

7. Level and Source of Income

A prime indicator of successful settlement in Australia is the extent to which recent migrants are able to integrate into the labour market and 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 most social welfare benefits for a period of two years after arrival in Australia.⁵ This puts added pressure on migrants to find paid work, and on people to migrate only if they believe they are able to find work or private sources of financial support for the first two years. We here report several perspectives on the level and source of income of recent migrants, and how this has changed. Figure 17 shows how the two cohorts differ in the major source of personal income of recent migrants, by visa category.

The striking point made by Figure 17 is that the proportion of people whose main source of personal income is government social welfare payments has fallen substantially while the proportion who rely on wages has grown commensurately for most groups. As in other areas, the Concessional Family/Skilled-Australian Linked and the Independent migrants present a similar picture. About two thirds of migrants in these two groups had wages as their main source of income in Cohort 2, up from 40-50 per cent in Cohort 1. The proportion for whom government payments is their main source of income has fallen from about a third to less than 5 per cent. There has been little change in the other sources of income. The pattern of change for the Preferential Family/Family Stream is similar, but the magnitudes are rather less. In all three categories there has been virtually no change in the proportion who report receiving no income. There has been little change in the pattern for the Humanitarian migrants, most of whom rely on government payments. The Business Skills and Employer Nomination Scheme group changes are different from the pattern apparent for the other visa categories. Few relied on government payments even in Cohort 1. But unlike the other groups, reliance on wages has fallen, and been replaced with reliance on business and investment income, together with a small rise in no income. These changes are unlikely to have been driven by the social welfare policy change.

⁵ Humanitarian migrants remain eligible for the full range of social welfare benefits and all migrants remain eligible, from the point of arrival, for family payments. Migrants in Cohort 1 were required to wait for six months before being eligible for other social welfare payments, including unemployment benefits. Migrants after March 1997, including Cohort 2, had this waiting period extended to two years.

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. Below we set out some relevant facts.

Humanitarian migrants in both cohorts were eligible for the full range of social welfare benefits and all migrants were eligible, from the point of arrival, for family payments.

Migrants in Cohort 1 were required to wait for six months before being eligible for main unemployment payments such as Jobsearch Allowance, Newstart Allowance and Sickness Allowance. However, the six month waiting period was not imposed on all benefits and some migrants, especially those from the family stream, were eligible for income support payments linked to their Australian partner's eligibility for payments, or to their caring function. The waiting period also did not apply to Special Benefit, a discretionary payment of last resort for people in hardship who cannot qualify for any other payment.

Migrants after March 1997, including Cohort 2, had the waiting period extended to two years for all payments, including Special Benefits, except those that already had a residence requirement (eg, 10 years for Age Pension). More immediate eligibility for Special Benefits was confined to those who had no other means of support and could show that there had been some substantial change in their circumstances since applying to migrate.

Thus the extension of the waiting period for eligibility for the main social welfare payments from six months to two years was only part of the changes that occurred in 1997. There were a number of exceptions to the initial six months waiting period that were subsequently removed or perhaps tightened in their application. In the light of this, we note that 17 per cent of Cohort 1 respondents (804 people), who were in Australia 6 months or less at the time of interview and were not Humanitarian migrants, reported receiving unemployment benefits. A further 9 per cent of this Cohort 1 group reported receiving "other" government payments, that were not family or unemployment payments. Fourteen per cent reported receiving family payments. In contrast, the comparable group for Cohort 2 had only 1.6 per cent

reporting receipt of unemployment benefits, and 5.6 per cent reporting receipt of family payments.

New migrants may not fully understand which social welfare benefit they are receiving, which may lead to some inaccuracy in the responses to the relevant survey questions. However, in the absence of further evidence, we take at face value the recorded responses to the questions about receipt of government social welfare payments. These responses show a large fall in the proportion of non-Humanitarian migrants who were in receipt of government social welfare payments, between Cohort 1 and Cohort 2.

Figure 17 reports major source of income, but does not provide any information on the level of that income, or of total income received by recent migrants. Table 15 reports levels rather than sources of income. The levels are reported as the median income⁶ of people in each visa category. We note at this point that the income data in this survey 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, so any analysis cannot do better than assume that the true income is in the middle of the income bands presented in the survey. The inaccuracy of this procedure is compounded when income totals must be calculated by adding together different sources of income. For these reasons, there should be no importance attached to small differences in income.

Median income for a group will be influenced by:

- ❖ The number of people who have any personal income; and
- ❖ The levels of income received by the typical income recipient.

⁶ The median income is the income level at which half the relevant group have more and half have less. As a measure of central tendency it is preferable to the mean or average value, because it is not influenced by the existence of a few very high or low values.

There will be changes in both of these aspects of median income between the two cohorts, but Figure 17 suggests that most of the change is in levels of income received. The proportion of people who received no income is similar in total and across visa categories for the two cohorts. Thus most of the change in median income that is reported in Table 15 is being driven by changes in levels of income received by people who have some income of their own.

Figure 17: Major Source of Personal Income of Recent Migrants, by Visa Category and Cohort (per cent)

