



Pathways, Circuits and Crossroads

The labour market integration of immigrants in Australia: promoting opportunity

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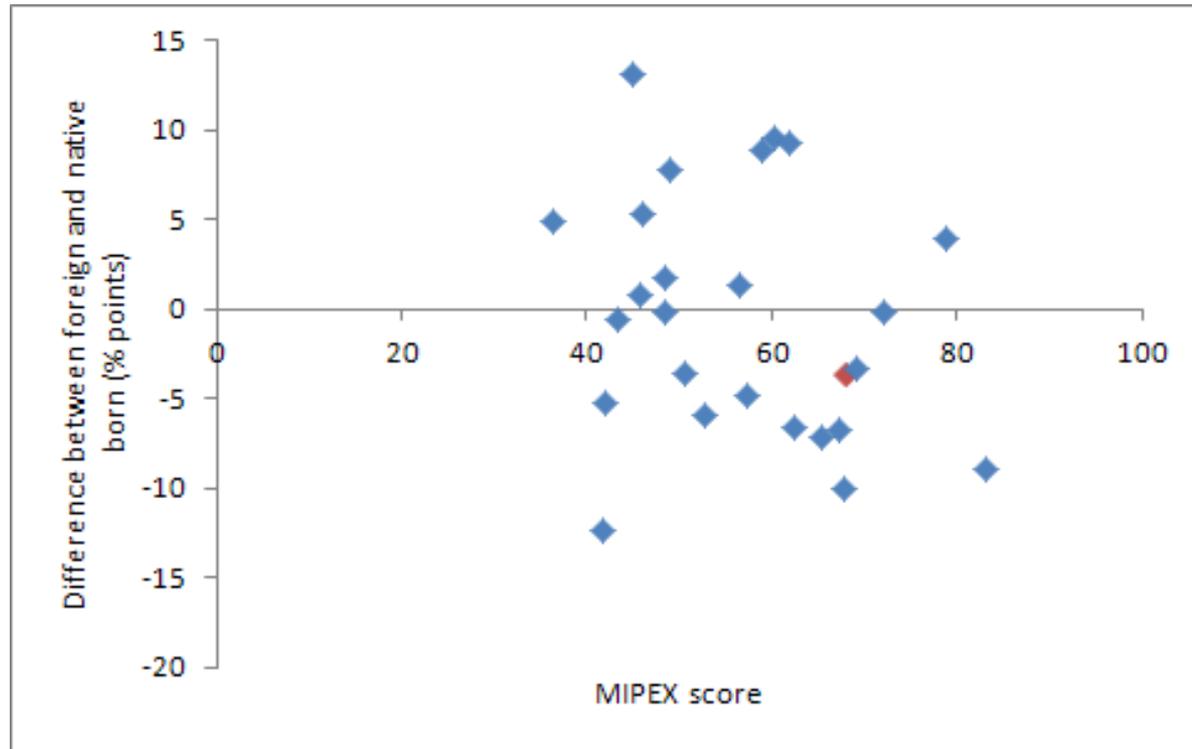
Wellington, 13 December, 2011

Outline and contentions

- Utility of country league tables to examine and improve immigrant integration. Should these be based upon:
 - equal rights for immigrants?
 - outcome-based indicators?
- An empirical test in two parts
 - Migration Integration Policy Index (MIPEX)
 - labour market integration in Australia (using employment rates)
- Three contentions for policy makers
 - steer shy of MIPEX, more useful to focus on outcome-based indicators
 - selection policies can be shaped to boost employment rates
 - there can be a welfare trade-off between rights and opportunity

