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RESEARCH REPORT

The role of qualifications in foreign labour mobility in Australia

Josie Misko

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About the research

The role of qualifications in foreign labour mobility in Australia

Josie Misko, NCVER

Australia has had a long history of using migrants to fill skill gaps and labour shortages, and continues to target skilled foreign workers for permanent and temporary migration. The purpose of this report is to investigate the role of qualifications in the labour mobility of these foreign workers, especially as those who do not have employer sponsorship are not guaranteed a job in their area of expertise on arrival. Misko argues that a good match between overseas qualifications and jobs obtained in Australia on arrival signals a clear role for qualifications in facilitating migration as a source of skilled workers for the Australian labour market.

Key messages

- Non-school qualifications play an important role in helping migrant workers into the Australian labour market, especially primary applicants for skilled migration.
- Qualifications do not act alone in securing employment and employment that is suitable (including for regulated occupations). Along with appropriate experience and general English proficiency, employers look for specific skills and knowledge and the personal attributes that signal willingness to work, availability for work and a good cultural fit.
- Employers say they prefer to source skilled labour from suitably qualified Australians or foreign workers already in Australia rather than to conduct overseas recruitment campaigns. The exceptions are international companies moving their own workers around the globe and Australian companies requiring workers with expert knowledge and experience in specific techniques and technologies.

While qualifications are clearly important, they need to be credible. Employers are wary of unfamiliar qualifications and providers. Perhaps this is one area where the government can assist by providing employers with more confidence in the overseas qualifications of migrants.

Tom Karmel
Managing Director, NCVER

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Introduction

In recent times there has been a dramatic increase in the movement of skilled foreign workers in sub-professional, technical, trade and service occupations in the Asia Pacific, including Australia. In Australia this increase has been fuelled by gaps in the labour market and a lack of domestic workers willing to undertake certain types of jobs (especially some types of health and personal service jobs and low-skilled or low-level jobs) and in certain locations. In this report we investigate the role of qualifications in the labour market fortunes of foreign skilled migrants. We also canvas the opinions of employers on the extent to which they require qualifications in making recruitment decisions. Our interest in this topic is driven by current policy initiatives for workforce development and increasing the stock of qualifications and skills in Australia.¹

In this study we are interested in the role played by qualifications in the absorption of permanent and temporary recent migrants into the Australian labour market. However, it is not our intention to cover all the economic or social aspects of migration.

Australia's migration programs can be divided into humanitarian and non-humanitarian components. The humanitarian programs apply to refugee, special humanitarian and special assistance migrants, while the non-humanitarian programs include the skill stream, family stream and special eligibility migrants (Department of Immigration and Citizenship 2010a). For many years, however, Australia has had a strong emphasis on skilled migration. The major ways by which skilled foreign workers come to Australia are through the permanent (including the General Skilled Migration [GSM] program) and temporary (457 visa²) migration programs. Skilled foreign workers can also be sponsored by employers and by regional, state and territory governments³ to fill a skills gap that cannot be filled by local workers. Successful self-employed workers, entrepreneurs and investors are permitted to enter for the purpose of owning or managing a business under the Business Skills migration program. Those who have special talents or record of achievement in sport, the arts or the professions may come under the Distinguished Talent Program.

Primary applicants for permanent or temporary skilled migration visas are expected to provide evidence of skills in areas of need and in some cases demonstrated performance through a practical test.⁴ Primary applicants for skilled migration are an important part of our investigation, because it is they who must pass a pre-application skills test to establish whether they meet the competency standards for their nominated occupation. Their experience will not tell the whole story, however, because they represent just under a third of the total migrant intake. For this reason we are also interested in looking at the labour market integration of other groups.

The obvious questions are first, the extent to which qualifications (especially non-school qualifications⁵) assist migrants to get a job and, second, the closeness of the match between the qualifications an individual has and the job he or she gets. If the match between qualifications and

¹ The author would like to thank Mark Cully from the Department of Immigration and Citizenship for his insightful and useful suggestions.

² The official title of the visa these workers hold is Temporary Business (Long Stay) (subclass 457). Employers must be prepared to pay these workers the same as they would local workers doing the same job of equivalent skill level.

³ Under the Employer Nomination Scheme and Regional Sponsored Migration Scheme, respectively.

⁴ If they are granted a visa, then they are able to bring their spouse and other eligible family members with them. These are generally known as secondary applicants.

⁵ In this report, non-school qualifications refer to qualifications gained post-secondary school.

jobs is good, then clearly qualifications are effective in facilitating migration as a source of skilled labour for the Australian labour market, and the system is providing skills which can be readily absorbed. A good match may also confirm the operation of an effective qualifications recognition system. If primary applicants for skill stream visas are successful in getting jobs or jobs that are commensurate with their qualifications, then we have grounds for confirming the effectiveness of the skilled migration program. If not, then we have grounds for investigating reasons for this apparent mismatch. It is a clear waste of skills to have engineers who have come on skilled migration programs driving taxis. If we need more taxi drivers, then the obvious solution is to recruit drivers not engineers.

The issue of skills wastage also applies to migrants who arrive here on other migration programs and especially those in these categories who arrive with non-school qualifications. If those with high-level qualifications get employment but not in their area of expertise, there may be a case for focusing on qualification levels rather than on particular occupations in the granting of visas. Alternatively, such events might indicate that it is not the specific migration program that is at issue but rather the behaviour of employers (or recruiters) choosing not to recognise or accept the credibility of qualifications acquired overseas. It might also be the case that the skills required for certain jobs require different levels of qualifications than first thought by both the applicants and offshore assessment personnel charged with assessing qualifications prior to visas being granted. Proficiency in English may also limit successful labour market integration of all migrants, including skilled migrants.

In investigating these issues we find that the labour market integration of primary applicants for skilled migration programs (around 90% of whom have a non-school qualification) is generally successful, with on the whole very high levels of labour market participation and full-time employment. Just 10% of this group are not participating in the labour force (ABS 2010), with almost all of the rest in full-time employment. The skilled migration program also results in good education–job matches for this group. In 2010, 70% of primary applicants with permanent skilled visas with pre-arrival non-school qualifications reported using these non-school qualifications in their current jobs. In this regard we can confirm the effectiveness of the skilled migration program for the great majority of primary applicants.

Liebig (2007) believes that, even though primary applicants in the skill streams represent around 30% of the total number of immigrants, their impact is much more significant because they are more than likely to have spouses and parents of the same educational attainment accompanying them on family visas or as secondary applicants. Liebig also shows that a third of family stream immigrants were also working in skilled occupations prior to coming to Australia. The labour market outcomes for those on secondary skilled visas for 2009–10 indicate that a third of these applicants are also employed, with the greatest proportion in professional occupations (Department of Immigration and Citizenship 2010a).

When we look more broadly at the total groups of recent migrants⁶ and temporary residents⁷ we find that across countries of origin, having a non-school qualification gained before arrival results in better labour market outcomes than not having such a qualification. There is also a higher premium for certificate-level qualifications for both groups. It is also clear that gaining a non-school qualification

⁶ The ABS Survey of Characteristics of Recent Migrants (2010) defines a *recent migrant* as one who was born overseas, who arrived in Australia after 2000, was aged 15 years and over on arrival, was not an Australian citizen or New Zealand citizen on arrival, does not currently hold New Zealand citizenship, and has a permanent visa.