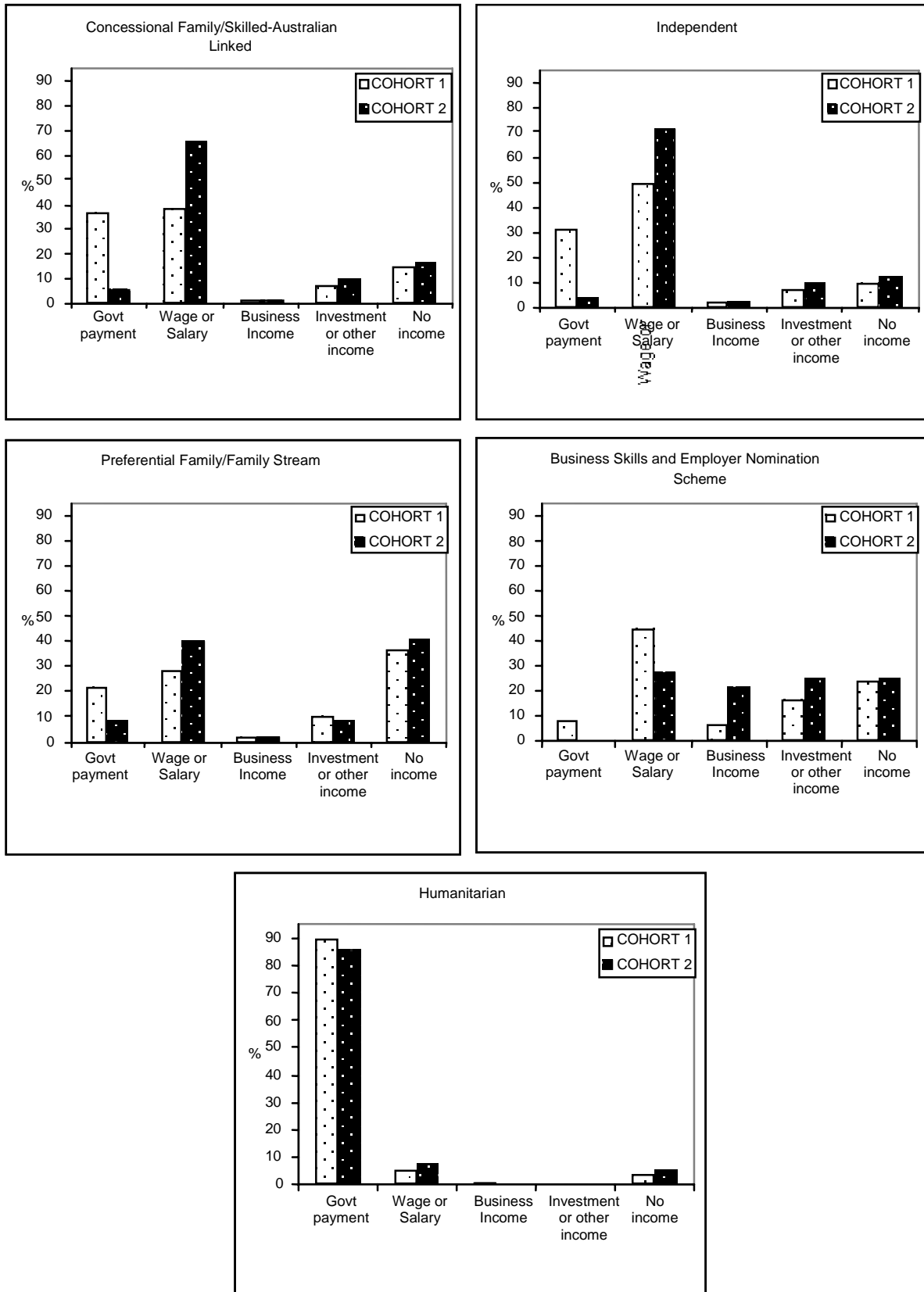


Table 15: Median Personal Income of Recent Immigrants by Visa Category and Cohort (dollars, year 2000 prices)

Visa Category	<i>Cohort 1, 2000 prices^(a)</i>	<i>Cohort 2</i>
Concessional Family/Skilled-Australian Linked Independent	193	383
Preferential Family/Family Stream	309	544
Business Skills and Employer Nomination Scheme	79	51
Humanitarian	375	483
Total	166	177
	154	211

Note: (a) 1994 values updated to 2000 values, using change in CPI, weighted average 8 capital cities, March 2000.

There is a distinct difference in the experience of migrants in the separate visa categories. Humanitarian migrants, who rely overwhelmingly on government payments, have seen no change in their median income. This is not surprising.

The big story to emerge from Table 15 is that the Concessional Family/Skilled-Australian Linked and Independent migrants have seen a large rise in their typical 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 by a large amount the value of social welfare benefits. It is also likely that the average wages of people who had a job is higher for Cohort 2, since the migrants in Cohort 2 have higher levels of education. This proposition will be tested more formally in a later section.

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. A major reason for the low levels of personal income for this group is the large proportion who are dependent on other family members for their income, which shows up in Table 15 as the 40 per cent or so who have no income of their own. This, however, does not explain the fall in median income for the whole group, since there has been virtually no change in the proportion who report no income. The puzzle is compounded by the fact that this group has experienced the same shift from reliance on government payments to reliance on wages as has occurred for

Concessional Family/Skilled-Australian Linked and Independent, albeit in more muted form. It has also seen a rise in the employment to population ratio, which is the counterpart of the growth in reliance on wages, and would be expected to produce a rise in median income. It may be that many of the jobs obtained by Preferential Family/Family Stream migrants in Cohort 2 are only for a small number of hours per week, hence return only a modest weekly wage.

The Business Skills and Employer Nomination Scheme group has seen very little change in median income. There has been a change in sources of income, away from government payments and wages to business and investment income. The net effect has been to leave business migrants in Cohort 2 with a median income of \$395 per week - virtually the same as for Concessional Family/Skilled-Australian Linked migrants. In Cohort 1, the Business Skills and Employer Nomination Scheme migrants received much higher incomes (almost double) than the Concessional Family/Skilled-Australian Linked migrants.

In Figure 18 we display the changes between waves and cohorts in the distribution of total income. Several features of this figure are worth noting. The first is the very large fall in the proportion of people in Cohort 1 who received no income. This fell from 26 per cent in wave 1 to only 6 per cent in wave 3. We should mention that there was above average non-response to the income question and it may be that those who received no income were more likely not to answer the question. This would only affect the comparison if those in one particular wave or cohort were more likely not to respond. Note that people in Cohort 2 had the same level of zero income as those in wave 1 of Cohort 1. The second big change across the three waves of Cohort 1 is the increase in the proportion of people earning in the highest category of \$674 or more per week. This fraction grew from 9 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.

It is easier to interpret what is going on over time and between the cohorts if we compare Figure 18 with Figure 19. Figure 19 shows only income received as wage and salary income. Thus the difference between the two figures is accounted for by self-employment income, investment income and government cash payments. Six months after arrival, only one - third (31 per cent) of migrants in Cohort 1 earned a

wage whereas three quarters (74 per cent) received income from some source.

The 20 percentage point fall in the proportion of Cohort 1 with no income from wave 1 to wave 3, is accounted for almost entirely by growth in income from wages. And most of this growth, in turn, has been in the proportion with weekly earnings of \$482 or more. \$481 per week represents close to the minimum wage for an adult. This invites the conclusion that most of the people who earn less than \$481 are working part time, or if not are in very low paid jobs. Such employment grew from 17 per cent of migrants in wave 1 to 22 per cent in wave 3. Higher paid employment doubled from 15 per cent to 30 per cent over the same period.

As we have seen before, Cohort 2 had many more people earning wages six months after arrival than did Cohort 1. What we can see from Figure 19 is that all of these additional wage earners were earning the equivalent of a full-time wage, with the greatest difference between cohorts being in the greater proportion of Cohort 2 who earned more than \$674 per week.

In Table 16 we look in more detail at the use of government social welfare benefits. The proportion of people in each cohort and each wave of Cohort 1 who receive particular benefits is set out. We also note the changes in the proportion who receive income from wages and salary and from investment income.

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 received 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. Initially migrants in Cohort 1 received benefits because they could not find enough work to support themselves. As they integrated into the labour market, this need diminished sharply. Over the same period, the migrants were doing what many of their Australian counterparts were doing - having children. They then became eligible for a quite different form of support offered by government - family payments to assist with the costs of bringing up children. The other side of the coin from the fall in receipt of unemployment benefits is the rise in the proportion

of Cohort 1 who received wages and salary and income from self-employment. This rose from one third of people in wave 1 to well over half of wave 3, and stood at one half of Cohort 2. There was little change in the proportion in receipt of investment income between the waves or comparing Cohort 1 with Cohort 2.