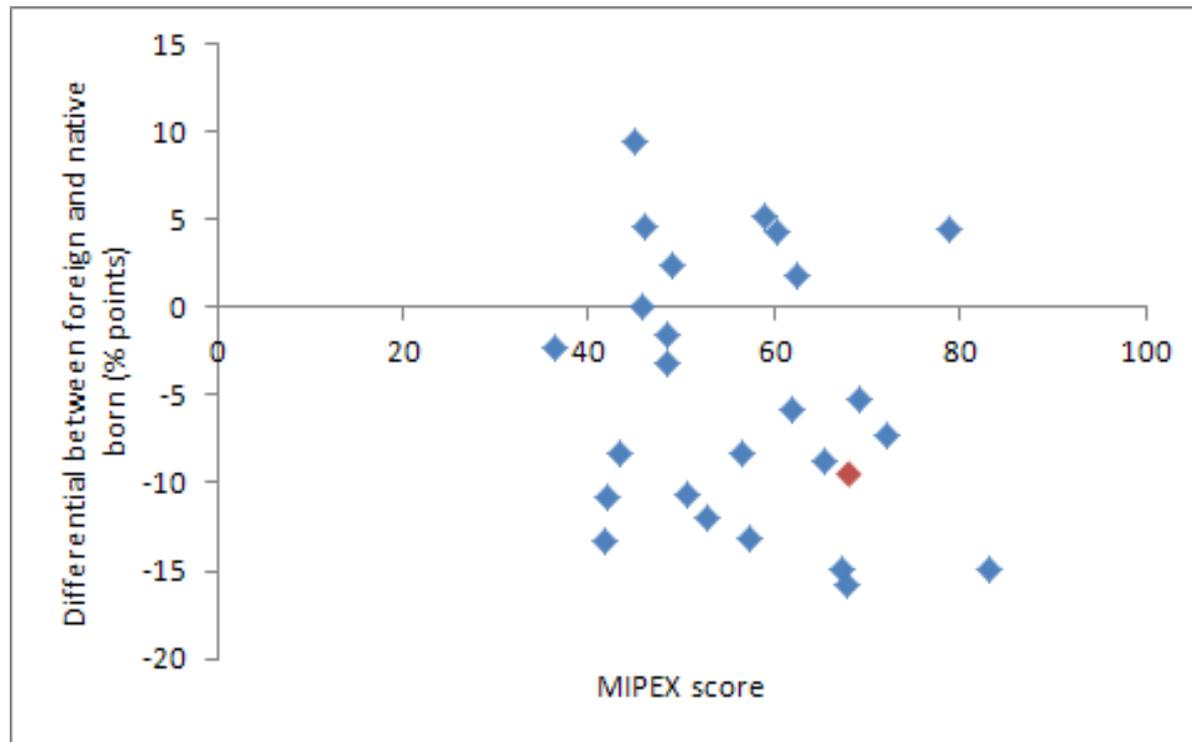
No association between MIPEX scores and employment rates. Countries split equally in how well male immigrants do relative to native-born.

Employment rates of male immigrants relative to native-born against MIPEX scores, 2010



Female immigrants fare less well than native-born women in most countries. A slight negative association with MIPEX scores.

Employment rates of female immigrants relative to native-born against MIPEX scores, 2010

