waves of Cohort 2, average earnings rose both because of a rise in the proportion of migrants who had jobs, and a rise in the earnings of those who were employed. The 12 months between waves of Cohort 2 saw only small gains in earnings among the economic migrants, but substantial gains among the family-linked migrants. There was non-trivial use of government social welfare payments. Part of this arises from the heavy reliance on this support by the Humanitarian migrants and part from receipt of the family allowance. While we cannot be definitive, it appears that a substantial amount of the remaining use of these benefits arises from the eligibility of the spouses of Primary Applicants, who were in Australia prior to the arrival of their migrant partner.

4. Income Adequacy and Household Expenditure

Primary Applicants in Cohort 2 were asked, “Thinking about your household income and expenses, how would you describe the amount of money you (and your spouse/partner/family who migrated with you) have available each week?” The options were:

- 1) More than enough to meet all basic needs
- 2) Enough to meet all basic needs
- 3) Not enough to meet basic needs.

In evaluating the responses to this question, we remind the reader that 15 per cent of Cohort 2 Primary Applicants were coming to Australia to join a spouse who was already here. Many others live with other family members who were already resident in Australia. Fully 78 per cent of Wave 2 Cohort 2 Primary Applicants were married, yet only 30 per cent migrated with an accompanying spouse. In these circumstances, it is not clear how respondents would have interpreted this question. Strictly speaking, they should refer only to the adequacy of their own personal income and that of any children who migrated with them, and take no account of the income of a non-migrating spouse or other family members. But the question does refer to “thinking about your household”. Where the household and the migrating unit are not the same, we cannot know which one they had in mind when answering the question. The approach taken would make a big difference to the answers given. For this reason, we treat with some caution the answers given to this and related questions.

4.1 Adequacy of Income

The question of whether or not income is adequate to meet basic needs will of course be influenced by migrants’ incomes. But it will also be influenced by their interpretation of what are basic needs. In a relatively homogeneous society, with established norms of living standards, there is quite a wide (though by no means precise) consensus on what constitutes basic needs. For a diverse group of recent migrants it is highly likely that there will be a wide range of views as to what constitutes basic necessities. At this point we simply take at face value the assessment by each Primary Applicant of the adequacy of her or his income.

4.1.1 *Income and needs*

In Table 4.1 we show the responses of all Cohort 2 Primary Applicants, six and 18 months after arrival, to the question about adequacy of income.

Overall, Primary Applicants felt no more comfortable about the adequacy of their income 18 months after arrival than they did six months after arrival. While a slightly smaller proportion said they do not have enough income to meet their needs, a smaller number also said they have more than enough. The proportion who said they have just enough to meet their basic needs had, as a result, risen from 52 per cent to 59 per cent. This lack of apparent progress in establishing a comfortable standard of living is at odds with the rise in income between the two waves that is reported in the previous chapter.

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Table 4.1: Whether Primary Applicants feel they have enough income to meet basic needs, Cohort 2 Waves 1 and 2, by Selected Characteristics

Characteristic	More than enough for basic needs		Enough for basic needs		Not enough for basic needs	
	<i>Wave 1</i> %	<i>Wave 2</i> %	<i>Wave 1</i> %	<i>Wave 2</i> %	<i>Wave 1</i> %	<i>Wave 2</i> %
<i>Visa Category</i>						
Concessional family/ skilled Australian-linked	37	31	46	62	17	7
Independent	37	37	53	54	10	10
Preferential family/ family stream	27	22	54	62	19	16
Business skills/Employer Nomination Scheme	56	44	41	51	3	5
Humanitarian	1	3	54	59	45	38
<i>Gender</i>						
Male	30	29	52	57	17	15
Female	30	24	52	61	18	15
<i>English Proficiency</i>						
English only or best	49	42	42	50	9	7
English well and other language	26	22	59	64	15	15
English not well or not at all	13	7	57	66	30	28
<i>Age</i>						
15-24	26	20	55	64	19	17
25-34	34	30	51	57	15	13
35-44	26	25	53	60	21	15
45-54	29	22	53	63	18	16
55-64	26	26	53	39	21	35
Total	30	26	52	59	18	15

The Independent migrants viewed their circumstances as unchanged across the waves. Humanitarian migrants are better off, with a fall from 45 to 38 per cent in those who say they do not have enough to meet their basic needs. The other three visa groups all display the same tendency as seen in the aggregate results—for the proportion with just enough to rise at the expense of the other two categories. This is especially so for the Concessional Family/Skilled Australian-linked group, for whom 62 per cent of Wave 2 say they have just enough (compared with 46 % in Wave 1). The Business skills/ENS group continue to have the highest proportion who say they have more than enough income to meet their needs, but their advantage over the Independent migrants has diminished over the 12 months between Waves 1 and 2.

Each of the three levels of English language proficiency reports a fall in the proportion who feel they have more than enough income to meet their basic needs, and little change in the proportion who feel they do not have enough. The advantage of fluency in English is undiminished by the extra 12 months in Australia between Waves 1 and 2: at Wave 2, those with limited or no English had four times the probability of saying they had insufficient income to meet their needs than did those with high levels of English proficiency.

In Wave 1, there was no clear link between age and income adequacy. This remained true for Wave 2, with the striking exception of 55-64 year old Primary Applicants. These older migrants report a substantial shift from feeling that they had just enough, to feeling that they did not have enough income to meet their needs. Note that there were only 65 migrants surveyed in this age group, so it is important not to read too much into this shift.

It may be that one reason why respondents report a reduced capacity by Wave 2 to meet

their needs from their “household income” is that some have moved out of the initial extended household with which they resided on arrival in Australia. For instance, 17 per cent of Cohort 2 migrants were living rent free with their family at Wave 1. This proportion fell to nine per cent by Wave 2. At the same time, the proportion who were buying their own house doubled between waves (from 11% to 23%).

4.1.2 *Better off?*

Primary Applicants in Cohort 2 were asked a direct question about whether they felt materially better off at Wave 2 compared with Wave 1. Specifically, they were asked “When you think about your household’s income and expenses now, compared to the time of your last interview, would you say that you are now...”

- Much better off
- Somewhat better off
- No different
- Somewhat worse off
- Much worse off.

Tables 4.2 reports the answers to this question. In contrast to the previous table, the responses to this question show an overall perception that migrant material circumstances had improved between the two waves of Cohort 2. In aggregate, almost half (48%) of respondents stated that they were somewhat (29%) or much (19%) better off by Wave 2. Only 13 per cent said they were worse off.

The Concessional Family/Skilled Australian-linked migrants report the greatest gains. Fully 60 per cent said they were better off after the additional 12 months in Australia while only eight per cent felt worse off. This is somewhat at odds with the picture given by Table 4.1, which shows a six percentage point fall in the proportion of this group who felt that they had more than enough income to meet their basic needs. However, it is wholly consistent with the

Table 4.2: How does income compare with last interview? Cohort 2 Waves 2, by selected characteristics

Characteristic	Much better	Somewhat better	No different	Somewhat worse	Much worse
	%	%	%	%	%
<i>Visa Category</i>					
Concessional family/skilled Australian-linked	26	34	31	8	*
Independent	21	30	33	15	*
Preferential family/family stream	18	28	42	11	1
Business skills/Employer Nomination Scheme	14	25	55	6	*
Humanitarian	8	29	40	21	*
<i>Gender</i>					
Male	21	26	39	12	1
Female	16	32	39	12	1
<i>English Proficiency</i>					
English only or best	22	32	32	13	1
English well and other language	22	28	40	11	*
English not well or not at all	9	26	49	13	2
<i>Age</i>					
15-24	15	32	41	12	*
25-34	22	29	36	12	1
35-44	17	35	33	14	*
45-54	17	20	50	11	*
55-64	*	22	57	12	*
Total	19	29	39	12	1

Note: * number is less than six.

improvements over time in both the employment outcomes (64% to 79%) and average earnings (\$646 to \$707 per week) of this group, as discussed more fully in earlier sections of this report.

Twenty-one per cent of Humanitarian migrants reported being worse off—a source of some concern—but it is encouraging to see that 37 per cent felt they were better off after just one additional year in Australia. Business skills/ENS migrants, who have the highest levels of income adequacy, experienced the least change in their

circumstances over the year between interviews: 55 per cent report that their incomes, relative to expenses, were unchanged.

Independent migrants report a diverse experience. While 51 per cent said they were better off, a relatively high 15 per cent said they were worse off—the highest for any group other than Humanitarian. Of the Independent migrants who said they were worse off, 53 per cent were aged 25-34 years. Three Independent migrants in this age group reported being “much worse off”. However, the younger Independent migrants

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were comparatively less likely to feel worse off: while 14 per cent of 25-34 year old Independent migrants felt worse off, 18 per cent of 35-44 year old Independent migrants, and 26 per cent of 45-54 year old Independent migrants, felt worse off (bearing in mind that we are dealing here with quite small numbers of older migrants in this particular visa category). As with Table 4.1, there was virtually no difference between the sexes in their feelings about the adequacy, and changes in adequacy, of their income.

There were, however, substantial differences according to English language proficiency.

Specifically, those with the least English were much less likely to report substantial gains in income relative to expenses: almost half (49%) reported no change.

An age breakdown of responses shows a small tendency for the 'prime' age groups of 25-44 to report being better off. More than half of those over 45 felt there was no change in their situation.

Respondents who reported that they were better off after a further 12 months in Australia were asked to choose among a list of possible reasons why. Table 4.3 reports their answers.

Table 4.3: Why feel better off? Cohort 2 Wave 2, by selected characteristics

Characteristic	More Household members working	Better paid	Fewer expenses	Fewer Household members to support	Now get Govt assistance	Other
<i>Visa Category</i>						
Concessional family/skilled Australian-linked Independent	35	41	15	*	*	4
Preferential family/family stream	24	45	19	3	*	9
Business skills/Employer Nomination Scheme	30	44	17	*	4	5
Humanitarian	20	35	33	0	*	11
<i>Gender</i>						
Male	40	*	32	*	8	13
Female	29	43	19	1	2	6
<i>English Proficiency</i>						
English only or best	30	39	19	1	5	7
English well and other language	29	44	18	2	*	7
English not well or not at all	31	42	16	*	4	7
<i>Age</i>						
15-24	27	31	27	*	8	6
25-34	33	37	18	*	*	10
35-44	28	46	17	1	3	5
45-54	28	39	22	2	2	8
55-64	41	25	18	*	*	10
Total	16	32	32	0	*	*

Note: * number is less than six.

