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- models for analysing student flows in higher education and in vocational education; and
- returns to investment in enterprise training.
Australian immigration: the triumph of economics over prejudice?

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Abstract

In this paper we provide an account of Australian immigration in the late twentieth century focusing on labour market and industrial relations issues. The paper chronicles the changing immigration policy framework, from one premised on exclusion to one designed primarily to serve the needs of the domestic labour market. Since 1997 the majority of settlers arrived under the skills category of the immigration program. The consequence of the policies, more by default than design, has been the transformation of society from a monocultural to a multicultural one. In spite of this migrants from other than mainly English speaking (MES) countries often have poor labour market outcomes, sometimes well after the time of arrival. The data indicate this group to be more adversely affected by the downturn in economic cycles than other migrants or the Australian-born population. At the industrial relations level trade unions have made a pragmatic, as well as a principled, shift to embrace immigrant workers from non-MES countries. However the transition from a centralized system of conciliation and arbitration to a more deregulated labour market has compounded the disadvantage suffered by these workers.

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1 Introduction

A series of paradoxes surrounds Australia’s immigration program. Most notably, its history is ‘rooted in deep-seated racism and prejudice’ yet Australia has avoided the excesses of racial violence that have accompanied large-scale migration in other countries. Australian immigration was planned on monocultural lines yet a multicultural society has emerged, admittedly more by default than design. Immigrants figure prominently among the wealthiest Australians but are ‘disproportionately represented among the poor and the unemployed’ (Collins, 1988: i-ii).

Immigrants have been a continuous source of population and labour force growth from the beginning of Australian colonisation in the late eighteenth century, though the level and composition of the intake varied over time. For much of the twentieth century the driving force of immigration policy was the perceived need to populate a vast and indefensible continent and to secure a labour force to undertake the associated task of economic development (Jupp, 1998). Overlaid on this was a longstanding concern by governments to limit the intake of non-Europeans. While this sentiment found expression in Australia’s infamous ‘white Australia’ policy, which remained in force until 1973, the reality was that the migrant intake was drawn largely from non Anglo-Saxon countries. The period in which British immigrants were dominant was confined to the early years of colonisation in which the population was composed largely of convicts and assisted immigrants. Immediately after the Second World War the difficulty of attracting British migrants resulted in large-scale immigration of displaced persons from Europe after which the emphasis switched to immigrants from Southern Europe. Following the abandonment of a policy based on racial exclusion immigration flows became more diverse with Asian and African (mainly South Africa) nations featuring prominently over the last two decades.

In contrast to much of Europe, Australian immigration has been distinguished by the fact that, until comparatively recently, migrants were mostly permanent arrivals. In the post war decades newly arrived migrants were typically deployed in dirty and difficult jobs which were shunned by the Australian-born. For some this appears to have been only a transitional phase, as they soon became occupationally mobile reaching levels of attainment similar to that reached by the native-born (Committee to Advise on Policies for Manufacturing Industry, 1976). This process of transition was qualified during periods of economic recession with spells of long-term unemployment harming the future prospects of migrants, particularly those lacking formal qualifications and skills and proficiency in English. In the 1990s there was a major shift in migrant inflows as policy became more sharply focused on economic considerations and this was reflected in two ways: the growth in business migration and the use of temporary migrants or guest workers. In large measure this reflected the increasing preoccupation of government economic policy with improving Australia’s capacity to compete in the emergent global economy.

In this paper our principal objectives are, firstly, to provide an account of Australian immigration in the late twentieth century from both a demographic and a labour market perspective and, secondly, to examine a range of labour market and industrial relations issues associated with this migration. First, we provide an overview of Australian immigration from white settlement, though the emphasis is upon the latter half of the twentieth century. Included here are also data that highlight the changing sources of
immigration and the fluctuations in settler arrivals in the last four decades of the twentieth century. Second, the focus shifts to the development of the regulatory framework of Australian immigration. This neatly captures the demise of a migration policy premised on exclusion and the development of one tuned to the requirements of the domestic labour market. Third, a detailed examination is made of the labour market experience of immigrants, which includes labour force participation, employment and unemployment and earnings. In the final section three closely linked industrial relations issues: the extent and impact of discrimination in immigrant workers, the changing union response to immigrants and the impact of the new, deregulated industrial relations system of enterprise based bargaining on immigrants, are discussed.

2 Transition to a multicultural society

For the first 150 years of Australian colonisation all immigration from non-English speaking countries was discouraged, though occasional exceptions were made for people of Nordic and German origins. Underlying this exclusion were notions of an Anglo-Saxon race and an emergent concept of an Australian race. These notions of racial superiority were not confined to Australia, but were part of a ‘general racial theory which was widely accepted in the British Empire’ (Jupp, 1998: 100). This prejudice found its expression in the concept of the white Australia policy which, in its various forms, provided for exclusion based on race until 1973. In this section we provide an overview of the development of Australian immigration focusing on the period from 1945-1999 while the following section highlights the changing immigration policy framework and its implications for the labour market.

Before federation in 1901 the colonies introduced immigration restriction legislation in response to the large-scale influx of Chinese during the gold rushes of the 1850s and 1860s. With federation, the white Australia policy crystallised around the operation of the *Immigration Restriction Act, 1901*. This legislation was supported by other measures such as restricting assisted passages to United Kingdom subjects of European race, quotas on non-European immigration, limitations on citizenship rights and an ‘official and popular climate of opinion which discouraged “alien” settlement’ (Jupp, 1998: 101). Public figures, the media and major organisations like the Returned Services League openly expressed racist and xenophobic views. Moreover such views were equally held among conservatives and those in the labour movement. In view of the prevailing social attitudes to migration and immigrants, it is no surprise that in the first half of the twentieth century the small communities of Jews, Italians, Greeks, Germans, Chinese, Maltese and Croatians were ‘usually self-effacing and unobtrusive’ (Jupp, 1998: 101).

At the end of the Second World War Australia was a monocultural society with less than 1 million residents born overseas out of a population of almost 7 million and the majority of these immigrants were of British origin. Paradoxically, by the end of the 1960s a policy designed to preserve racial homogeneity had produced one of the most ethnically diverse populations in the world with over 100 nationalities and ethnic groups being represented (Collins, 1988; Jupp, 1998).