Figure 18: Total Personal Income of Migrants in Cohort 1, Waves 1-3 and Cohort 2

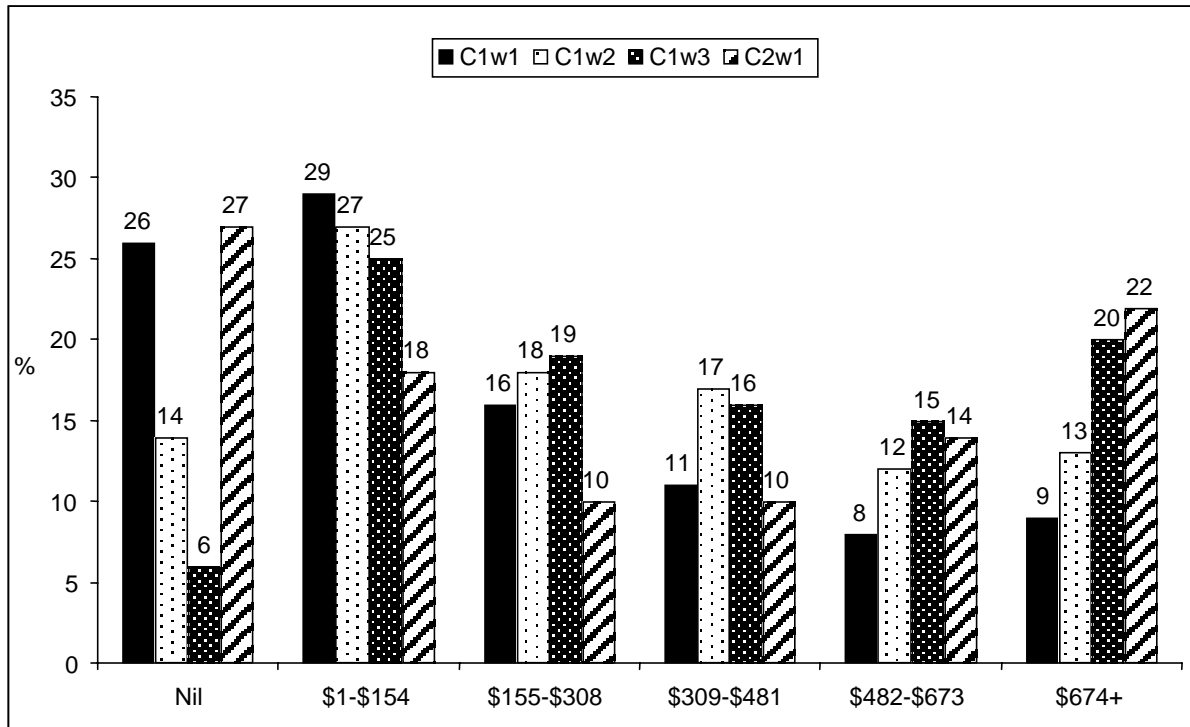


Figure 19: Wage and Salary Income of Migrants in Cohort 1, Waves 1-3 and Cohort 2

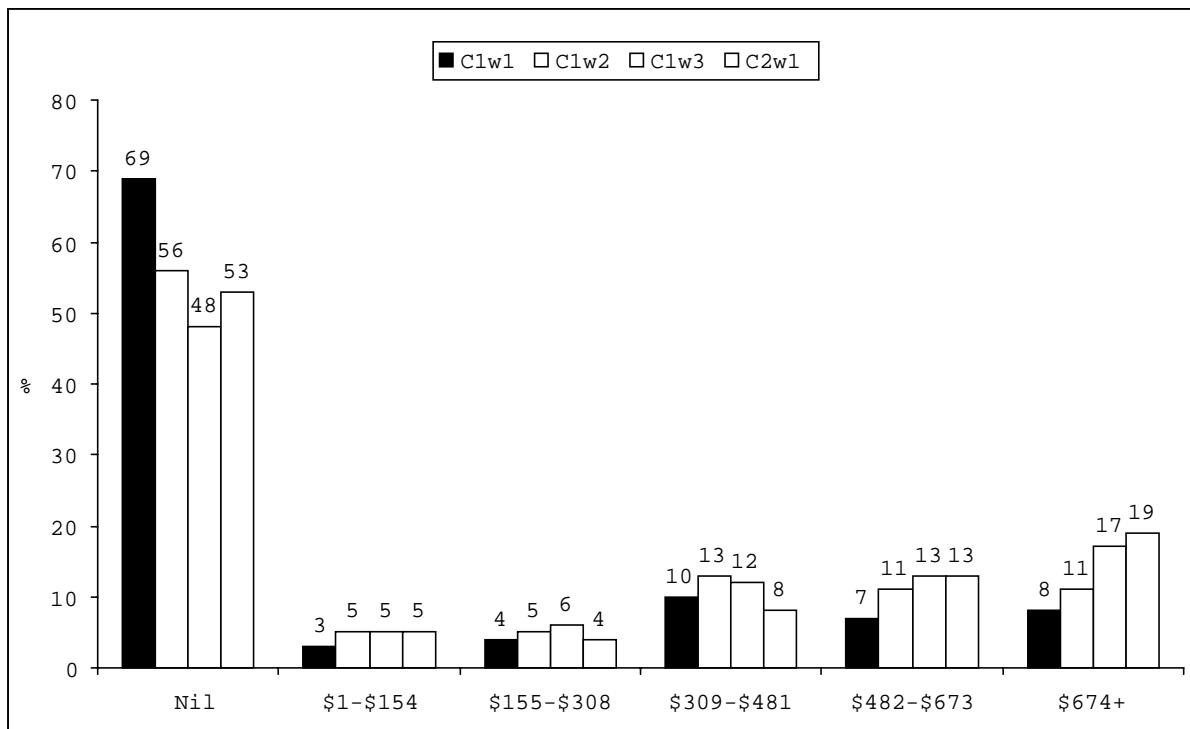


Table 16: Sources of Income, Cohort 1, Waves 1-3 and Cohort 2 (per cent)

Source of Income	Cohort 1 %			Cohort 2 %
	Wave 1	Wave 2	Wave 3	Wave 1
Govt. Unemployment Benefit	25	16	13	5
Govt. Family Payment	15	21	28	6
Other	11	13	10	5
Earned income	33	47	58	51
Investment income	20	22	24	22

n = 22291

The final perspective we offer on the degree of financial independence of recent migrants is to report the proportion of migrants who live in households where no-one is employed. Table 17 shows this information, for the two cohorts and the different visa groups. We note that many migrating units live, on first arrival, with relatives who are already in Australia. For Cohort 2, we report the information for four different family units. The first column reports the percentage of primary applicants who do not have a job. The second column (for each cohort) reports the percentage of family units comprising a single primary applicant or a primary applicant plus spouse, where neither the primary applicant nor spouse (if relevant) is employed. The third column, for Cohort 2, is the same as the second, but includes other members of the migrating unit over the age of 15. As noted earlier, almost none of these additional family members are employed, or even in the workforce, so columns 2 and 3 are virtually identical. Column 4 reports the percentage of primary applicant/spouse units that live in a household where no-one is employed. This household may include other relatives and is not confined to members of the migrating unit. The assumption is that a primary applicant or spouse who lives with relatives is able to share in the income of the household.

Table 17 shows that Humanitarian migrants live overwhelmingly in non-employed households and this has not changed across the two cohorts. While not employed themselves, about 10 per cent in Cohort 2 live with relatives who are employed.

The primary applicant employment data have been reported on previously. Here we will focus on the non-employment rates for units of primary applicant/spouse (PA/S) and primary applicant/spouse plus other relatives in the household (PA/S/R).

