

HIGH NET MIGRATION DURING A PERIOD OF NO NET JOB GROWTH: IMPLICATIONS FOR YOUNG JOB SEEKERS

Ernest Healy

From July 2008 to July 2009 the labour force grew by 166,000 but there was no increase in the number of people employed. Consequently this increase translated directly into growth in unemployment. But the burden of unemployment was not shared equally. Previous work has shown that employment actually grew among people aged 55 and over but fell among those aged 15 to 34. Thus young people were disproportionately affected. The present article focuses on the contribution of Australia's record levels of immigration. Most of the labour-force growth (88 per cent) has been due to immigration and most migrants in the labour force have found work, partly because changes in social welfare rules make this essential for them, regardless of wages or conditions. In consequence the competitive labour-market pressures facing young Australians are now intense.

In the previous issue of *People and Place*,¹ analysis of Australian labour force survey data for the period March 2008 to March 2009 showed that the impact of the economic slowdown since late 2008 was mainly affecting younger persons. Net employment growth in Australia from March 2008 to March 2009 was just 23,000 persons. But employment outcomes varied considerably by the age of the employed persons. Employment growth among persons aged 55 years and over was relatively strong at 122,000. By contrast, there was a decline in employment of 68,000 among persons aged 15 to 24 years.

The strong employment growth among older persons was consistent with the long-term trend of increasing labour force participation rates among older persons (for both men and women) reported in the previous study.² The fact that this trend continued at a time when there was little growth in overall employment was a surprising and perhaps disturbing outcome. This is because it meant that young people seeking entry to employment have had to cope simultaneously with competition from the record high intake of mi-

grants and of older persons staying on in employment.

THE LABOUR MARKET SETTING

The scale of the current increase in the number of job seekers is extraordinary. Australia's population is growing by about 400,000 a year. Over the period July 2008 to July 2009 this translated into an increase in the civilian population aged 15 plus of 317,000. Just over half of these, or 166,000, entered the labour force (Table 1). As is shown below, most of this increase is attributable to the current very high level of net migration of around 250,000 per year.

Since there was no increase in the number of employed persons over the July 2008

Table 1: Labour Force, July 2008 and 2009 ('000)

	July 2008	July 2009	Change
Employed	10,807	10,807	0
Unemployed	440	605	165
Civilian population (15+ yrs)	17,217	17,534	317
Labour force	11,247	11,413	166
Not in labour force	5970	6121	151

Source: Australian Bureau of Statistics (ABS), *Labour Force*, July 2009, Table 3: Labour Force Status (original data)

to July 2009 period, the growth in the labour force of 166,000 translated directly into a similar growth in the number unemployed. The point of this inquiry is to assess who is the loser in this situation.

The Australian government has embarked on a risky labour market strategy of maintaining record high migration at a time when there is no net growth in employment. If domestic job seekers are the losers, the Labor Government needs to be held to account.

LABOUR MARKET OUTCOMES

The analysis of recently-released labour force survey data for the period July 2008 to July 2009 shows that the patterns observed for the March 2008 to March 2009 period have been repeated and accentuated. Table 2 shows the net change in employment, unemployment and labour force for the period July 2008 to July 2009.

The number of employed persons aged 15 years and over remained virtually unchanged between July 2008 and July 2009. However, disaggregation of employment change by age group reveals a severe employment decline of 99,100 among younger persons aged 15 to 24 years. The number of employed persons aged 25 to 54 years declined only marginally, by 3,500. By contrast, the number of employed persons aged 55 years and over grew by 95,200.

As with the previous analysis, labour force status outcomes vary by sex. Whereas female employment increased by 44,900, male employment declined by 45,300. However, as was found with the analysis of the March labour force survey data, the level of employment of both males and females in the older age groups increased. The number of employed men aged 55 years and over increased by 47,700. The figure for women aged 55 years and over was 47,500.