⁷ The ABS Survey of Characteristics of Recent Migrants (ABS 2010) defines a *temporary resident* as one who was born overseas, who arrived in Australia after 2000, was aged 15 years and over on arrival, was not an Australian citizen or New Zealand citizen on arrival, does not currently hold New Zealand citizenship, and has a temporary visa.

after arrival is also highly beneficial. However, a degree qualification gained after arrival results in greater levels of full-time employment than do lower-level qualifications gained after arrival, although this is not repeated for part-time work. These patterns apply to migrants from all countries.

There are lower unemployment rates for those whose qualifications are recognised compared with those whose qualifications are not recognised or who do not go through the recognition process (5.9% versus 6.6% respectively). However, information from employers and recruiters suggests that there are skilled migrants who are not seeking to have their qualifications recognised. The reasons why this might be so are not clear and may be worthy of further investigation. There is anecdotal information suggesting that the cost of the recognition process and any gap training that might be required are major barriers.

In our analysis of census data on employed migrants who have come to Australia in the recent past (that is, those who arrived between 2001 and 2006), we find, as expected, that the most highly qualified among these are in professional occupations, followed by those in associate professional occupations. The least qualified are those at lower Australian Standard Classification of Occupations (ASCO) levels. What is noteworthy is that, even for those employed in occupations requiring lower levels or no qualifications, there are still individuals with bachelor degrees, graduate diplomas and graduate certificates in these occupations. Such observations can also be made for Australian workers.

Around a tenth (9.5%) of recent migrants have a job arranged for them before they arrive in Australia (ABS 2010). In looking at whether recent migrants get jobs related to their qualifications we find that some qualifications do better than others in achieving a good job match. The most successful migrants are those with certificate III and IV qualifications (65% of employed recent migrants), followed by those with master's degrees and higher qualifications (60% of employed recent migrants), and those with bachelor degrees and graduate degrees and certificates (51% of employed recent migrants). Less successful are those with associate degrees, advanced diplomas and diplomas (45% of employed recent migrants).⁸

When recent migrants are asked if they used their highest non-school qualifications in their first jobs, those most likely to answer in the affirmative are professionals, followed by technicians and trade workers, and managers and administrators. This certainly suggests that the higher the occupational status, the more likely the qualification is to be relevant to the first job.

Do migrant workers who did not use their qualifications in their first jobs stick with these jobs or look elsewhere? When we look at all recent migrants, almost 40% of advanced diploma and diploma holders who are not successful in getting a good education–job match remain in these jobs and do not look for a job more suited to their qualifications. This is almost twice the proportion of those who have bachelor degree or higher qualifications and those with certificate-level qualifications (ABS 2010).

What is interesting however is that, of the 30% of primary applicants for permanent skill stream visas who are not using their qualifications in their current job, well over half had not attempted to look for qualifications more suited to their qualifications. We also find that, of those who had specified a prior arrival occupation, 61.2% were working in the same occupation as nominated for their current visas. Well over a third (38.8%) reported that they were working in a different occupation. We cannot

⁸ We acknowledge that our technique for matching qualifications to occupational categories may suffer from boundary effects, in that the highest qualifications (that is, bachelor degrees and higher) have little room to move as they take in only two major occupational categories (professional and manager and administrator), while the certificate III and IV qualifications have more room to move as they take in trades and related workers, associate professionals, professionals and managers and administrators.

tell from this survey⁹ whether these workers are working at a higher skill level or lower skill level than prior to their arrival in Australia.

Across Australian and New Zealand Standard Classification of Occupations (ANZSCO) levels (but less so for professionals and trades and technician workers), there are substantial groups of workers who do not look for work more suited to their qualifications. This state of affairs suggests that there is considerable underutilisation of skills and knowledge, with recent migrants accepting jobs that may not be taken up by local workers. This is the general story of migration. Second, it might suggest that migrants are making pragmatic decisions about whether or not to pursue jobs that suit their qualifications. They may stay in these jobs because it suits them at the time and they don't have to do the hard yards in finding another. The job may have more attractive characteristics such as good wages and permanency or security.

We also find that around half of those who do use their highest non-school qualification in their first job claim that they experienced difficulties in finding the job because there were no jobs or vacancies in their locality or line of work, or that such jobs did not exist.

This leads us to ask whether we are in fact observing the evolution of an increasingly more educated workforce in the service and labouring occupations, with well-educated recent migrants unable to locate or not selected (or perhaps discriminated against) for work that suits their qualifications. This over-qualification issue is especially important if there are no opportunities for labour mobility either within the company or external to it. It also poses questions in relation to the constant focus on skill shortages as a public policy decision for further increasing skilled migration. Liebig (2007) provides another possible explanation to this issue, especially for migrants from non-Organisation for Economic Co-operation and Development (OECD) countries. This is related to the two-year waiting period required before migrants are able to access Australian social services. He believes that this might encourage migrants to take up a job even if of lower skill level or one that does not match their qualifications.

To what extent do employers take qualifications into account when they are considering employing recent migrants and temporary workers from overseas? In our own consultations with employers we find that, although they require formal qualifications for registered and licensed occupations and occupations that necessarily require high levels of formal education (as they do for local workers), these are only first considerations. The extent of migrants' role-related experience and their levels of expertise as affirmed by prior employers are critical considerations. For those occupations which are not licensed the story is the same. It is the amount of experience and the level of expertise with specific technologies or programs that are taken into consideration. For some companies it is local experience and local knowledge that are required. The ability to speak English, communicate well and fit into the culture of the organisation are other important considerations. This issue seems to apply to those from some non-Western and non-Caucasian cultures more than those from Western cultures. If it is the extent of specific role-related experience and expertise that are the deciding factors rather than qualifications, then we might be justified in saying that insistence on qualifications for certain visas may be misplaced. The story is mixed however. Although qualifications may not be the deciding factor in whether or not someone gets a job, they may be necessary for getting individuals shortlisted, at least for regulated occupations and occupations requiring high levels of underpinning theoretical knowledge.

⁹ ABS Survey of Characteristics of Recent Migrants (2010).

Migrants with better English language proficiency have better earnings. Chiswick (2008) observes that when schooling and labour market experience are controlled for, those with higher levels of English proficiency earn more than others, with the proficient groups earning 15% more than non-proficient groups. In Australia adult men who are foreign-born and report speaking a language other than English at home and who speak English *very well* tend to earn 10% less than those who speak English only at home. Those who say they speak English *well* earn nearly 25% less than those who speak English only (Chiswick & Miller 2007 cited in Chiswick 2008).

In our study employers and recruiters are, in the main, insistent on prospective recruits being able to show that they have the necessary English language skills. Findings from the Characteristics of Recent Migrants survey (ABS 2010) confirm the importance of English proficiency in migrants being able to find work. Ninety-two per cent of those who spoke English as their main language when they first came to Australia found work compared with 88% of those who said they did not speak English well (including those who said they spoke English *not well at all*). This suggests that these individuals who do not speak English well may in fact find jobs but jobs where a good command of English is not required, that is, mainly in jobs of low skills. A variety of English language programs aimed at new migrants and for workers and job seekers in general (including those from overseas) is available.¹⁰ The extent to which such English programs improve English language skills to a level that helps migrants with limited English skills get labour market outcomes which match their qualifications might be an area for further study.

It is clear that, although having a qualification (especially a non-school qualification) is beneficial in helping individuals to acquire visas and indeed jobs, they are not a guarantee of a job which always matches their qualifications. This is less pronounced for primary applicants on skilled stream visa programs, as they tend to fare far better than those from other programs.