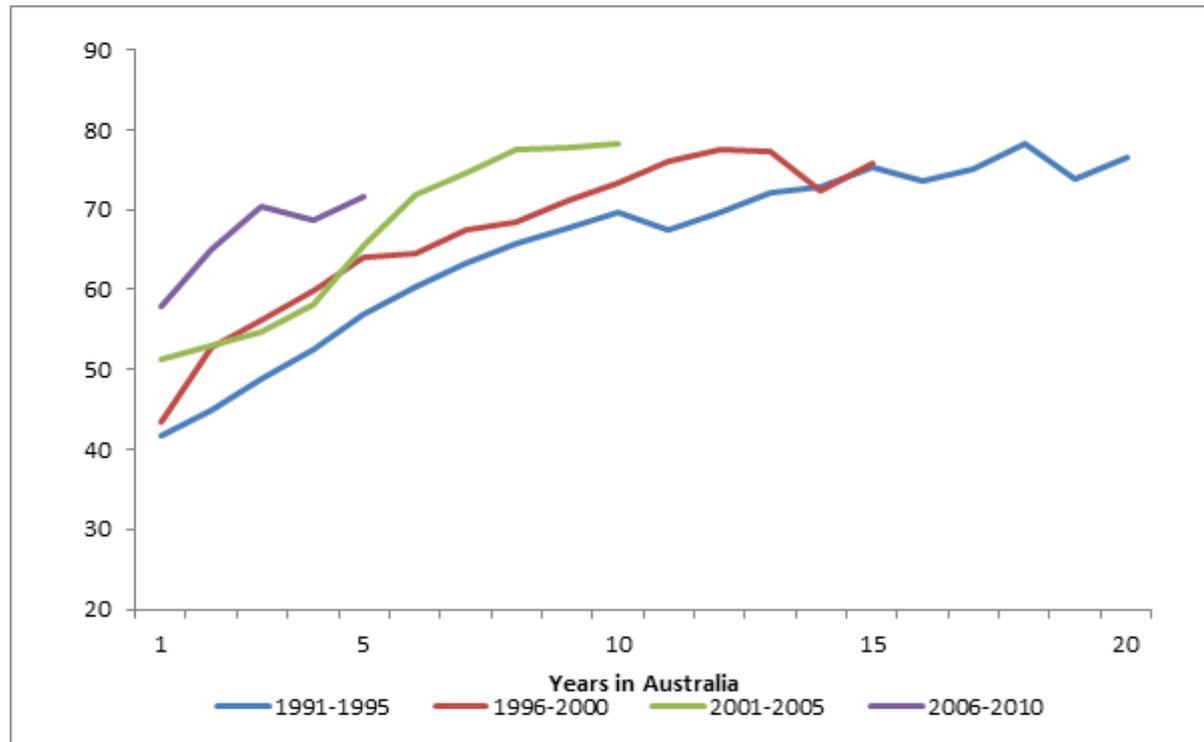


Why isn't MIPEX positively associated with labour market integration?

- Need to focus on changes over time, not point in time
 - but that shows no relationship either
- Need to account for differences in immigrant characteristics across countries
 - but that shows no relationship either
- So are integration policies ineffective or is MIPEX wrongly constructed?
 - too many indicators, plus not all can be equally important
 - some run counter to factors known to enhance integration
 - makes no allowance for entry policies or migrant self-selection
- Labour market integration in Australia as a case study of the effect and interaction between migrant self-selection, entry policies and migrant rights
 - with emigration of New Zealand citizens as an illustration

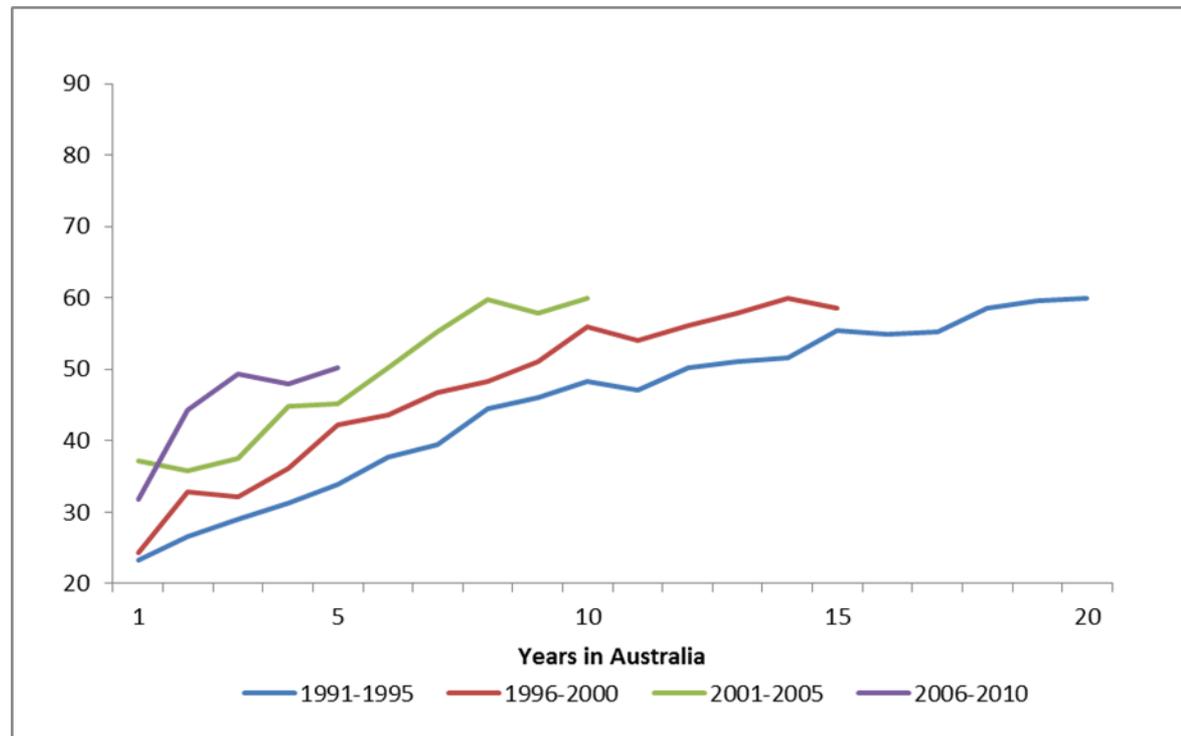
There has been a strong improvement in employment rates for males for each successive arrival cohort over the past 20 years.