Table 17: Proportion of Recent Migrant Households where no Person aged 15 years or over is Employed (per cent)

<i>Household members considered</i>	<i>Cohort 1 %</i>		<i>Cohort 2 %</i>			
	<i>Primary applicant</i>	<i>Primary applicant and spouse</i>	<i>Primary applicant</i>	<i>Primary applicant and spouse</i>	<i>PA, spouse, others in migrating unit</i>	<i>PA, spouse, other relatives in household</i>
<i>Visa category</i>						
Concessional Family/Skilled-Australian Linked	48.2	44.3	33.0	21.9	21.8	10.0
Independent	34.6	32.1	18.4	11.6	11.5	10.8
Preferential Family/Family Business Skills and Employer Nomination Schemes	69.4	69.2	58.2	55.1	54.6	12.6
Humanitarian	17.9	17.0	37.8	22.1	21.6	18.8
Total	93.0	91.3	94.7	95.4	92.4	77.6
	63.3	62.2	47.4	42.5	41.9	16.2

The improved employment outcomes of Concessional Family/Skilled-Australian Linked and Independent migrants, which we have noted in much of the material presented previously, is apparent also in Table 17. Between Cohort 1 and Cohort 2, non-employment among the PA/S grouping fell by between one half and two-thirds. It is notable that in these two visa categories, either there is a higher proportion of spouses or spouses are more likely to have a job even if their partner does not, than is true for the other visa categories. The inclusion of the spouse in the unit of analysis substantially reduces the rate of non-employment among the Concessional Family/Skilled-Australian Linked and Independent migrants but has no effect on the other categories. This distinction applies only to Cohort 2: the inclusion of the spouse has little impact on non-employment for all visa categories in Cohort 1. This reinforces the conclusion reported above, that the spouses of primary applicants have improved their employment outcomes the most across the two cohorts.

For the PA/S units, non-employment has fallen for the Preferential Family/Family Stream, but not by as much as for Concessional Family/Skilled-Australian Linked and Independent migrants. It has actually risen, to one-quarter, for Business Skills and Employer Nomination Scheme migrants.

The inclusion of other relatives in the household, where applicable, has a substantial effect on the extent of non-employment for Concessional Family/Skilled-Australian Linked and Preferential Family/Family Stream migrants, but not for Independent or Business Skills and Employer Nomination Scheme migrants. In the case of the Independent migrants, rates of non-employment are already very low.

If we consider all migrants together, then rates of non-employment fall by about 20 percentage points at each step as we move from Cohort 1 PA/S to Cohort 2 PA/S and then to Cohort 2 PA/S/R. For Cohort 2, one quarter of migrating units, including Humanitarian migrants, lived in a non-employed household. Conversely, of course, three quarters lived in a household in which at least one person was employed. The relatively high rate of non-employment (22 per cent) among Business Skills and Employer Nomination Scheme migrating units is worth noting, especially since this has risen, in contrast to the other non-Humanitarian groups.

8. Explaining the Changes Across the Cohorts

One of the major changes in the environment experienced by migrants in the two cohorts is that those in Cohort 2 were not eligible for social welfare benefits (except family payments) for a period of two years after arrival. It is to be expected that this change would have two effects⁷.

The first is that it would change the composition of applications for migrant visas. People who feel less confident of being able to support themselves, through employment, self-employment or income from assets, or who do not have family on whom they could rely if necessary, will face a higher risk of serious hardship on migrating. Some will be deterred by this greater risk. People who are confident of their ability to support themselves or be supported by family will not be so deterred. We expect the effect of this to be a change in the composition of applicants for migrant visas. This change should increase the average employability of migrants, by cutting off the least employable tail of potential migrants. We do not have direct evidence on the employability of applicants. However, for the expected effect to be important, it must affect not only the composition of applicants, but also the composition of those who finally migrate. We will examine whether the average level and the dispersion of the main indicators of labour market quality have improved for Cohort 2.

At the same time that the waiting period for access to most social welfare payments was extended from six months to two years for new migrants, the total migrant intake fell (from around 80,000 to 65,000). This reduction has been implemented in ways that are calculated to increase the average labour market quality of migrants: the humanitarian offshore intake has been reduced, the required levels of English competence have been increased, more weight has been given to having desired skills and being of the most productive age. It is highly likely that these changes have also cut off part of the lower section of the tail of migrants, ranked according to their expected labour market productivity. To the extent that we find such a cut in the tail, it will not be possible to disentangle the above two causes.

⁷ For a more formal presentation of these ideas, see Chiswick, 2000. The exclusion from access to social welfare benefits does not apply to Humanitarian migrants. Thus the discussion to follow does not apply to this group.

The second effect of the withdrawal of access to social welfare benefits is expected to be that those who do migrate make a greater effort to find employment or other means of private support. To use an economics concept, migrants would now have a lower reservation wage - some would now be prepared to work in jobs where the earnings and conditions are inferior to those previously available from social welfare benefits. One indicator of this effect is the quality of the jobs that migrants did take. If more of them took low skilled, low status, low paying and/or part time jobs, and if more took jobs that did not use their qualifications, this would provide support for the proposition that their reservation wage has fallen.

We examine evidence for each of the two sets of effects below. Before we do this, we present evidence that the removal of eligibility for social welfare benefits did bite.

Table 18 shows the how the use of social welfare benefits differs between the two cohorts taken as a whole (ie. making no allowance for the change in the visa composition). It is striking that Cohort 2 is much less likely to have received any of unemployment, family or other social welfare benefits. For example, 5 per cent of Cohort 2 received unemployment benefits at the time of interview. This compares with 25 per cent for wave 1 Cohort 1. This difference is apparent also for the economic and family migrants⁸. It is also notable that three times as many migrants in wave 1 of Cohort 1 (36 per cent) had government social welfare benefits as their main source of income than did migrants in Cohort 2 (11 per cent). Also note from Table 18 that the percentage of migrants who received *no* income was only a little higher for Cohort 2. That is, the lower proportion who receive social welfare benefits in Cohort 2 has been almost matched by the higher proportion who receive other sources of income (mainly wages). Hence there is clear evidence that the change in social welfare rules did bite. In saying this, we recognise that many of the people in wave 1 of Cohort 1 who reported receiving unemployment benefit appear not to be eligible for this payment (as discussed earlier). Thus the change that shows up in

⁸ The labour market characteristics of Independent and Skilled-Australian Linked migrants are very similar. For ease of presentation and comprehension, for some analyses we have combined these two groups and called them “economic” migrants. People who came under the Family stream were selected on different criteria and have rather different labour market characteristics. They are therefore treated as a separate category. We exclude Humanitarian migrants at this stage, since few are in employment and the change in social welfare arrangements did not apply to them. We also exclude Business migrants, since they have very high rates of employment and very low rates of use of the social welfare system, for both cohorts.

Table 18 may have arisen in part from a stricter application of the waiting period for new migrants, and not just from the change in the length of the waiting period.

Table 18: Percentage of Cohort 1 Wave 1 and Cohort 2 that received social welfare payments at time of interview

<i>% who received</i>	<i>All Migrants</i>		<i>Economic migrants</i>		<i>Family migrants</i>	
	<i>C1</i>	<i>C2</i>	<i>C1</i>	<i>C2</i>	<i>C1</i>	<i>C2</i>
Unemployment	25	5	20	0.3	14	4
Family payment	15	6	21	8	8	4
Other Govt	11	5	11	4	8	3
Most of their income from Govt.	36	11	33	5	22	9
Zero income	23	26	11	14	37	41

8.1 Have less employable migrants stayed home?

Did the need to be financially self-sufficient on arrival mean that people who were less likely to be successful in the labour market did not migrate? We look at the labour market characteristics and the job outcomes of each cohort in order to obtain an initial view on this question.