The first section of this report provides a brief overview of the migration program and some background data on uptake and on source countries. We then use the available data to provide statistical evidence on labour market matching for both permanent and temporary programs. The statistical analysis is then supplemented by the results of a series of interviews with employers which are designed to get an employer perspective of the role of qualifications in the recruitment of foreign skilled labour. We conclude with a discussion of the implications of our findings.

¹⁰ For example, the Australian Migrant English Program (AMEP) and other language training programs aimed at workers and job seekers in general (including, the Language, Literacy and Numeracy [LLNP] and the Workplace English Language and Literacy [WELL] programs, and language literacy numeracy programs provided by training providers for students.

Migration programs

The migration program in Australia is comprised of two major components: the non-humanitarian and humanitarian programs. The non-humanitarian programs comprise skill, family and special eligibility streams; the humanitarian programs comprise refugee, special humanitarian and special assistance programs. According to the Australian Bureau of Statistics (ABS; Labour Force Australia, cited in Department of Immigration and Citizenship 2011b), the Australian labour force comprised just over 12 million people, with 8.63 million of these born in Australia. Of the 3.32 million born overseas, 1.34 million were born in the Anglophone countries of New Zealand, Canada, the United States, the United Kingdom, South Africa and Ireland, while 1.99 million come from non-English speaking countries.

Skill stream programs

The skilled migration programs (both permanent and temporary) come under the umbrella of the Migration (non-Humanitarian) Program, Skill Stream. These aim to bring people with skills lacking in the resident population to Australia. Increasing steadily over the last decade, they have been especially important in times of high critical skill shortages, labour market growth and high unemployment. Both the temporary and permanent programs provide a venue for overseas workers to contribute to the economic growth of the country. In 2010–11 there were 113 725 skill stream visas granted for the permanent skills migration program (Department of Immigration and Citizenship 2011b). This comprised around 56 157 primary applicants and 57 561 secondary applicants or dependents. The top ten source countries (contributing 78.4% of the total) for General Skilled Migration program visa grants for 2010–11 included India, China, United Kingdom, Sri Lanka, Malaysia, South Africa, Philippines, Nepal, Iran and South Korea, with 40% from India and China (excluding Special Administrative Regions and Taiwan).

The General Skilled Migration program

Skill stream programs include the permanent General Skilled Migration program (GSM), which applies to both independent and state and territory-sponsored applicants.

Primary applicants for GSM visas (independent) nominate an occupation and undertake a pre-assessment skills test to demonstrate that they have the requisite education, skills, English language ability and ready employability to meet the competency standards of their nominated occupation to achieve a designated pass mark for permanent migration. The spouses and children and other eligible dependents of primary applicants, generally known as secondary applicants, can also migrate through this program. In the past those General Skilled Migration primary applicants who achieved marks lower than the designated pass mark could still migrate to Australia if they wished to live and work in a regional or low-population growth area. As of 12 July 2012 there is only one points test and the minimum pass mark is 60 points.

The points-tested General Skilled Migration program aims to meet the needs of the Australian labour market in areas identified on lists of desired general and specialised skills.¹¹ Many skilled foreign workers also migrate on secondary applicant visas. These secondary applicants comprise the spouses,

¹¹ Birrell (2006) has provided an in-depth evaluation of the General Skilled Migration program.

de facto spouses, dependent children and single dependent relatives of primary applicants.¹² Primary applicants will receive points according to their level of qualification. Bonus points are awarded for qualifications and experience gained in Australia.

Passing the test¹³ to meet requirements (whether the primary applicant has qualifications or not) does not mean that he or she will find a job, and especially a job in their area of specialisation. Data from the Characteristics of Recent Migrants survey (ABS 2010) tell us that, by 2010, around 90% of primary applicants for permanent skilled visas who had arrived since 2000 were in jobs. However, over half of them were not employed in the occupation nominated on their applications. This means that, although qualifications may boost GSM scores, they are not a guarantee of a job, especially in the nominated occupation. The new points test does not favour any one attribute and accepts a broader range of skills and attributes. Still important are the level of English proficiency, higher levels of experience in skilled employment, higher-level qualifications obtained in Australia and overseas and more appropriate age ranges. There were 61 459 visa grants for the General Skilled Migration Program in 2010–11 (Department of Immigration and Citizenship 2011b).

Sponsored applicants under the General Skilled Migration program are those who have been sponsored by participating state and territory governments, or eligible relatives living in a designated area.

The General Skilled Migration (independent) application processes will change somewhat from July 2012 under what has been termed the Skill Select approach (Department of Immigration and Citizenship 2011b). From this time those wishing to migrate to Australia via this program will have to first provide an expression of interest (complete with sufficient information on qualifications and experience) for a nominated occupation. This information will be used to derive a test score, which in turn will be used to rank applicants in nominated occupations. Applicants at the highest rank will be invited to make a formal application. For state and territory-sponsored programs governments can select from those who have provided expressions of interest as long as they meet the points test pass mark and specific state and territory criteria. Expressions of interest will also be expected of those who wish to migrate on the Business Skills visa. If they are nominated by a state or territory government they too will be invited to apply. Employers will also have access to this expression of interest data bank.

Other skill stream programs

Employers may also nominate highly skilled persons if they have not been able to locate such skills locally, including via the Employer Nomination Scheme, the Regional Sponsored Migration Scheme and Labour Agreements. In 2010–11 there were 44 345 migrants under these schemes (Department of Immigration and Citizenship 2011b).

Successful businessmen and women may come on Business Skills programs and accounted for 7796 visa grants in 2010–11. Individuals who have an 'outstanding records of achievement' in their professions, occupations, and in sports and the arts may come on the Distinguished Talent programs. In 2010–11 there were 125 visa grants for this program.

¹² The primary applicant for the permanent skilled migration program needs to meet the points test.

¹³ Primary applicants and some 457 applicants, for certain occupations in certain countries, must undertake a pre-application skills assessment, which may comprise a practical test, an examination, and a written test.

The temporary skilled migration programs

The temporary skilled migration programs are also essential elements of the labour supply story. The basis for such programs is the reported need for skills, with employers claiming that they find it difficult to recruit from local workers.¹⁴ The subclass 457 visas (also known as Business Long Stay visas) encompass credentialled occupations, specialised skills and relevant experience. They also enable multinationals to bring their central office workers to visit Australia to gain exposure to global operations or to help train their local workers (Birrell & Healy 2007; Koo et al. 2004). Labour agreements between enterprises and the Department of Immigration and Citizenship cater for the labour hire and meat industries, as well as employers who want to hire groups of foreign workers for specific tasks.¹⁵

Successful applicants for the 457 visa program are guaranteed a job because employers have already decided whom they will employ and whether or not qualifications will be a key criterion. The visa grants for 457 visas are conditional on this. In those occupations which require qualifications for registration or for licensing or accreditation purposes (registered nursing, medical practitioners, civil engineers, electricians, enrolled nurses), employers may not have much choice but to look for qualifications. From the point of view of the Australian Government, the primary aim of such visas is to help address immediate skill shortages. From the point of view of visa holders, they have often been a bridge to permanent residency, especially as 457 visa holders are able to apply for a permanent skilled migration visa once they meet eligibility requirements.

There were 90 145 sub-class 457 (Business Long Stay) visa grants, including primary and secondary applicants in 2010. The top ten source countries (contributing 77.3% of the total) for these visas are the United Kingdom, India, Philippines, the United States, Ireland, South Africa, China (excluding Special Administrative Regions and Taiwan), Canada, Germany, and France. Just over 40% of these are from the United Kingdom and India.