Employment rates of working-age male immigrants, by period-of-arrival cohort



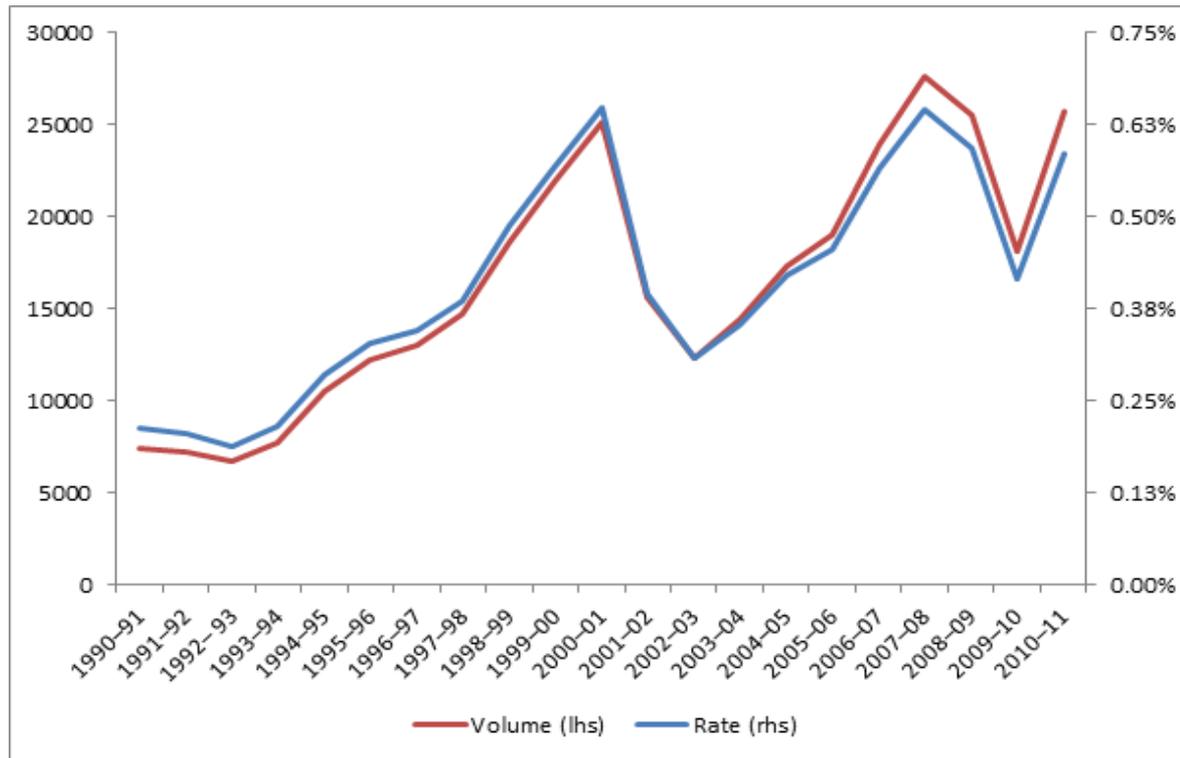
The same is true for females, though they lag a long way behind males, and also face a larger employment penalty relative to native-born.

