

The recent migrant impact on employment—a reply to Judith Sloan

Bob Birrell, August 2014

Judith Sloan ('Migrants no threat to jobs', 26 August 2014) asserts that our findings regarding the impact of recently arrived migrants on the labour market are wrong. She says this is because we rely on incompatible data sets. This is not the case. The findings are based entirely on the Australian Bureau of Statistics (ABS) Labour Force Survey.

Judith Sloan also thinks that the ABS does not collect data on time of arrival or birthplace. It does, though analysts have to burrow deeply into the ABS electronic files to find it.

Our key finding was that, as of May 2014, there were 380,000 overseas born persons who arrived in Australia since the beginning of 2011 who were employed. Over the three years to May 2014, the ABS also estimates that the net growth in employment was just 400,000. This means that there has been little growth in employment amongst all other Australian residents.

That so many recent arrivals are in the labour market is a product of the current high permanent entry program and the lax rules governing temporary entrants. The result is that Net Overseas Migration (NOM) has been adding about 240,000 persons to Australia's population each year.

This influx does not translate directly into job seekers. However, the ABS estimates that, as of May 2014, there were 709,000 persons born overseas in Australia who were aged 15+ and who arrived in Australia since the beginning of 2011. Only those who meet the current definition of a resident are included in this estimate. As noted, 380,000 of these were estimated to be employed.

The information about the stock of migrants in Australia comes from the Department of Immigration. The Department derives this number from its counts of people into and out of Australia, by their birthplace, age and time of arrival. The ABS uses these base numbers in order to estimate the characteristics of the civilian population aged 15 plus, to which it applies the results of its labour force survey. This is where the 709,000 figure comes from.

Most of these 709,000 recent arrivals are young and job hungry since few are eligible for welfare or labour market benefits. It should therefore be no surprise that the ABS estimates that 380,000 of them were employed as of May 2014.

This influx coincides with a sharp drop in the net rate of job creation in Australia to around 100,000 a year in the last two years – half the level of a few years ago. As indicated, the ABS estimates that the net growth in employment between May 2011 and May 2014 was just 400,000.

Data issues in this field are complex. As Judith Sloan writes, there is much visa flipping by recently-arrived migrants, as well as movements into and out of employment and, indeed, into and out of Australia. Our data take account of these movements. To repeat, it is confined to ABS estimates of those actually in Australia as of May 2014.

That there has been little net growth in employment of Australian residents (not including recent arrivals) should also not surprise. It is reflected in the sharp recent rise in unemployment among young people and the decline in their participation rate in the labour market.

It also fits with the evidence (provided in our report) showing just how tough it is for young people seeking work in entry level jobs and for recent graduates trying to find work in their field of qualification.

Bob Birrell and Ernest Healy are with the Centre for Population Research at Monash University. Their report is available from the Centre.

<http://artsonline.monash.edu.au/cpur/files/2014/08/immigration-and-unemployment-2014.pdf>