There is a clear pattern to these answers. Being better paid was the main reason (41%), followed by having more members of the household working (29%). Having fewer expenses now that the household was established was helpful in 19 per cent of cases. This last reason was particularly important for Business skills/ENS and Humanitarian migrants. The latter group also benefited disproportionately from having more household members employed. Having fewer household members to support, and newly receiving government payments, played very small roles.

There was little difference in reasons for being better off according to English language competence. The main variation was the relatively large proportion of those who did not speak English well who reported benefiting from having fewer establishment costs (27%). Many of these are likely to be Humanitarian migrants.

At all age groups, being better paid is the main reason for being better off. The one exception is those few aged 55-64, for whom having lower expenses was equally important.

If respondents said that they were worse off in Wave 2, they were asked why. The total number to whom this follow-up question applied was too small (353 respondents) for reliable disaggregation among our main categories. We therefore do not display the results. But in total the main reason given was an increase in the cost of living. Of less importance was a fall in the number of household members who had paid work. In interpreting the first response, it should be noted that average inflation was only 2.5 per cent between the waves of Cohort 2, so this cannot be the reason for the perceived increased cost of living to which respondents referred.

When looked at in total, the information presented in the three tables we have discussed suggests several conclusions. In the 12 months between interview waves for Cohort 2, almost

half of migrants made progress in establishing an adequate income from their own resources. Only a minority felt that they went backwards. The chief pathway to progress was via higher wages and more employment by household members. No longer having to meet establishment costs also made a useful contribution. Despite this progress, fewer felt that they had any surplus above basic needs (and fewer thought that they did not have enough to cover basic needs) after 18 months than did after six months. How can we reconcile the evidence on rising incomes, and a feeling of progress, with this absence of a margin of comfort? One way is to suppose that migrant's feelings about what are basic needs have adjusted to the standards that they see around them, in their lengthening time in Australia.

4.2 Expenditure

An important indicator of a family's material standard of living is how many goods and services they actually purchase. For a variety of reasons, expenditure can differ from income, and in the end it is the things that are actually bought and consumed that determine the current material standard of living. For recent migrants, one source of difference between income and expenditure is income remitted to or from overseas or brought with the migrant on arrival. A second source is the level of current savings: people who are saving, including paying a mortgage, have less of their income available for meeting current needs.

The LSIA has some, though incomplete, data on expenditure. The data cover three main areas of expenditure. The first is personal expenditure on food, fuel for cars, other transport costs, clothing, childcare, alcohol, tobacco and health care. The second is expenditure on utilities—electricity, telephone, gas, water and council rates. The third is the cost of cars owned. It is notoriously difficult to obtain accurate information on expenditure on alcohol and

tobacco from household surveys—respondents typically underestimate their expenditure on these items (Travers and Richardson, 1993).

To be a robust indicator of standard of living, expenditure needs to be quite comprehensively measured. It would not do to measure expenditure only on restaurant meals or on school clothes, since differences in such expenditure are likely to reflect people’s preferences and family circumstances as much as their capacity to buy these things. In practice it is difficult to obtain comprehensive measures of expenditure, and the LSIA does not attempt to do so. The main value that can be extracted from the expenditure information is to compare it with responses from the first and second waves of Cohort 2, to see if there is evidence of a rise in living standards over the interval. We note, however, that the second wave of interviews included new questions on tobacco and alcohol, and fuel used in cars. The earlier report which compared the responses of the first waves of both Cohorts 1 and 2 drew some comparisons with Australian levels of expenditure on comparable items. It found that despite the quite high incomes of many migrants, reported levels of expenditure were comparable to those of Australians with incomes in the bottom fifth of

the income distribution. For reference, we reproduce below the table from which this conclusion was drawn. We add in an extra column for the second wave of Cohort 2.

There was little change in average weekly spending on food and clothes, between Waves 1 and 2 of Cohort 2. There was, however, some increase in spending on medical care and on transport. These values still are quite low, relative to the Australian average and lowest 20 per cent as measured in the mid-1990s (all values are expressed in 2000 dollars).

The questions on expenditure refer to “you and your spouse/partner/family who migrated with you”. It is thus subject to the problem that we have discussed before, namely that many Primary Applicants were living with a spouse or other family members who did not migrate with them. The response of this group to the question “how much you (and your spouse/partner/family who migrated with you) spend in an average week on...” is not likely to tell us much at all about their level of consumption of food, clothing, health care, utilities etc. In response to this problem, we have limited our investigation of expenditure to those 791 Primary Applicants who did have a migrating unit spouse. While

Table 4.4 Weekly expenditure on selected items of migrating families of two or more people, and Australian couples with and without dependent children: 2000 dollars

Expenditure item	Cohort 1 Wave 1	Cohort 2 Wave 1	Cohort 2 Wave 2	Australia, bottom quintile	Australia, average
Food	103	84	87	108	152
Clothes	22	19	19	22	47
Medical care	10	11	14	27	39
Transport	40	37	47	74	128

Source: ABS (1996, p21) for Australia.

Note: Because the ABS uses respondent diaries to record expenditure transactions, the above estimates for Australia are likely to be more accurate than the LSIA, which relies entirely on respondent recall.

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this reduces the sample size considerably, it does mean that we can be reasonably confident that the expenditure that is reported reflects the needs and resources of the household.

In Table 4.5 below, we show the levels of average weekly income and expenditure on selected items for each of the main migrant characteristics. The information has been provided by the Primary Applicant, but refers to

their whole migrating family. We have included a column showing the number of respondents in each category, because the characteristics of the migrants are different when we confine the sample to those who have a migrating unit spouse. For example, there is only a small number in the Preferential family/family stream, and only one person in the age group 15-24 (which we have excluded).

Table 4.5: Average weekly income and expenditure by Primary Applicants and their migrating family on selected items, Cohort 2 Wave 2, by selected characteristics (\$)

Characteristic	<i>Number</i>	<i>Income</i>	<i>Clothes, Food etc*</i>	<i>Utilities**</i>
		\$	\$	\$
<i>Visa Category</i>				
Concessional family/skilled Australian-linked	148	1062	263	67
Independent Preferential family/family stream	364	1115	263	68
Business skills/Employer Nomination Scheme	47	334	136	25
Humanitarian	104	1304	349	122
	110	599	227	53
<i>Gender</i>				
Male	562	957	263	72
Female	212	1150	259	65
<i>English Proficiency</i>				
English only or best	388	1198	280	76
English well and other language	250	944	251	64
English not well or not at all	136	591	229	62
<i>Age</i>				
25-34	255	1085	253	70
35-44	334	1014	272	66
45-54	120	1086	297	94
55-64	26	862	231	56
65+	37	306	131	28
Total	774	1010	262	70

Note: * The sum of the average weekly expenditure on food, clothing, fuel for cars, transport, childcare, healthcare, alcohol and tobacco.

** The sum of average weekly expenditure on electricity, gas, phone, water and council rates.

The table shows that there is a very close correlation between the average weekly earnings of any category of migrants, and their average weekly expenditure on food, clothing etc. If we know their ranking on income, then we also know their ranking on expenditure, and vice versa. The link with spending on utilities is not so tight, but generally those groups with higher incomes have higher expenditure on utilities. Note that even when the average spending on the two groups of items is added together (i.e., spending on food, clothing etc, plus spending on utilities), the total spending is considerably less than total income for each category of migrant. This reinforces the conclusion that the selected items reported in the LSIA do not give a full account of migrant expenditure or standards of living. We note several interesting facts that are apparent in the table:

- The average income of families with a female Primary Applicant is higher than that where the Primary Applicant is a man: this contrasts with the whole sample of Primary Applicants and Migrating Unit Spouses, where men on average have substantially higher incomes than women.
- The Business skills/ENS migrants have expenditures on both sets of items that are higher, relative to their incomes, than is the case for the other visa groups. This may be because they have higher levels of wealth and hence a lesser need to use their income to meet other forms of expenditure, such as housing costs. Also, a much higher proportion of the business migrants own their homes outright (39%) than is the case for any of the other visa groups (the next highest rate of home ownership is among preferential family migrants, of whom 7% are home owners).

- Humanitarian migrants who had a spouse that came with them to Australia had a relatively high income, and spent a much higher proportion (84%) of this income on the listed items than did the sample in general (59%).

4.3 Conclusion

In the 12 months between interview waves for Cohort 2, almost half of migrants made progress in establishing an adequate income from their own resources. Only a minority felt that they went backwards. The gainers tended to be the ones that were already doing relatively well—the economic visa groups and migrants with fluent English. The chief pathway to progress was via higher wages and more employment by household members. Those with the lowest levels of English proficiency made the least progress. No longer having to meet establishment costs also made a useful contribution. The main reasons for feeling better off were rises in pay and, of lesser importance, additional employment. Despite this progress, fewer felt that they had any surplus above basic needs (and fewer thought that they did not have enough to cover basic needs) than they did shortly after arrival.

There was little change in average weekly spending on food and clothes, between Waves 1 and 2 of Cohort 2. There was, however, some increase in spending on medical care and on transport. Even by Wave 2 of Cohort 2, these values still were quite low, relative to the Australian average.

On average, differences in income are reflected in differences in expenditure. Those with the highest expenditure were, not surprisingly, the Business skills/ENS migrants followed by the Independent and Concessional Family/Skilled Australian-linked groups.

5. Qualifications

Previous analysis of Wave 1 data from LSIA Cohorts 1 and 2 (Richardson et al, 2001) showed that migrants from the second cohort are more highly qualified than those from the first. Forty-three per cent of the migrants in Cohort 2 possessed a bachelor degree or higher, compared to 32 per cent of Cohort 1 migrants, and just 16 per cent of the total Australian population. In addition to being more highly qualified on arrival, Cohort 2 migrants were better able to find employment that utilised their qualifications. After being in Australia for six months, 60 per cent of qualified Cohort 2 migrants had found jobs that used their qualifications most or all of the time. Only 49 per cent of qualified migrants in Cohort 1 had been able to do the same.

The superior outcomes of Cohort 2 migrants are a function of both a deliberate policy shift, geared towards attracting more skilled migrants, and general economic conditions during the latter part of the 1990s that were conducive to higher demand for employee skills. The extent of qualification usage among migrants remains an issue for the present report. Migrants who quickly find work that makes use of the qualifications they possess are likely to be more productive on the job, better paid for the work they do, and happier about their degree of integration into Australian society.

