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The Labour Force Experience of New Migrants.

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Executive Summary

The successful settlement of a cohort of migrants can in part be judged by their employment experience. The key indicators of this experience are participation in the labour force, employment, unemployment, earnings and other private income, use of qualifications and competence in English. For the first time we are now able to trace in detail the early settlement experience of two different cohorts of migrants, followed over a period of up to three years. The data are derived from the unique Longitudinal Survey of Immigrants to Australia (LSIA), conducted by the Department of Immigration and Multicultural Affairs.

This report examines key indicators of labour market success, plus a range of other characteristics, for the cohort of migrants who arrived in Australia between September 1999 and August 2000. These are referred to as Cohort 2. It also compares the outcomes for Cohort 2 with the outcomes of an earlier group of migrants (Cohort 1) who arrived in Australia between September 1993 and August 1995. Cohort 1 has been interviewed three times, six months (wave 1), eighteen months (wave 2) and 42 months (wave 3) after arrival. Cohort 2 has, to date, been interviewed only once, six months after arrival. Comparable questions were asked of both cohorts. This report examines the changing outcomes of migrants in Cohort 1 as their time in Australia lengthens. For most of the analysis, the experience of migrants in the different visa categories is separately identified.

Unlike other studies, including the major previous study of Cohort 1 conducted by VandenHeuvel and Wooden (1999) for the Department of Immigration and Multicultural Affairs, we include in the analysis both primary applicants and spouses. Other members of the migrating unit (mostly children) are excluded, because only a very small number are employed. There are 6,960 primary applicants/spouses in the sample of Cohort 1 and 4,181 in the sample of Cohort 2. The total numbers of applicants/spouses who immigrated over the period covering Cohorts 1 and 2 are 95,503 and 42,633 respectively. The sample refers only to immigrants who had their visas issued offshore, and excludes immigrants from New Zealand.

We report on 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, prior work status and gender on economic independence; and the role played by Australian migrant services in assisting settlement.

In the interval between the arrival of Cohort 1 (in the mid-1990s) 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 fell from around 9 per cent to 6.5 per cent. Employment rose by approximately 1.26 million people, or 16 per cent, between September 1993 and February 2001. At the same time, there was a considerable change in migration policy that was directed to improving the prospects for economic independence of new migrants, and reducing the demands on taxpayer-supported services and payments. We present evidence on the extent to which these changes in policy and the economy have caused different outcomes for migrants in Cohort 2 as compared with those in Cohort 1.

A comparison of migrants in each cohort

Compared with Cohort 1, a higher proportion of migrants in Cohort 2 were Independent and Business Skills and Employer Nomination Scheme and a smaller proportion were Humanitarian and Preferential Family/ Family Stream. Partly for this reason, and partly because of the change in eligibility criteria, there were more fluent English speakers, fewer with little English, more with high levels of qualifications and fewer with little education in Cohort 2. These changes alone will improve the aggregate labour market outcomes of Cohort 2.

The difference in levels of qualifications is particularly marked. While qualification levels were already quite high for Cohort 1, by Cohort 2 there was a substantial increase in the proportion with post-graduate qualifications (from 12 per cent to 19 per cent) and, importantly, an even larger fall in the proportion with less than year 12 schooling (from 23 per cent to 13 per cent).

Within the two visa categories most affected by the change in eligibility criteria, Concessional Family/Skilled-Australian Linked and Independent, there has been a clear increase in the self-reported level of English competence. There has been a 10-15 percentage point increase in the proportion who say they speak English as their only or best language and a slight increase in the proportion saying they speak English very well. Matching this has been the virtual disappearance of people quite unable to speak English and a sizeable fall in the proportion who say they have limited or modest competence in English. These changes for the Concessional Family/Skilled-Australian Linked and Independent categories are not matched for the other visa groups. On this evidence alone, it would appear that the change in migration policy has had a noticeable impact on the levels of English competence among migrants in the affected categories.