Employment rates of working-age female immigrants, by period-of-arrival cohort



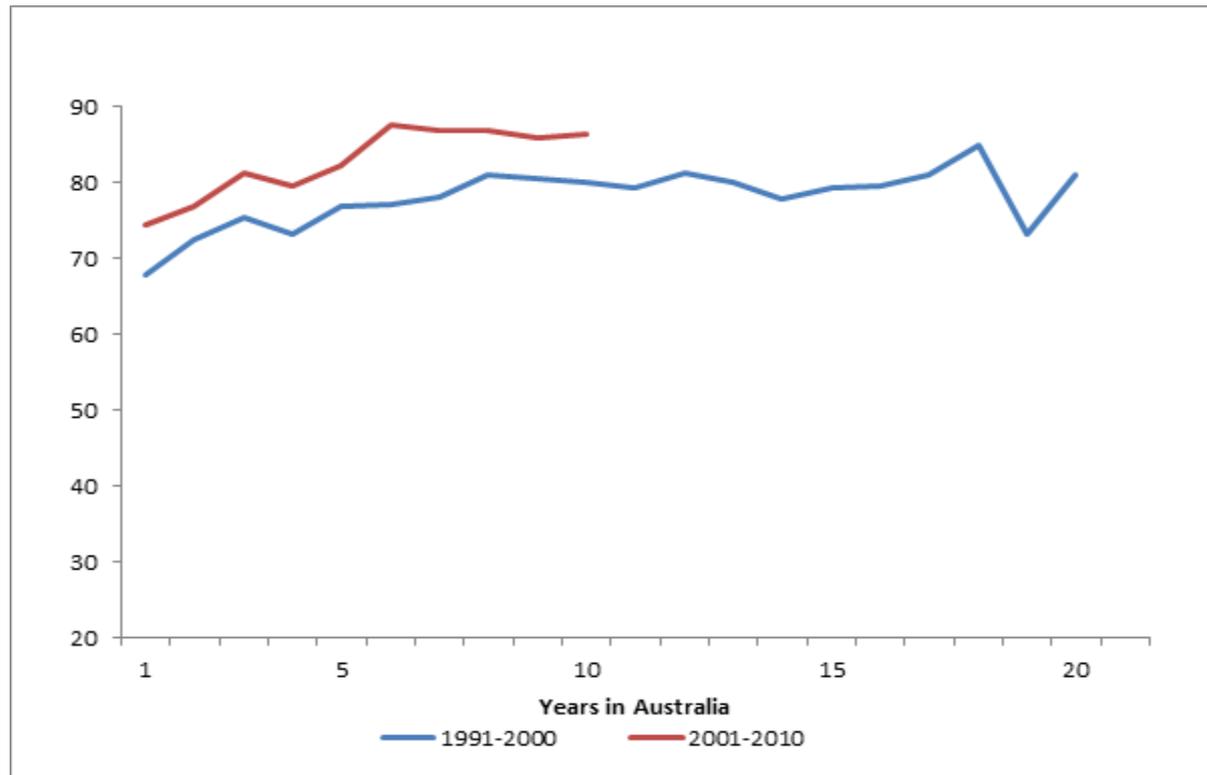
The inflow of New Zealanders into Australia is pro-cyclical, but also fell away sharply in the wake of the 2001 social security changes.