Some evidence supporting the proposition that the bottom tail has been cut from the migrants in Cohort 2 is presented in Table 19. For all migrants, the proportion with fewer than 12 years of education was, at 14 per cent, rather lower for Cohort 2 than for Cohort 1 (23 per cent). But this fall is least apparent in the group that is expected to be most affected by the change in welfare policy, namely migrants in the Independent and Concessional Family/Skilled-Australian Linked categories (described in the table as Economic migrants). People in this group are the most likely to have to manage on their own resources (compared with the Preferential Family/Family Stream and the Humanitarian migrants). Perhaps for this reason, even in Cohort 1, few had less than Year 12 education (6 per cent), were labourers or other unskilled workers, were unemployed prior to immigration or could speak no English. It is true that these small percentages were even smaller in Cohort 2, which suggests some reduction in the tail in Cohort 2, but the magnitudes are small. They are not sufficient to explain the distinctly better labour market outcomes of Cohort 2. Nor do they suggest a substantial impact of the change in the social welfare rules,

on the size of the tail of low productivity immigrants. Recall that any reduction in the tail will be a joint product of the change in rules and the reduction in the total intake.

Table 19: Migrants with Low Labour Market Skills in each of Cohorts 1 and 2

% with Low Labour Market	<i>All Migrants</i>		<i>Economic migrants</i>		<i>Family migrants</i>	
	<i>C1</i>	<i>C2</i>	<i>C1</i>	<i>C2</i>	<i>C1</i>	<i>C2</i>
Less than year 12 education	23	14	6	3	31	22
Labourer pre- migration	4	1	2	0.4	7	3
Unemployment pre- migration	3	2	1	1	3	2
Not in labour force pre-migration	18	17	9	7	21	22
Speak a little English	26	22	14	8	25	29
Speak no English	12	8	2	1	15	13

8.2 Conclusion

The change in eligibility for social welfare was evident in the sizeable reduction in the proportion of recent migrants who received such benefits. It is possible, but unlikely, that the better prospects in the labour market that confronted Cohort 2 would on their own have been sufficient to explain this reduction in the use of social welfare benefits, even if the rules had not changed. We think that this is unlikely. Cohort 2 did have substantial unemployment -16 per cent of those in the labour force. Most of the unemployed who did not receive benefits would presumably have been eligible in the earlier regime, after six month's residence. But the denial of access to social welfare benefits has not forced people to take poor quality jobs. Nor has it 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.

9. Multivariate Analysis

The material presented above documents in some detail the changes in the characteristics and labour force outcomes of migrants in each of the two cohorts. Clearly, a number of changes are occurring simultaneously and simple two-way tables and charts do not enable us to disentangle them all (although they do tell much of the story). It may be, for example, that the better employment outcomes of Cohort 2 are simply the result of the changed proportion of migrants in each visa category (although the systematic reporting of outcomes by visa category shows that this is not so). Or it may be that the superior outcomes of the Concessional Family/Skilled-Australian Linked and Independent migrants is caused by their higher levels of education and/or English language proficiency. But other factors are at work, including the general improvement in the state of the labour market in Australia, changes in the country of origin of the migrants and changes in their age distribution. In order to identify the separate effects of the variety of changes that have occurred between Cohort 1 and Cohort 2, it is necessary to use multivariate analysis.

9.1 Probability of being employed

We here report the results of a set of multivariate analyses that are directed to understanding the changes in the employment rates between the cohorts. There are other measures of labour market outcomes, including the levels of earnings and hours worked and of unemployment. But for reasons discussed earlier, the rate of employment, or employment to population ratio, is probably the best single measure of labour market success. It is also one that is measured with some accuracy, since most people are able to understand and respond correctly to questions about whether or not they are employed.

Whether or not one is employed is a dichotomous state: it has a yes/no answer, rather than continuous variation. For this reason, logit regression is the appropriate technique to use to sort out the different effects of a range of variables on the likelihood of being employed.

We have run separate logit regressions for each of the visa categories. The advantage of doing this is that it makes it possible for the effect of each of the

independent variables to differ for each visa group. While it reduces the degrees of freedom for each estimation (because the numbers of people over whom each regression is estimated is fewer) we judge the advantages to outweigh this disadvantage.

The meaning of logit regression results are not easily inferred from the estimated co-efficients. In the tables below, we present, not the co-efficients, but an interpretation of their effect on the probability of being employed. The dependent variable is whether or not a person is employed. The variables that we consider as possible explanations of variation in the probability of being employed are:

ENGWELL	<i>speaks English well plus other language</i>
Engwell	<i>does not speak English well</i>
Engcob	<i>The omitted variable is speaks English only or best born in UK, Ireland, North America</i>
SPOUSE	<i>the respondent is the spouse of a primary applicant</i>
MALE	<i>the respondent is male</i>
COHORT2	<i>the respondent is in Cohort 2</i>
VISIT	<i>respondent had previously been in Australia</i>
PNOTEMP	<i>not employed prior to migration</i>
PHIGHDEG	<i>has a higher degree</i>
PPGDIP	<i>has a post-graduate diploma/certificate</i>
PDEG	<i>has a degree</i>
PTECHDIP	<i>has a diploma or technical certificate</i>
PTRADE	<i>has a trade qualification</i>
PYEAR 12	<i>highest qualification is Year 12</i>
PYR10_11	<i>highest qualification is Year 10 or 11</i>
PYR7_9	<i>highest qualification is Year 7 to 9</i>
POTHER	<i>other level of schooling</i>
AGE	<i>The omitted variable is less than 7 years of schooling age, in years</i>
JOBGRTH	<i>net job growth in a 7 month period, for the cohort and state of the respondent</i>
STAY	<i>Duration of period of current residence in Australia, in days</i>

Logit equations predict the probability that a person is in one of the two categories of the dependent variable - in this case, whether employed or not employed. We report the odds that a person who has the characteristic in question will be employed, compared with the odds that a person who is the same on every other variable, but does not have that characteristic, will be employed.

The two main propositions of interest are:

- c) Do migrants in Cohort 2 have a greater probability of being employed than migrants in Cohort 1, for given levels of education, English language skills, age, sex etc?
- d) Is the higher employment among Cohort 2 migrants explained by improvements in the state of the labour market?

We are also interested in the role played by level of educational qualifications, age and English language skills in influencing a person's likelihood of being employed. These are the attributes that are being targeted by many of the recent changes in

migrant assessment criteria, and hence the results are likely to be of particular policy interest.

The analysis has been done separately for each visa category except the Humanitarian group. We have done this because of the express interest of the Department of Immigration and Multicultural Affairs in the differences of experience between the visa categories. We would not normally expect visa category to have an independent and significant effect on the probability of a person finding a job, unless it is standing as a proxy for unobservable personal attributes that affect the probability of employment. Rather, such probabilities are expected to be affected by personal attributes that influence a person's expected productivity in employment, such as their education and type of skills and their experience. Access to alternative sources of income, and valuable alternative uses of their time may also be relevant. The analysis shows that in fact the impact of different characteristics on the probability of employment does differ somewhat across the visa groups, though the differences are mostly not large. The Business Skills/ Employer Nomination Scheme migrants are the ones that look most different.

The Humanitarian category has been excluded because very few are in employment six months after arrival. Logit analysis is not very insightful when one of the categories of the dependent variable (in this case, employed) has very few cases.