Overall labour market outcomes

The major conclusion of this report is that, on all measures, *the employment outcomes six months after arrival in Australia are substantially better for Cohort 2 than they were for Cohort 1*. This is true for each of the visa categories other than Humanitarian and Business Skills and Employer Nomination Scheme, and is true for men and women, primary applicants and spouses of primary applicants. For the Concessional Family/Skilled-Australian Linked, the Independent and the Preferential Family/Family Stream migrants, those in Cohort 2 had higher employment, lower unemployment and lower non-participation in the labour force. The fall in unemployment is particularly striking for Independent migrants who, in Cohort 2 six months after arrival, had an unemployment rate not much in excess of that for the Australian workforce. The halving in unemployment among recently arrived migrants (from 21 per cent for Cohort 1 to 10 per cent for Cohort 2) far exceeds the overall fall in unemployment, or the rate of increase in employment, for Australia as a whole over the relevant period.

The improvement in employment has been particularly strong for the Concessional Family/Skilled-Australian Linked category and within this group, for spouses of the primary applicant.

The improved employment for Cohort 2, and their exclusion from eligibility for social welfare benefits, is reflected in a significant difference between the cohorts for the main source of income. Reliance on government payments fell from 36 per cent for Cohort 1 to 11 per cent for Cohort 2. Offsetting this, reliance on wages and salaries rose from 31 per cent of Cohort 1 to 51 per cent of Cohort 2.

It has earlier been identified by Cobb Clark, D. and Chapman, B. (1999) that migrants in Cohort 1 who settled in Queensland had a distinctly higher rate of employment and lower rate of unemployment than would be expected given their age, education, language skills etc. Whatever advantage Queensland had as a place for migrants in Cohort 1 to find jobs, had evaporated by Cohort 2. Knowledge of which States provided the best employment prospects for Cohort 1 migrants in each visa group gives little guide as to where the best prospects lay for migrants in Cohort 2.

Improvement over time

If we consider Cohort 1 as a whole, the employment to population ratio rose from 33 per cent in wave 1 to 49 per cent twelve months later. Three and a half years after arrival, 56 per cent of the cohort was employed— about 15 per cent less than the Australian average. For every visa category, the first eighteen months in Australia saw a rapid integration into the labour market. This integration continued over the subsequent eighteen months but, except for the Humanitarian group, at a slower pace. Note that after three and a half years in Australia, 40 per cent of Humanitarian primary applicants and spouses had a job.

After six months in Australia, Cohort 2, with 50 per cent employed, looks the same as Cohort 1 after eighteen months in Australia. The superior outcomes for Cohort 2 are concentrated in the Concessional Family/Skilled-Australian Linked, Independent and Preferential Family/Family Stream groups.

After three and a half years in Australia, the employment to population ratio of Cohort 1 migrants in the three main 'economic' visa categories (Concessional Family/Skilled-Australian Linked, Independent and Business Skills and Employer

Nomination Scheme) are high compared with the Australian average. Note that Cohort 1 was eligible during this period for social welfare benefits, and many migrants in that cohort drew support from these benefits in their early period in Australia. But it has not taken long for them to move from social welfare support to economic independence via employment. On this evidence, the availability of social welfare support did not undermine the motivation of recent migrants to become economically independent. Furthermore, whatever the disadvantage of migrants in Cohort 1 relative to migrants in Cohort 2 in their initial six months in Australia, it did not take Cohort 1 migrants in most visa categories long to establish high levels of economic independence.

For all visa categories, the rise in the number of Cohort 1 migrants employed as wage and salary earners exceeded the (substantial) fall in unemployment as the duration of stay in Australia lengthened. The extra employees came from both those who in the first wave were students and those who in the first wave were home duties (except for those in the Preferential Family/Family Stream, where the number in home duties stayed constant).

The falls in unemployment over the three and a half year settlement period for Cohort 1 are dramatic. It is clear that initial unemployment rates give little indication of subsequent success in attaining economic independence. Not everyone who left unemployment did so because they found a job. But those who did not find a job presumably found supported roles within the family. The Concessional Family/Skilled-Australian Linked and Independent migrants had particularly large falls in unemployment, from rates of 28-38 per cent six months after arrival to rates of only 7-8 per cent three and a half years after arrival. That is, after three and a half years, the unemployment rate of these groups of migrants was indistinguishable from that of the general Australian workforce. The most spectacular fall in unemployment was in fact among the Humanitarian group, who started with extremely high rates and saw them fall almost by two-thirds.

The overall pattern of integration into the labour market for Cohort 1 can be described as being a move from unemployment, student or home duties into wage and salary employment. This was accompanied by a modest move into self-

employment. The exception to this pattern is among the Business Skills and Employer Nomination Scheme migrants, where the growth in economic independence was focussed on a movement from home duties (and to a lesser extent from “other”) into self-employment.