Emigration of New Zealand citizens into Australia, 1990-91 to 2010-11



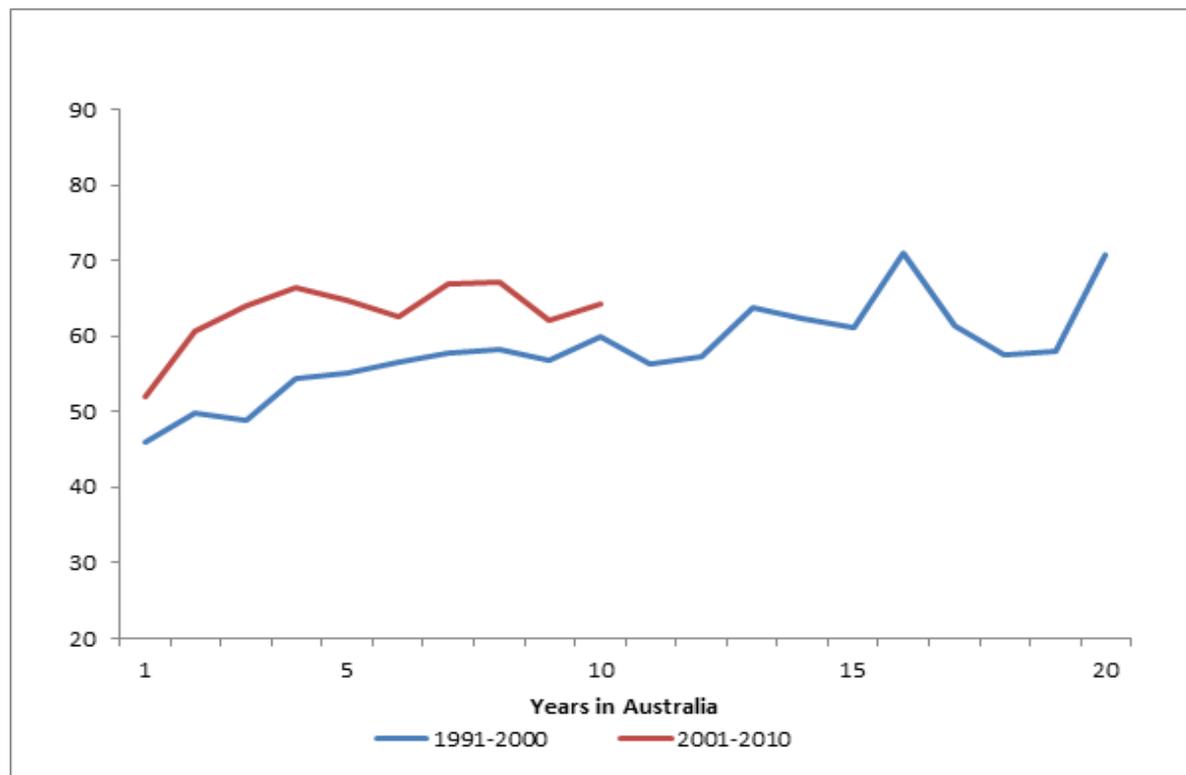
The cohort of NZ citizens that came after the 2001 changes have superior employment rates to the previous cohort, both for males ...

Employment rates of working-age male immigrants from Oceania, by period-of-arrival cohort



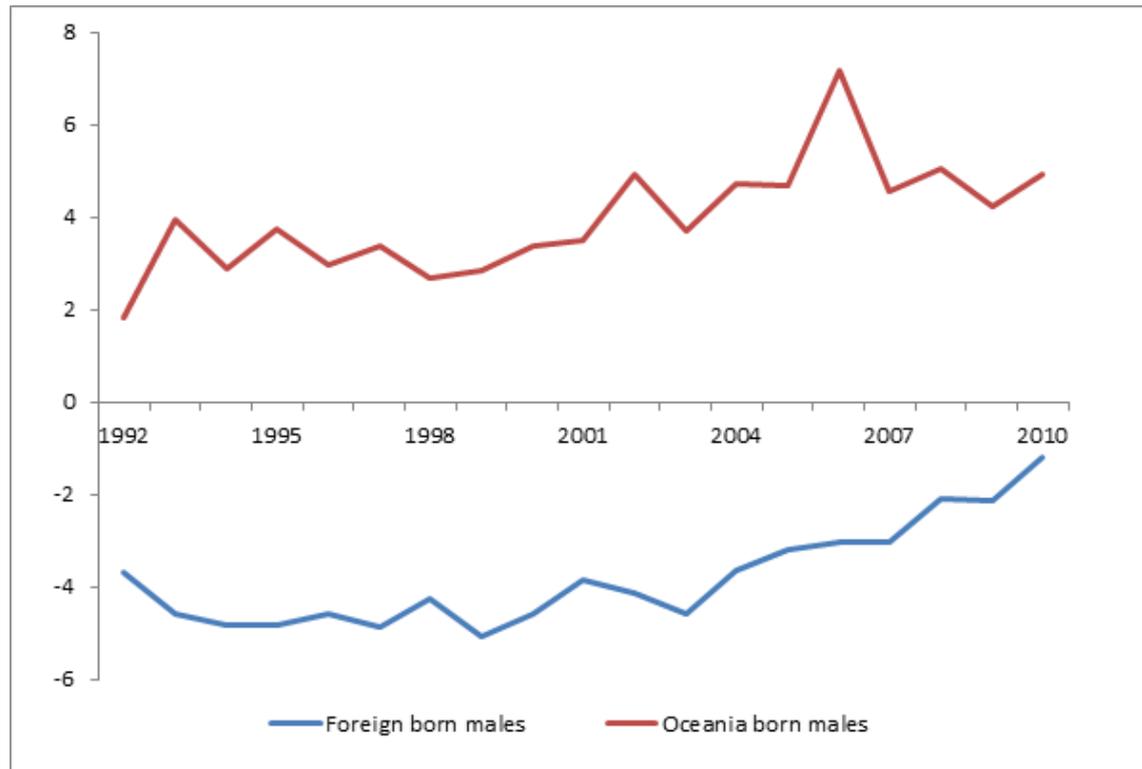
... and for females.