In 1945 Australia launched its post-war immigration program, the largest planned immigration undertaken in this country. Economic factors were the driving force behind
post-war immigration. The program planned to use large scale immigration to accelerate the tasks of economic development, particularly large scale public works, such as the creation of hydro-electric schemes and modernisation of road and rail systems, and industrial diversification away from Australia’s historical dependence on primary production (Jupp, 1998). Accordingly, the immigration program was premised on population growth of two percent annually with one percent coming from immigration. In the early post-war years this target was regularly exceeded but between 1952 and 1970 the migrant intake was 30 percent below target. Despite this shortfall, by 1970 some 21 percent of the population was overseas-born and another 20 percent had at least one migrant parent. Next to Israel no other country was so transformed by its post-war immigrant intake (Collins, 1988).

Almost from the outset there were insufficient British settlers to achieve planned quotas and, as economic conditions improved in Britain, it became necessary to turn to displaced persons from the war and Eastern Europe as migrant intake sources. These migrants, however, were selected in line with the tenets of white Australia and, reflecting ‘cold war’ concerns, their anti-communist credentials (Jupp, 1998). Displaced persons had the added attraction that they accepted conditions that would have been rejected by voluntary migrants. For example, they were housed in former army camps and were in effect conscripted to designated jobs and locations for two years after arrival.

The ending of the program for displaced persons in 1953 and continuing shortfalls in British migration led to the immigration net being cast more widely. First to ‘the “more cultured” migrants from Northern Europe, then Southern Europe, the Middle East and so on until the early 1980s when the Indo-Chinese were the largest group in the immigration intake’ (Collins, 1988: 10). In this intermediate stage migrants were attracted by extension of the assisted passage scheme to encompass all Europeans, not just British immigrants, and by concluding inter-government agreements with the major European nations as discussed below. Consequently, the immigration intake in the 1950s was mainly from Britain (33 percent), Northern European (26 percent) and Southern European (33 percent). During the 1960s British immigration increased in both absolute and relative terms. This was due to a number of factors. First, there was a decline in European migration as economic conditions improved in Europe and the Treaty of Rome facilitated movement of labour among European Economic Community nations. Second, a change in the Australian government policy allowing a greater proportion of dependents in the immigration quotas meant a large number of British qualified for migration (Collins, 1988). At the same time the white Australia policy was reinforced: the Commonwealth Immigration Acts of 1962 and 1968 were used to exclude British subjects from the former colonies, mainly West Indians, Indians and Pakistanis.

The seeds of the demise of racist immigration policy were diverse. Undoubtedly, pragmatic considerations, particularly Australia’s increasing military and economic engagement in Asia, were a major consideration (Jupp, 1998). Quite simply, Australia’s major trading partners, such as Japan and Singapore, would no longer accept the continuance of such a policy. Foreign policy considerations also played a major part in this change, as in the 1960s the continuing process of de-colonisation in Africa and Asia highlighted the paradox of an immigration policy simultaneously premised on exclusion and mass immigration of skilled workers. One consequence of this process was that communities of European culture and descent such as Anglo-
Indians, Sri Lankan Burgers and French speaking Eurasians sought haven in Australia but were often excluded on the grounds of their only Asian characteristic, appearance. At home, support for a racially based immigration policy had gradually declined among unions, the Labor Party and the better educated so that by the 1960s cases of racist exclusion and deportation attracted sympathetic media coverage. As well, pressure was being brought to bear by the governments of other nations including the United Kingdom and the United States.

Thus it was in the 1970s, as is shown below, that immigrants to Australia began to be drawn in large numbers from non-English speaking countries of Asia and the Middle East. While the British remained the largest immigrant group, Asians accounted for 32 percent of the intake in the decade 1973-1982, up from 2 percent in 1951-1960. This trend continued in the 1980s, bolstered by the influx of refugees from Indo-China. Indeed, Asian immigrants were the largest group for the first time in 1982-1983 financial year, accounting for 36 percent of net settler gain compared to 26 percent from Britain.

**Pattern of permanent arrivals, 1959-1999**

As in the immediate post-war years, immigration in recent decades has been a major contributor to population growth with permanent settler arrivals since 1960 totalling 4.3 million, though annual arrivals varied from 53,000 in 1976 to a high of 185,000 in 1970. Underlying this data are some major changes in the composition of the migrant intake that has transformed Australia into the multicultural society that it is today.

Firstly, in the early 1960s three quarters of migrants came from the mainly English speaking (MES) countries (United Kingdom, Ireland, New Zealand, Canada, South Africa and the United States), but by the 1990s the proportion had dropped to 28 percent (see Table 1). However, this trend was partially reversed by the end of the decade with immigrants from MES countries increasing to 36 percent, mainly as a result of New Zealanders gaining unrestricted access to Australia pursuant to the *Trans Tasman Travel Arrangement*. Until the mid-1990s the UK was the major single source of settler arrivals: in the 1960s, two thirds of migrants were born in the UK but this fell to around 10 percent by the end of the twentieth century. Secondly, there has been a shift in Australia’s traditional reliance on migrants from European countries. Between 1970-1975 migrants born in East Asia and South East Asia constituted less than 4 percent of all arrivals. This figure increased dramatically to 42 percent in 1992 but fell back to 26 percent of arrivals in 1999.

There has also been a shift in the gender and age structure of immigrants over this period. The balance has altered in favour of females: in the early 1960s women made up about 45 percent of the total intake rising to 52 percent in 1999. The average age of migrants has increased over time, with the proportion in the under 30 age group declining from 67 percent of the total in the early 1960s to 55 percent in the late 1990s while those in the 30-49 age group increasing from 25 to 35 percent.
Table 1 Proportion of permanent settler arrivals born in MES countries, 1959-99

<table>
<thead>
<tr>
<th>Period</th>
<th>Arrivals</th>
</tr>
</thead>
<tbody>
<tr>
<td>1959-65</td>
<td>76%</td>
</tr>
<tr>
<td>1965-70</td>
<td>55%</td>
</tr>
<tr>
<td>1970-75</td>
<td>55%</td>
</tr>
<tr>
<td>1975-80</td>
<td>46%</td>
</tr>
<tr>
<td>1980-85</td>
<td>46%</td>
</tr>
<tr>
<td>1985-90</td>
<td>38%</td>
</tr>
<tr>
<td>1990-95</td>
<td>28%</td>
</tr>
<tr>
<td>1995-99</td>
<td>36%</td>
</tr>
</tbody>
</table>

Source: ABS Australian Immigration Consolidated Statistics (various issues).

