

UNEMPLOYMENT DEPENDENCY RATES AMONGST RECENTLY ARRIVED MIGRANTS: AN UPDATE

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An assessment of the proportion of recently arrived migrants who are dependent on Jobsearch and Newstart benefits indicates that though there has been some reduction between May 1992 and May 1994, rates remain very high for some countries of origin relative to other sectors of the Australian work force.

In the first issue of *People and Place*, Birrell presented data from unpublished Department of Social Security (DSS) records showing very high rates of unemployment benefit dependency amongst recently arrived migrants from non-English-speaking-background (NESB) countries.¹ The highest levels were amongst migrants from countries where the migrant intake was based predominantly on family reunion, or refugee, or quasi-refugee status, notably Vietnam, Lebanon, and Turkey. The data indicated that these high levels of dependency were being maintained even after several years residence in Australia. The implication was that any boost in gross economic activity which may have resulted from migration during the recession was being bought at great cost to the Australian taxpayer.

These conclusions were subsequently challenged by Ackland and Williams from the Bureau of Immigration and Population Research (BIPR).² They claimed that Birrell had focused one-sidedly upon the short-term and supply-side effects of the immigration program upon the Australian economy. While conceding that there were serious negative short-term and medium-term budget effects from immigration, they argued that aggregate unemployment rates were not affected. In the long-term the demand-side effects of immigration upon economic activity and the labour market would continue to be positive.

But it could be argued that an emphasis upon aggregate and long-term outcomes is also one-sided, if it means ignoring the importance of short-term hardships amongst vulnerable groups, including migrants, and the high budgetary costs of social security assistance to the people affected.³

Further, this focus upon aggregate, long-term outcomes, to justify the existing scale and structure of the immigration program, is not consistent with another criticism these authors level at Birrell. They claim that, in pointing to the cost of migrant unemployment, he ignores the non-economic rationale of the humanitarian and family-reunion categories. Ackland and Williams deem it improper to argue against these categories on economic grounds, but they then go on to argue for the 'humanitarian' intake in terms of expected long-term economic gains for other social groups. They appear to be arguing for a continued inflow of categories of migrant groups who are doomed to high unemployment and social marginalisation because this will result in long-term or aggregate dividends which are unlikely to accrue to the disadvantaged migrants themselves.

Birrell's measure of unemployment-benefit dependency was also questioned. The measure (also used in this article) is based on the ratio of migrants receiving unemployment benefits to the number of migrants who stated their intention to

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join the Australian work force at the time they entered Australia. Ackland and Williams argue that these intentions are likely to change after arrival in Australia. Such changes could increase the size of migrant labour force cohort, thus reducing benefit dependency levels. However, no empirical support was provided for this argument. If anything, the figures calculated by Birrell in 1993 and myself in 1994 are conservative. This is because we did not include approximately 10 to 20 per cent of migrants on unemployment benefits who indicated their country of birth, but did not provide a date for when they took up legal residence in Australia.

A further criticism offered by Ackland and Williams was that the high unemployment benefit dependency levels shown could be an artefact of the distinctive age structures of the various birthplace groups analysed. They referred to the work of Whiteford who standardises benefit dependency rates for selected birthplace groups by age. But Whiteford's standardisation of unemployment-benefit dependency rates, in all but one case, increases the benefit dependency level of the birthplace groups involved. Whiteford's work is valuable in pointing to the complex interrelationship of factors which produces different benefit dependency levels for different birthplace groups. It highlights the limited extent to which differential age structures can be used to explain observed differences in benefit dependency rates between the overseas and the Australian-born.⁴

This article examines recent Department of Social Security (DSS) unemployment dependency data for 1993 and 1994, in order to ascertain whether the labour market prospects of NESB migrants are now improving, and whether the highly dependent cohorts of

recent migrants identified by Birrell are now converging to the Australian labour-market norm.

UNEMPLOYMENT TRENDS SINCE MAY 1992

According to Australian Bureau of Statistics (ABS) data on the labour force, unemployment levels worsened from 10.7 per cent in May 1992 to 10.8 per cent in May 1993. This was then followed by a significant improvement in the twelve months to May 1994 when the overall unemployment rate fell to 9.7 per cent. Nevertheless, the unemployment rate for overseas-born members of the labour force, at 11.9 per cent, remained nearly three per cent higher than for the Australian-born (9 per cent as of May 1994). The ABS Labour Force Survey has also reported consistently high unemployment rates for recently arrived migrants. As of May 1994, Survey data showed that the overall unemployment rate for those arriving between January 1991 and May 1992 was 28 per cent, but with sharply varying rates according to region of origin. However, because of sampling problems, the ABS Labour Force Survey cannot identify the employment experience of persons by country of birth and by year of arrival in Australia. The only way to get an accurate measure of these rates is to use the DSS data held by the Centre for Population and Urban Research at Monash. This data set includes time of first legal residence in Australia as well as country of birth for each Jobsearch or Newstart Recipient.