The results of the logit regression are reported in Table 20. The figures in the columns labelled "odds" are derived from the regression co-efficients (indeed, are the exponential values of the co-efficients). They can be interpreted as showing the odds that a person with that characteristic has of being employed, compared with the odds of a person who otherwise is the same, but does not have the characteristic in question. Thus, for Concessional Family/ Skilled-Australian Linked migrants, those who came in Cohort 2 have two and a half times the probability of being employed than do otherwise identical migrants who came in Cohort 1. By "otherwise identical" we mean a person who has the same measured characteristics as represented in the equation.

In the regressions reported in Table 20, the migrants in Cohort 1 and those in Cohort 2 have been pooled into the one data set, and the regression estimated using the combined data.

Table 20: Logit Regression Estimates of the Probability of Being Employed, by Visa Category, both Cohorts Combined

Characteristic	Concessional Family / Skilled Aust Linked		Independent		Pref. Fam/Fam Stream		Business Skills/ENS	
	Odds	Signif.	Odds	Signif.	Odds	Signif.	Odds	Signif.
ENGWELL	-0.41**	0.00	-0.66**	0.00	-0.68**	0.00	-0.57**	0.00
ENGNWELL	-0.22**	0.00	-0.25**	0.00	-0.33**	0.00	-0.23**	0.00
ENGC0B	1.83**	0.00	2.13**	0.00	1.23	0.21	1.77*	0.01
MALE	2.61**	0.00	1.70**	0.00	2.99**	0.00	1.60*	0.01
SPOUSE	-0.64**	0.00	-0.36**	0.00	-0.74	0.30	-0.14**	0.00
COHORT2	2.47**	0.00	2.58**	0.00	1.80**	0.00	-0.78	0.14
VISIT	1.26*	0.06	1.99**	0.00	2.22**	0.00	-0.71*	0.07
PNOTE MP	-0.39**	0.00	-0.39**	0.00	-0.31**	0.00	-0.39**	0.00
PHIGHDEG	-0.52*	0.02	-0.79	0.49	1.02	0.95	3.25**	0.00
PPGDIP	-0.50*	0.02	-0.72	0.38	-0.75	0.32	0.98	0.97
PDEG	-0.53*	0.01	-0.76	0.41	-0.68*	0.09	1.03	0.93
PTECHDIP	-0.60*	0.03	-0.98	0.96	-0.86	0.49	0.89	0.75
PTRADE	-0.84	0.52	-1.63	0.22	-0.84	0.49	2.33	0.16
PYEAR12	-0.53*	0.03	-0.62	0.22	-0.74	0.17	0.65	0.24
PYR10 11	n.a	n.a	n.a	n.a	-0.56*	0.02	-0.41*	0.06
PYR7 9	n.a	n.a	n.a	n.a	-0.82	0.42	n.a	n.a
POTHER	n.a	n.a	n.a	n.a	-0.34	0.10	n.a	n.a
AGE	-0.95**	0.00	-0.95**	0.00	-0.95**	0.00	-0.96**	0.00
JOBGRTH	1.01	0.78	0.92	0.17	1.01	0.66	-0.95	0.47
STAY	1.00*	0.01	1.00*	0.05	1.00	0.71	-1.00	0.70
Constant	**	0.00	**	0.00	**	0.00	**	0.00
per cent improvement in number	42 1716		43 1858		34 3991		55 1487	

** indicates 99 per cent confidence that the association is not caused by chance.

* indicates 90 per cent confidence that the association is not caused by chance.

The advantage of doing this is that it enables us to include a dummy variable that indicates which cohort the respondent was in. The variable, labelled “Cohort 2”, has the value 1 if the respondent was in Cohort 2 and 0 if he or she was in Cohort 1. A positive and significant co-efficient on this variable indicates that, after taking account of all the other attributes captured in the other variables in the equation, being in Cohort 2 increases the probability of a person being employed. For each visa category except Business Skills and Employer Nomination Scheme, the co-efficient is positive and significant. Thus for migrants on an Independent or Concessional Family/Skilled-Australian Linked visa, the odds of being employed were about two and a half times greater if they were in Cohort 2 rather than Cohort 1, given their qualifications, age, sex, English language skills and so on. The cohort effect was less for the Preferential Family/Family Stream and not significant for Business Skills and Employer Nomination Scheme migrants.

Whether or not a characteristic has a statistically significant impact on the probability of employment is indicated in the neighbouring column. Values of less than 0.01 show that it is highly unlikely that the association arose by chance, and thus the characteristic does have a significant impact. Values of more than 0.10 are normally interpreted as indicating that the characteristic does not have a significant influence on the outcome.

There are two drawbacks in pooling the data from the two cohorts in this way. The first is that the variance in the data differs somewhat, and this reduces the reliability of standard tests of significance. The second is that it constrains the co-efficients on each of the other independent variables to be the same for each cohort. In response to these points, we also later report regressions estimated separately for each cohort. Despite these drawbacks, we use the pooled data approach in order to obtain a simple test of whether there is an independent cohort effect on the probability of being employed. The regression results suggest that there is.

The greater probability of employment for a “constant quality” migrant in Cohort 2 as compared with Cohort 1 has two possible causes. The first is that the migrants are not in fact “constant quality”. The regression captures differences in observable characteristics that are likely to be associated with differences in employability. But

there is a lot of variance that is not explained, and there are attributes that the outside observer is unlikely to be able to identify, such as in intensity of effort and motivation and inter-personal skills. Furthermore, we do not have variables that represent the need for earnings, or the productivity of the person in activities outside the labour market. The independent effect of being in Cohort 2 is consistent with the proposition that the reduced size of the migrant intake and the denial of access to social welfare benefits have between them caused a greater degree of self-selection among potential migrants, favouring those with greater self-assessed (and unobserved) prospects of employment.

The second possible cause is the improvement in the overall state of the economy. This possibility was tested by the inclusion in the independent variables of JOBGIRTH. This variable measures the number of net additional jobs created in each State or Territory over a seven month period. For Cohort 2, the seven month period was August 2000 to February 2001 - the period of arrival and interview. For Cohort 1, the duration of arrival and interview was much longer - over two years. To make the job growth numbers comparable, the average growth in jobs per seven months within the two year period of arrival and interview was calculated. For each person, JOBGIRTH took the value appropriate to the growth in employment of the cohort and State that they were in. In no case does this variable make a significant contribution to explaining the variance of employment outcomes. An alternative measure of the state of the labour market was also tried. This measured the employment to population ratio for the sex, State and cohort of each respondent at the time of interview. This measure is less theoretically appropriate than the measure of the growth in jobs, and it too was not significant for any of the visa categories.

We conclude that the most likely explanation for the improvement in the employment outcomes of Cohort 2 is that they were more actively seeking jobs, and/or were of higher employability in ways that are not captured in the observed variables. Note that our data cover spouses as well as primary applicants, and the employment rate for spouses increased rather more than that for primary applicants.

The regressions reported in Table 20 contains a range of other interesting information.