We observed above that there is considerable fluctuation in arrivals. Figure 1 highlights the fact that the number of arrivals is very much affected by economic conditions in Australia. The significant drops in migration have followed the recessions of 1960-1961, 1974-1975, 1982-1983 and 1990-1992. They reflect not just diminished overseas interest in migration to Australia but also a reduction in migrant intake targets set by the government, usually through a contraction in the occupations listed as in demand under the skilled migration category (Foster, 1996). The development of a policy framework for targeting immigration on the basis of economic considerations, particularly skills, is the subject of the following section.

Figure 1 Permanent settler arrivals, Australia, 1959-60 to 1998-99

![Figure 1](source-image-url)
3 Regulation of immigration and labour

In this section it will be argued that in addition to the racism that underpinned Australian immigration for much of the twentieth century, the major theme has been domestic labour market protection. The articulation of immigration policy in the last decades of the twentieth century has been distinctive in two ways, the development of a more sophisticated process of labour market targeting and a move toward recruitment of temporary migrants.

After federation in 1901 it fell to the new national government to regulate immigration. The policy continued to be racially based, the principal mechanisms being the *Immigration Restriction Act*, 1901 and the *Pacific Island Labourers Act*, 1901. Under the first Act there were seven classes of ‘prohibited immigrants’, defined mainly in terms of public interest criteria like good health and good character. Section 3(f), however, vested a broad discretion in the government to exclude any immigrant it wished by also defining a prohibited immigrant as anyone who failed a dictation test in any European language. Despite its apparent neutrality, the test, which was administered by Customs officers, operated to exclude non-European immigrants (O'Donnell & Mitchell, 2000). The Act also provided for the exclusion of contract or indentured labour generally and without regard for race, subject to a ministerial discretion to admit workers with skills in short supply. The rationale for this exclusion was a longstanding concern to protect Australian workers from unfair competition and foster the development of trade unionism (Gollan, 1967). This exclusion was refined after 1905 by the enactment of the *Contract Immigrants Act*, which allowed for the entry of British labour or those descended from British stock even where this was not justified on labour market grounds. The legislation also protected domestic labour against strikebreaking and undercutting of wages and conditions set in the arbitrated awards of industrial tribunals. Thereafter, legislative amendments were used to refine the categories of exclusion particularly in relation to European migrants (O'Donnell & Mitchell, 2000).

In order to facilitate the operation of Australia’s post-war immigration program Assisted Passage agreements were concluded with Britain (1946), Malta, Eire and the International Refugee Organisation (IRO) (1948), the Netherlands and Italy (1951) and West Germany (1952). A General Assisted Passage Scheme for people from the US, Switzerland, Denmark, Norway, Sweden and Finland was established in 1954. Initially, immigrants were selected on the basis of their suitability for certain kinds of work, particularly in rural areas, nursing and domestic services in hospitals and reconstruction and development projects. O'Donnell and Mitchell (2000: 7) note that the agreements with the IRO, Netherlands, Italy and West Germany were distinguished by the requirement for immigrants to remain in Commonwealth-approved employment for two years. In return for signing an undertaking to that effect immigrants were given a fixed period landing permit so that formally this was a species of temporary immigration. Although this was often referred to as ‘labour under contract’ workers were rarely deported on the expiry of their temporary residence permits. An overriding concern in this period continued to be the labour market consequences for local workers, that immigrants should not be in direct competition for jobs nor undercut award rates of pay.

After 1952 workers were no longer recruited on a ‘contract’. However the focus remained on filling gaps in the labour market with executives from the building, shipping, airlines, iron and steel and automotive components industries shaping the
migrant intake through their presence on tripartite immigration planning and advisory councils (Lever-Tracy & Quinlan, 1988). In policy terms the dominant image of this period was of a male worker accompanied by a dependent spouse who would provide the basis for long-term population increase (Fincher et al., 1994). In reality migrant women tended to have higher labour force participation rates than locally born females due to both active recruitment of women by some sectors of industry and the economic circumstances of newly arrived families (O'Donnell & Mitchell, 2000).

The Immigration Act was replaced by the Migration Act in 1958 and while it remained government policy to exclude non-Europeans this was not referred to in the Act. The dictation test was abolished and landing permits that were issued at the discretion of the relevant Minister became the basis for entry. During the 1960s, however, there was a gradual erosion of the white Australia policy that enabled the entry of large number of Asians of mixed descent who were typically English-speaking and Christian.

Above we referred to external political pressures which contributed to the demise of a racially based immigration policy, but domestic economic, social and legal developments in the 1970s also rendered this regime of immigration regulation increasingly untenable.

Firstly, the first post war Labor Government was elected in 1972 formally ended the white Australia policy the following year and declared that future immigration would ignore race, ethnicity, religious or cultural background. This policy had no immediate effect as Labor’s election coincided with the onset of recession and the ending of the long post-war boom. This led to a dramatic reduction in demand for unskilled and semi-skilled labour in industries such as manufacturing which had hitherto absorbed much of the migration intake. This effect was exacerbated by other developments such as the government’s determination to develop a Swedish style active labour market policy and a 25 percent across the board reduction in import tariffs in 1973 (Department of Labour, 1974). Through labour market policy the government sought to lessen Australia’s reliance on immigrants as a source of skilled labour, assist those made redundant as a result of tariff cuts and place emphasis on groups suffering disadvantage and unemployment such as migrants, women and the disabled (Teicher, 1978).