Table 1 shows unemployment benefit dependency rates for specific cohorts of migrants by birthplace, with each cohort made up of entrants who indicated the intention to work at the time of entry. It identifies the level of unemployment-

Table 1: Settler arrivals entering the work force in 1989-90, 1990-91, 1991-92 and 1992-93, and numbers receiving Jobsearch and Newstart benefits as of May 1992, May 1993, and May 1994, by country of birth

Birthplace	Cohorts arriving in 1989-90				Cohorts arriving in 1990-91				Cohorts arriving in 1991-92				Cohorts arriving in 1992-93			
	No. of arrivals	Benefit recipients in			No. of arrivals	Benefit recipients in			No. of arrivals	Benefit recipients in			No. of arrivals	Benefit recipients in		
		1992	1993	1994		1992	1993	1994		1992	1993	1994		1992	1993	1994
		%	%	%		%	%	%		%	%	%		%	%	%
Vietnam	5,031	59.6	63.8	55.3	4,431	81.0	78.2	70.0	3,624	60.0	63.8	63.6	3,242	-	39.8	46.0
Philp.	1,879	19.3	17.8	12.5	2,486	24.7	16.0	11.6	2,205	49.5	20.1	12.2	1,369	-	22.9	12.5
H'Kong	3,672	3.4	3.3	2.4	8,113	2.0	2.2	2.5	7,740	3.6	3.0	2.7	4,017	-	3.5	2.4
China	1,668	12.5	12.6	10.9	1,949	14.4	13.6	11.7	2,106	13.8	14.7	14.6	1,853	-	10.6	11.8
Malay.	3,378	7.0	6.7	5.5	3,105	8.3	7.0	6.0	1,641	17.7	11.3	9.0	807	-	16.5	15.0
India	1,531	13.9	11.9	9.2	2,887	14.8	10.7	8.1	3,156	26.3	11.4	6.5	1,993	-	20.2	9.6
Sri Lanka	1,141	15.1	15.4	11.2	2,046	20.6	14.2	9.4	1,980	31.5	20.3	11.1	857	-	32.2	20.2
Lebanon	1,005	82.2	89.5	71.1	1,355	70.3	68.5	59.5	797	86.3	75.8	66.9	505	-	63.0	54.6
Turkey	398	97.2	96.7	79.1	822	58.1	52.2	44.5	522	87.9	67.4	58.8	269	-	69.9	69.9
Yugo.	950	50.5	48.4	34.6	1,024	48.8	40.7	31.1	1,324	47.7	40.2	25.9	4,139	-	20.1	16.8
Poland	765	40.5	37.9	30.8	1,007	42.6	32.5	22.2	1,007	50.9	40.1	25.3	516	-	38.7	29.1
U.K.	11,840	19.6	20.0	15.7	11,110	18.7	17.0	14.4	8,084	22.9	15.9	14.2	9,112	-	9.4	7.7
USSR*	898	25.5	23.8	18.4	604	36.4	30.8	24.5	1,164	52.4	46.3	33.3	1,689	-	46.0	43.3
Fiji	1,013	17.9	18.4	15.8	842	30.3	26.2	21.8	838	41.3	27.0	19.9	663	-	28.2	22.5
S. Africa	1,112	12.4	12.5	8.1	986	11.2	10.3	10.2	628	18.5	9.2	7.6	490	-	6.3	5.5
Others	21,249	45.0	38.1	29.9	20,339	42.2	36.6	29.8	20,830	34.4	37.1	30.0	9,309	-	50.5	61.8
Total	57,530	32.6 (18,750)	30.4 (17,497)	24.3 (13,972)	63,106	30.7 (19,371)	27.0 (17,069)	22.6 (14,249)	57,646	31.1 (17,918)	27.7 (15,992)	22.7 (13,111)	40,830	- (10,848)	26.6 (11,130)	27.2