A key question that confronts this section of the report is whether Cohort 2 migrants have maintained their advantage, now that a longer period of time has elapsed since their arrival in Australia, relative to where Cohort 1 was at the same stage of its settlement. Note that our analysis concerns only those migrants who have qualifications, and that, consistent with prior

reports, we deal only with the extent of qualification usage in migrants' main jobs.¹⁷ We also explore the processes by which migrants have their qualifications assessed by Australian agencies, and finally what "value" migrants derive from having qualifications, in terms of their labour market performance and average earnings.

5.1 Use of Qualifications

Across all the cohort waves, around one-third of qualified migrants are not using their qualifications very frequently. Almost all who are in this situation say it is because their qualifications are not relevant to their present employment. The "not relevant" explanation is given by fully 95 per cent of the Cohort 2 migrants who said at Wave 2 that they used their qualifications "rarely" or "never", and by 89 per cent of the Cohort 1 migrants who reported using their qualifications "rarely", "never", or "only sometimes".

Table 5.1 shows, however, that Cohort 2 has extended its relative advantage over Cohort 1, albeit by only a small margin, in terms of the proportion who do use their qualifications in the work they find in Australia. Between Wave 1 and Wave 2, the proportion of Cohort 2 who used their qualifications often or very often increased by two percentage points (from 60% to 62%), while the proportion remained unchanged for Cohort 1 (at 49%).

¹⁷ In the event that this is not immediately clear from the sequencing and coding of the LSIA questionnaire, the "main" job is designated as the one with the most weekly hours. Note that in fact only a small percentage of respondents held multiple jobs.

In both cohorts, the migrants most likely to make frequent use of their qualifications are those in the Independent and Business skills/ENS visa categories. At Wave 2, nearly three-quarters of these two groups in Cohort 2 were employed in jobs that used their qualifications most or all of the time. The extent of qualification usage for these two groups has mostly remained at the same level reported in Wave 1 interviews, although Business skills/ENS migrants in Cohort 1 did report an eight percentage point drop in qualification usage. The comparatively high rates of qualification usage among the two skilled visa groups is very likely to be implicated in their superior employment and income outcomes (as discussed in previous sections of this report). We know that a majority of Business skills/ENS and Independent migrants in Cohort 2 are in jobs, and have high earnings, at Wave 2. Complementing these findings, we now see that their ability to command a good job, with a high wage, rests at least partly on the skills and qualifications that Australian employers are engaging them to utilise.

The proportions of Cohort 2 migrants in the Concessional Family/Skilled Australian-linked and Preferential family/family stream categories who use their qualifications frequently have both risen noticeably since Wave 1. The proportion of Preferential family/family stream migrants in jobs that used their qualifications increased by seven percentage points in the 12 months between interviews, while for Concessional Family/Skilled Australian-linked migrants the increase was five percentage points. In comparison, the Concessional Family/Skilled Australian-linked and Preferential family/family stream migrants in Cohort 1 had little to no improvement in the utilisation of their qualifications between Wave 1 and Wave 2. By the second wave of interviews, 58 per cent of Concessional Family/Skilled Australian-linked migrants and 50 per cent of Preferential family/family stream migrants in Cohort 2 were in jobs that used their qualifications often or

very often. After the same period of time in Australia, their counterparts in Cohort 1 reported frequent qualification usage in 45 per cent and 34 per cent of cases, respectively.

There has been little change for either cohort in the number of males and females who use their qualifications at work. The exception is females in Cohort 1, whose reported rate of qualification usage was marginally lower (by 6 percentage points) in Wave 2 than in Wave 1. The proportion of Cohort 1 females who nominated “qualification not recognised” as their reason for not using their skills in their job rose over time, from one per cent (Wave 1) to four per cent (Wave 2). However, the vast majority at both waves said they were not using their qualifications because they were not relevant to their employment. The slight fall in qualification usage among Cohort 1 females was partly responsible for the 16 percentage point margin that separated the cohorts at Wave 2.

Young people in Cohort 2 are doing especially well compared to Cohort 1. Sixty-one per cent of migrants aged 15-24 years reported using their qualifications frequently at Wave 2; roughly half of this proportion (31%) of 15-24 year olds in Cohort 1 were doing the same. Cohort 2 migrants in other age groups have an advantage too, but the differences are not as large as those reported by the younger group. In saying this, however, we note that much of the volatility in the qualification usage data for young migrants is due to quite small absolute numbers. For Cohort 1 at Wave 2, there were 71 migrants with post-school qualifications aged 15-24 years, and 22 used these “very often” or “often” (hence 31%); for Cohort 2 at Wave 2, 38 out of the 62 qualified young migrants said the same (hence 61%).

Finally, there is very little improvement in qualification usage between Wave 1 and 2 for migrants with different levels of English proficiency. We might have expected that, after

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more time in Australia, qualification usage among migrants with highly developed local language skills would have increased relative to those with poorer language skills. But this does not appear to be the case, for either cohort. Those with “English only or best” are doing better than those with “English well and another language”, but the rate of qualification usage between these two groups has not widened over time. Neither has the gap between the cohorts increased.

Of the total number of migrants whose qualifications had not been subject to assessment

at the time of Wave 1 interviews, 15 per cent (for Cohort 1) and 10 per cent (for Cohort 2) subsequently did seek an assessment prior to Wave 2 interviews. Assessment was subsequently sought by about one-fifth of the Cohort 1 migrants in the Concessional Family/Skilled Australian-linked and Humanitarian visa categories who had not been assessed at Wave 1, while, in Cohort 2, 18 per cent of the previously “non-assessed” Humanitarian migrants sought assessment for their qualifications after Wave 1.

Table 5.1: Employed Migrants with Qualifications, who use their Qualifications “Often” or “Very Often” in their Main Job (per cent)

Qualification Usage	Cohort 1 Wave 1	Cohort 1 Wave 2	Cohort 2 Wave 1	Cohort 2 Wave 2
	%	%	%	%
<i>Visa Category</i>				
Concessional family/skilled Australian-linked	45	45	53	58
Independent	61	63	72	71
Preferential family/family stream	32	34	43	50
Business skills/Employer Nomination Scheme	78	70	73	73
<i>Gender</i>				
Male	50	52	62	63
Female	49	43	58	59
<i>Age</i>				
15-24 years	34	31	49	61
25-34 years	49	50	61	62
35-44 years	53	52	65	64
45-54 years	60	42	50	54
<i>English Proficiency</i>				
English only or best	56	56	67	68
English well and other language	43	44	57	57
Total	49	49	60	62

Notes: (1) We have not reported results for Humanitarian migrants, migrants aged over 55 years, or migrants with limited English ability, because only small numbers of these groups possess qualifications.

As a proportion of the number who did seek assessment after Wave 1, the assessment was completed by Wave 2 for 63 per cent of those in Cohort 1, and 78 per cent of those in Cohort 2. As we discuss below, this likely reflects an increase in the speed with which qualification assessments are being completed for Cohort 2 migrants.

Among Cohort 2 migrants, 157 persons sought assessment of their qualifications between Waves 1 and 2. This includes some whose assessment was underway, but incomplete, at Wave 1, and others whose assessment commenced and concluded in the twelve months between interviews. Preferential family/family stream migrants accounted for just over one third (34%) of the 157, Independent migrants represented another one third (33%), and Concessional Family/Skilled Australian-linked migrants represented a further 15 per cent. Small numbers of migrants from the Business skills/Employer Nomination Scheme and Humanitarian streams sought to have their qualifications assessed. Preferential family/family stream migrants also dominated the assessment process for Cohort 1, accounting for 46 per cent of completed assessments, though Humanitarian migrants represented a further 16 per cent in the first cohort. For both cohorts, the numbers of economic migrants who seek assessment of their qualifications drops sharply after Wave 1. That is, most of the migrants in these visa groups have the qualifications assessed in the first six months after arrival, or have already been assessed prior to arrival in Australia. In contrast, the numbers of non-economic migrants passing through the assessment process tend to be similar at Waves 1 and 2. This may account for the poorer assessment outcomes of migrants seeking assessment post-Wave 1, as we discuss below.

In the majority of cases, the Australian assessment process recognises migrants' qualifications at the same level as they were

originally awarded. In a very small number of cases, the recommendation of the assessing agency is that a migrant should undergo full re-training before working at the level they originally qualified for. It is worth noting, however, that, for Cohort 2 migrants, 17 per cent of assessments reported at Wave 2 stipulated that some further training would be required. Three-quarters of those who were assessed as needing further training or additional requirements indicated that they had either started, or were intending to start, the necessary upgrading of their skills.

For both cohorts, the assessment process appears to produce smaller proportions of "fully recognised" qualifications as time goes on. Thus if we look at the results for Cohort 2, 85 per cent of completed assessments at Wave 1 recognised the qualification at the same level as it was awarded, while only 65 per cent of the assessments completed after this time resulted in full recognition. It is possible that greater numbers of "difficult to assess" qualifications are presented some time after initial settlement, rather than immediately upon arrival, and thus appear in the Wave 2 data instead of in Wave 1. This in itself may be the result of more relatively unskilled migrants attempting to enter the labour market after Wave 1, and the changing visa composition of assessments highlighted in paragraphs above.

Most qualification assessments are completed quickly. Table 5.2 shows that about half of all assessments for Cohort 2 took one to four weeks, another third took five to 12 weeks, and the remainder took more than three months. It appears that more of the assessments for Cohort 2 migrants are being completed in shorter time frames than was the case for Cohort 1.

The National Office of Overseas Skill Recognition (NOOSR) conducts about a quarter of all assessments of migrant qualifications, and this is consistent across both cohorts. Other

The Changing Labour Force Experience of New Migrants

agencies involved include the Institute of Engineers (which conducted 9% of assessments for Cohort 2 migrants), the State Department of Education (7%), the (former) Department of Employment, Workplace Relations and Small

Business (7%), and the Australian Nursing Council (6%). About a quarter of assessments in each cohort were undertaken by agencies not listed on the LSIA questionnaire.