Getting a job

For Cohort 1, English language difficulties were clearly the major obstacle to getting a job reported at each wave, with about one third of respondents indicating this problem. About half that number (15 per cent) said that their problem was that there were not enough jobs, a proportion that stayed constant over the three year interval. The inability to have qualifications recognised was cited by only a small percentage of people. Since 60 per cent of people in Cohort 1 arrived in Australia with some sort of post-school qualification, this suggests that the recognition systems in place are working commendably well.

It is notable that only half as many people in Cohort 2 said that the main reason that they could not get work was that there were not enough jobs. This is the most direct evidence available in the survey data that an improvement in the labour market was one of the important reasons why Cohort 2 has had much better outcomes than did Cohort 1.

To summarise, the main differences between the cohorts in the type of problems they encountered in finding work are a) a reduction in problems caused by inadequate English and b) a reduction in problems caused by insufficient jobs. Both a general improvement in the labour market and the effects of the changes in migrant selection criteria seem to be at work here.

The views of migrants about the importance of English skills for getting a job is reinforced by multivariate analysis that predicts the probability of being employed. English language competence is an important predictor of the probability of being employed for all visa groups. The effect of less than perfect English is similar for all the visa groups, and reduces the probability of employment substantially. For example, for Independent migrants, those who do not speak English well have a one

in four chance of being employed compared with otherwise similar people who speak English fluently. Note that even after controlling for English language ability, being born in the UK, Ireland or North America confers still greater chance of being employed.

Men are much more likely to be employed than are women in all visa groups, especially Concessional Family/Skilled-Australian Linked and Preferential Family/Family Stream. Migrating as a spouse also reduces the likelihood of being employed, except for Preferential Family/Family Stream. Migrants who had visited Australia prior to migrating have a significantly higher chance of being employed than migrants who had not. Younger people, other things being equal, have a higher chance of being employed.

An important outcome of the multivariate analysis is that the advantages of being fluent in English, of being male and the primary applicant, of having visited Australia, of being employed prior to migration and of being younger are all similar for the two cohorts. This suggests that it was not so much the change in the state of the labour market, as the change in the attributes of migrants that improved the employment outcomes for Cohort 2.

For the many who did get a job, two-thirds (66 per cent) of Cohort 2 were working as associate professionals, professionals or managers and administrators prior to migration: after migration, half (51 per cent) were. The comparable figures for Cohort 1 are 55 per cent and 39 per cent. Thus the “quality” of the migrant intake in both cohorts, and particularly Cohort 2, is high and is reflected in the level of jobs they are able to obtain.

The high quality of the migrants is apparent also in the level of the qualifications that they have obtained prior to migration. These qualifications are only beneficial (from a labour market perspective) if they are used in the jobs that the migrants were able to get. Overall, Cohort 2 migrants were *less* likely than Cohort 1 migrants to have made extensive use of their qualifications prior to migration. Despite this, when looked at by visa group, Cohort 2 migrants made *more* extensive use of their qualifications on arrival in Australia than did Cohort 1 migrants.

Income

Employment status is not the only important aspect of labour market success. Also relevant is whether the level of earnings is sufficient to provide for economic independence. People may be employed, but working only a small number of hours per week and/or on very low wages. As previously noted, there has been a large shift from reliance on government social welfare payments to reliance on wages and salaries between the two cohorts.

The Concessional Family/Skilled-Australian Linked and Independent migrants have seen a large rise in their average income - indeed almost a doubling. This large rise suggests that the much greater reliance of Cohort 2 on wages as compared with government payments has had a strongly positive effect on their income levels: the wages received must typically have exceeded the value of social welfare benefits significantly. It is also likely that the average wages of people who had a job has risen for Cohort 2, since the migrants in Cohort 2 have higher levels of education and English language skills.

The Preferential Family/Family Stream migrants have had a different experience. The median income for this group has fallen, from levels that were already very low.

We used multivariate analysis to see whether the return to specific migrant attributes had changed between Cohorts 1 and 2. The most interesting conclusion, for policy purposes, is that Cohort 2 migrants who were Independent earned significantly more than did Cohort 1 migrants, other attributes held constant. This is the visa category most influenced by the recent changes to the eligibility criteria. As with the probability of getting a job, it suggests that Independent Cohort 2 migrants have unobserved qualities that make them more productive workers.

