

Migrants no threat to jobs

- Judith Sloan
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I HAVE been a fan of Bob Birrell of Monash University for a very long time. Always willing to analyse and contest high-level, fashionable opinions about immigration, he has made a name for himself by digging deeply into datasets to expose what he calls the “blindness of experts”.

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So I am sure he won't mind me pointing out that one of the main findings of his recent paper, *Immigration and Unemployment in 2014*, is wrong. The finding is that almost all the new jobs created since 2011 have been taken by recently arrived migrants.

By using two distinct datasets, one based on flows and the other on stocks, he and co-author Ernest Healy estimate that of the 400,000 new jobs that emerged since the beginning of 2011, 380,000 have been taken by recent arrivals.

The first dataset they use is net overseas migration, defined as “the net gain or loss of population through immigration to Australia and emigration from Australia”. Based on the published figures, there has been a sizeable upward shift in the annual NOM figure in recent years. In 2010-11, the estimated NOM was 180,000; in 2012-13, the figure was 244,000.

Reading through the notes to the Australian Bureau of Statistics publication however, it is clear that the NOM figures need to be treated with great caution, both in terms of timing and magnitude. The estimates use the number of visas issued by the Department of Immigration and Border Protection and do not relate to when the visas are actually used.

Moreover, the same person can be issued with different visas while in Australia — so-called “visa flipping”, something Birrell highlights. But when it comes to NOM, the issuing of another visa is counted as an extra head.

The second dataset Birrell and Healy use is the labour force series, which provide monthly estimates of employment and unemployment. This cross-sectional dataset provides static estimates of the number of employed persons but does not identify the birthplace of workers or their duration of residence. Indeed, most temporary immigrant workers are not covered in the survey. Workers must intend to stay for at least 16 months to be considered for inclusion.

Another important feature of the labour force series is the magnitude of the underlying flows in the labour market that often add up to relatively small changes on a month to month and sometimes year to year basis. For instance, it is not uncommon for 400,000 persons to change jobs in any month, even though the net change in employment may be as small as 5000 or even less.

Linking the NOM flow data with the labour force stock data makes no sense. And the assumptions that Birrell and Healy make to reach their conclusion are heroic, to say the least. In the NOM figures, for instance, we have children and entrants who don't intend to work. And while we have estimates of the proportion of recently arrived migrants who work, there can be no reliability to attaching this proportion to recent trends.

We also know from other sources of information that recently arrived migrants, including those who have studied here, have been struggling to secure work, particularly over locals.

Ironically, Birrell and Healy use accounting as an example of what they regard as the issuing of excessive numbers of visas under the permanent skilled program. Many overseas students who have

studied accountancy here have been able to secure visas based on the fact accountants are listed on the SOL but have been unable to secure accounting jobs. (Other examples include nurses, dentists and information technology specialists.)

The authors provide a useful discussion of the shambolic processes that lead to the inclusion of occupations on the SOL and the numbers attached to these occupations. There are bureaucratic machinations, competing pieces of advice and self-serving, but unhelpful, input from the relevant professional associations.

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While I may disagree with Birrell on some important points — for example, I think the 457 visa is a useful program, notwithstanding some issues related to its administration — he continues to make a valuable contribution by exposing the detailed facts about the inner workings of the immigration intake processes. There are plenty of naked emperors in this space.

<http://www.theaustralian.com.au/opinion/columnists/judith-sloan/migrants-no-threat-to-jobs/news-story/824de67a02c4f3c02694bf3791555a0f>