It is also notable that a significant part of the employment growth for persons

aged 55 and over was in full-time work (an increase of 52,600 in full-time work compared with an increase of 43,000 in part-time work). This was in contrast to the trend among younger persons aged 15 to 24 years, where there was a significant decline in full-time employment (137,600) and a much smaller increase in part-time employment (38,600).

The increase in employment among older people is a reflection of the increased size of the cohort aged 55 years and over and an increase in the labour force participation rates of this cohort. Table 3 shows that there was a significant increase in labour force participation rates among men and women aged over 55 years during the course of just twelve months. As noted, this continues a pattern evident over the past decade.

HIGH NET OVERSEAS MIGRATION, ECONOMIC SLOWDOWN AND LABOUR OVERSUPPLY

This section explores the impact of migration in the recent Australian labour market. It is built around Australian Bureau of Statistics (ABS) labour force survey data for the period June 2008 to June 2009.³ This period is examined because it provides estimates of the labour force and employment numbers of recently-arrived migrants. Such data were not available for the July 2008 to July 2009 period at the time of writing.

Table 4 shows the labour force status for the period June 2008 to June 2009 of overseas-born persons by country of birth and time of arrival in Australia. The total increase in the overseas born civilian labour force aged 15 plus over this period was 228,500. This estimate confirms that most of the huge recent growth in the civilian population in Australia aged 15 plus is due to the current high level of net overseas migration. Likewise, most of the growth in the Australian labour force of

Table 2: Change in labour force status for persons aged 15 years and over by age and sex, Australia, July 2008 to July 2009

	Employed full-time ('000)	Employed part-time ('000)	Employed total ('000)	Unemployed ('000)	Labour force ('000)	Not in labour force ('000)	Civilian Popul'n ('000)
Males							
15-19	-49.5	-4.1	-53.6	24.7	-29	36.5	7.5
20-24	-40.3	35.2	-5.1	22.9	17.8	0.2	18.0
25-34	-32.2	12.1	-20.2	29.8	9.7	29.1	38.9
35-44	-41.2	23.2	-18.1	24.3	6.3	4.6	10.8
45-54	-15.6	19.7	4.0	21.2	25.3	-4.0	21.3
55-59	20.5	-1.9	18.5	4.4	23.0	-15.7	7.3
60-64	5.4	5.8	11.3	3.6	14.8	3.9	18.7
65 and over	3.4	14.6	17.9	3.0	20.9	19.6	40.5
Total 15 and over	-149.5	104.6	-45.3	133.9	88.8	74.2	163.0
15-24	-89.8	31.1	-58.7	47.6	-11.2	36.7	25.5
25-54	-89.0	55.0	-34.3	75.3	41.3	29.7	71.0
55 and over	29.3	18.5	47.7	11.0	58.7	7.8	66.5
Females							
15-19	-0.5	-27.9	-28.4	3.7	-24.6	33.4	8.8
20-24	-47.3	35.1	-12.0	0.0	-12	25.9	13.9
25-34	5.8	-0.6	5.2	7.6	12.7	20.3	33.0
35-44	-7.0	13.6	6.4	8.3	14.8	-6.5	8.3
45-54	-16.3	42.4	26.2	3.8	30.0	-9.0	21.0
55-59	14.1	-2.6	11.4	7.3	18.6	-8.2	10.4
60-64	4.9	26	30.8	-0.3	30.5	-9.7	20.9
65 and over	4.3	1.1	5.3	1.3	6.6	30.5	37.1
Total 15 and over	-42	87.1	44.9	31.7	76.6	76.7	153.4
15-24	-47.8	7.2	-40.4	3.7	-36.6	59.3	22.7
25-54	-17.5	55.4	37.8	19.7	57.5	4.8	62.3
55 and over	23.3	24.5	47.5	8.3	55.7	12.6	68.4
Persons							
15-19	-50.0	-32.0	-82.0	28.4	-53.6	69.9	16.3
20-24	-87.6	70.3	-17.1	22.9	5.8	26.1	31.9
25-34	-26.4	11.5	-15	37.4	22.4	49.4	71.9
35-44	-48.2	36.8	-11.7	32.6	21.1	-1.9	19.1
45-54	-31.9	62.1	30.2	25.0	55.3	-13.0	42.3
55-59	34.6	-4.5	29.9	11.7	41.6	-23.9	17.7
60-64	10.3	31.8	42.1	3.3	45.3	-5.8	39.6
65 and over	7.7	15.7	23.2	4.3	27.5	50.1	77.6
Total 15 and over	-191.5	191.7	-0.4	165.6	165.4	150.9	316.4
15-24	-137.6	38.3	-99.1	51.3	-47.8	96.0	48.2
25-54	-106.5	110.4	3.5	95	98.8	34.5	133.3
55 and over	52.6	43.0	95.2	19.3	114.4	20.4	134.9