As the duration of residence in Australia rose for Cohort 1, there was very large fall in the proportion of people who received no income, from 26 per cent in wave 1 to only 6 per cent by wave 3. The second significant change across the three waves of Cohort 1 is the large increase in the proportion of people earning in the highest category of \$674 or more per week. This fraction grew from 7 per cent six months

after arrival to 20 per cent three years later. Perhaps even more interesting is that Cohort 2 had a higher proportion earning in the top band after six months than did Cohort 1 after three and a half years in Australia. This is partially accounted for by the fact that half of migrants in Cohort 2 were earning a wage six months after arrival whereas only 31 per cent of Cohort 1 were. Virtually all of these additional wage earners were earning the equivalent of a full-time wage.

While the total proportion of people who receive some form of government payment did not change much between waves 1 to 3 of Cohort 1, the composition of those benefits did. Specifically, the proportion who reported receiving unemployment benefits halved, from 25 per cent to 13 per cent. At the same time, the proportion who received family payments almost doubled, from 15 per cent to 28 per cent. These two movements offset each other and mark a substantial change in people's relation with government.

A sizeable proportion of migrants in Cohort 1, and a much smaller proportion of those in Cohort 2, reported receiving social welfare benefits in the first six months of their residence in Australia. The precise impact of the changes in eligibility for social welfare payments is thus not easy to identify. This matter is discussed further in the report.

Impact of denial of access to social welfare benefits

We find no support for the proposition that migrants in Cohort 2 have been forced to accept worse jobs by virtue of the unavailability of social welfare benefits. They are no more likely than Cohort 1 to dislike their job, to be unable to use their qualifications, to have low weekly earnings or total income, or to work less than 15 hours per week. They are at least as likely to love their job, to earn a high income and not to have sought to have their qualifications assessed.

Neither has the denial of access to unemployment benefits increased the proportion of people with no income, or low earnings. Indeed, it is hard to see in the aggregate data any adverse effect of ineligibility for social welfare on the outcomes for Cohort 2 migrants. In saying this, it is important to emphasize that the perspective is a global

one, and there may indeed be individuals or families who have struggled with low incomes as a result. It is also relevant that the overall employability of migrants in Cohort 2 was particularly high.

Why did Cohort 2 have better employment outcomes?

We conclude that the most likely explanations for the improvement in the employment outcomes of Cohort 2 six months after arrival are that:

- ❖ they had better levels of English and educational qualifications and fewer people with low levels of each of these attributes;
- ❖ they are likely to be of higher employability in ways that are not captured in the characteristics that we can observe;
- ❖ they may have more actively sought jobs soon after arrival; and
- ❖ there was an overall improvement in the state of the Australian labour market.

It is probable that the improved outcomes for Cohort 2 are in large part a product of the changes to eligibility criteria. They may also be influenced by the fall in unemployment for the economy as a whole, by the reduction in the size of the migrant intake, and by denial of access to social welfare benefits for two years after arrival. The impact of the last two of these probably arises from the self-selection that occurs among intending migrants, so that those who did migrate assessed themselves as having relatively good employment prospects. The better employment outcomes for Cohort 2 do not seem to be the result of some change in the labour market that meant that, for example, qualifications were more valued or English language skills more important. In drawing these conclusions, we emphasize that our analysis was not comprehensive and more detailed work may produce alternative interpretations.

The Changed Migrant Labour Market Experience 1994-2000

1. Introduction

Modern Australia is a migrant country and it has a fine history of overall successful settlement of its new arrivals. Despite its significance in the Australian story, the way in which new migrants acquire economic independence has not been well understood. Nor has there been good evidence from which to assess the consequences for successful settlement of changes in migration policy and services. For the first time we are now able to trace in detail the early settlement experience of two different cohorts of migrants, followed over a period of up to three years. The information collected in the 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, country of origin, formal education, prior work status and gender on economic independence; and the role played by Australian migrant services in assisting settlement. Since the LSIA has recently completed interviews with a second cohort of migrants, it is now 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.

In the interval between the arrival of Cohort 1 (in the mid-1990s) 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 fell from around 9 per cent to 6.5 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 considerable change in migration policy that was directed to improving the prospects for economic independence of new migrants, and reducing the demands on taxpayer-supported services and payments. There were two main components to these 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 Humanitarian visas) have been excluded from access to most social welfare payments for a period of two years after arrival.