Table 5.2: Various characteristics of the assessment of migrants' qualifications

Characteristic	Cohort 1	Cohort 1	Cohort 2	Cohort 2
	Wave 1	Wave 2	Wave 1	Wave 2
	%	%	%	%
<i>Qualification Assessed...</i>				
At same level (fully recognised)	79	58	85	65
At a lower level	16	20	9	14*
As requiring some training	5	13	5	17
As requiring full training	1*	8	1*	4*
<i>Time Taken to Make Assessment</i>				
1-4 weeks	43	44	53	49
5-12 weeks	33	17	34	26
13-52 weeks	16	16	9	18
More than 52 weeks	2	23	2	3
Don't Know	6	-	3	4
<i>Agency Involved</i>				
NOOSR	30	23	26	25
Australian Nursing Council	6	5	6	6*
State Department of Education	5	13	7	7*
Institute of Engineers, Australia	10	5	9	4*
DEWRSB	7	5	7	2*
Other	19	27	23	37
Don't Know	8	13	6	6*
<i>Reasons for Non-Assessment</i>				
Intend to, but haven't yet	12	12	10	7
Want to learn English first	9	8	11	5
Qualification gained in Australia	3	-	5	10
<i>Assessment was not needed...</i>				
To get a job	14	20	16	20
Employer accepted qualification	12	17	18	17
Planning to change career	4	4	6	5
Not intending to work	9	14	7	7
Other	37	25	27	29

Notes: (1) Percentages denoted by * are based on fewer than 25 responses, and should be treated with caution.

A final issue is migrants' self-reported reasons for not having their qualifications assessed. For various reasons, substantial proportions of qualified migrants (36% of Cohort 1, and 40% of Cohort 2, at Wave 1) elect not to have their qualifications assessed. Some take the opportunity of "life in a new land" to change career and pursue new skills in Australia, and thus see no use for their prior training. Others have no intention of entering the labour force, and perceive no need for assessment of their skills. Still others have completed their qualifications in Australia, and do not require further assessment. Table 5.2 shows that the most common reasons for non-assessment are that it was not necessary: in order to get a job (between 14% and 20% said this), because their qualification was readily accepted by their employer (12-18%), or because they were not intending to work (9-14%). Other frequently reported reasons were wanting to learn English first (5-11%), and simply "intended to but haven't yet" (up to 12%). Among Cohort 2 migrants, five per cent said they had not sought assessment because their qualification was gained in Australia, while 10 per cent gave this reason at Wave 2.

5.3 The "Value" of Qualifications

A final, and perhaps the most important, issue relating to the qualifications of migrants is what value they extract from possessing them. By extension, this also tells us a great deal about what value migrants' skills have to the Australian economy. It is well-established in the research literature that, in aggregate, higher levels of education lead to better performance in the labour market. Individuals with marketable skills, acquired through investments in education and training, are generally better able to find employment, and tend to earn more on average once they do. Unemployment is also disproportionately concentrated among persons with low or minimal levels of education, especially those with limited English.

In this section we explore how migrants with different types and levels of qualifications have fared in the labour market, and in terms of their income. For the former, we examine the proportions of migrants who are employed, unemployed, or not in the labour force. For the latter, we are concerned with one particular type of income – average wage and salary earnings from paid employment. We base our analysis in this section on the data for Primary Applicants only, excluding those who are not working (and hence have zero wage and salary income), and ignoring supplementary incomes from sources other than paid employment.

Before proceeding, recall that the income variable in the LSIA data is coded according to different dollar value bands. In order to determine an average amount, we assumed that earnings were distributed smoothly through each of these dollar bands, and then took the midpoint of each range. The coding of income into bands means that it is not possible to adjust precisely for inflation, but we can approximate price increases using appropriate multipliers. In analysing the effect of qualifications on labour market outcomes and earnings, it was also necessary to determine migrants' highest level of training. This was a simple matter for those in Cohort 2, as the LSIA questionnaire asks outright, for both Wave 1 and Wave 2. For Cohort 1 migrants, however, the determination is more complex, as the "highest qualification" question was not asked directly at Wave 2. Migrants were, however, asked whether they had completed further study since Wave 1, and of what kind. By matching the ID numbers of migrants from both waves, we were able to account for migrants who had upgraded their qualifications by completing further training between interview waves.

Moving on now to look at Table 5.3, we begin by exploring employment outcomes for the different migrant (and qualification) groups. There are three main observations we can make.

Table 5.3: Labour Force Status and Earnings by Highest Qualification and Cohort/Wave

	Cohort Wave	Higher degree or post-graduate diploma	Bachelor degree or equivalent	Technical/professional qualification – diploma/certificate	Trade	Year 12	Less than Year 12
Employed (%)		%	%	%	%	%	%
	C1W2	68	61	59	73	43	28
	C2W1	72	59	56	66	32	27
	C2W2	77	73	68	80	48	32
Average Weekly Earnings for	C1W2	761	645	592	551	437	448
Employed persons (\$ per week) ¹⁸	C2W1	862	737	658	679	498	364
	C2W2	956	804	641	703	530	423
Unemployed (%)	C1W2	11	13	11	11	12	19
	C2W1	10	13	12	9*	11	9
	C2W2	8	5	3*	3*	12	13
Not in the Labour Force (%)	C1W2	21	26	30	16	45	53
	C2W1	18	28	32	25	57	64
	C2W2	15	22	29	17	40	55

¹⁸ The measure of average weekly earnings has been adjusted to reflect inflation, but because of the nature of the data, this adjustment is approximate.

First, migrants with a higher degree or post-graduate diploma, or with trade qualifications, are the most likely to be employed, in all the cohort waves. At no time do fewer than two-thirds of the migrants in these groups have jobs. Indeed, for trade qualified migrants in Cohort 2, Wave 2, the rate of employment is 80 per cent. Of course this does not necessarily imply that the migrants in these groups have “better” employment outcomes (e.g., more secure or continuous employment), but rather that at a particular point in time there are more of these two groups in jobs. It may simply be a sign that post-graduate or trade-qualified migrants can move into paid employment more quickly than migrants with other levels of qualification.

Secondly, the proportion of Cohort 2 migrants employed, for every qualification level, has increased between Wave 1 and Wave 2. The standout group were those with Year 12 education only – the proportion of these migrants in jobs grew from less than one third (32%) in Wave 1, to just under one half (48%) in Wave 2. This has occurred mostly because a greater percentage of the Year 12 educated migrants were participating in the labour force. The proportion employed has also increased noticeably for trade-qualified migrants (from 66% to 80%), for migrants with a diploma or a certificate (from 56% to 68%), and for migrants with a bachelor degree (from 59% to 73% employed). For the latter two groups in particular, the increase in employment has come from migrants moving out of unemployment and into work.

Thirdly, for every level of qualification, more Cohort 2 migrants are in jobs than was the case for Cohort 1 at the same time after arrival in Australia. Although the margins are greater for the more skilled groups, we can also see a small increase in the proportion employed between cohorts for the relatively unskilled groups. The greatest margin is evident for migrants with a bachelor degree – at Wave 2, 73 per cent of this

group in Cohort 2 had jobs, compared to 61 per cent in Cohort 1.

Turning now to the average earnings data in Table 5.3, we can first observe a general linear relationship, for all three cohort waves, between higher educational attainment and higher average weekly earnings (AWE). Migrants who have higher qualifications are rewarded with greater earnings once they find employment in Australia. Looking at Cohort 1, we see that employed migrants with a higher degree or post-graduate diploma had AWE of \$761, those with a bachelor degree or equivalent had AWE of \$645, and those with technical/professional diploma or certificates had AWE of \$592. The AWE continue to decrease as we move across the qualification categories, until the final group, those with less than Year 12 education, whose AWE were actually slightly higher than those who had finished Year 12. In practice, however, there is little difference between these two groups, and both earn about \$100 per week less than the next highest qualified group (those with trade skills).

The diminishing AWE pattern generally holds for Cohort 2 migrants, too, with tertiary educated migrants earning more than those with technical qualifications (such as a Certificate), and more again than those who did not study beyond high school level. The exception to the rule, for both waves of Cohort 2, is the migrants with tradesperson skills. It is probable that this is a wage premium attracted by the relative shortage of their specialised skills.

Another way of interpreting the AWE data in Table 5.3 is to examine the variations in earnings for the same qualification group in different cohort waves. There are two broad observations that we can make. First, AWE for employed migrants in Cohort 2 have appreciated over time. Remembering that we have made the best possible adjustments for inflation, it is evident that as more time passes since their

arrival in Australia, the AWE of Cohort 2 migrants have increased. At a basic level, this outcome is the product of migrants' growing experience in their new land. They gain familiarity with the local labour market, with their particular jobs, and with the social networks that define their working lives. These effects are reflected in higher earnings, especially for those with a higher degree or post-graduate diploma, who had the greatest increase in AWE between waves (from \$862 to \$956).

Our second broad observation is that Cohort 2 migrants have higher AWE than their Cohort 1 counterparts, for every group except those with less than Year 12 education. Again, the biggest margins are evident for those with higher qualifications. At Wave 2, Cohort 2 migrants with a higher degree or post-graduate diploma were earning almost \$200 per week more than their Cohort 1 counterparts, while those with a bachelor degree or equivalent were earning about \$160 more in the second cohort.

The proportions unemployed in all the post-school qualified groups have fallen between Wave 1 and Wave 2 for Cohort 2. Thus, at Wave 1, 10 per cent of migrants with higher degrees were unemployed, as were 13 per cent of those with bachelor degrees. By Wave 2, however, the proportions were eight and five per cent, respectively. The reverse is true for Cohort 2 migrants who have not studied beyond high school: the proportion unemployed has increased, although not by much, between Wave 1 and Wave 2. This increase in unemployment over time for relatively unskilled migrants occurred at the same time as their rate of employment was rising (a dual effect produced by an increase in labour force participation). Not all of the migrants with less than Year 12 education who began looking for work after Wave 1 were able to find a job, but those who did were better paid on average at Wave 2 than they could have expected to be at Wave 1.

Comparing the two cohorts at Wave 2, we see smaller proportions unemployed among Cohort 2, at all qualification levels (except for those with maximum Year 12 education, for which the same proportion are unemployed in both). The differences are greatest for those with a bachelor degree (5% unemployed in Cohort 2, compared to 13% in Cohort 1), and for those with less than Year 12 level school (13% unemployed in Cohort 2, compared to 19% in Cohort 1), but the reasons for these margins are not the same, as we discuss below.

For all qualification levels, the proportion of migrants staying out of the labour force has fallen between Wave 1 and Wave 2. Most encouraging are the declining proportions of relatively unskilled migrants who are not in the labour force (NILF), especially in light of the very high rates of non-participation among the two least skilled groups at Wave 1. Over the 12 months between interviews, the proportion of Cohort 2 migrants with less than Year 12 education who are NILF fell 9 percentage points (64% to 55%), and the proportion of Year 12 educated migrants NILF fell 17 percentage points (57% to 40%). We can presume that these improvements are partly the product of a better economy, greater confidence among migrants about their chances of finding paid work and greater motivation to do so. Indeed, the less skilled migrants are a particularly good barometer of improved economic conditions because they tend to have the most tenuous connections to the labour market; they are often the first to be laid off in times of recession, and they are most prone to being "churned" through short-term, low-paid jobs (which discourages their continued participation). The movement of less qualified workers into the labour market is thus one signal of economic buoyancy and improved prospects.