Consequently, governments since the 1970s have made it increasingly difficult for unskilled immigrants to enter Australia other than on humanitarian or family reunion grounds. In the early 1980s the emphasis was on targeted migration of skilled workers in areas of identified shortages but subject to the same types of protection as were previously contained in the Contract Immigrants Act. The focus here was on employer nomination and, while this approach has continued, by the end of the 1980s it was supplemented by more open categories as recommended by the Committee to Advise on Australia’s Immigration Policies in 1988. This involved the introduction of a ‘points test’ under which applicants had to reach a ‘pass mark’ based on criteria such as skill level, possession of credentials recognised in Australia, age and English language proficiency (O'Donnell & Mitchell, 2000).

Secondly, the enactment of the Administrative Decisions (Judicial Review) Act, 1977 codified the grounds for review of administrative decisions that had previously resided in the common law. The Act also simplified access to administrative review and vested the Federal Court with jurisdiction to set aside Immigration Department decisions where
there was a procedural flaw in the decision-making process (O'Donnell & Mitchell, 2000). The effect of these changes was that, whereas previously immigration decisions were rarely challenged being largely matters of ministerial discretion, they became the second most contested area of administrative decision making after taxation (Crock, 1996). As will be seen below successive federal governments have responded to the development by limiting the scope for judicial review of administrative decisions by refining and particularising the operation of immigration selection (O'Donnell & Mitchell, 2000).

Most immigrants now enter Australia under one of three broad categories: skilled, family reunification or humanitarian. Not only does government set the annual target for the total number of permanent settlers it also controls the numbers arriving under the different visa categories, except for New Zealanders who do not need visas. At the beginning of each year the Minister for Immigration announces the maximum number of visas to be granted in the first two categories and where categories have a points test the pass mark is also announced. Within the skilled stream there are five main categories: independent, employer nomination, skilled Australian sponsored, business skills and distinguished talent.

Figure 2 shows that between 1984 and 1997, the highest proportion of settlers arrived under the family reunion program. Policy changes after the election of a Liberal-National government in 1996 have shifted the balance toward skill migration since 1998 with the highest proportion of settlers now arriving under this category. As would be expected, skilled migrant arrivals exhibit the largest fluctuations in response to changes in economic conditions. This pattern is readily demonstrated in the decline in arrivals following the recessions of 1982-1983 and 1990-1992.

**Figure 2 Proportion of permanent settler arrivals by eligibility criteria, Australia, 1993-99**

Source: ABS Australian Immigration Consolidated Statistics and Immigration Update (various issues)
The two categories of skilled migration most directly linked to labour market considerations are independent and employer nomination. Independent migrants must satisfy certain threshold requirements relating to ‘employability’, that is, they must fall into a skilled occupational category gazetted by the Minister, be less than 45 years old and be proficient in vocational English. Applicants are then allocated points in terms of their individual attributes. For example, applicants under 29 receive the maximum number of points for age. Bonus points are allocated for considerations such as skills in short supply and bringing in large amounts of capital. Labour market targeting occurs in two ways, the gazetting of occupations and the inclusion of occupations on the Migrant Occupation in Demand List. The second category, employer nomination, allows for entry of highly skilled persons where the employer meets certain conditions. These include demonstrating that there is a shortage of domestic workers who could fill the position, that the employer has an adequate record in training labour, that the job is full time and provides standard wages and working conditions. This emphasis on protecting domestic workers in the employer nomination category demonstrates continuity with the Contract Immigration Act of 1905. However it is balanced by a concern to attract labour to remote areas, a recognition that short to medium term skill shortages emerge and that it may be necessary to import labour in fields utilising new and emerging skills.

While formally Australia’s post war immigration program provided for temporary migration, this was not true in practice. Indeed, unlike many European nations Australia did not resort to the use of 'guestworkers' until relatively recently. This category, however, operates primarily to expedite the entry of executives, professionals and other high level staff (Crock, 1996). In 1996 the rules relating to temporary entry of skilled labour were streamlined providing for a single ‘business temporary entry’ visa with two sub-categories, less than three months and from three months to four years. In order to access the latter sub-category an employer must be approved as a sponsor and the immigrant applies for a visa on the basis of that sponsorship. Acceptance as a sponsor requires an employer to demonstrate its ‘standing’ in terms of good character, commitment to training Australian residents and ‘benefit to Australia’ in matters such as improving international competitiveness, maintaining or increasing employment for citizens and introducing new or improved skills. If a potential employee is required to perform a ‘key activity’, one central to the employer’s operation, the requirement for labour market testing is waived (O'Donnell & Mitchell, 2000). In this way and through a requirement that nominated employers cooperate with monitoring of their compliance with Australian industrial relations laws, the temporary visa category represents a substantial weakening of the traditional protection provided to domestic workers.

4 Labour market experience of immigrants

Given the size of Australia’s immigration intake, information on immigrants' adjustment into the labour market is crucial for the development and design of future immigration policy and in assessing its effect on the national economy. Fortunately such information is readily available. For example, two comprehensive surveys on immigration issues Foster (1996) and Wooden et al. (1994) have substantial sections devoted to the labour market experience of immigrants. More recent work has analysed data from the first three waves of the Longitudinal Survey of Immigrants to Australia (LSIA) (Cobb-Clark & Chapman, 1999; VandenHeuvel & Wooden, 1999; Williams, Murphy & Brooks, 1997). In addition, there are studies focusing on the relationship between visa category
and labour force experience (Cobb-Clark, 1999) and the earnings of immigrants (McDonald & Worswick, 1999; Will, 1996).

Below we briefly review recent research on the labour market experience of immigrants focusing on the most important measures: labour force participation rates, employment/unemployment and earnings. The review is supplemented with the descriptive analyses using the most recent data available.

**Labour force participation rate**

Participation rates of males born in Australia, in MES and non-MES countries are shown in Figure 3. The downward trend reported by Brooks and Williams (1995) has continued for all three groups. Until recently the participation rates of people born in Australia and in MES countries were similar (declining by about 3 percentage points over 1978-2000 period), while the rates of those born in non-MES countries have been significantly different (declining by 20 percentage points over the same period).

In contrast participation rates have been increasing among women born in Australia and to a lesser extent MES countries but have remained stable in the case of those born in non-MES countries (see Figure 4). The participation rate of Australian-born women increased 35 percent over the period 1978-2000, which is twice the increase of those born in MES countries. No doubt much of the increase has been fuelled by the growth in part-time employment of women. Apparently, this demand driven effect on female participation rates did not extend to women from non-MES countries. In the late 1970s their participation rate was higher than that of the other two groups, however, the 1982-1983 and the 1990-1992 recessions appear to have had a long-term dampening effect on their rate.