The healthcare and social assistance industry attracted the most 457 visa grants for primary applicants in 2007–08, 2008–09 and 2009–10, indicating that employers are finding it difficult to recruit people for these industries. In 2009–10 the industry sector attracting the next largest group of 457 visa grants for primary applicants was the information, media and telecommunications industry, followed by the construction industry and other services industry. In 2008–09 at the height of the Global Financial Crisis, and in 2009–10 during the recovery, we find declines in grants for the majority of the 19 Australian and New Zealand Standard Industrial Classification (ANZSIC) industry sectors (Department of Immigration and Citizenship 2010b). The average remuneration for a 457 worker is \$94 400; the salary floor is \$51 400.

In the 2011–12 Budget the government announced the introduction of Enterprise Migration Agreements and Regional Migration Agreements to accelerate the entry of temporary migrant workers. Agreements with enterprises are aimed at attracting skilled workers for the resources sector (Department of Immigration and Citizenship 2011b).¹⁶ Regional Migration Agreements are aimed at

¹⁴ The small-scale seasonal worker visa program enables workers from Pacific countries to come into Australia to work in fruit picking and other agricultural pursuits. At this stage this program is still relatively new. Although it is still part of the labour supply story, it is generally not considered to be part of the labour migration program. Low-skill jobs are also undertaken by working holiday-makers and international students.

¹⁵ Issues related to the exploitation of 457 workers are reported by the Australian Council of Trade Unions (2008).

¹⁶ In late May 2012 the federal government agreed to import around 1700 foreign workers to work in the resources sector in the Roy Hill mine in Western Australia under the Enterprise Migration Agreements scheme. This agreement is only for the construction phase of the mine and includes semi-skilled workers (rather than skilled workers) and has reduced language requirements.

filling local labour shortages in specific regions. The parties to these agreements are employers, unions and governments (state and federal). So far one Enterprise Migration Agreement has been announced. Regional Migration Agreements (not yet in place) allow for temporary foreign workers to come outside standard 457 visa requirements.

There are also arrangements to enable international students who have studied in Australia to extend their stay and work towards acquiring permanent residency, in what Hawthorne (2010) has dubbed the ‘two-step migration’, presumably because international students will first come on a temporary visa (the first step) and then be eligible to move into the next stage – permanent residency, by taking the second step.

In recent years the opening-up of pathways for people on temporary visa programs (including student visas and 457 visas) to permanent skilled migration programs has created what Kruno Kukoc, a senior official of the Australian Department of Immigration and Citizenship, has dubbed the ‘immigration revolution’ (Kukoc 2011, p.4). This revolution had led to a blurring of the boundaries between temporary and permanent skilled migration programs, especially in the case of international students. This distortion of the skilled migration program is of interest to our report because government policy has allowed international students to use the qualifications they have gained in Australia to make onshore applications for permanent residency. Kukoc is of the view that it has also unintentionally encouraged students to enrol in courses for occupations which would give them the best opportunity to acquire permanent residency status. In fact Kukoc reports that the permanent skilled visa program recently had a higher number of applicants from those on temporary visas wishing to stay in Australia than those applying offshore for the permanent General Skilled Migration program. Because there was a feeling that students were coming to Australia to study courses of ‘low consequence’ Kukoc is of the opinion that it threatened to compromise the ‘reputation and quality’ of Australia’s education program and notes that this situation has only very recently become more balanced. The recent Strategic Review of the Student Visa Program (also known as the Knight Review) has also made a number of changes to redress some of these issues (Department of Immigration and Citizenship 2011a).

Family and special eligibility streams

The family stream programs apply to potential migrants who are sponsored by a permanent resident of Australia. Spouses, prospective marriage partners, children, adoptions, eligible parents, aged dependent relatives, last remaining relatives, orphan dependent relatives, special need relatives and interdependent relatives are eligible for migration under this set of programs. The special eligibility programs cater for those outside the family or skill streams and include former citizens or residents of Australia, family of citizens of New Zealand or dependents of New Zealand citizens who have settled or may intend to settle in Australia. New Zealand citizens under the Trans-Tasman Travel Arrangement and others, including children born to Australian citizens overseas, persons who have been granted citizenship overseas, and residents of Cocos (Keeling) Islands are also eligible.

In 2010–11 There were 54 543 visas granted to applicants for the family stream migration program. Of these almost two-thirds were female primary applicants (Department of Immigration and Citizenship 2011b). There were 417 visa grants in the special eligibility category, evenly divided between males and females.

Humanitarian programs

The Humanitarian Program comprises both off-shore and in-country programs and enables those who are seeking Australia’s protection to resettle in Australia. They include the off-shore Refugee Program

and the in-country Special Humanitarian program. The first enables those who are suffering persecution in their home countries to apply for resettlement, while the second enables those who are already here but would suffer persecution if they were to be returned to apply for resettlement. The Global Special Humanitarian Program is also available for those who have left their country because they have suffered 'substantial discrimination' and gross violation of their human rights.

Employment outcomes

The Continuous Survey of Australia's Recent Migrants (cited in Department of Immigration and Citizenship 2012) provides information on the employment outcomes of migrants (from skill streams and the family stream) six months after arrival. Of all the visa streams this is the skill stream where applicants have the best employment outcomes. Both employer-sponsored migrants and skilled graduates have a 1% unemployment rate, with an almost full workforce participation rate (97% and 100% respectively). Also doing well are the skill stream primary applicants as a whole (4% unemployment rate) and skilled stream independent onshore applicants, who record a 5% unemployment rate. This compares with a 10% unemployment rate for both state and territory-sponsored and skilled Australian sponsored applicants, and skilled independent offshore applicants. Those on temporary visas have a 5.1% unemployment rate and a 66.4% participation rate.

Six months after arrival, those who come on family stream visas have a much higher incidence of unemployment by comparison with the skill stream migrants. Of this group just 30% are in full-time work (Department of Immigration and Citizenship 2012). This group records a 29% unemployment rate.

The Characteristics of Recent Migrants survey (ABS 2010) surveys migrants who have arrived in the previous ten years. Their results indicate that the longer a migrant spends in the country the lower the levels of unemployment for family and humanitarian stream groups (10.3% and 26.4% respectively).¹⁷

Findings from related research

Information from employers who have used the 457 visa arrangements to recruit workers can provide us with an insight of what happens in practice. In a study of 268 employers using 457 visa workers, KPMG (2010) found that 25% of respondents had increased their skilled migration in the past 12 months. Most of these employers sourced their workers from the United Kingdom, United States and South Africa (countries where English is the main language). The survey also found that over four in five employers reported that their demand for overseas workers was little affected by the Global Financial Crisis. Nevertheless 14% had actually reduced their recruitment of 457 visas.

Some research has shown that a variety of employers, including hospitals, large multinational corporations, universities, religious bodies, non-government organisations and a range of small businesses, have been found to sponsor temporary skilled workers (Khoo et al. 2004). Khoo et al. found that these employers all look globally to fill new or vacant positions, either by moving their own employees around the world (often to give them international exposure and experience), or by hiring new recruits with the necessary skills. Employers in this study claim that their main motivation for recruiting overseas is that the required skill was not available locally and that staff from elsewhere in the world were required because they possessed the specialised knowledge and skills for specific tasks. Another reason for bringing in skilled workers from overseas rated highly by employers is that they help to train domestic workers. Furthermore, shortages of graduates in a particular field or with

¹⁷ However, the estimate for the humanitarian visa group is has a high standard error associated with it.

a particular cultural or language background may prompt recruitment using 457 visas. Being able to bring someone in quickly also encourages the use of the 457 visa rather than another visa program, which may have a longer lead time, for example, the Employer Nomination Scheme. Most employers comment that they would have preferred to employ Australians had they possessed the right skills.