As expected, English language competence is an important predictor of the probability of being employed for all visa groups. Recall that the omitted category is 'speaks English best or English is their only language'. Thus the negative co-efficient means that people who respond that they speak English well, but it is not their best or only language, or that they do not speak English well, have a lower prospect of being employed than the comparison group. 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 those who speak English fluently, all other attributes being the same. 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. This is best interpreted as indicating unobserved qualities in the migrants—because these are high income places of origin, people are not likely to migrate to Australia unless they anticipate good employment prospects. This self-selection interpretation is reinforced by the fact that the co-efficient is not significant for Preferential Family/Family Stream migrants, many of whom come to Australia for reasons other than work opportunities.

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. It is interpreted as standing as a proxy for knowledge of the local labour market. It may also indicate a greater investment of effort on behalf of the intending migrant in learning about their intended destination. This may in turn be linked to unobservable personal qualities that enhance employability. Cobb-Clark, D. and Chapman, B. (1999) had identified the importance of prior visit in their analysis of Cohort 1 Primary Applicants. Our

regressions confirm that the effect persists for the pooled group of migrants, and when we include spouses in the data. A regression to be reported below confirms that a prior visit significantly enhances the prospects of employment for Cohort 2 examined separately.

The variables that measure the highest qualifications are in most cases not significant. However, we are puzzled by the fact that in all cases they have the unexpected sign. The omitted category is those who have fewer than 12 years of formal schooling. For the Preferential Family/Family Stream migrants, it was fewer than 7 years, as there were sufficient numbers of people in this group for it to be statistically useful as a category. Because people with higher levels of qualifications are expected to be more productive, we expect them both to be more likely to obtain a job, and to receive a higher wage when they do. We suspect that the pooling of the data may have produced this puzzling outcome. When the regression is estimated separately for each of the cohorts, higher qualifications have the expected positive sign.

Finally, we note that age is consistently significant and negative. Younger people, other things equal, have a higher chance of being employed.

In Table 21, we report the results of a similar regression, estimated separately for each cohort but not for each visa category. The advantage of this approach is that it enables us to see whether the consequences for employment of different attributes has changed between the two cohorts. We have also included variables to indicate the state of interview of each respondent. Cobb-Clark, D. and Chapman, B. (1999) show that for Cohort 1, being in Queensland gave migrants a significantly higher chance of being employed. Our regression, which includes spouses, does not identify a positive Queensland effect for Cohort 1 (compared with being in NSW). And for Cohort 2, the effect of being in Queensland is significant and negative.

Overall, the independent variables give a better prediction of employment for Cohort 2 (a 53 per cent improvement over the prediction that would be made without the inclusion of the variables, compared with a 39 per cent improvement for Cohort 1). The variables that are significant are mostly the same, except for State of interview.

With State of interview, the comparison is with NSW. For Cohort 1, the prospects of employment were significantly worse for migrants in Victoria and West Australia. For Cohort 2, they were, as noted above, significantly worse for migrants in Queensland, but also for those in West Australia and South Australia or Tasmania. We conclude that the local labour market does matter, but the advantage of one over another is mostly ephemeral.

The advantages of being fluent in English, of being male and the primary applicant, of having visited Australia and of being employed prior to migration and of being younger are all similar for the two cohorts. The effects of all of these variables are significant for both cohorts and have similar magnitudes.

Table 21: Logit Regression Estimates of the Probability of Being Employed, Cohort 1, Wave 1 and Cohort 2

Characteristic	Cohort 1		Cohort 2	
	Odds	Signif.	Odds	Signif.
ENGWELL	-0.47**	0.00	-0.56**	0.00
ENGNWELL	-0.19**	0.00	-0.23**	0.00
ENGC0B	2.09**	0.00	1.48*	0.01
MALE	2.63**	0.00	2.54**	0.00
SPOUSE	-0.52**	0.00	-0.73**	0.00
VISIT	2.21**	0.00	2.41*	0.00
PNOTEMP	-0.39**	0.00	-0.26**	0.00
QLD	1.19	0.30	-0.60**	0.00
SATAS	-0.68	0.16	-0.58**	0.00
TERRIT	1.26	0.56	-0.79	0.26
VIC	-0.78*	0.01	-0.83	0.32
WA	-0.65*	0.00	-0.70*	0.03
PHIGHDEG	1.73**	0.00	2.72**	0.00
PPGDIP	1.14	0.39	1.48*	0.07
PDEG	1.06	0.62	1.52**	0.00
PTECHDIP	1.20	0.10	1.38*	0.03
PTRADE	1.59**	0.00	1.56*	0.02
PYEAR12	-0.96	0.75	-0.96	0.77
AGE	-0.96**	0.00	-0.94**	0.00
JOBGRTH	1.05	0.81	0.98	0.67
STAY	1.00**	0.00	1.00	0.41
Constant		0.69	**	0.00
per cent improvement in prediction	39		53	
number	6961		4181	

** indicates 99 per cent confidence that the association is not caused by chance.

* indicates 90 per cent confidence that the association is not caused by chance.

There are modest differences in the impact of different qualifications. While the size of the effect is similar across the cohorts for most of them, having a degree or graduate diploma is not significant for Cohort 1 whereas it is for Cohort 2. In addition, the impact of having a higher degree is larger for Cohort 2. We note that the proportion of migrants in Cohort 2 who had a higher degree was considerably higher than it was for Cohort 1.

The final difference between the two cohorts is that the duration of residence in Australia prior to interview (STAY) was not significant for Cohort 2 but was for Cohort 1. Cohort 2 migrants had on average been in Australia longer at the time of

interview than had those in Cohort 1. It may be that the effect of a few weeks extra time in Australia is highest soon after arrival, and that it had largely begun to wear off by the time that most Cohort 2 migrants were interviewed.

Earlier in this report we noted that the positive association between youth and being employed was rather less for Cohort 2 than for Cohort 1. It is interesting that once we control for a range of other attributes, there remains no difference between Cohort 1 and Cohort 2 in the influence of age on the probability of being employed.

Several variations on the reported equations were tried. In one version, education was coded in years of formal schooling rather than being entered as dummy variables for level of qualification. In addition, a crude measure of employment experience was calculated, as the person's age, less the years of schooling, less 5. This was then used instead of age. The effects of this alternative on the other variables were small. The education variable was not significant, and for some visa categories was negative, for the equation reported in Table 20. This is consistent with the results of using qualifications. Similarly, education was significant and positive for each of Cohorts 1 and 2 in the equation reported in Table 21. We chose to report qualification and age, rather than education and experience, since we thought that the former were more closely related to the migrant selection criteria. They were thus of more interest to policy.

We also tried including the field in which the education qualification was obtained. With few exceptions, these did not have significant co-efficients, and some were correlated with qualification.

We conclude from the comparison of Cohorts 1 and 2 that the impact of the observed characteristics on the probability of being employed was basically the same across the two cohorts. 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. Thus the better employment outcomes for Cohort 2 are likely to be the result of two factors. One is the better average set of characteristics (such as language and education). The other is that Cohort 2 migrants have better non-observable

attributes that increase their likelihood of being employed. These may result either from the deterrent effect of knowing that social welfare benefits are not available for the first two years, or from the cut in the size of the migrant intake, or both. The improved results may also arise from a stronger labour market, but we could detect no such effect from the proxies for state of the labour market that we used.

9.2 Variance in earnings

The previous analysis has sought to understand the sources of the difference in the probability of being employed. In this section, we confine the analysis to those who are employed (including self-employed) and enquire into the sources of variance in the level of hourly wages. We do this separately for each visa group, but pool the data for the two cohorts. As before, the reason for this is to see whether migrants in Cohort 2 who had the same characteristics as those in Cohort 1, received the same wage.