Source: *Labour Force Survey*, ABS, monthly data for July 2008 and July 2009.

165,500 persons was also attributable to net overseas migration. The total migrant workforce increased by 145,700 between July 2008 and July 2009. This represents 88 per cent of the total labour force growth during this year.

Equally important, nearly all of this migrant labour force growth appears to derive from migrants who arrived after 2005. Between June 2008 and June 2009 the number of migrants in the workforce who arrived after 2005 grew from 338.5 thousand to 484.7 thousand or by 145.7 thousand. It is reasonable to assume that the great majority of these migrants arrived

in Australia during the year June 2008 to June 2009.

Most of these migrants appear to have found employment. There was an increase in employment of 121,400 between June 2008 and June 2009 among those who arrived in Australia after 2005. This was at a time when the total number of employed persons in Australia declined by 22,600. At the same time, 24,200 unemployed persons, or approximately 13 per cent of the increase in unemployed persons between June 2008 and June 2009, consisted of persons who arrived after 2005. By contrast, 99,000 or 53 per cent of the growth in unemployment

Table 3: Labour force participation rates by age group for July 2008 and July 2009 and percent point change between July 2008 and July 2009 by sex

Age	Month/year	Males	Females	Percentage point change July 2008 to July 2009	
				Males	Females
15-19	July 2008	57.8	59.6		
	July 2009	53.4	55.5	-4.4	-4.1
20-24	July 2008	84.0	79.0		
	July 2009	84.4	75.9	0.4	-3.1
25-29	July 2008	91.3	74.7		
	July 2009	90.4	75.1	-0.9	0.4
30-34	July 2008	93.5	72.3		
	July 2009	90.9	70.3	-2.6	-2.0
35-39	July 2008	92.4	72.3		
	July 2009	92.7	74.3	0.3	2.0
40-44	July 2008	90.8	78.0		
	July 2009	90.1	77.0	-0.7	-1.0
45-49	July 2008	89.5	79.7		
	July 2009	89.5	80.3	0.0	0.6
50-54	July 2008	86.9	74.7		
	July 2009	87.8	76.0	0.9	1.3
55-59	July 2008	76.5	61.1		
	July 2009	79.2	63.0	2.7	1.9
60-64	July 2008	57.7	37.6		
	July 2009	58.4	41.5	0.7	3.9
65-69	July 2008	28.2	14.7		
	July 2009	34.3	15.7	6.1	1.0
70+	July 2008	8.3	2.2		
	July 2009	7.0	2.2	-1.3	0.0

Source: See Table 1.