The even better news is that most of those entering the labour market appear to be finding work. It is difficult to draw definite conclusions

about this, because of the imprecise boundaries between the different kinds of labour market activity of migrants, as we discussed earlier. We can, however, make a broad observation: that most of the increase in labour force participation among Cohort 2 migrants (i.e., the reducing proportion who are NILF) has been absorbed into employment. Take those with Year 12 education as a case in point. The proportion of this group NILF fell by 17 percentage points (57% to 40%), between Wave 1 and Wave 2. Over the same period, the proportion who were unemployed increased by just one percentage point (11% to 12%). This means the remainder – a 16 percentage point increase – was absorbed into employment. Of all the qualification groups represented in Table 5.3, only those with less than Year 12 education (in Cohort 2) had an equivocal performance when they entered the labour market – the nine percentage point increase in labour force participation for this group was distributed as a five percentage point increase in employment, and a four percentage point increase in unemployment.

5.4 Conclusion

This section of the report has drawn together a range of topics surrounding migrants' qualifications, in particular how they are assessed by Australian agencies, how frequently they are then used by migrants in their employment, and what value is derived from having them in terms of labour market performance and average earnings. Our main findings are:

- 1) Qualified migrants from Cohort 2 are more likely to make increased use of their qualifications in their jobs than was the case

for Cohort 1, and this increased use of qualifications is particularly true for females, younger workers, and those from the Concessional Family/Skilled Australian-linked and Preferential family/family stream visa categories.

- 2) A range of Australian agencies is involved in assessing migrants' qualifications. The assessments are usually done quickly, and most result in qualifications being recognised at the same level as they were originally awarded. Migrants who choose not to have their qualifications assessed usually make this decision because an assessment was not needed to find a job, because they wanted to learn English better first, or because they have simply not got around to seeking assessment yet.
- 3) There is considerable evidence of the value of qualifications for migrants. Those with higher qualifications are both more likely to be employed, and paid more on average for their work. However, the relationship is not strictly linear, and those with specialised trade qualifications who can fill a local shortage also have impressive outcomes. The increasing employment rate of lower-skilled migrants appears to be partly a result of favourable economic conditions, which have had the dual effect of reducing unemployment and encouraging labour market participation from migrants who might not otherwise have tried to find work. There were also consistently superior outcomes of qualified migrants in Cohort 2, Wave 2, relative to both Wave 1, and to Cohort 1.

6. English Proficiency

Proficiency in the English language is a key determinant of successful immigration, affecting migrants' ability to engage with the local community, access services and find employment. We know from Wave 1 that, overall, Cohort 2 had higher levels of English proficiency than Cohort 1, and this was partly due to changes in migration policy that give greater weight to English language competence. In this chapter we compare the English language proficiency of Cohort 2 Wave 2 with Cohort 1 Wave 2, and track changes in English proficiency for Cohort 2 over time (between waves). It is especially important in reading this analysis to remember that the measures of English proficiency are self-reported by migrants, rather than being objective measures of the kind used by many English language providers. Some degree of caution is therefore needed when proceeding through these results. It is quite likely that different respondents, or groups of respondents, have dissimilar views on what constitutes speaking English well versus not well, just as it is possible that over time an individual's views on the meaning of proficiency may change.

6.1 General Comparisons between the Cohort/Waves

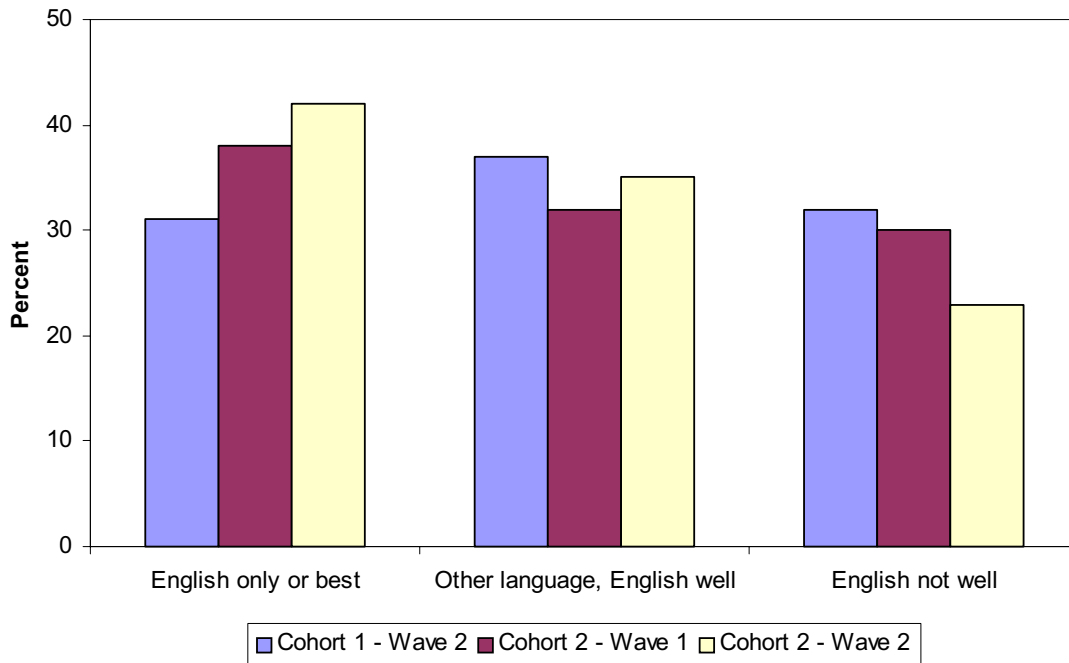
Overall, the improvement in English speaking skills observed between Cohorts 1 and 2 at Wave 1 has been sustained, with further

improvements reported between Waves 1 and 2 in Cohort 2 (see Figure 6.1). After 18 months in Australia (i.e., Wave 2), 69 per cent of Cohort 1 migrants said they did not have English as their best or only language. The comparable figure for Cohort 2 migrants was 58 per cent, which represents both an improvement between cohorts at the same time interval, and an intra-cohort improvement over time (at Wave 1, 62% of Cohort 2 did not have English as their best or only language).

English proficiency improved over time for both males and females, for all age groups, and for all visa categories, in Cohort 2. For the first time, more than half of the LSIA respondents reported speaking English as their main language at home. However, there has been a tendency for more respondents to say that they speak English as their main language at home than to say that English is their only or best language.

At Wave 1, Cohort 2 respondents who spoke other languages better than English were equally divided between those who spoke English well or very well (32%) and those who did not speak English well or at all (30%). By Wave 2, 35 per cent of migrants indicated that they spoke English well or very well, while the percentage of those who did not speak English well or at all had fallen to less than a quarter (23%). The latter result is nine percentage points better than for Cohort 1 at Wave 2.

Figure 6.1 Proportion of Migrants in each Cohort/Wave with Different Levels of English Proficiency



6.1.1 English Speaking Skills and Visa Categories

Table 6.1 distinguishes English proficiency of migrants by visa category. It is encouraging to see that the English proficiency of Cohort 2 Humanitarian migrants, which was noted as poor at Wave 1, had improved at Wave 2. While only 18 per cent of these migrants reported an ability to speak English well after six months in Australia, 36 per cent said they could do so after 18 months here. This improvement means that, by Wave 2, Humanitarian migrants in Cohort 2 had a level of English proficiency almost identical to that of Cohort 1 at the same time (37% could speak English well). It remains that this is the group most disadvantaged in terms of English proficiency, with 63 per cent not

speaking English well or at all in Cohort 2 Wave 2. Thus, it is not surprising that so few speak mainly English in the home: less than five per cent of these migrants in both cohorts reported doing so at Wave 2.

The Preferential family/family stream migrants in Cohort 2 also reported an improvement in English proficiency over time. The proportion who reported speaking English not well or not at all fell, by nine percentage points, between Waves 1 and 2. There are very few differences between the cohorts in the apparent changes in English proficiency for Preferential family/family stream migrants. By Wave 2, 34 per cent of these migrants in both cohorts said they spoke English not well or not at all.

Table 6.1: English Proficiency of Migrants by Visa Category and Cohort/Wave (per cent)

Languages spoken	Cohort/ Wave	Concessional Family/Skilled Australian- linked				Independent	Preferential family/family stream	Business skills/Employer Nomination Scheme	Humanitarian	Total
		%	%	%	%					
English only or best	C1W1	41	45	31	48	<0.5	31		31	
	C1W2	40	46	32	53	.6	31		31	
	C2W1	55	55	28	40	*	38		38	
	C2W2	62	61	32	42	2	42		42	
English well/very well and other language	C1W1	35	44	29	28	19	31		31	
	C1W2	41	46	34	28	37	37		37	
	C2W1	35	37	29	33	18	32		32	
	C2W2	34	36	35	34	36	35		35	
English not well/not at all and other language	C1W1	25	11	40	24	80	39		39	
	C1W2	19	8	34	19	63	32		32	
	C2W1	10	8	43	27	81	30		30	
	C2W2	5	3	34	23	63	23		23	

Notes: (1) * = number of observations very small (n<5)

Two of the skilled visa streams – the Independent and Concessional Family/Skilled Australian-linked migrants – continue to lead others in English proficiency. For these two groups, 61 per cent and 62 per cent of migrants respectively nominated English as their only or best language. Five per cent of the Concessional Family/Skilled Australian-linked migrants in Cohort 2 reported speaking English not well or not at all at Wave 2—half the proportion at Wave 1, and less than a third of the proportion among Cohort 1 at Wave 2. For the Independent visa migrants in Cohort 2, just three per cent spoke English not well or not at all at Wave 2, compared to eight percent at Wave 1.

For migrants in the Business skills/Employer Nomination Scheme, there were slight improvements in the levels of English proficiency over time. Among these migrants in Cohort 2, the proportion who spoke English not well or not at all fell by four percentage points (to 23%) by Wave 2. However, this is still a much higher proportion with poor English proficiency than was reported by either of the other two skilled visa groups at the same time (5% for Concessional Family/Skilled Australian-linked, and 3% for Independent migrants), perhaps because spouses of Business skills/Employer Nomination Scheme are more likely to have poor English skills.