* Former USSR & Baltic States

Source: BIR Settler Arrivals, 1989-90, 1990-91, 1991-9, and 1992-93

Department of Social Security, Newstart and Jobsearch Statistics May 1992, May 1993 and May 1994 (unpublished)

benefit dependency for specific birthplace cohorts, entering in the years 1989-90, 1990-91, 1991-92, and 1992-93, as of May 1992, May 1993, and May 1994. The first column for each cohort year gives the number of entrants into Australia who stated an intention to work. For example, in 1989-90 5,031 Vietnamese entered Australia stated that they intended to look for paid work. The second column indicates the percentage of that group who were receiving unemployment benefits as of May 1992, in this example 59.6 per cent. The third and fourth columns indicate the proportion of these 5,031 people who were on unemployment benefits as of May 1993 and May 1994, in this case 63.8 per cent and 55.3 per cent respectively. The table enables us to explore whether migrant dependency on unemployment benefits drops with time in Australia.

Table 1 shows that, in line with the general improvement in labour market conditions, the aggregate benefit-dependency level for all overseas-born cohorts arriving between 1989-90 and 1992-93 declined over the 1992 to 1994 period. For each of the 1989-90, 1990-91, and 1991-92 arrival groups the proportion receiving unemployment benefits drops from about 30 per cent to 22 to 24 per cent over the 1992 to 1994 period. This drop seems to reflect the overall improvement in the Australian labour market rather than the elapse of time spent in Australia. Thus the 1989-90 arrival cohort shows a higher level of unemployment beneficiaries (24.3 per cent as of May 1994), than the 1991-92 arrivals (22.7 per cent as of May 1994). The change in dependency rates for a limited number of birthplace cohorts does fit the argument that dependency tends towards the Australian norm as familiarity with the Australian situation increases. For example, this could be

argued for the Malaysian case. Nevertheless, in the majority of cases, there appears to have been no particular advantage from improved labour market conditions for cohorts which arrived earlier compared to later arrivals. This is certainly true for birthplace groups which are most dependent on unemployment benefits (these are highlighted in the table). For example, in the case of Turkey the cohort arriving in 1989-90 remained more dependent than subsequent Turkish arrivals. The same is true for the Lebanese. In the case of the large 1989-90 and 1990-91 cohorts, there remain disturbingly high levels of unemployment benefit dependency despite three to four years residence in Australia. The overall figures for the migration program were much larger in 1989-90 and 1990-91, (140,000 and 126,000), compared to the lower figures for 1991-91 and 1992-93 (111,000 and 80,000). The fact that these earlier cohorts were competing for work with larger numbers of other new arrivals may help explain their continuing high rates of dependency despite their three to four years residence in Australia. For example, 55.3 per cent of Vietnamese-born people in 1989-90 and 70.0 per cent of those arriving in 1990-91 were receiving unemployment benefits as of May 1994.

LONG-TERM UNEMPLOYMENT OF NESB COHORTS

The Australian Government has recently given overdue attention to the problem of sustained high levels of long-term unemployment (people are defined as long-term unemployed if they have been unemployed for a year or more). Table 2 shows the distribution of the long-term unemployed and the total labour force (all unemployed people plus people with work) by place of birth and time of

arrival. These figures suggest that NESB migrants are amongst the worst affected by long-term unemployment and that the situation is deteriorating, at least relative to the Australian-born and to people from the main English-speaking countries. As of May 1994, NESB migrants made up 14 per cent of the work force, but 27 per cent of the long-term unemployed. This imbalance is particularly notable for migrants arriving since 1986. Once again we need to turn to the DSS data in order to identify in more detail which migrant groups are most affected. The answer is clear.

While, overall, there is a reduction in the proportion who are long-term recipients of unemployment benefits, those groups shown to have high dependency levels in Table 1 also show a high proportion of people dependent on long-term benefits. This is evident from Table 3. For example, of the 1,005 Lebanese who entered during 1989-90, 57.1 per cent were dependent upon long-term unemployment benefits as of May 1993, but this figure declined to 50.6 per cent by May 1994. As was the case with Table 1, the reduction in dependency rates for long-term benefit

Table 2: Percentage distribution of the long-term unemployed and total labour force, Australian-born and overseas-born (by time of arrival) for May 1993 and 1994