Table 4: Labour force status by country of birth by time of arrival, June 2008 and June 2009

	Employed total (‘000)	Unemployed total (‘000)	Labour force (‘000)	Not in labour force (‘000)	Civilian population (‘000)
			<i>June 2008</i>		
Australia	7,927.2	341.7	8,268.9	4,031.9	12,300.8
Main English-speaking countries (MESC)					
Before 1991	699.3	16.2	715.5	463.6	1,179.1
1991–1995	83.8	3.4	87.1	23.7	110.8
1996–2000	118.0	3.0	121.0	29.2	150.2
2001–2005	141.1	2.9	144.0	35.3	179.3
2006–2010	116.7	7.5	124.1	28.4	152.6
Non English-speaking countries (NESC)					
Before 1991	881.5	28.9	910.6	844.8	1,755.1
1991–1995	165.3	8.6	173.9	85.1	259.0
1996–2000	212.1	15.5	227.5	116.1	343.7
2001–2005	254.4	16.0	270.4	125.3	395.7
2006–2010	192.1	22.3	214.4	153.1	367.5
Total MESC June 2008	1,158.9	33.0	1,191.7	580.2	1,772.0
Total NESC June 2008	1,705.4	91.3	1,796.8	1,324.4	3,121.0
Total June 2008	10,791.5	466.0	11,257.4	5,936.5	17,193.8
			<i>June 2009</i>		
Australia	7,874.5	440.9	8,315.4	4,103.3	12,418.7
MESC					
Before 1991	659.5	28.6	688.1	442.2	1,130.3
1991–1995	77.5	6.9	84.4	20.9	105.4
1996–2000	111.7	5.9	117.6	29.7	147.3
2001–2005	159.2	8.6	167.8	32.1	199.9
2006–2010	153.2	12.8	166.0	40.6	206.6
NESC					
Before 1991	835.7	46.9	882.6	856.6	1,739.4
1991–1995	166.4	19.1	185.4	94.9	280.4
1996–2000	189.8	15.5	205.3	105.1	310.4
2001–2005	264.4	27.4	291.9	132.4	424.2
2006–2010	277.0	41.2	318.2	223.8	542.0
Total MESC June 2009	1,161.1	62.8	1,223.9	565.5	1,789.5
Total NESC June 2009	1,733.3	150.1	1,883.4	1,412.8	3,296.4
Total June 2009	10,768.9	653.8	11,422.7	6,081.6	17,504.6
			<i>Change June 2008 to June 2009</i>		
Australia	-52.7	99.2	46.5	71.4	117.9
MESC					
Before 1991	-39.8	12.4	-27.4	-21.4	-48.8
1991–1995	-6.3	3.5	-2.7	-2.8	-5.4
1996–2000	-6.3	2.9	-3.4	0.5	-2.9
2001–2005	18.1	5.7	23.8	-3.2	20.6
2006–2010	36.5	5.3	41.9	12.2	54.0
NESC					
Before 1991	-45.8	18.0	-28.0	11.8	-15.7
1991–1995	1.1	10.5	11.5	9.8	21.4
1996–2000	-22.3	0.0	-22.2	-11.0	-33.3
2001–2005	10.0	11.4	21.5	7.1	28.5
2006–2010	84.9	18.9	103.8	70.7	174.5
Total MESC June 2008–09	2.2	29.8	32.2	-14.7	17.5
Total NESC June 2008–09	27.9	58.8	86.6	88.4	175.4
Total June 2008–09	-22.6	187.8	165.3	145.1	310.8

Source: *Labour Force Survey*, ABS, monthly data for June 2008 and June 2009

between June 2008 and June 2009 consisted of the Australian-born.

This increase in migrant employment occurred at a time when the total number of young people aged 15 to 24 employed fell by 99,000 (see Table 4). It is highly likely that the two developments are causally linked. Official education-to-work data suggest that about 116,000 school leavers are currently entering the job market each year as are another 100,000 university and other tertiary graduates aged less than 25 years.⁴ For the less-skilled school leavers the competition for entry-level jobs is fierce. There are hundreds of thousands of international students, working holidaymakers and 457 visa-holders in Australia as well as thousands of recently-arrived permanent entrants—many of whom were former overseas students or 457 visa-holders.

These migrants have to work. Temporary entrants do not have access to social security or labour market benefits and permanent entrants have to wait two years before they can access such benefits.