We are interested in the role of qualifications in labour market success but it is important to acknowledge the role of other factors (including employer behaviour or discrimination). This question (although only for entry-level workers) has been investigated by Booth, Leigh and Varganova (2009). The researchers conducted an audit discrimination study,¹⁸ in which they applied online for 5000 entry-level jobs (comprising waiting, data entry, customer service and sales jobs). They forwarded 'fictional' applications, which only differed by the 'racially or ethnically identifiable' name written in large bold letters at the top of the application. The mean call-back rate for Anglo-Saxon-sounding names was 35% of the time. For the others call-back rates were considerably lower (Indigenous 26%, Chinese 21%, Italian, 32% and Middle Eastern 22%). Those from ethnic minorities would have to apply for more jobs to get the same number of interviews as those with Anglo-sounding names. The researchers find that an Indigenous job seeker would require 35% more applications, a Chinese job seeker would require 68% more applications, a Middle-Eastern job seeker would require 64% more applications and an Italian candidate just 12% more applications. The state of the labour market also had an impact on differences between the Anglo-Saxon group and the ethnic group. Booth, Leigh and Varganova (2009) concluded that 'in a stark reminder of how far our country has yet to go, we have found clear evidence of discrimination against ethnic minorities – especially at the job-finding process' (p.16). Recruitment and employment agents in our study also report that employers want workers who have a good cultural fit.

In the following sections we look at the labour market outcomes of those who come on permanent and temporary skilled migration visas.

¹⁸ This is a technique used by sociologists to measure discrimination (including for gender, age, obesity, facial attractiveness, and sexual orientation) to see the extent to which individuals from different ethnic groups suffer discrimination in the Australian labour market. Other discrimination studies may use actors to turn up for job interviews, apply to rent accommodation and to negotiate to buy a car.

Labour market matching

To what extent do qualifications help migrants to move into jobs? To answer this question we first focus on how qualifications help the primary applicants for permanent skill stream visas to move into jobs; we then look at how this plays out for other groups, including recent migrants and temporary residents as a whole.

The Characteristics of Recent Migrants survey (ABS 2010) reports very high levels of employment among recent migrants who are primary applicants with permanent skilled visas. It finds that 96% of those looking for work were employed, with 87.7% of these in full-time and 12.3% in part-time work. The remainder were either not in the labour force or were still looking for work. These primary applicants have high levels of job mobility. Since arriving in Australia, almost half (46.5%) of these workers have had two or more jobs; just over a quarter (26.6%) have had three or more jobs. This job mobility is healthy if migrants are moving to better jobs; it is less so if migrants are moving from part-time to part-time job.

Although we are interested in the extent to which these primary skilled applicants gain employment, our main focus is the role played by qualifications. In terms of primary applicants on skilled visas getting a job, then the story seems to be quite positive. The majority are indeed finding jobs. We also find that 90% of all primary applicants have acquired a pre-arrival non-school qualification. Later on in the report we examine the extent to which these primary applicants use their highest non-school qualifications gained before arrival in their current jobs.

Turning our attention to recent migrants and temporary residents, we find that having a non-school qualification gained before arrival helps those with permanent and temporary visas to get jobs, especially full-time jobs (see table 1). However, recent migrants on permanent visas with certificate qualifications have higher levels of full-time employment than those with diploma or degree qualifications. If we take account of both full-time and part-time workers, then unemployment is least likely among those with certificates and diploma-level qualifications. For temporary residents the pattern is similar, with a greater proportion of those with certificate qualifications in full-time employment than those with degree and diploma qualifications (table 1).

The unemployment rate for recent migrants who arrive without a non-school qualification is almost double that of those who do have qualifications gained before arrival. Those without before-arrival qualifications, however, may also have lower-level labour market participation. These differences are not apparent for temporary residents, mainly because many more of them are participating in the labour market than are recent migrants (presumably because recent migrants are more likely to have spouses who may not be in work or looking for work because they are involved in child-rearing). We also find that temporary residents (including international students and other temporary workers) with a non-school qualification gained prior to arrival have far better employment outcomes than do those who have no non-school qualification prior to arrival. Full-time employment is also higher for those gaining a non-school qualification *after* arrival, with those gaining a bachelor degree or higher having considerably better rates than those who gain diplomas or certificates.

Going through a process to have overseas qualifications recognised leads to better labour market outcomes (ABS 2010), with lower unemployment rates for those whose qualifications are recognised compared with those whose qualifications are not or who do not go through the recognition process (5.9% versus 6.6% respectively).

Those who have a good command of English find it easier to find work and 92% of those who spoke English as their main language when they first came to Australia found work. This compares with 88% of those who said they did not speak English well (including those who said they spoke English *not well at all*). If we look at those who said they spoke English not well at all, their success rate in finding employment is only slightly less (presumably because these individuals are going to jobs where a good command of English is not required, mainly in jobs of low skills).

Table 1 Recent migrants and temporary residents by qualifications obtained before arrival and employment outcomes

	Employed full-time	Employed part-time	Unemployed	Not in the labour force	Total	Unemployment rate
<i>Recent migrants</i>						
Obtained non-school qualification before arrival	60.9	15.0	5.4	18.7	100.0	6.6
Bachelor degree or higher	58.9	15.5	6.3	19.3	100.0	7.8
Advanced diploma/diploma	59.8	18.9	2.9*	18.4	100.0	3.5*
Certificate	74.4	7.8*	3.6*	14.0*	100.0	4.3*
No non-school qualification before arrival	34.6	18.5	7.9	39.1	100.0	13.0
<i>Temporary residents^(a)</i>						
Obtained non-school qualification before arrival	46.0	23.8	3.7	26.4	100.0	5.0
Bachelor degree or higher	45.4	23.8	3.2*	27.5	100.0	4.5*
Advanced diploma/diploma	37.8	27.5	5.4*	29.2	100.0	7.7*
Certificate	69.4	17.9	5.1**	7.7**	100.0	5.4**
No non-school qualification before arrival	21.3	31.8	2.9	44.0	100.0	5.2*

Notes: (a) Includes international students and other temporary workers.

* Standard error greater than 25% figures should be used with caution; ** Standard error greater than 50% figures should be used with caution.

Source: ABS (2010).

When we use data from the 2006 census to look at the employment outcomes of migrants who come from different parts of the world (see table 2), we again find that those with non-school qualifications do better than those without. Regardless of level of qualification, the lowest unemployment rates are for those from mainly English-speaking countries (including United Kingdom, South Africa, United States, New Zealand and Canada). Unemployment rates progressively increase for those from northern, western, and southern and eastern Europe, although not as steeply as they do for migrants from the remaining countries. Across qualification levels we find that unemployment rates are lowest for those with the highest qualifications and, in the main, progressively increase with declining levels of qualification. Unemployment rates for those with certificate III and IV qualifications are often lower than for those with higher qualifications. This applies to migrants from all countries apart from the mainly English-speaking countries. In all cases those without non-school qualifications fare the worst. Their unemployment rates are sometimes more than twice that of those with the highest level qualifications. In appendix A (table A3) we provide more details of labour force status by country of birth.