Employment rates of working-age female immigrants from Oceania, by period-of-arrival cohort



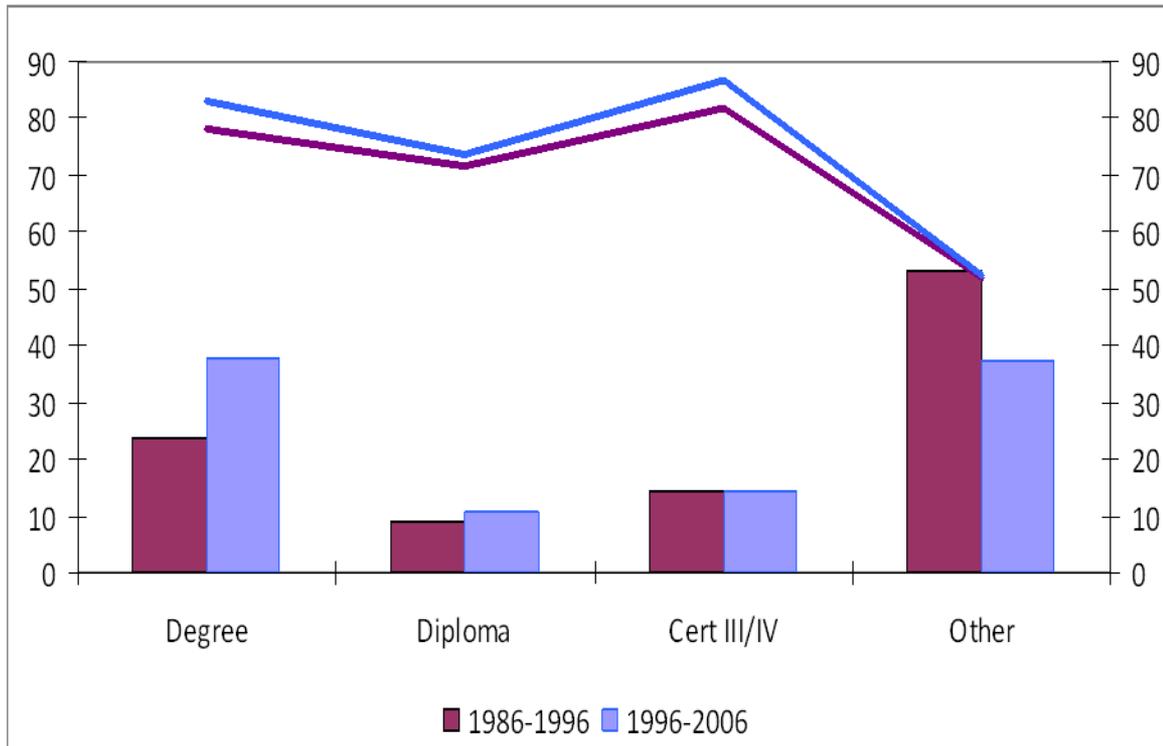
The improved employment outcomes for recent cohorts is greater than the general improvement in labour market conditions in Australia.