POLITICAL IDEOLOGY PRESIDING OVER REALITY

The preoccupation of the Australian government and many media commentators with the view that high net overseas migration is a corrective measure for the negative affects of population ageing on labour force growth, and that it is a driver of economic prosperity, has meant that labour oversupply in a time of economic slow down has been virtually ignored. Much media commentary continues to operate according to this pre-crisis rationale, which treats high population growth as benign for domestic employment outcomes.

The Immigration Minister has just announced an overhaul of Australia's immigration program, in part due to the strains it is placing upon employment outcomes for domestic workers.⁵ However, it remains clear that the overriding priority of the

Minister is to ensure that the policy direction pursued prior to the economic crisis continues uninterrupted. The Minister's comments consistently point to a largely self-regulating, employer-driven skilled-migration program, where the intake rises and falls in line with the ebbs and flows of the international market place. This approach takes for granted a hands-off stance by government and continued massive inflows of students, working holiday makers and other temporary entrants with work rights. Reminiscent of the immigration approach of the Hawke labour government of the late 1980s, the Minister considers that these are the fundamentals of the 'global economy' in which we now all live and to which Australians must become accustomed.⁶

CONCLUSION

It is now urgent that the federal Labor government take control of the immigration program. It should revise the scale of net overseas migration to take account of the current sluggish economic climate and its impact on young people. If this is not addressed, the combined competitive pressure within the Australian labour market from increasing labour force participation by older persons and historically-high net overseas migration will likely continue to diminish and downgrade the employment prospects of younger Australians.

The July 2008 to 2009 labour force survey data indicate that the upward trend in labour force participation rates among older persons shows no sign of abatement. As Table 3 showed, the percentage point increase in the participation rates of men and women aged 55 to 59 years during the twelve months to July 2009 was significant (2.7 and 1.9 percentage points respectively). These data highlight the extent to which the federal Labor Government has underestimated the potential contribution of older persons to labour force growth, at least in the medium-term.

It might be argued that the influx of migrant job seekers at a time when there is no net growth in employment is a temporary phenomenon. However, it appears that the response of many employers has been to reduce hours of work for their employees, rather than to simply lay workers off. The data examined in Table 2, which show significant growth in part-time work, are consistent with this view. So are the data the ABS has published on the reduction in the aggregate number of hours worked over the past year (a reduction of 2.3 per cent between July 2008 and July 2009).⁷ The ABS has emphasised how exceptional such a reduction is in stating: ‘Over the last 24 years, aggregate monthly hours

worked has generally trended upwards, with the notable exceptions observed in 1990–92, 2000–01 and 2008–09’.⁸ In these circumstances, when the economic recovery commences the rate of increase in the employed workforce is likely to be low while the under-utilised capacity of persons already employed is drawn on.⁹ If so, young people in Australia will face an extended period of severe job competition for entry level jobs.

At present, the Labor Government’s immigration and labour market policy settings are in conflict. The Government claims that its economic policy is directed at protecting Australian jobs, yet it appears to be unwilling to address this issue.

References

- ¹ E. Healy, ‘Population ageing and the employment surge among older Australians’, *People and Place*, vol. 17 no. 2, 2009, pp. 1–15
- ² *ibid.*
- ³ Labour force survey data for July 2008 to July 2009 with required detail were not available at the time of writing.
- ⁴ *Education and Work*, Australian Bureau of Statistics (ABS), May 2008, Table 20
- ⁵ ‘Migration rules set for a revamp’, *The Age*, 31 August 2009, p. 1
- ⁶ Breakfast Program, Interview with the Minister for Immigration and Citizenship, Senator Chris Evans, *Radio National*, 1 September 2009
- ⁷ *Labour Force Australia*, Catalogue no. 6202.0, ABS, July 2009
- ⁸ ‘Recovery at work?’, *The Age*, 14 August 2009, p. 15