Birthplace	May 1993		May 1994	
	Long-term unemployed %	Labour force %	Long-term unemployed %	Labour force %
Australia	67	75	65	75
Main English-speaking countries	8	11	8	11
Arrived before 1971	4	5	4	5
Arrived 1971-1975	2	2	1	2
Arrived 1976-1980	1	1	1	1
Arrived 1981-1985	1	1	1	1
Arrived 1986-1990	1	1	1	1
Arrived 1991-May 1993	0	0	-	-
Arrived 1991-May 1994	-	-	0	1
Other than main English-speaking countries	25	15	27	14
Arrived before 1971	8	6	8	6
Arrived 1971-1975	2	2	2	2
Arrived 1976-1980	3	1	2	1
Arrived 1981-1985	4	2	3	2
Arrived 1986-1990	6	3	6	2
Arrived 1991-May 1993	2	1	-	-
Arrived 1991-May 1994	-	-	5	1
Total	100 (366,300)	100 (8,648,500)	100 (310,795)	100 (8,729,112)

Source: Australian Bureau of Statistics, Labour Force Survey, May 1993 and May 1994 (unpublished), discrepancies due to rounding

Table 3: Settler arrivals entering the work force in 1989-90, 1990-91, 1991-92 and 1992-93 and per cent receiving Newstart (long-term unemployment) benefits in May 1992, May 1993 and May 1994, by country of birth

Birthplace	Cohorts arriving in 1989-90		Cohorts arriving in 1990-91		Cohorts arriving in 1991-92		Cohorts arriving in 1992-93	
	No. of arrivals	Benefit recipients in 1993 1994	No. of arrivals	Benefit recipients in 1993 1994	No. of arrivals	Benefit recipients in 1993 1994	No. of arrivals	Benefit recipients in 1993 1994
Vietnam	5,031	48.7 42.3	4,431	61.2 54.4	3,624	40.0 46.2	3,242	- 28.1
Lebanon	1,005	57.1 50.6	1,355	48.2 41.5	797	52.2 48.3	505	- 33.5
Turkey	398	58.3 52.5	822	36.5 28.5	522	43.9 38.0	269	- 39.8
Other	11,840	8.9 7.7	11,110	7.2 6.3	8,084	6.0 5.4	9,112	- 2.4
Total	39,256	14.3 12.4	45,388	13.8 11.2	44,610	12.8 11.6	27,702	- 15.7
	57,530	17.2 15.0 (9,916) (8,634)	63,106	16.1 13.5 (10,184) (8,554)	57,646	14.4 13.7 (8,289) (7,896)	40,830	- 14.1 (5,748)

BIR Settler Arrivals, 1989-90, 1990-91, 1991-92 and 1992-93; Department of Social Security, Newstart and Jobsearch Statistics, May 1992, May 1993 and May 1994 (unpublished)

dependency has not favoured those who arrived in the earlier years.

Migrants arriving between 1989-90 and 1992-93 are disproportionately represented amongst Australia's total of Newstart beneficiaries (the welfare payment available for the long-term unemployed). Table 3 shows that 30,832 long-term benefit recipients as of May 1994 arrived between 1989-90 and 1992-93. This means that 7.3 per cent of Australia's total Newstart recipients, as of May 1994, was comprised of migrants who arrived between 1989-90 and 1992-93. This same group of arrivals accounted for only 2.5 per cent of the labour force as estimated by the ABS Labour Force Survey as of May 1994. In May 1994, Vietnamese Newstart recipients who had arrived in this period accounted for 1.7 per cent of the national total.

Table 4 provides an indication of the over-representation of recently arrived low-skilled, NESB migrants amongst long-term benefit recipients. It is evident that a far higher proportion of unemployment recipients amongst the highly dependent groups are receiving Newstart (or long-term benefits) than most other recipients.

CONCLUSION

There is now sufficient evidence to justify concern regarding the development and consolidation of ethnically-based under-classes in Australia. If the present economic upturn does not prove long-lasting, with a significant

Table 4: Newstart beneficiaries as a percentage of total unemployment recipients for the Australian-born and selected cohorts arriving 1989-90 to 1991-92, May 1994

Benefit categories	Australian-born	Vietnamese	Lebanese	Turkish	United Kingdom
Jobstart	323,433	1,970	598	347	2,548
Newstart	295,162	6,215	1,457	641	2,060
Total	618,595	8,185	2,055	988	4,608
Newstart as a percentage of total	47.7	75.9	70.9	64.8	44.7

Source: Department of Social Security, unpublished data, beneficiary type by birthplace by time of legal permanent residence

proportion of the high unemployment groups remaining unabsorbed into employment before the next downturn, their present marginalisation will likely be extended and deepened. The Lebanese are a significant example. Of the 1,005 Lebanese who settled in Australia in 1989-90 with the intention to work, 71.1 per cent were unemployed as of May 1994, and 50.6 per cent of this same cohort were long-term unemployed. Of the 1990-91 cohort of 1,355 Lebanese, 59.5 per cent were unemployed, with 41.5 per cent long-term. For the 1991-92 cohort the figures were 66.9 per cent and 48.3 per cent. It is ironic that the family reunion and 'humanitarian' categories of the immigration program appear to be facilitating the consolidation of an underclass.