Table 2 Employment outcomes for 2001–06 arrivals, by qualification level and country of birth (%)

	Employed	Unem- ployed	Not in labour force	Not stated	Total	Unemploy- ment rate
<i>United Kingdom (Channel Islands, Isle of Man, South Africa, USA, New Zealand, Canada)</i>						
Master's degree and above (including postgrad. nfd)	84.8	2.6	12.4	0.2	100.00	3.0
Bachelor degree and graduate diploma/graduate certificate	82.9	2.8	14.1	0.3	100.00	3.3
Associate degree, advanced diploma and diploma level	77.7	3.9	18.1	0.3	100.00	4.8
No non-school qualification	61.8	5.9	31.6	0.7	100.00	8.7
Certificate III & IV level, nfd	82.7	3.9	12.8	0.6	100.00	4.5
Other: certificate I & II, certificate level nfd, level of education not stated and inadequately described	63.4	5.0	26.9	4.6	100.00	7.4
Total	73.0	4.4	21.7	0.9	100.00	5.7
<i>Northern, western, southern and eastern Europe</i>						
Master's degree and above (including postgrad. nfd)	78.7	4.8	16.4	0.1	100.00	5.8
Bachelor degree and graduate diploma/graduate certificate	69.5	6.2	24.1	0.3	100.00	8.2
Associate degree, advanced diploma and diploma level	65.0	6.1	28.4	0.5	100.00	8.5
No non-school qualification	42.0	6.8	50.4	0.8	100.00	13.9
Certificate III & IV level, nfd	68.9	5.0	25.5	0.6	100.00	6.8
Other: certificate I & II, certificate level nfd, level of education not stated and inadequately described	50.4	5.6	38.8	5.3	100.00	10.0
Total	59.8	6.0	33.2	1.1	100.00	9.1
<i>Remaining countries</i>						
Master's degree and above (including postgrad. nfd)	70.8	8.1	20.5	0.5	100.00	10.3
Bachelor degree and graduate diploma/graduate certificate	60.1	8.9	30.4	0.6	100.00	12.9
Associate degree, advanced diploma and diploma level	51.2	8.9	39.3	0.6	100.00	14.8
No non-school qualification	29.7	8.3	61	1	100.00	21.8
Certificate III & IV level, nfd	67.2	7.8	24	1	100.00	10.4
Other: certificate I & II, certificate level nfd, level of education not stated and inadequately described	38.9	7.3	45	9	100.00	15.8
Total	46.8	8.4	43	2	100.00	15.2

Note: nfd = not further defined.

Source: ABS, Census of Population and Housing 2006, unpublished data.

Do recent migrants gain employment that is a good match with their qualifications? To answer this question we first look at the fortunes of primary applicants with permanent skilled visas. Just 44% of these were working in the same occupational groups as they had nominated for their current visa; 28% were not working in their nominated occupation, with the remainder either providing information which could not be used to determine their current occupation, or not identifying an occupation for their current visas. This suggests that there is still a considerable group who is not using the qualifications and experience they arrive with in their current employment. If they are working in higher-level occupations, then we would say that this was a successful outcome of migration; if not, we would have to question the value of using qualifications and experience as key criteria for migration.

The story for all primary applicants for initial visas who left a job to come to Australia is similar: 49% of these had changed their major occupation group, compared with 51.5% for the total group. The best match for both main applicants and others for permanent visas is for the professions and technicians and trades workers. Just 28.1% of main applicant professionals who left a job to come to Australia have changed their occupational group, meaning that the match between the occupation left and the occupation gained is quite high. Just over a third of main applicant technician and trade workers and all technician and trade workers had changed their major occupation group (33.1% and 36.1% respectively). The situation is exacerbated for the occupation categories below professions and technician and trade workers. For these groups, between 60% and 87% who left a job to come to Australia had changed their major occupation group. From the information we have here we do not know whether they have gone to a better occupation. We also do not know whether the job they have come to gives better remuneration than the job they had at home, even though it may be of lower occupational status. These are good questions for further study.

Table 3 Number and percentage of initial visa applicants by whether occupation in main job overseas was same as occupation in current job at November 2010

	Main applicant for initial visa		Total applicants for initial visas	
	Number leaving job to come to Australia	% changed major occupation group	Same major occupation group	% changed major occupation group
Managers	40 800	52.7	49 400	54.5
Professionals	94 700	28.1	108 400	28.1
Technicians and trade workers	50 500	33.1	57 500	36.1
Community and personal service workers	20 800	77.4	30 300	79.8
Clerical and administrative workers	28 400	63.7	44 900	62.5
Sales workers	17 800	75.6	22 000	76.5
Machinery operators and drivers	14 200	86.8	18 100	89.6
Labourers	18 200	82.9	25 400	80.8
Total	285 500	49.0	355 900	51.6

Source: ABS (2010).

If we look at primary applicants for initial skill stream visas¹⁹ only, we find that 40.2% of those who left a job to come to live in Australia had changed their major occupation group, compared with 42.8% for the total group. However, the rate was slightly higher for those who came out on independent skill stream visas: 47.3% for primary applicants compared with 45% for the total group. Applicants who came out on programs other than the independent skill stream did better in terms of maintaining their pre-arrival occupations. In these cases 32.5% of primary applicants and 40.4% of the total group found themselves in different occupations from the ones they had left to come to Australia, presumably because they have been sponsored in some way to fill a local skill gap.

These findings tell us that, in the main, primary applicants initially maintain their occupations at a greater rate than do others, but it is by no means universal. Our findings also confirm that even for primary applicants for skill stream visas there is a group who do not end up in the same occupations they left to come to Australia. When we look at primary applicants for temporary visas (excluding students), we find that just 30% of those who left a job to come to Australia have changed their occupations. For the total group of primary applicants for skill stream visas it is 32.8%. We will find

¹⁹ Primary applicants for skill stream visas are those who must provide evidence of qualifications and experience.

later on in the report that, among employed primary applicants, 70% are using their qualifications in their current jobs.

We can also use 2006 census data to help us to answer the question about whether recent migrants (those who arrived between 2001 and 2006) are working in jobs commensurate with their qualifications. Of the 246 930 arrivals (for whom occupations and qualifications were identified), 59.7% had higher qualifications (including master's degrees and above and bachelor degrees, and graduate diplomas and certificates), these being the most common group of non-school qualifications held (see table 4). A further 15.2% had qualifications at the associate degree, advanced diploma and diploma levels, and 13.6% had certificates at III and IV levels. There were 11.4% who had other qualifications, including certificates I and II. In table 4 we look at the match between the level of qualification and the level of skill required by the occupations in which they are employed.

We identify a good match by taking into account the skill level of the occupation in which the migrant was employed and matching this to the level of qualification held. We use ASCO (2nd edition) to categorise occupations. We are of the view that people with bachelor degrees and above are doing well if they get a manager and administrator or professional job. Those with associate degree, advanced diploma and diploma-level qualifications are doing well if they land a job in the manager and administrator, professional, or associate professional occupations. Those with certificate III and IV qualifications are doing well if they acquire trades and related worker jobs and any of the jobs classified at levels above this grouping. The most successful in getting a good job were those with certificate III and IV qualifications, such that over two-thirds had acquired jobs which were a good match. These were followed by 60% of those with the highest level qualifications. Less successful were those with associate degree, advanced diplomas or diplomas; just 45% of these had found a well-matched job.²⁰

Our assumptions may be questioned on the grounds that what we have is in fact a boundary effect, meaning that those with the top qualifications do not have much room to move upwards, while those with the lowest qualifications have a lot of room to move upwards.