**Figure 3 Labour force participation rates of males by birth place, Australia, 1978-2000**

![Labour force participation rates of males by birth place, Australia, 1978-2000](image)

Source: ABS Labour Force Surveys Cat. No. 6203.0 (various issues)

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4 The monthly rates for February 1978 to August 2000 were converted to annual rates by averaging over the calendar year.
In general, the younger and older age groups have lower participation rates in the labour force than other age groups because younger people tend to be engaged in education and training while some in the older age groups are already retired. Comparing participation rates by age shows the rates of the Australian-born to be higher than those of overseas-born in each age group (ABS, 2000b). In this comparison the 15-19 and 20-24 year age groups stand out because of the large differences in the rates of the Australian and overseas-born in these two age groups. Partly this is due to the higher participation rates in education and training among the overseas-born: 62 percent of the 15-24 age group born overseas were engaged in some form of education and training in 1999 compared to 53 percent of the Australian-born (ABS, 2000c). Miller and Volker (1987) contend that parents in non-English-speaking families, whose average educational attainment level is lower than for parents in English speaking families, have higher educational aspirations for their children and place a premium on qualifications and education and training as a way of enhancing their children's employment prospects.

The decline in the labour force participation rates of immigrants is also attributable to their relatively older age profile. The 1996 census shows that 76 percent of the Australian-born population aged 15 and over were below the age of 55 and 9 percent were in the 55-64 age group. The corresponding percentages for immigrants were 69 and 14 percent (ABS, 1996). The fact that there was little difference in the age profile of those born in MES and in non-MES countries suggests English language proficiency and other human capital variables as likely factors affecting labour force participation decisions. It should also be noted that people born in non-MES countries have been concentrated in industries such as manufacturing that have undergone major restructuring and associated job losses over the last three decades. For a variety of reasons, such as lack of appropriate qualifications and low English language skills, immigrants born in non-MES countries may have had difficulty in competing for jobs with younger or more qualified workers born in Australia and MES countries. For example, in 1994 the percentage of those not in the labour force classified as
‘discouraged job seekers’ was 2.6, 3.5 and 3.9 percent, among those born in Australia, MES and non-MES countries, respectively (ABS, 1995).

The labour force participation rate of the most recently arrived immigrants is generally lower than earlier arrivals. This is hardly surprising given the challenges of settling into a new social and economic environment and particularly the time taken to gather information about the local labour market. Immigrants arriving under the humanitarian program, some having just fled from tragic and traumatic situations, face even bigger challenges. Analyses by year-of-arrival cohorts show participation rates of those born in MES countries tend to reach an equilibrium level in a relatively short time (see Figures 5 and 6). Two exceptions to this generalisation are the female 1981-85 year-of-arrival cohort whose participation rate took nearly a decade to stabilise at 65 percent, and the male 1996-2000 cohort which took two and half years to reach the equilibrium level of 85 percent.

Similar year-of-arrival cohort analysis of the data for arrivals from non-MES countries shows this group's participation rates take much longer to reach equilibrium levels which are generally lower than those of immigrants from MES countries (see Figures 7 and 8). Only the 1981-85 and 1986-90 male cohorts seem to have reached the equilibrium level of 80 percent, and that after nearly a decade. In the case of females the adjustment of the rates to equilibrium level is even slower with none of the cohorts showing signs of having reached an equilibrium level yet. These data suggest the ongoing restructuring of the Australian economy has hampered successful transition into the labour force of those from non-MES countries of both sexes.

**Figure 4 Labour force participation rates of immigrant males born in MES countries by year of arrival, 1978-2000**

Source: ABS Labour Force Surveys Cat. No. 6203.0 (various issues)
Figure 5 Labour force participation rates of immigrant females born in MES countries by year of arrival, 1978-2000

Source: ABS Labour Force Surveys Cat. No. 6203.0 (various issues)

Figure 6 Labour force participation rates of immigrant males born in non-MES countries by year of arrival, 1978-2000

Source: ABS Labour Force Surveys Cat. No. 6203.0 (various issues)
Numerous studies have modelled the determinants of individual differences in labour force participation utilising human capital theory and multivariate statistical techniques (Ackland, 1992; Baker & Robertson, 1995; Brooks & Volker, 1985; Chiswick & Miller, 1992; Cobb-Clark, 1999; Cobb-Clark & Chapman, 1999; Miller, 1982; Wooden & Robertson, 1989). Apart from small differences in emphasis and scope, these studies are unanimous that the key determinants of labour force participation by birthplace and sex are age, English language proficiency, pre- and/or post-immigration qualifications, period since arrival and visa category. Cobb-Clark (1999) reports that, although there is little difference in the participation rates by visa category immediately after immigration, the participation rate of those admitted under the skilled category was significantly higher than for the other visa categories one year after arrival.

Employment and unemployment
As with the participation rates the incidence of unemployment among immigrants born in non-MES countries is significantly different from that of the other two groups. Unemployment rate of those born in non-MES countries is generally higher though, with the exception of the 1990s, there is only a small difference in the rates of those born in MES countries and Australia (see Figures 8 and 9). The important point that emerges from these figures is the increasing gap between the rates of those born in non-MES countries and the other two groups since the recession of 1982-1983. While the gap has varied over time, reaching a maximum around 1994, its existence is further evidence of the increasing difficulty of immigrants from non-MES countries in finding a place in a labour market that has shifted sharply from manufacturing to services and from full time to part time employment.
Although part time employment has become more prevalent among both immigrants and the Australian-born, it tends to be lower among immigrants, particularly women. Table 2 shows that in 2000 part time employment among males born in non-MES countries was almost the same as for Australian-born males, but it was 4 percentage points lower for males born in MES countries. The part time employment rate for females born in Australia, MES and non-MES countries was 45, 41 and 37 percent respectively in 2000. Analyses of ABS (1997)\textsuperscript{5} data show that Australian-born

\textsuperscript{5} The survey covers the population aged 15-64 in 1997.
employees were more likely to be in casual employment (21 percent) than were those
born in MES (15 percent) or non-MES (16 percent) countries.