The variables used to explain the level of the hourly wage are mostly the same as those used to predict employment. The reasoning is that the people most likely to be employed are those who can expect to be paid a wage that exceeds the value to them of being not employed. Thus the attributes that affect wages are relevant to both enquiries.

The list of variables is set out below.

ENGWELL	<i>speaks English well plus other language</i>
Engwell	<i>does not speak English well</i>
Engcob	<i>The omitted variable is speak English only or best</i>
SPOUSE	<i>born in UK, Ireland, North America</i>
MALE	<i>the respondent is the spouse of a primary applicant</i>
VISIT	<i>the respondent is male</i>
PNOTEMP	<i>respondent had previously been in Australia</i>
JOBGRTH	<i>not employed prior to migration</i>
STAY	<i>net job growth in a 7 month period, for the cohort and state of the respondent</i>
ED	<i>Duration of period of current residence in Australia, in days</i>
EXP	<i>years of formal education</i>
EXPSQ	<i>estimated years of employment experience</i>
	<i>the squared value of experience</i>

EDUCAT	<i>field of qualification was education</i>
HEALTH	<i>field of qualification was health</i>
SOCSCI	<i>field of qualification was social sciences</i>
ADMIN	<i>field of qualification was administration or management</i>
ENGIN	<i>field of qualification was engineering</i>
NOHQ	<i>no post-school qualification</i>
ASSPROF	The omitted category was Science <i>occupation was management, administration, associate professional</i>
PROF	<i>occupation was professional</i>
TRADES	<i>occupation was trades</i>
PRODUCT	<i>occupation was machine operator, driver</i> The omitted category was “other”, being sales, clerical, labourer

We have included in the earnings equation the field of the respondent’s highest qualification, and their broad occupational category. In addition, we have used years of education and a crude estimate of workforce experience, rather than use age as in the logit estimates. The variables that we have chosen are theoretically more appropriate for estimating earnings. We emphasize, however, that the measure of workforce experience is not at all precise, especially for women. The occupational groupings are the broad ones derived from a comparison of ASCO1 and ASCO2, as discussed in the earlier discussion on occupation. It is necessary to use this abbreviated scale, because we wish to code occupation similarly for Cohort 1 and 2.

The estimation of hourly wage contains some imprecision. Apart from the inevitable, and unknown, errors in the data, the wage variable was calculated by dividing weekly earnings for those in employment by their reported hours of work. Both sets of data were coded in intervals, so we could not do better than use the mid-point of the interval to compute the income and hours information.

We do not report results for Business Skills and Employer Nomination Scheme or for Humanitarian migrants. In the former case, much of the earnings are from self-employment. It is notoriously difficult to get satisfactory estimates of the return to labour from people who are self-employed, and the overall explanatory power of the regression that was estimated was, not surprisingly, low. In the case of Humanitarian migrants, too few were employed to give reliable estimates. The sample size was only 104.

Ordinary least squares was used to derive the results reported in Table 22.

The co-efficients in the table show the increase, in dollar amounts, in the hourly wage associated with having the attribute in question. Thus, for Independent migrants, an additional year of formal schooling typically adds 80 cents per hour to the wage, whereas an additional year of experience in the workforce adds 64 cents. Migrants in Cohort 2 earn \$2.65 more than migrants in Cohort 1, all other measured attributes held constant.

Overall, the equations look plausible. The overall explanatory power - between 23 and 29 of the variance - is acceptable for estimates of this sort. The signs on the explanatory variables are mostly as expected.

Table 22: OLS Regression Estimates of Hourly Wages, by Visa Category, both Cohorts Combined

Characteristic	<i>Concessional Family/Skilled</i>		<i>Independent</i>		<i>Pref. Fam/Fam Stream</i>	
	<i>Australian Link</i>					
	Co-efficient	<i>Signif.</i>	Co-efficient	<i>Signif.</i>	Co-efficient	<i>Signif.</i>
ED	0.01	0.96	0.80**	0.00	0.33*	0.02
EXP	0.36*	0.01	0.64*	0.01	0.36**	0.00
EXPSQ	-0.01*	0.02	-0.01	0.10	-0.01**	0.00
ENGWELL	-2.97**	0.00	-2.27**	0.00	-0.30	0.64
ENGNWELL	-2.78*	0.01	-3.89*	0.02	-1.72*	0.03
ENGC0B	-0.85	0.30	0.98	0.24	1.23	0.10
MALE	1.01	0.15	1.26*	0.08	0.65	0.18
SPOUSE	-0.70	0.31	-0.49	0.56	-2.52	0.18
JOBGRTH	-0.50*	0.02	-0.07	0.80	-0.10	0.54
COHORT2	0.68	0.34	2.65**	0.00	0.07	0.90
ASSPROF	4.40**	0.00	6.70**	0.00	4.52**	0.00
PROF	8.88**	0.00	7.33**	0.00	7.76**	0.00
TRADES	0.65	0.47	3.28**	0.00	0.63	0.41
PRODUCT	0.12	0.92	0.28	0.88	-1.80*	0.03
STAY	0.00	0.86	0.00	0.87	0.01*	0.05
VISIT	2.25**	0.00	1.56*	0.02	0.18	0.73
PNOTEMP	-0.26	0.85	-2.10*	0.07	0.03	0.96
ADMIN	-2.86*	0.02	0.35	0.73	-0.29	0.78
HEALTH	-4.41**	0.00	-2.19*	0.09	-0.65	0.64
EDUCAT	-4.02*	0.04	-4.13*	0.04	-0.71	0.67
SOCSCI	-2.90*	0.03	-1.07	0.35	-0.85	0.42
ENGIN	-3.64**	0.00	-0.05	0.96	-0.09	0.93
OTHFHQ	-3.90**	0.00	-2.60*	0.05	-2.05	0.10
NOHQ	-3.73*	0.02	1.57	0.39	-0.81	0.46
Constant	14.34**	0.00	-3.63	0.39	5.24*	0.04
Adjusted R ²	0.29		0.23		0.24	
number	682		905		1075	

** indicates 99 per cent confidence that the association is not caused by chance.

* indicates 90 per cent confidence that the association is not caused by chance.

The main conclusions from the table are:

- ❖ Cohort 2 migrants earned substantially higher wages if they were Independent, but not if they were in either of the family categories;
- ❖ Experience and fluency in English both contributed significantly to higher wages, for all visa groups;
- ❖ Education was positively associated with wages, except for the Concessional Family/Skilled-Australian Linked migrants;
- ❖ For all visa categories, people working as professionals or associate professionals or in management earned more, other things equal, than people in sales, clerical or labouring jobs. For Independent migrants, this was true also for those working in the trades;
- ❖ For the Concessional Family/Skilled-Australian Linked group, the field in which one's highest qualification was obtained significantly affected wages. Science was paid best, and health and education paid worst. For the other visa groups, field was mostly not significant;
- ❖ A previous visit to Australia paid off for Concessional Family/Skilled-Australian Linked and Independent migrants, in the form of a higher wage; and
- ❖ Once you had a job, being born in the UK, Ireland or North America did not significantly increase your wage.

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 Cohort 2 migrants have unobserved qualities that make them more productive workers.

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