Do recent migrants use their qualifications in their first job? The answer to this question will help us to go some way to determining whether in fact qualifications play a key role in assisting migrants to get a job and therefore in facilitating migration as a key source of skilled labour for the Australian labour market. Once again we take findings from the Characteristics of Recent Migrants survey (ABS 2010) and note that this survey uses the ANZSCO classifications rather than the ASCO classifications used in table 3. These data indicate that just over half (50.8%) of those who obtained a non-school qualification prior to arriving in Australia used this qualification in their first job here (table 5). What is also concerning is that over a quarter did not seek a job more suited to their qualification. Furthermore, those most likely to use their non-school qualifications in their first Australian job are those with certificate-level qualifications rather than those with qualifications at the higher level. Where 60.4% of recent migrants with certificate qualifications say they used these qualifications in their first jobs, the proportion drops to just over 50% for those with bachelor degree or higher qualifications, and even lower, to around 44%, for those with diploma and advanced diploma qualifications. This suggests that there is considerable wastage of skills and that the qualifications people bring with them are not immediately facilitating their absorption into the Australian market place when they arrive. This is exacerbated by the fact that a considerable proportion (around a

²⁰ We do not take into account those with less than certificate III and IV qualifications because this grouping also incorporates those who do not report a level of education and those for whom the education level is inadequately described.

quarter) do not look for work that is more suited to their qualifications. Once again this is more pronounced for those with advanced diploma or diploma qualifications.

Table 4 Employed recent migrants (2001–06 arrivals), by qualification and occupation^(a)

	Master's degree and above (including postgrad. nfd)	Bachelor degree and graduate diploma/graduate certificate	Associate degree, advanced diploma and diploma level	Certificate III & IV level, nfd
Managers and administrators	9.5	8.9	7.4	4.9
Professionals	50.5	42.9	24.2	6.0
Associate professionals	8.6	10.2	14.0	12.4
Trades and related workers	1.6	2.8	7.9	42.4
Advanced clerical and service workers	1.6	2.0	2.7	0.8
Intermediate clerical, sales and service workers	12.9	15.6	20.9	12.4
Intermediate production and transport workers	3.3	3.4	4.7	7.8
Elementary clerical, sales and service workers	7.8	8.0	9.1	4.4
Labourers	4.0	6.2	9.1	8.9
	100.0	100.0	100.0	100.0
Total	44 357	103 087	37 716	33 570

Notes: (a) Totals do not include those whose occupations were not stated or inadequately described. Those who did not have a non-school qualification are not reported in this table.

Shaded area represents the occupation skill level we consider to be commensurate with or better than qualification level.

Source: ABS, Census of Population and Housing 2006, unpublished data.

Table 5 Recent migrants^(a) who had a job on arrival, level of highest non-school qualification obtained before arrival, by whether used highest non-school qualification in first job

	Used highest non-school qualification in first job held in Australia	Did not use highest qualification in first paid job – has tried to find work more suited to qualification	Did not use highest qualification in first paid job – has not tried to find work more suited to qualification	Total ^(b)	Total numbers
	%	%	%	%	'000
Bachelor degree or higher	50.4	25.8	23.8	100.0	267.3
Advanced diploma/diploma	44.1	16.8	39.1	100.0	70.0
Certificate ^(c)	60.4	17.6	22.1	100.0	50.0
Total^(d)	50.8	22.9	26.3	100.0	399.8

Notes: (a) Recent migrants are people who were born overseas, arrived in Australia after 2000, were aged 15 years and over on arrival, were not an Australian citizen or New Zealand citizen on arrival, do not hold New Zealand citizenship, and have permanent Australian resident status.

(b) Includes 'Could not determine whether used highest non-school qualification obtained before arrival in first job held in Australia'.

(c) Includes certificate level I, II, III, IV and certificate not further defined.

(d) Includes 'Level not determined'.

Source: Characteristics of Recent Migrants, November 2010, unpublished data.

We can also judge the role of qualifications in the labour market outcomes of primary applicants with permanent skilled visas by looking at the extent to which their pre-arrival non-school qualifications are used in their current jobs. We find that 90% of this group had acquired a pre-arrival non-school qualification (61% a bachelor degree or higher; 16.2% an advanced diploma or diploma; and 18.8% a certificate). Ten per cent of this group were not in work or looking for work. Of the remainder of

those in the labour force, almost all (96.2%) were in work. The great majority of these employed primary applicants with before-arrival non-school qualifications (68.6%) were using these qualifications in their current job. Nevertheless, there was still a third of the group not doing so. Of those who were not using their highest qualification in their current job, almost two-thirds (62.6%) reported staying put and making no attempt to find a job that was more suited to their qualifications. Just 37.4% had tried to find a job that was more suited. We discuss possible reasons for this behaviour later on in the report.

If we look at the total group of recent migrants (table 6) and take into account the extent to which they have used the pre-arrival qualification in their first job, we find that over four-fifths of those who had been employed since their arrival and who had worked in professional occupations in their first job had used their highest pre-arrival non-school qualification in this job. This is also the case for over two-thirds of technicians and trades workers, and managers and administrators. By contrast, only around two-fifths of recent migrants employed as clerical and administrative workers in their first jobs used their highest non-school qualification in this job.

As we go down the ANZSCO occupational categories we find that the usage rate generally declines. For example, just 20% of community and personal service workers use their highest non-school qualification in their first job. A third who were employed but who had not used their qualifications had looked for a job that was more suited to their qualifications. What is worrying is that almost half had stayed in these jobs and not searched for more suitable occupations. Considerable groups of workers across the occupational categories, even at the top skill levels, also report that they did not use their highest non-school qualification in their first job, nor did they try to find work more suited to the qualification, once again indicating that there is a considerable wastage of skills and qualifications.

Table 6 Recent migrants who have had a job since arrival, by whether they used their pre-arrival non-school qualification in first job, by occupation (%)

Occupation in first job held in Australia	Used highest non-school qualification in first job	Did not use highest non-school qualification in first job – has tried to find work more suited to qualification	Did not use highest non-school qualification in first job – has not tried to find work more suited to qualification	Total
Managers and administrators	67.7	7.3*	25.3*	100.0
Professionals	81.5	7.5	11.0	100.0
Technicians and trades workers	70.7	11.5*	17.8	100.0
Community and personal service workers	20.0	32.3	47.8	100.0
Clerical and administrative workers	41.9	30.0	29.3	100.0
Sales workers	29.6	31.9	38.5	100.0
Machinery operators and drivers	25.6*	38.7*	35.7*	100.0
Labourers	9.0*	54.9	35.9	100.0

Note: * Standard error greater than 25% so figures should be used with caution.

Source: ABS, Characteristics of Recent Migrants, November 2010.

In searching for explanations for why those with seemingly high qualifications stay in jobs where these are not utilised, we need to keep in mind that being granted a permanent visa on the basis of the skills held (including qualifications) does not mean that a migrant will be able to get a job in his or her specific field once the visa has been activated and he/she arrives in Australia. In one sense we should not be too surprised by this underutilisation of qualifications, as many migrants, qualified or otherwise (and especially primary applicants), have often come in search of a better life and need to

be in work and may sometimes stick with the security of a permanent job rather than risking the uncertainty that might come from trying their luck in the labour market. This is even more critical if their immediate families have accompanied them. Furthermore, many recent migrants, especially those from developing countries, will also want to send money (remittances) to family members in the home country, which again means that they will take the first job that becomes available, and if their qualifications are not used in their first job they will either find another one or decide that it is all too hard and stay with the one they have. If the amount of money they can earn in jobs of a lower skill level than their qualifications is much higher than could be earned in more highly skilled jobs at home, they also have a good motivation to stay in jobs. Another issue is the cost and effort of having qualifications upgraded or formally recognised to enable them to continue to work in the same occupations that they left behind.