Table 2 Part-time employment (%) by sex and birthplace, 1978 and 2000

<table>
<thead>
<tr>
<th>Birthplace</th>
<th>Male</th>
<th></th>
<th>Female</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>5.6 13.1</td>
<td>35.3 44.8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MES countries</td>
<td>4.4 9.3</td>
<td>34.1 41.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-MES countries</td>
<td>3.5 13.3</td>
<td>27.1 37.4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>All</td>
<td>5.2 12.7</td>
<td>34.1 43.4</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: ABS Labour Force Surveys Cat. No. 6203.0 (various issues)

Table 3 details the industrial distribution of employment by birthplace and assists in
understanding the incidence of part time employment. Immigrants born in non-MES
countries are over represented in manufacturing as in the 1970s, but this group is no
longer dominated by migrants from Southern Europe (Teicher, 1978). Manufacturing is
one of the last bastions of full time employment and this goes some way to explaining
the low incidence of part time employment among non-MES workers. People born in
MES countries are over represented in education, health and community services while
the Australian-born are over represented in wholesale and retail trade. Both areas
exhibit high levels of female part-time employment, opportunities that are less likely to
be available to females from non-MES countries.

Table 3 Industrial distribution of employment (%) by birthplace, 1997

<table>
<thead>
<tr>
<th>Industry sector</th>
<th>Birthplace</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Australia</td>
</tr>
<tr>
<td>Agriculture, forestry, fishing &amp; mining</td>
<td>6</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>13</td>
</tr>
<tr>
<td>Electricity, gas, water supply &amp; construction</td>
<td>8</td>
</tr>
<tr>
<td>Wholesale &amp; retail trade</td>
<td>21</td>
</tr>
<tr>
<td>Accommodation, café, restaurants, transport &amp; storage</td>
<td>11</td>
</tr>
<tr>
<td>Finance, insurance, property, business services, government administration &amp; defence</td>
<td>18</td>
</tr>
<tr>
<td>Education, health &amp; community services</td>
<td>16</td>
</tr>
<tr>
<td>Cultural, recreational, personal &amp; other services</td>
<td>7</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: ABS (1998)

The occupational distribution of employment of Australian-born and overseas-born is
shown in Table 4. It reveals a relatively high proportion of those born in MES countries
working as professionals. Similarly, intermediate production and transport workers and
labourers are over represented among those born in non-MES countries, but
intermediate clerical, sales and service workers are under represented because of the
need for higher English language proficiency in these occupations that a lot of migrants
from non-MES countries do not possess. Previous research focusing on specific
occupations, but mainly professions, demonstrates the difficulties faced by recently
arrived immigrants born in non-MES countries in practising their profession (Cooper, Leung & Cahill, 1996; Hawthorne, 1994; 1997; Jackman, 1995; Kidd & Braun, 1992; Smith, 1994). The key problem is non-recognition of qualifications or barriers to career paths and, to a lesser extent, relatively low English proficiency.

Table 4 Occupational distribution of employment (%) by birthplace, 1997

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Australia</th>
<th>MES Countries</th>
<th>Non-MES Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managers &amp; administrators</td>
<td>8</td>
<td>8</td>
<td>7</td>
</tr>
<tr>
<td>Professionals</td>
<td>17</td>
<td>22</td>
<td>18</td>
</tr>
<tr>
<td>Associate professionals</td>
<td>11</td>
<td>12</td>
<td>10</td>
</tr>
<tr>
<td>Tradespersons &amp; related workers</td>
<td>14</td>
<td>14</td>
<td>13</td>
</tr>
<tr>
<td>Advanced clerical &amp; service workers</td>
<td>4</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Intermediate clerical, sales &amp; service workers</td>
<td>18</td>
<td>17</td>
<td>14</td>
</tr>
<tr>
<td>Intermediate, production &amp; transport workers</td>
<td>9</td>
<td>8</td>
<td>14</td>
</tr>
<tr>
<td>Elementary, clerical, sales &amp; service workers</td>
<td>11</td>
<td>8</td>
<td>9</td>
</tr>
<tr>
<td>Labourers &amp; related workers</td>
<td>10</td>
<td>7</td>
<td>13</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: ABS (1998)

Earnings

Average earnings of immigrants and the Australian-born workers differ significantly. In 1999, average weekly earnings of full-time employees were highest for people born in MES countries ($A893) followed by Australian-born ($A744) and non-MES workers ($A721). There have been numerous studies on determinants of earnings differentials between Australian-born and overseas-born workers (Beggs & Chapman, 1988; 1991; Chapman & Iredale, 1990; Chiswick & Miller, 1985; Kidd, 1993; McDonald & Worswick, 1999; Stromback, 1984; Tran-Nam & Nevile, 1988; Will, 1996). These studies confirm the pattern of earnings differentials reported above and identifies period of residence, English language proficiency and qualifications (Australian qualifications more so than overseas ones) as significant in explaining earnings differentials. However most recently McDonald and Worswick (1999) have found that the large earnings gap experienced by recent arrivals from non-MES countries is persistent and does not narrow as period of residency increases, but find no evidence of a declining unobserved cohort quality over time.

5 Industrial relations issues

Throughout much of the twentieth century a centralised arbitral model dominated the Australian system of industrial relations. A series of independent tribunals, principally the Australian Industrial Relations Commission, regulated wage levels and working conditions through a system of awards. These awards established minimum terms and conditions of employment and were legally binding documents. Their scope was usually an occupation or segment of an occupation, an industry or part of an industry, or, less frequently, company-specific. Over time these awards had expanded to cover virtually all conditions of employment. Importantly for immigrant workers, the award covered all employees within the scope of the award, regardless of union status. Once such workers
found employment, their terms and conditions could not legally be different to those of Australian-born employees.