They remain eligible for family payments. The second was a change in the selection criteria for migrants. The intake of migrants in the skilled categories was increased and the intake of those in the Preferential Family/Family Stream 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, age and English (at the vocational level);
- ❖ standards 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 had to be under age 46, have vocational level English and have a commitment from their employer of at least three years' employment.

In January 2001, the National Institute of Labour Studies was commissioned by the Department of Immigration and Multicultural Affairs to examine the changes in the labour market experiences of migrants who arrived in Australia between September 1999 and August 2000 (Cohort 2), compared with those who arrived in Australia during the period September 1993 and August 1995 (Cohort 1). Each cohort has been surveyed by the Department approximately 6 months after arrival. Cohort 1 has also been surveyed 18 months and three and a half years after arrival. There are 6,960 primary applicants/spouses in the sample of Cohort 1 and 4,181 in the sample of Cohort 2. The response rate to the first wave of Cohort 1 was 60 per cent. Most of the non-response arose from an inability to locate the selected migrant (a sizeable number were temporarily overseas) direct refusal was very low. The analysis in this report covers both primary applicants and the spouses who migrated with them. This distinguishes the results from those reported in some other research, that has focussed only on primary applicants (eg that by Cobb-Clark and Chapman 1999, Cobb Clark 1999 and VandenHeuvel and Wooden 1999).

This report focuses on the labour market outcomes of the two cohorts of migrants. These outcomes are expressed in terms of employment, unemployment, non-employment and earnings. On all measures, the outcomes six months after arrival

in Australia are substantially better for Cohort 2 than they were for Cohort 1. This is true for each of the visa categories other than Humanitarian and Business Skills and Employer Nomination Scheme, and is true for both men and women, primary applicants and spouses of primary applicants. The crucial policy question is to identify what proportion of this improved outcome can be attributed to an overall stronger labour market, and what proportion can be attributed to policy-induced changes in the characteristics of the new migrants, and the withdrawal of access to social welfare payments.

The report documents the improved labour market outcomes, and provides a set of additional information that will help in understanding why Cohort 2 has done relatively well. This information is reported separately for each visa category, and describes major characteristics of the migrants. These characteristics include English language proficiency, qualifications, field of study, broad occupation groups, and use of migrant services. Where relevant, the report compares the outcomes of migrants before and after their arrival in Australia. It also reports some of the changing outcomes for Cohort 1 as their period of residence in Australia extends to 18 and then 42 months. The report also uses multivariate statistical techniques to identify the separate influences of each of these, and of employment growth in the state of residence, on successful labour market outcomes. Conclusions are drawn on the impact of changes in social welfare and migrant selection policy on the outcomes of Cohort 2, as compared with changes in the overall state of the labour market.

2. An Overview of the Two Cohorts

The analysis is reported for all people who migrated as a primary applicant or the spouse of a primary applicant. There were about another 50 per cent of other people who migrated as part of the migrating unit in Cohort 2. Of these, only 13 per cent were over the age of 19 (most of whom were 20-24), and nearly all were the children of the migrating unit. Fewer than 100 were in the labour force. The inclusion of people other than the primary applicant or spouse makes the technical side of the analysis much more complex and time consuming. Further, many of the relevant questions were not asked of these people. Given these factors, and that such a small number of such people (fewer than 100) are relevant to an examination

of the labour force outcomes of recent migrants, we do not include them further in the analysis: they can have no perceptible effect on the story.

The two cohorts differ in terms of some of the major socio-demographic characteristics. Table 1 gives an overview of how they compare.

Table 1: Major Characteristics of Migrants (Principal Applicants and Spouses) approximately Six Months after Arrival (per cent in each category)