6.1.2 Other Indicators of English Proficiency

Reading and writing are other indicators of English proficiency, and Figures 6.2 and 6.3 identify the overall extent of improvement in these skills. Note that migrants who speak English as their best or only language are excluded from this analysis¹⁹. There is

¹⁹ We exclude migrants who speak English only or best from the analysis of both waves. While it is theoretically possible that a person whose native language is not English could become sufficiently fluent in English with an additional 12 months in Australia to report that they speak English better than their native tongue, we judge

remarkably little change over time in the proportions of migrants who report different levels of proficiency in written English. For Cohort 2, around sixty per cent said they write English well or very well. This leaves 40 per cent who write English poorly, or not at all, and while the proportion in this category in Cohort 2 is very marginally lower than was the case for Cohort 1, there is nothing to suggest an improvement over time.

In particular (though we have not depicted this in any table or figure), a disaggregation by visa group showed only a very small reduction over time in the proportion of Cohort 2 Humanitarian migrants that write English not well or not at all. This suggests that the Humanitarian migrants are least likely to acquire better proficiency in written English after spending longer in Australia. We would attribute at least part of the explanation for this to the comparatively low rates of labour force participation among Humanitarian migrants (see Table 2.1), which allows them fewer chances to develop their skills through experience in employment. For the other non-economic group, the Preferential family/family stream migrants, the proportion who write English not well or not at all was unchanged over time within Cohort 2, although they were better placed to begin with than their counterparts in Cohort 1. Simply stated, the improvement in migrants' written English has occurred initially between Cohort 1 and Cohort 2, but then there have been no further gains as the second cohort has extended its time in Australia.

this to be highly unlikely in practice. The data show a small rise in the percentage in each cohort who say they speak English only or best, as you move from Wave 1 to Wave 2. However, the absolute numbers fall, as sample is lost by attrition. We expect there to be a bias in the attrition toward the retention of those who are fluent in English and that this bias explains the small percentage increase in those who speak English best.

Figure 6.2 Proportions with stated proficiency in Written English, excluding those for whom English is best or only language

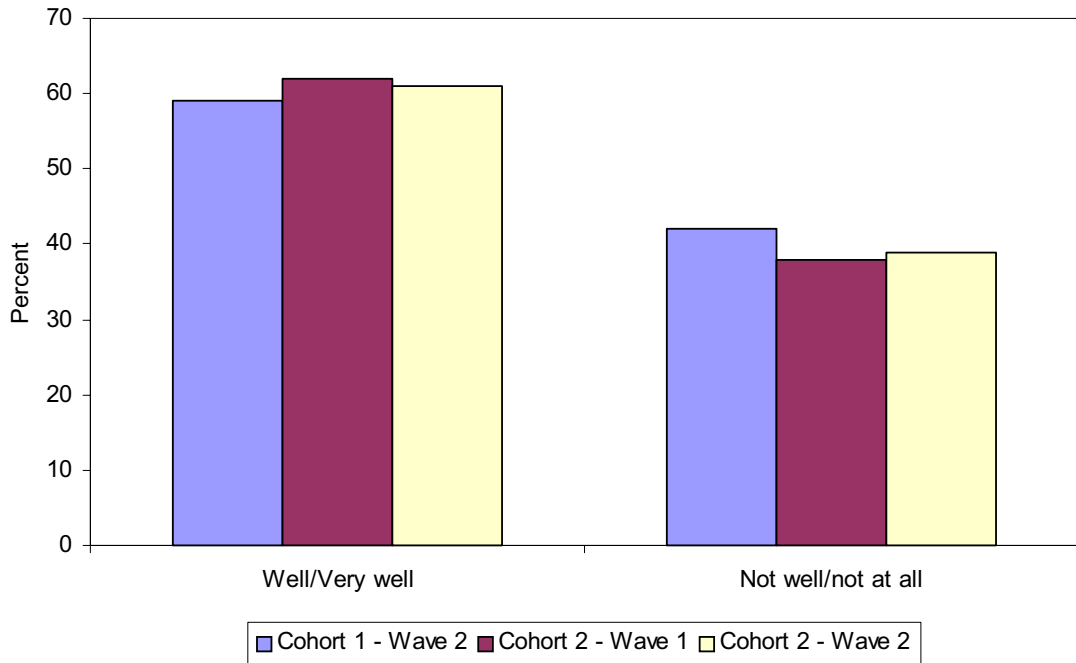
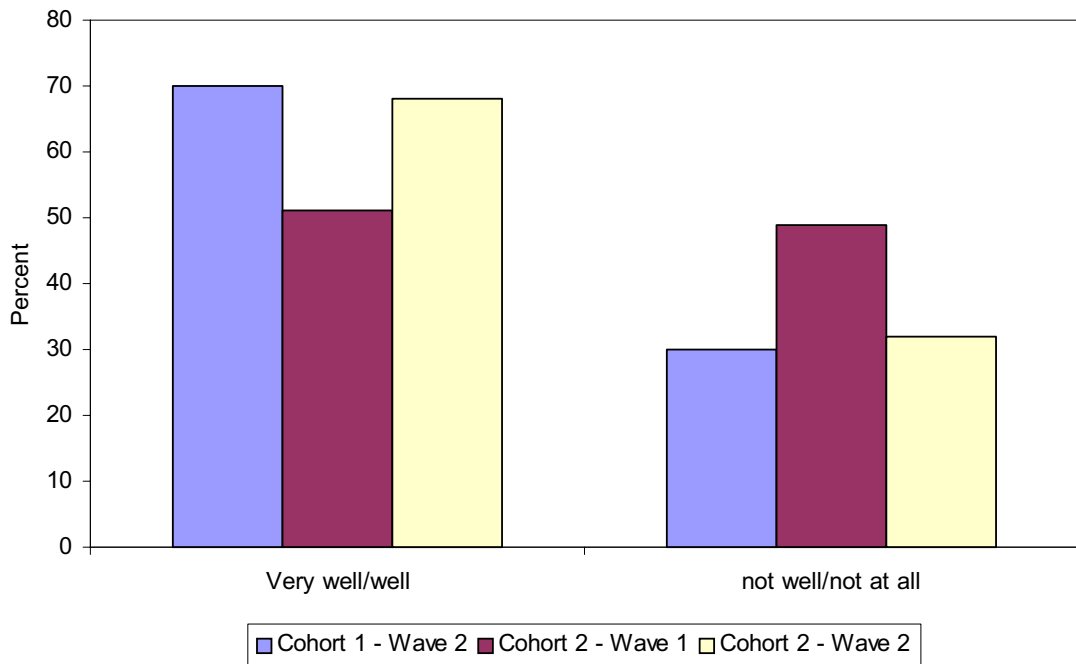


Figure 6.3 Proportions with stated proficiency in Reading English, excluding those for whom English is best or only language



With regard to the capacity to read English, Figure 6.3 shows a clear pattern. By their second wave of LSIA interviews, 70 per cent of Cohort 1 migrants (again excluding those who have English as their best or only language) said they could read English well or very well. An almost identical proportion of Cohort 2 were in the same position at Wave 2. Of special note is the dramatic upswing in reading proficiency for Cohort 2 migrants between Waves 1 and 2. Where only half (51%) could read English well or very well after six months in Australia, 68 per cent could do so after 18 months.

6.1.3 English Proficiency and Gender

The aggregate differences in improvement in English proficiency between Visa categories noted above disguise the fact that outcomes vary between genders and age groups. English proficiency of both males and females improved between Cohort 1 and Cohort 2 (at Wave 2), and within Cohort 2 over time. Males tend to fare better at each stage, though this might be expected given their superior representation in the labour market, and the fact that females are more likely to speak English not well or not at all (28%, compared to 18% for males).

Notwithstanding these differences, by Wave 2 some 35 per cent of both males and females in Cohort 2 reported speaking another language plus English well or very well. A majority of both male and female Humanitarian migrants had little or no capacity in spoken English (59% and 66% respectively). In contrast, a majority of both sexes in the Concessional Family/Skilled Australian-linked and Independent visa categories had English as their best or only language (60% and 64% respectively for the former visa group; 63% and 58% respectively for the latter). Male business migrants were more likely to be fluent in English than their female counterparts (46% compared to 38%), and males in the family migrant stream were also more

likely to be fluent English speakers than females in this group (39% compared to 27%).

For females in Cohort 2, there was a small drop over time (5 percentage points) in the proportion who write English not well or not at all. Despite this, 60 per cent of Cohort 2 females nominated “not well or not at all” as their level of proficiency in written English at Wave 2, slightly higher than Cohort 1 at that time (56%). For Cohort 2 males, on the other hand, 40 per cent wrote English not well or not at all by Wave 2, slightly below the proportion reported by Cohort 1 men at the same time after arrival (44%).

In terms of reading English, there were some minor improvements over time. The proportion of Cohort 2 females who nominated themselves as poor readers of English fell by less than five percentage points between Waves 1 and 2, which left them with a marginally greater proportion of poor English readers (61%) than was reported by Cohort 1 at Wave 2 (59%). The margins for men were also very small, but in the opposite direction: the proportion of Cohort 2 men who were poor English readers at Wave 2 was two percentage points *lower* than had been the case for men in Cohort 1.

6.1.4 English Proficiency and Age

English proficiency peaks among the younger migrants, in particular within the 25-34 and 35-44 year age ranges. For the migrants in these two age brackets, an overwhelming majority either have English as their best or only language, or speak it well.