Accordingly, in industrial relations terms there were two principal issues relevant to immigrants. Firstly, in order to gain access to the award system there should be no discrimination in getting employment, whether by unions protecting jobs for their existing members or employers exercising indirect discrimination. Secondly, once immigrants found employment unions should deal fairly and appropriately with issues of concern to those workers. With the gradual move away from the arbitral model that commenced in the late 1980s, a third factor emerged: the ability of immigrant workers and their unions to maintain relative wages and conditions of employment in the evolving system of enterprise bargaining. This section of the paper examines these three key issues. The focus is on workers from non-MES countries; as Bertone and Griffin (1992: 1) note, ‘a number of studies have shown that these members (from MES countries) have easily assimilated into the Australian union movement’.

**Discrimination**

Traditionally, trade unions have been a major source of discrimination against immigrant workers and Australian unions have been no exception. Throughout the nineteenth and first half of the twentieth century union leaders and officials were as susceptible to fears of the ’yellow peril’ from the north as were their fellow citizens. Many officials were strong supporters of the white Australia policy and only grudgingly assented to the growth of non-British white migration in the post-Second World War period. The main fear of migrants from non-MES countries, especially among craft unions, was that increased migration would lead to depressed labour markets and consequently lower wages (Quinlan, 1989).

The upsurge in such migration, however, allied with other factors resulted in the quick recruitment of these new workers into trade unions. These factors ranged from the strategic need to ensure that a non-unionised pool of labour was not available to employers in an era when the unemployment rate remained below two percent and the increasingly bitter fights for control of key unions between the communist and catholic affiliated groups. Further, in 1952 a statutory right to union membership that 'overrode the ethnically discriminatory union rules that prevailed in several Australian unions and (which) had restricted the membership of immigrant workers' was introduced into Federal legislation (O'Donnell & Mitchell, 2000: 21). From the early 1950s most unions focused on ensuring that immigrant workers from non-MES countries actually became members. The actions of the Federated Ironworkers Association (FIA), a union covering semi-skilled and unskilled workers in the steel industry, are representative of this union strategy. The union sought and received a guarantee from BHP, the largest steel employer, that it would dismiss immigrant workers who did not join the FIA (Lever-Tracy & Quinlan, 1988).

Potential employer discrimination against immigrants was not directly attacked until the 1970s. O'Donnell and Mitchell (2000: 27) point to the right of an employer under common law 'to hire or not hire whomsoever it chose, giving it the right to exclude individuals from employment on the basis of race, nationality or ethnicity'. The federal jurisdiction moved first, enacting the *Racial Discrimination Act* in 1975. This legislation was based on the *International Convention on the Elimination of All Forms of Racial Discrimination*. Over the following years, similar legislation – either anti-
discrimination or equal opportunity laws – was enacted in all the states and territories. It is of course impossible for racial discrimination to be simply legislated away. Discrimination based on race, nationality and ethnicity is now illegal in all jurisdictions and significant penalties apply to breaches of these laws.

Immigrant workers and trade unions

In August 1999, just over 14 percent of all Australian union members were born overseas in non-MES countries (ABS, 2000a). This figure is a decrease from the 16 percent of the early 1990s reflecting decreased immigrant intakes into Australia during the decade. Non-English-speaking background (NESB) unionists, to draw on the term used within Australian unions, are concentrated in New South Wales and, particularly, Victoria. In this latter state, the NESB percentage of union members has remained in the low 20s throughout the 1990s. This sizeable minority raises several issues for trade unions such as how to deal with and respond to their needs. Martin (1978) identified a number of post-war phases of union response to these members. In the first phase, 1948-1954, she argued that a number of unions sought to recruit members simply as part of the bitter internal battles for control of unions; in particular Catholic NESB workers were recruited avidly by Catholic factions warring with Communist factions. The second phase, 1955-1964, saw trade unions influenced by the dominant assimilation philosophy in Australian society treat the recruitment and absorption of NESB workers as essentially the same as hat of non-NESB workers. During the third phase, 1965-1972, Martin argued that NESB members within unions started to assert their presence and demand change. For example, this phase saw the emergence of NESB leaders within unions, particularly at the shop floor level. In the next phase, 1973-1978, external pressures on unions resulted in debates about union levels of services for and responsibilities towards their NESB members.

Over the next 15 years a number of studies focused on this union-NESB member nexus. Many of these studies were conducted by union activists or social critics, but two large-scale, empirically grounded studies were conducted in New South Wales in 1983-1984 (Nicolaou, 1991) and in Victoria in 1990-1991 (Bertone & Griffin, 1992). These studies identified a number of key issues including the level of services provided by unions for their NESB members, participation of these members both in union officialdom and in general union affairs, attitudes of officials towards NESB members and of these members towards officials and towards their union and the industrial behaviour of NESB unionists. During the 1990s a limited number of smaller scale studies emerged. Cumulatively, over the last two decades of the twentieth century, these studies indicate a gradual improvement in the union-NESB member relationship. There has been a broadening of the range of targeted specialist services for NESB members, higher levels of NESB membership participation in union officialdom and improved, more positive attitudes on the part of officials towards NESB members. The improvements should not be overstated. For example, only a minority of unions provide targeted services and the increased participation tends to come from the more established migrant groups – from southern Europe – than from the more recently arrived groups from Asia.

The main determinants of the improvement in the union-NESB member relationship in a given union has been the proportion of NESB members in it, attitudes of key union leaders and the resource levels of the union. Clearly, higher the proportion of NESB members, the higher is their involvement in the union and greater is the range of specialist services the union has provided. Equally clearly, if union officials can
empathise with the problems faced by NESB members then it is likely that a better union-NESB member relationship will result.

The third factor, level of union resources, has emerged as a key factor during the 1990s; rapidly declining membership has decimated union resources and is likely to have slowed, if not halted, the gradual improvement noted above. Union density dropped from 40 percent in 1990 to 26 percent in 1999. In this climate, unions have been struggling to survive and services and priority issues have changed accordingly. A major factor underlying this struggle for union survival is the move away from the traditional arbitration system premised on encouraging union membership and centralised wage fixing to a nominally deregulated enterprise bargaining system. We now briefly discuss the implications of this system for workers from non-MES countries.