Major Characteristic of Migrant	<i>Cohort 1</i>	<i>Cohort 2</i>
<i>Primary applicant or spouse, males, females</i>	%	%
Male, primary applicant	41.3	39.2
Female, primary applicant	37.6	37.5
Male, spouse	3.8	6.5
Female, spouse	17.2	16.8
<i>Visa Category</i>		
Concessional Family/Skilled Australia- Linked	10.1	12.4
Independent	20.3	29.7
Preferential Family/Preferential Family/Family Stream	48.5	41.4
Business Skills and Employer Nomination Scheme	4.6	7.7
Humanitarian	16.4	8.9
<i>Age</i>		
Average years	35.2	35.0
<i>Labour Force Status</i>		
Employed	32.8	49.5
Unemployed	21.4	9.6
Not in labour force	45.7	41.0
<i>Country of Birth</i>		
Oceania	2.3	2.9
UK, Ireland	15.5	15.0
Other Europe	18.4	13.6
Middle East, Nth Africa	9.5	9.5
SE Asia	19.8	16.4
NE Asia	13.5	16.0
Sth, Central Asia	10.7	12.6
Nth America	3.3	2.9
Central, Sth America	1.7	1.2
Other Africa	5.2	9.9
<i>Current Main Activity</i>		
Wage, salary earner	28.3	43.1
Own business	2.7	4.6
Other employed	1.8	1.7
Unemployed	21.4	9.6
Student	15.3	14.0
Home duties	22.5	20.8
Retired, pensioner	5.7	3.6
Other	2.3	2.5
<i>Duration of Stay</i>		
Up to 3 months	13.6	2.8
>3 months < 6 months	74.9	55.0
> 6 months	11.5	42.2
<i>How well speak English</i>		
English only language or best language	30.7	38.0
Other language -		
Speak English very well	10.1	12.5
Speak English well	20.6	19.6
Speak English, not well	26.2	21.6
Not speak English	12.3	8.2

Table 1 cont'd.

Major Characteristic of Migrant	Cohort 1	Cohort 2
<i>Major source of income</i>		
Government payment	36.1	11.2
Wage, salary	30.7	49.8
Business	1.9	3.5
Investment	8.0	10.0
No income	23.2	25.6
<i>Level of highest qualification</i>		
Higher degree, post-graduate diploma	12.0	19.0
Bachelor degree	20.3	24.2
Diploma, certificate, trade	27.4	27.2
Year 12	17.1	15.7
Less than Year 12	23.3	13.9
(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.

While men comprise 45 per cent of both cohorts (primary applicant or spouse of the migrating unit), in Cohort 2 their chances of being a spouse rather than a primary applicant are higher than for Cohort 1.

There are some noticeable differences in the visa categories of the two cohorts. Cohort 2 has a higher proportion who migrated as Independent (30 per cent compared with 20 per cent) or Business Skills and Employer Nomination Scheme (8 per cent compared with 5 per cent); and a lower proportion who migrated as Preferential Family/Family Stream (41 per cent compared with 49 per cent) or Humanitarian (8 per cent compared with 16 per cent). Since the labour market outcomes of the different visa categories vary systematically (the Independent and Business Skills and Employer Nomination Scheme categories having the highest rates of employment and the lowest rates of unemployment and conversely for Humanitarian), the changing composition will affect the overall performance of the two cohorts.

The average age and country of birth is similar for the two cohorts, with Cohort 2 being a little less likely to come from Other Europe or South East Asia and a little more likely to come from North East Asia, South and Central Asia and Other Africa.

The timing of the two surveys has had the effect that Cohort 2 has been in Australia a bit longer at the time of interview than Cohort 1. For example, 42 per cent of

Cohort 2 had been in Australia for more than 6 months while this was the case for only 12 per cent of cohort 1. We will see later whether this difference has had a significant effect on outcomes.

Cohort 2 had a higher proportion (38 per cent as compared with 31 per cent) of people who were fluent speakers of English, and commensurately fewer who did not speak English well or at all. Cohort 2 migrants also had distinctly higher levels of formal education. The proportion with post-graduate qualifications has risen from 12 to 19 per cent while those with less than Year 12 have almost halved to 14 per cent.

The most striking difference between the two cohorts is, however, apparent in their employment experience. As Table 1 shows, the proportion employed rose from 33 to 50 per cent. Most of the increase in employment is matched by a fall in the proportion who are unemployed, although there is also a higher participation rate among Cohort 2. The higher employment levels for Cohort 2 are reflected in the proportion who are wage and salary earners (which has risen from 28 to 50 per cent). There is a more than commensurate fall in the dependence on Government payments for people's main source of income. For Cohort 1, more people depended on Government payments than earned a wage. For Cohort 2, there were more than four wage earners for every person whose main source of income was Government payments.

We can conclude from Table 1 that Cohort 2 migrants were rather different from those in Cohort 1. The former group were weighted more to those selected on the basis of likely success in the labour market and less to those 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.

We examine the differences in labour market outcomes more closely in the next section.