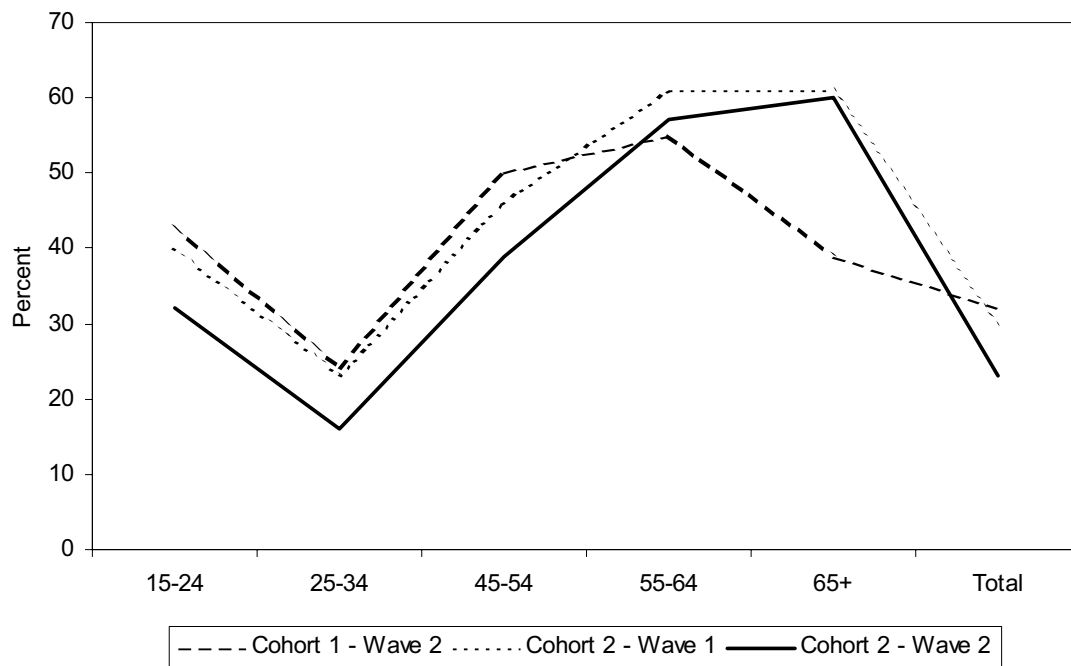
Migrants aged 15-24 years report the most marked improvement in proficiency both between and within the cohorts, as shown in Figure 6.4. At Wave 2 of Cohort 2, one third (32%) of the youngest migrants in Cohort 2 spoke English not well or not at all. This was eight percentage points lower than the

proportion in this position at Wave 1 (40%), and 11 percentage points below the rate reported by 15-24 year olds in Cohort 1 at Wave 2 (43%). However, by Wave 2, the proportion of young migrants who were poor English speakers was higher than that for those aged 25-34 and 35-44. Migrants aged 25-34 years had a seven percentage point improvement (23% to 16%) in the proportion with poor spoken English between Waves 1 and 2, while the 35-44 year old group had an eight percentage point improvement between cohorts (28% to 20%).

The situation of older migrants, as depicted in Figure 6.4, is less positive. For both older groups

(55-64 year olds and 65+ year olds), the proportions with low levels of spoken English are *higher* in Cohort 2 than was true for Cohort 1 (considerably so for the oldest group). However, it is necessary to bear in mind when interpreting these results that the absolute numbers of respondents, particularly in the oldest group, are very small. It is also the case that migrants on non-economic visas (i.e., Preferential family/family stream, and Humanitarian), which contain much higher proportions of poor English speakers than the skilled visa categories (see earlier in this chapter), predominate in the older age brackets.

Figure 6.4 Those who could not speak English well or at all, by 10-year age categories (per cent)



6.2 Improvements in English Proficiency

The LSIA questionnaire asks respondents first whether they have *tried* to improve their English since their last interview, and then whether their English has improved. Even where migrants have not deliberately undertaken to improve their English, it is highly probable that their presence in Australia, unless their situation finds them entirely removed from native speakers, will prompt some improvements in their English skills. In a process akin to osmosis, migrants assimilate the language simply by being exposed to the various English media surrounding them in their new country, especially television and radio.

Irrespective of whether or not migrants undertook a formal English language course (which we discuss further below), a majority of Cohort 2 reported at Wave 2 that their English language skills had improved since Wave 1. This was consistent across all the visa category, age group and gender distinctions. An interesting way of analysing the available data in this section of the report is to isolate those migrants who have purposely tried to improve English, and to then determine from these what percentage felt they were successful. Some of the Cohort 2 migrants who tried to improve their English between Waves 1 and 2 admitted that they were struggling to do so. There were 520 migrants who tried to improve their English. Three quarters were aged between 25 and 44 years. Of the 25-34 year old migrants who tried to improve their English, 72 per cent felt they had done so, while 77 per cent of the 35-44 year old group said likewise. Similarly, of the 31 migrants aged 15-24 years who tried to improve their English, 81 per cent succeeded. The success rates then drop off steadily for progressively older migrant groups (the absolute numbers involved also fall). Among 45-54 year old migrants who tried to improve their English, 51 per cent were successful; among 55-64 year

olds, 33 per cent were successful; and among migrants aged 65 years and over, 26 per cent were successful in improving their English.

Male and females who tried to improve their English had about the same success rates – between 68 and 69 per cent said their English improved between Waves 1 and 2. However, when we look at visa group differences, the age effects highlighted above are echoed. Humanitarian migrants, who are typically older and with lower levels of English proficiency, are least likely to feel that their English has improved as a result of their own efforts. Of the 37 Humanitarian migrants who tried to improve their English between waves, just 41 per cent felt they had succeeded. This is exactly half the success rate reported by Concessional Family/Skilled Australian-linked migrants who tried to improve their English over the same period of time.

Looking now at the participation in, and perceptions of, English language courses, just over one fifth (22%) of migrants in Cohort 2 said they had been attending an English language course at the time of their last interview when asked at Wave 2. Of these, 95 per cent believed their English proficiency had improved as a result. A further 14 per cent of Cohort 2 migrants started an English course in the time between LSIA interviews, and almost all of them (98%) said this participation helped to improve their English.

Compared with other visa categories, Preferential family/family stream and Humanitarian migrants were most heavily represented among those attending English courses. They were the most likely to have been enrolled at Wave 1 (accounting for 48% and 29% of attendees respectively), and were also the most likely to start a new course in the time

between Waves 1 and 2 (57% and 20% of all the migrants who did so respectively). Over 90 percent of course participants within these two visa groups believed that their English skills had improved as a result of their participation. In light of these positive impacts, and the finding in section 6.1 that improvement in English proficiency appears to have plateaued for these two visa groups, there appears to be scope for continuing to target these groups to further capture their potential for improvement in English speaking ability.

Turning to age group differences, migrants less than 44 years were most strongly represented in English language courses (77%), and a very high percentage (averaging 96%) reported improvements in their English skills. With regard to gender, the number of female participants in English courses at Wave 1 was double that of men (for Cohort 2), and twice as many females had started an English language course in the time between LSIA interviews.

6.3 The Effects of English Proficiency on Labour Force Status

We have already partly examined the labour force experiences of migrants with different levels of English proficiency, in Section 2. Figure 2.4 explored rates of employment, Table 2.6 focused on attitudes to work, Table 2.7 dealt with unemployment, and Table 2.8 presented data on the various types of assistance in finding a job received by migrants with dissimilar English skills. We showed: that migrants who are better English speakers have higher levels of employment, for each cohort and both waves; that highly proficient English speakers are more likely to enjoy their work; that fluent English speakers had approximately the same chance of unemployment as poor English speakers in Cohort 2 (largely due to low labour force participation among the latter group); and that migrants with limited English ability generally seek assistance from relatives and friends, and

from Centrelink, when looking for a job. In this section we analyse the labour market impacts of migrant English proficiency in more detail.

6.3.1 Labour Force Status by English Proficiency and Visa Category

Dealing first with the labour force experiences of the three “economic” visa categories, we reiterate (see Table 2.1) that 79 per cent of Concessional Family/Skilled Australian-linked migrants in Cohort 2 were employed by Wave 2. Migrants with English as their best or only language accounted for 66 per cent of the number employed from this visa group at that time. Eighty-four per cent of Concessional Family/Skilled Australian-linked migrants who had English as their best or only language were employed at Wave 2 (Cohort 2), compared to 76 per cent of the migrants in this visa group who spoke another language and English well or very well. Fluent English speaking migrants in the Concessional Family/Skilled Australian-linked group in Cohort 2 were also more likely to be employed at Wave 2 than their counterparts in Cohort 1 (84% compared to 76%). Migrants in this visa group with poor English skills were most likely to be not in the labour force for Cohort 2 (60%), whereas in Cohort 1 they had been just as likely to be employed (39%) as to withdraw from the labour force (also 39%). However, the number of poor English speakers in the Concessional Family/Skilled Australian-linked group was considerably smaller in Cohort 2 (20 persons) than had been the case for Cohort 1 (114 persons).

By Wave 2, three quarters (74%) of Independent migrants in Cohort 2 had found a job. The vast majority of migrants in this visa group reported speaking English with a high level of proficiency, that is, it was either their best or only language, or they spoke another language and English well or very well. Only 37 Independent migrants had a low level of English proficiency (about 4% of the total number in this

group), and well over half of these were not in the labour force. The rate of employment among Independent migrants in Cohort 2 with English as their best or only language was higher, at Wave 2 (80%), than for the migrants in this visa group who spoke English well or very well in addition to some other language (70%). Independent migrants who were proficient in English in Cohort 2 were less likely to be unemployed at Wave 2 (5%) than their counterparts in Cohort 1 at the same time (9%).

Seventy-one per cent of Business skills/ENS migrants were employed at Wave 2 (Cohort 2). There were *no* migrants in this visa group who reported their labour force status as unemployed, regardless of their level of stated English proficiency. Business migrants with English as their best or only language were very likely to be employed at Wave 2 (80% for both cohorts). However, the migrants in this visa group with poor English skills were just as likely to be employed as to be not in the labour force, and this was true for both cohorts.

The effect of English language skills on the labour force status of migrants who arrive on “non-economic” visas is, as we might well expect, quite different to that of the more skilled respondents. Just over half (53%) of Preferential family/family stream migrants in Cohort 2 were working at Wave 2. For the most part, the migrants in this group can be divided into two subsets: those with good English who have found a job, and those with poor English who are not looking to join the labour force. Of the 468 Preferential family/family stream migrants who had English as their best or only language (32% of all the migrants in this visa stream at Cohort 2 Wave 2), three quarters were employed. The rate of employment for this subset of family migrants exceeds the total employment rate for their visa group by 22 percentage points. In contrast, the 500 family migrants with poor spoken English (another 34% of the total number in this visa group) clustered

outside the labour force – 59 per cent were not working or looking for work.

Among Humanitarian migrants, there are so few fluent English speakers that we can ignore them in this analysis. We have already seen (Table 2.1) that the migrants in this visa group have low rates of employment – 16 per cent at Cohort 2 Wave 2 (though increasing over time) – and most choose not to look for work. However, there are subtleties to this data that were not drawn out earlier in our findings. Of the 206 Humanitarian migrants who spoke English poorly (63% of the total number in this visa group at Cohort 2 Wave 2), 80 per cent were outside the labour force. This is a considerably higher rate of labour force non-participation than was reported by poor English speaking Humanitarian migrants in Cohort 1 (53% at Wave 2). After 18 months in Australia, just 10 per cent of the Humanitarian migrants with poor spoken English in Cohort 2 were working, compared to 22 per cent of their counterparts in Cohort 1. The interdependence of English proficiency and employability highlights the importance of providing ongoing training to migrants who would like to work but have comparatively poor skills in Australia’s main spoken language.