Difference in employment rates of male working-age immigrants and Australian-born, all immigrants and Oceania-born, 1992-2010



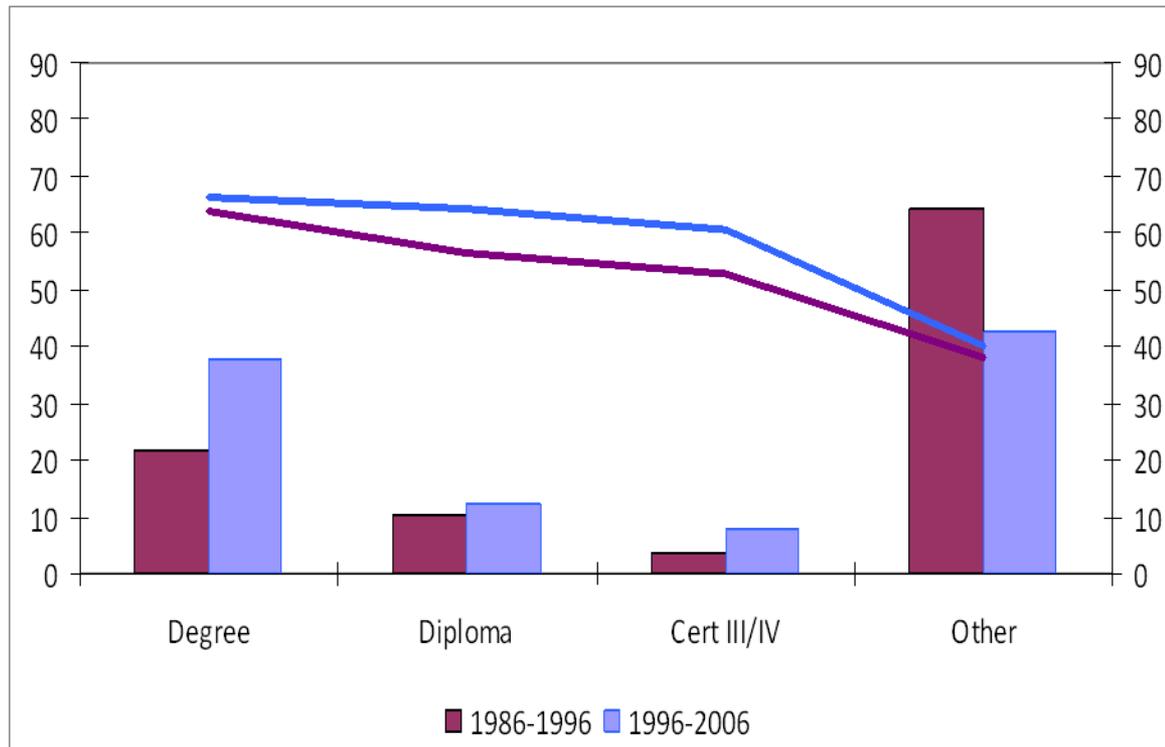
More recent male immigrants are better educated, and have higher employment probabilities for those with post-school qualifications.

Educational attainment and employment rates of male immigrants, by arrival cohort



This is also true for female immigrants.

Educational attainment and employment rates of female immigrants, by arrival cohort



What explains the improved labour market integration of immigrants in Australia?

- Allocating a higher proportion of permanent residence places to skilled migrants, on top of which, for independent skilled migrants
 - pre-application skills assessment to test Australian employability
 - tougher English proficiency requirements
- Increasing the number of permanent residence places (and, therefore, the number of skilled migrants)
 - during the 1990s averaged 78 000 per year, in 2000s averaged 131 000
- Introduction of demand-driven temporary labour migration
- Introduction of demand-driven permanent residence places for skilled migrants
- Migrant self-selection effects (e.g. New Zealand citizens) in response to
 - strong labour market conditions
 - restrictions on access to welfare payments

Conclusion and key messages

- Entry policies can be used purposively (e.g. English proficiency) to increase probability of immigrant employment from among a queue of would-be migrants (so long as demand exceeds places available)
- Changes to Australia's migration policy settings: more permissive of greater inflows, more restrictive on entry requirements and entitlements
 - decisions grounded in political economy of immigration (e.g. fiscal impact), though net outcome likely to be welfare enhancing for immigrants
 - well over half of the migration inflow is from countries with low and medium Human Development Index scores
- Monitoring indicators of integration approach offers greater prospect of improving the lot of immigrants than monitoring immigrant rights
 - not just employment rates; many indicators, including 2nd generation