**Enterprise bargaining**
In the late 1980s, mainly external economic pressures led to the slow collapse of the traditional macro-level system of industrial relations. This process accelerated in 1991 when the Australian Industrial Relations Commission formally agreed to the introduction of a system of enterprise bargaining. It was completed with the introduction of the *Workplace Relations Act* in 1997, legislation which, as its title proclaims, focused the industrial relations system firmly at the workplace level. In brief, while remnants of the award system survive – mainly as minimum wages and a limited safety net of minimum working conditions – both legally and in practice the emphasis is now very much on bargaining, either individually or collectively at the workplace level.

The move to enterprise bargaining raises a number of concerns for potentially disadvantaged groups including NESB workers. Under a centralised wage-fixing system, non-MES workers suffered significant labour market disadvantages, including higher rates of unemployment (Jones & McAllister, 1991), underemployment (Brooks, 1996), vulnerability during restructuring and recession (Ackland & Williams, 1992), over-representation in lower status occupations (Davies, 1995) and in menial, repetitive and high-risk jobs (Stephens & Bertone, 1994). What would be the labour market experience of such workers in a deregulated economy? An *a priori* case could be made that, given the tendency for non-MES workers to be located within more highly unionised industry sectors, these workers would benefit from a move to enterprise bargaining. Conversely, enterprise bargaining contained potential dangers in that it could be expected that more powerful groups would benefit most from the changes and that non-MES workers could be among the 'losers'. For example, the inferior labour market position of non-MES women workers, particularly in industries such as clothing, footwear and textiles and more generally, as discussed earlier, and the lower levels of English language proficiency among this group make them vulnerable in a bargaining regime.

The *Industrial Relations Reform Act* of 1993, a mid-way point in the development of a more deregulated system recognised the negative potential of enterprise bargaining for female, youth and immigrant workers from non-MES countries and, seeking to gauge its impact, mandated the Commonwealth Department of Industrial Relations to track the impact of the new bargaining system. Its first report presented something of a mixed picture: less NESB workers received wage increases than did other workers but their average increase was slightly higher; while there was broadly similar level of
consultation among both groups, the use of special consultation provisions, such as document translation was rare. A key finding was that NESB workers were significantly less likely to report that they were better off as a result of bargaining than were other workers (Department of Industrial Relations, 1995: 273). A perceived lack of consultation emerged in the second report which concluded in carefully phrased words that, 'despite some positive results, the experience of immigrants from non-English speaking backgrounds…appears to have been less positive than that of other employees' (Department of Industrial Relations, 1996: 276). The latest report covers the calendar years 1998 and 1999. The summary of this report concluded:

Information has been collated for the reporting period on agreement making and its impact on employees of the designated groups - female, non-English speaking background, young and part-time employees. This information suggests that formalised agreement making has not worked to disadvantage these groups (Department of Employment Workplace Relations and Small Business, 2000: 3)

Unlike the earlier reports this relied solely on an analysis of databases and did not commission any qualitative research. Consequently, it did not evaluate the perceived lack of consultation raised in the second report.

Consultation and participation of non-MES workers, or more accurately, the lack thereof, emerged as a key issue in a series of six case studies of the impact of enterprise bargaining on NESB workers. The National Key Centre in Industrial Relations (NKCIR) conducted the case studies in 1996 and 1997 for the then Commonwealth Department of Immigration and Multicultural Affairs. In general, they showed low levels of NESB worker roles in consultation, participation and overall involvement in the bargaining process; few immigrant-related issues appeared on the bargaining agenda; and there was a lack of knowledge about the bargaining outcomes. Even in the 'best practice' case study, where both unions and management made a concerted attempt to involve NESB workers some consultation and participation problems were still evident (Griffin & Testi, 1997).

Overall, there would appear to be a lower level of involvement by NESB workers in the process of enterprise bargaining while the impact of enterprise bargaining on such workers is not homogenous. Some groups of NESB workers have been advantaged while others have been disadvantaged. Their positions, powers and strengths in the general labour market are the main determinants of the economic impact. We noted earlier, however, that such workers suffer more labour market disadvantage than workers born in Australia or in MES countries. The point should also be made that the traditional centralised system, through its relatively high minimum wages and broad parcel of working conditions, afforded protection to those employees who had not kept pace with improvements in wages and conditions won by some other groups. In this sense, the move to enterprise bargaining has disadvantaged those workers from non-MES countries located in relatively disadvantaged situations.
6 Conclusion

In Australia, as in other countries, immigration policy tends to be concerned with two related issues, the appropriate level of migration and the criteria to be used to select among potential migrants. In the second half of the twentieth century the answers to these questions changed over time, though there was a continuing concern that migration should not harm the employment prospects or undermine the wages and working conditions of Australian residents whether they be Australian-born or earlier immigrant arrivals.

Until the 1970s migration policy was directed at population growth and economic development. While some attempt was made to select migrants to fill gaps in the domestic labour market there was no systematic labour market targeting until the 1980s and, particularly, the 1990s. Indeed, humanitarian-based migration was the largest category until the election of a Liberal-National government in 1996. By 1998 that government had shifted the targets decisively in favour of the skills in demand category and introduced a new visa category of temporary migration. While temporary migrants could remain in the country for up to four years there was a lessened emphasis on labour market protection as the government shifted the emphasis to streamlining the admission of people with business and technical skills.

Despite the increasing labour market focus of the Australian migration program the prevailing evidence suggests that migrants suffer from continuing labour market disadvantage across a range of dimensions, though this phenomena is concentrated among migrants from non-MES countries. Labour force disadvantage is variously evidenced in labour force participation rates, unemployment, occupational and income distribution and earnings. In each of these measures there is strong evidence that the major causal factors are lack of vocational English language skills and lack of appropriate educational qualifications. Overlaid on this is the effect of a sustained and major process of economic restructuring which has decisively reduced the employment and income opportunities for some groups of migrants. There is reasonably compelling evidence that this disadvantage has been compounded by the associated process of labour market deregulation and the associated shift to enterprise bargaining. In some cases this disadvantage appears to have been addressed by exiting the labour market in favour of social welfare.

Similarly, immigrants from non-MES countries have experienced some problems with the trade union movement. Initial pressures towards assimilation were followed by gradual attempts by unions to improve services for their NESB members. The move to a more deregulated labour market, which has placed trade unions under enormous pressure, has probably slowed, and in some cases halted, this improvement.

Acknowledgments

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