6.3.2 Labour Force Status by English Proficiency and Gender

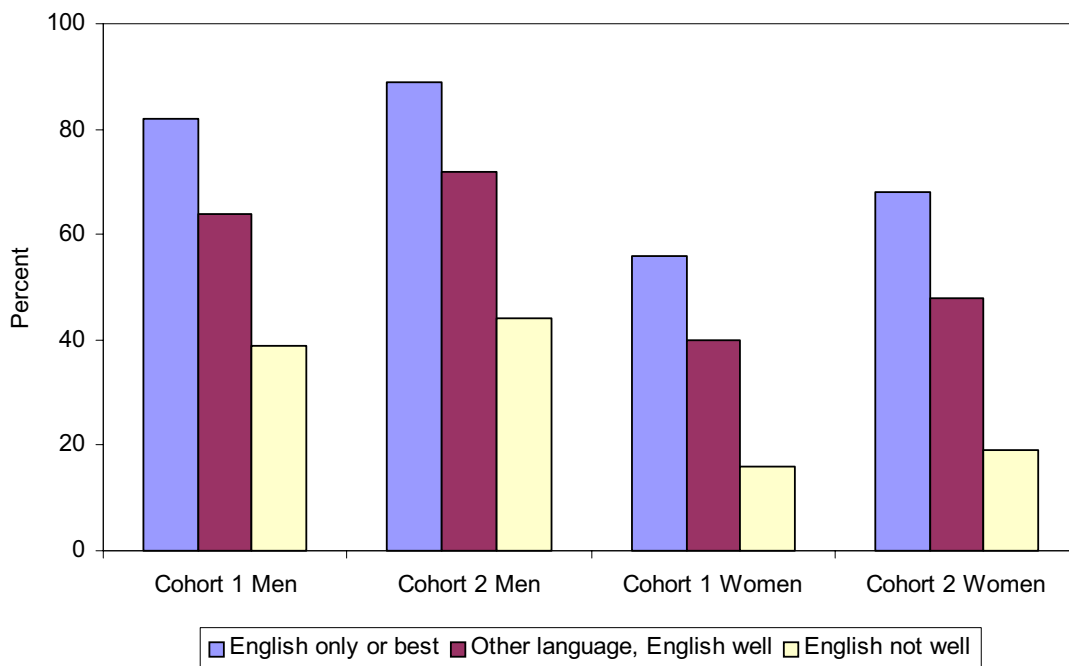
Among men in Cohort 2, 89 per cent of those who have English as their best or only language were employed at Wave 2. The employment rate is lower for men who speak another language and English well or very well (72%), and lower again among men with poor spoken English (44%). Comparing these results with Cohort 1 after the same period of settlement in Australia, we see that 82 per cent of the fluent English speaking men were employed; 64 per cent of the men who spoke another language and English well or very well were employed; and 39 per cent of the men with poor spoken English were

employed. This pattern is entirely consistent with earlier findings, both with regard to the superior employment outcomes of Cohort 2, and the positive relationship between English proficiency and employment.

Undertaking the same analysis for female migrants, and again drawing comparisons between the two LSIA cohorts, we see that 68 per cent of women in Cohort 2 who had English as their best or only language were working at Wave 2 (compared to 56% for Cohort 1). It is important to note that among fluent English speaking women in Cohort 2, close to one third (29%) were not in the labour force after 18 months in Australia. The comparable rate for Cohort 1 was 39 per cent. For women who spoke

another language along with English well or very well, 48 per cent were employed in Cohort 2 Wave 2, compared to 40 per cent in Cohort 1. For women with poor spoken English ability, 19 per cent were employed in Cohort 2 Wave 2, compared to 16 per cent in Cohort 1. Again we are seeing here the evidence of several important themes in the most recent LSIA data: that better English skills increase the probability of a migrant being employed, regardless of their gender; that Cohort 2 migrants have higher employment rates than Cohort 1, at each comparable level of English proficiency; and that male employment rates exceed those of females, for each English proficiency level. Figure 6.5 neatly captures these conclusions.

Figure 6.5 Employment Rates at Wave 2, by English Proficiency, Sex and Cohort

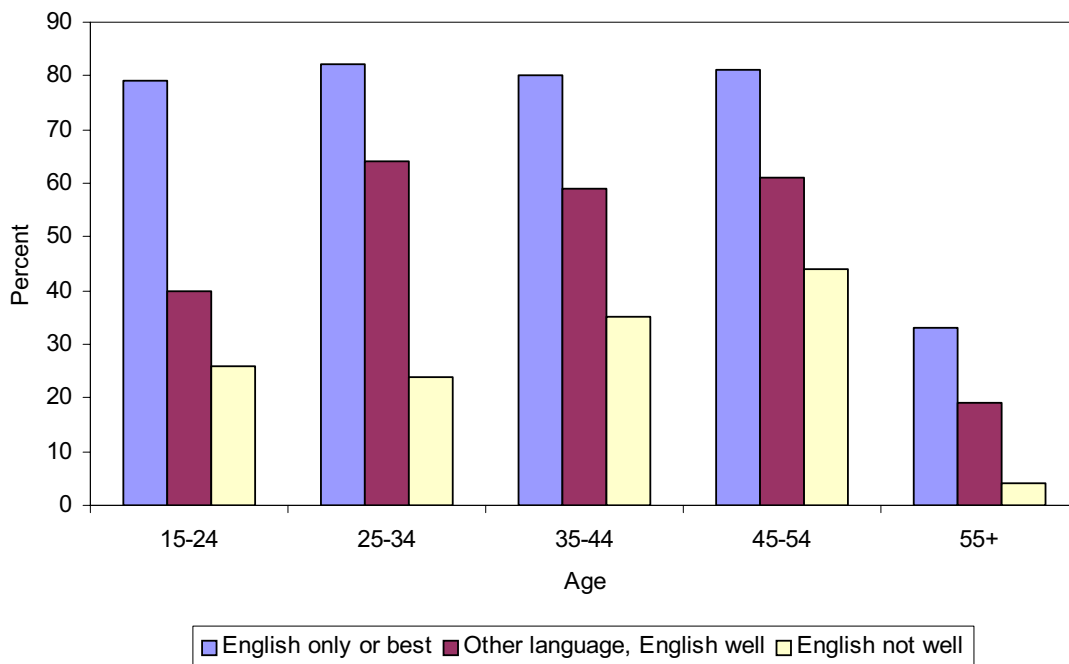


6.3.3 Labour Force Status by English Proficiency and Age

For Cohort 2 migrants at Wave 2, employment was clearly related to age. The rate of employment peaked among prime-age migrants (65% of those aged 25-44 years), and was lower at both ends: 44 per cent for 15-24 year olds, and 26 per cent for migrants aged over 55 years (see Figure 2.2). However, just as we have shown above for visa groups and for gender, employment varies for the migrants within each age bracket according to their level of English proficiency. In Figure 6.6 we show the employment rates of Cohort 2 migrants in each age group, split by their level of English proficiency at Wave 2. At all age levels, the migrants who have English as their best or only language report higher than average rates of employment. Thus, for migrants aged 15-24

years, 79 per cent of those with English as their best or only language were employed; almost double the average for their age group (44%). Similarly, for 25-34 year old migrants, 82 per cent of the best English speakers were employed, well above the average for their age group (65%). The same results are apparent for the remaining age brackets. Across all the age groups, migrants with English as their best or only language have approximately half the incidence of unemployment of those who speak another language and English well or very well. Generally there has also been a reduction of unemployment between the two cohorts at Wave 2, and between Waves 1 and 2 for Cohort 2. However, in interpreting these results we note that only 23 per cent of Cohort 2 migrants aged 55 years or more were in the labour force at Wave 2.

Figure 6.6 Employment Rates among Cohort 2 Migrants at Wave 2, by English Proficiency and Age



6.4 Conclusion

Improvements in the English proficiency of Cohort 2 migrants between Waves 1 and 2 have consolidated their already superior position on this dimension of settlement, in relation to Cohort 1. Less than one quarter of Cohort 2 migrants spoke English poorly at Wave 2. Proficiency is highest among Concessional Family/Skilled Australian-linked and Independent migrants, with Business skills/Employer Nomination Scheme migrants having a much higher proportion of poor English speakers than the other two skill streams. Though the spoken English of Humanitarian migrants improved after more time in Australia, their proficiency in Cohort 2 has not risen above the levels reported by Cohort 1, and they remain the most disadvantaged group relative to the other visa categories (reflected most plainly in their labour market status).

Migrants' skills in reading English were much more likely to improve over time than were their written English skills. Whereas Cohort 2 saw a quite impressive reduction in the proportion of poor readers between Waves 1 and 2, the proportion of poor *writers* remained stubbornly unmoved at around 40 per cent. English proficiency peaks among younger migrants, and those aged 15-24 years had the most marked improvement over time, a fact that can be attributed partly to their higher rates of participation in formal education and training.

Most migrants found that their English skills had improved even without them deliberately setting out to learn the language. Of the migrants who had consciously set out to improve their English, Humanitarian and older migrants were least likely to feel they had succeeded (these two categories are not mutually exclusive).

About one fifth of Cohort 2 migrants were participating in an English language course at Wave 1, and 14 per cent started a similar course in the twelve months between LSIA interviews. Migrants from the two unskilled visa streams were much more likely to enrol in an English course. The vast majority (above 90%) of participants in these programs thought the undertaking had improved their English ability.

Fluent English speakers in all the visa categories had superior employment outcomes (excluding Humanitarian, where very few migrants have good English). In particular, the rate of employment among Cohort 2 family migrants with good English was 22 percentage points above the rate for all migrants in this group at Wave 2, while most of the poor English speakers in this visa group remained outside the labour force. Regardless of what visa they enter Australia on, a majority of fluent English speakers are employed after 18 months. However, just 10 per cent of the Humanitarian migrants with poor English at Cohort 2 Wave 2 were employed, compared to 22 per cent of their counterparts in Cohort 1.

An analysis of labour force status by English proficiency and gender, then by English proficiency and age, reinforced what is perhaps the main finding of this chapter: that regardless of personal characteristics, the capacity to communicate in Australia's main language increases the probability of a migrant being employed. This justifies paying greater attention to the learning experiences of relatively unskilled migrants, who already confront various forms of labour market disadvantage when they attempt to find paid employment.

References

Travers, P. and Richardson, S. (1993), *Living Decently*, Oxford University Press, Melbourne.