The December 1993 White Paper *Restoring Full Employment* does briefly acknowledge the labour market disadvantage of NESB migrants, but it fails to deal with the problem in any depth.⁵ The White Paper advocates creating the conditions for a growth-lead solution to Australia's unemployment crisis. Yet, the restructuring measures prescribed for the creation of such growth appear to have little relevance to the vulnerable

low-skilled, poor English-proficient groups identified in Tables 1 and 3. The White Paper's vision for national economic restructuring focuses heavily upon the creation of a skilled, versatile work force, highly adaptable to rapidly changing technology requirements. It emphasises high worker mobility, ongoing retraining, and communication-intensive innovation in workplace management as all being essential to future economic success. The more these conditions are achieved, the more marginalised from the mainstream labour market these migrant minorities will become. In May this year the Prime Minister, Paul Keating, announced that in future Australia would, in an effort to reduce unemployment, rely less on the importation of skilled migrants, and place greater emphasis on training the unemployed. This promised a welcome departure from the late 1980s. During this period policy-makers seemed to imagine that any immigrants with some skills would boost economic growth and find work, irrespective of any demonstrated demand for their particular talents. In fact, many people recruited in this untargeted fashion were unable to find appropriate work.⁶ They, and the low-skilled NESB immigrants described

in this paper, are paying the price for the excessive immigration levels of recent years. Shades of this shift are just detectable in *Restoring Full Employment*. There seems to have been some acceptance by Keating that high immigration during recession conditions did have a deleterious impact upon unemployment. It is not yet clear, however, whether Keating's words will actually be reflected in the future size and structure of the immigration program.

If they are to be translated into policy, the government will have to look closely at the size of the humanitarian and family-reunion categories. If policy-makers are not prepared to do this then they will have to commit significant resources to industry policy initiatives which meet the employment needs of the low-skilled NESB population.

References

- ¹ R. Birrell, 'Unemployment benefit dependency amongst recently arrived migrants', *People and Place*, vol 1, no. 1, 1993, pp. 19-22
- ² R. Ackland and L. Williams, 'Comment on "Unemployment benefit dependency amongst recently arrived migrants" by Bob Birrell', *People and Place*, vol. 1, no. 2, 1993, pp. 47-49
- ³ A tendency of one-sidedly focus upon long-term outcomes alone may be a lasting and unfortunate legacy of the deregulatory excesses of the 1980s.
- ⁴ P. Whiteford, *Immigrants and the Social Security System*, Australian Government Publishing Service (AGPS), Canberra, 1991.
- ⁵ Committee on Employment Opportunities., *Restoring Full Employment*, Australian government Publishing Service (AGPS), Canberra, December 1993
- ⁶ R. Birrell, E. Healy and F. Smith, *Migration Selection During the Recession*. Parliamentary Research Service, Background Paper Number 3, Canberra, 1992.

ERRATUM: In C. Betts, 'Medical students and the changing make up of the Australian medical workforce', vol. 2, no. 2, 1994, p. 25, Table 2, South East Asia number of under-graduate students was listed as 143. The correct number is 1,143.

Table 2: Birthplace by major countries and regions for medical students 1993, employed medical practitioners 1991 and the total Australian population 1991

Birthplace	Undergraduate students		Medical practitioners %	Aust. people %
	No.	%		
Australia	4 591	59.7	63	75.5
New Zealand	71	0.9	1.8	1.6
UK & Ireland	359	4.7	11.9	7
Western Europe	56	0.7	1.7	1.6
Southern Europe	30	0.4	1.5	3.9
Eastern Europe	62	0.8	1.9	0.8
USSR & Baltic	23	0.3	0.4	0.3
Middle East & Nth Africa	125	1.6	1.3	1
South East Asia	1 143	14.9	5.5	2.2
North East Asia	501	6.5	2.3	1.2
South Asia	216	2.8	4.3	0.7
North America	91	1.2	0.6	0.4
Other & Not stated	418	5.4	3.5	3.7
Total	7 686	100	38 819	100.0

Source: Medical practitioners, 1991 Census Matrix; Students, DEET enrolment statistics, unpublished; Population, 1991 Census