The great majority (two-thirds) of recent migrants who are primary applicants for permanent visas either do not apply to have their qualifications recognised or do not get a favorable assessment. The story is the same for recent migrants who come on skilled visas. A possible explanation, also supported by the employers interviewed in this study, is the cost of going through the recognition process and the potential for this recognition process identifying further gap training, which will also mean an added cost.

Five per cent of all recent migrants who have been employed since their arrival claim they experienced difficulties in finding their first job because their skills or qualifications were not recognised.

What employers say

To get a practical insight into the role of qualifications in employer decisions about employing permanent or temporary skilled workers, we consulted employers (generally those who make recruitment and hiring decisions in companies) and recruitment and labour hire companies from a range of industry sectors and occupations. In total we spoke to around 20 companies.

Information we collected directly from employers and their agents²¹ indicates that the preference among most Australian employers is to use local labour (including migrant and temporary workers already here and who have the appropriate skills and experience) rather than to recruit workers directly from overseas. When employers or their agents decide to recruit directly from overseas (either by using 457 visas or the Employer Nomination Scheme), it is generally to fill a very specific skill shortage that cannot be filled by local talent. Overseas recruitment is costly both in terms of time and money, with, on occasions, unanticipated issues both for employer and visa holders relating to employment suitability and appropriate settlement. We provide a summary of the experience, attributes and qualifications that employers say they look for when hiring permanent or temporary workers for different occupations in appendix A (table A4).

Across professional and sub-professional occupations the reliance on qualifications, accreditation, registration or licences is highest in regulated occupations and sectors. This includes registered nurses, enrolled nurses, engineers (especially those who will be required to sign off on plans), doctors, electricians, accountants and financial planners and others giving advice in the regulated finance industry. For overseas workers without local qualifications and registration this becomes an issue, as it is often a major job for employers, recruiters and labour hire agencies to verify references and qualifications. Lack of relevant experience, even with the acquisition of local qualifications (for both mainstream and international students), acts as a barrier to gaining a job. Some employers also make their own judgment on the worth of a local qualification based on the reputation of the provider awarding the qualification.

In other areas where qualifications are not essential (that is, not specified in regulations or licences), there is a tendency for employers to use these as a screening device for job interview selection processes and for ensuring that certain knowledge has been acquired, or at least covered, in the training. The employers who provided information for this research indicated that, when recruiting for occupations such as personal care workers (within facilities or in the community), they like to know that job applicants (including migrants already here) have completed the Certificate III in Community Services or its equivalent, their rationale being that competencies have been signed off and some underpinning standards of care covered. In the regulated aged care sector having all staff with at least the minimum qualifications also makes it easier to satisfy auditors conducting accreditations. Although employers in highly regulated industries generally look for essential initial qualifications, they are in some cases willing to give someone who shows potential and the desired attributes a chance to start work on the proviso that they complete their initial qualifications down the track.

²¹ Information was collected from employers in aged care facilities (employing registered and enrolled nurses, and personal care workers), information technology firms (employing software engineers), transport companies (employing bus drivers), recruitment and labour hire companies (employing IT specialists, corporate administration personnel and accountants, health and community services agency personnel, engineers, diesel mechanics, welders, rail drivers, mining personnel), manufacturing and construction enterprises (employing carpenters and joiners) and migration agents (advising and recruiting workers for business clients).

Regulation of aged care facilities drives employer insistence on qualifications

We need the best people you can get to look after those at the most vulnerable stages of their lives, but having people with required or desired qualifications helps us to have all our boxes ticked when it is time for re-accreditation. Because the company is liable in cases of accident or fatality, it would not help our case if it could be shown that the carer or nurse did not have the required qualifications. Ensuring that people have the qualifications is a case of covering our backs (Executive manager, aged care facility, South Australia).

Hiring people without a certificate III qualification means that no one has formally signed them off as being competent (Manager, labour hire and recruitment company).

Although employers and recruiters of IT specialists do not always look for qualifications as they are far more interested in having people with experience and with specific skills and accreditation in specific programs and applications, it is very rare for applicants for these positions not to have formal qualifications.

Skills and experience supplement qualifications

Ultimately we are looking at experience and skills and the transferability of these to the required job. Although we are not mainly looking for qualifications I have never seen anyone with no qualifications apply for engineering or IT jobs. Sometimes an applicant may have qualifications in a different discipline, but may have the right experience and the skills we are looking for. A chief information officer or IT manager does not require a degree in computer science or systems analysis but may have training in a related area. In the long run an engineer has to be an engineer. If the engineer needs to sign off on formal plans then a licence is required (Labour hire and recruitment company servicing occupations in IT occupations and technical services occupations).

Qualifications are therefore important for all applicants, local and overseas. However, qualifications alone are not enough to get someone a job (see table 5). Employers may look for different things when they are employing workers – whether in Australia or overseas – but, with the exception of the regulated occupations, most tend to use qualifications as a screening device for selection for further interview. More important are relevant experience and the specific skills and knowledge required in the actual job, with employers and recruiters generally looking for the specific attributes related to the ability to do the job. Of course skills and qualifications may count for nought if there is a language barrier.

Qualifications can get you a foot in the door

Qualifications can get you a foot in the door; then after that they are almost irrelevant. Once someone has worked at that level (say middle to high level management), then qualifications don't matter. Your knowledge and experience almost outweigh qualifications (Operational manager, manufacturing firm).

We want people who can speak the language and can read and write ... to enable them to read plans and take directions. They need to have good communication skills and be able to fit in with the dynamics of the group of workers already here. They need to have a sense of urgency, which is the hallmark of a good work ethic. We need workers to be punctual. In a joinery firm that means being dressed in the personal protective equipment required and ready to start work on the floor at the start time. It's no good getting in at the start time and then taking time to get ready (Employer, joinery firm).

Qualifications are not the be all and end all, but for some jobs they are essential (HR manager, ship-building firm).

When recruiters from labour hire companies attempt to place people with employers, they are generally looking for specific skills and experience and knowledge. For these types of jobs qualifications tend to take a back seat. In some situations employers also want local experience and knowledge. This is especially important for temporary positions when employers want someone from a labour hire company to slot into the job immediately. For temporary jobs in corporate administration

this might mean requiring someone with the knowledge of and experience with specific IT or accounting software packages and processes, or it might mean hiring people to work in human resources roles. In the main, labour hire companies hiring people to work in labouring jobs are not looking for qualifications but willingness, availability and the ability to work.

When recruiters are looking for specific skills, especially in highly regulated areas (but often also more widely), it is not unusual for them to prefer to recruit workers who are currently residing in or who have emigrated from countries with broadly similar language, operating standards and regulatory environments. This makes it easier for them to place people with employers. These countries typically include the United States, South Africa, the United Kingdom, New Zealand, Canada and Ireland. This is not to say that employers will restrict themselves to these Anglophone countries when sourcing directly from overseas. They will go to the countries where the skills and technologies can be acquired both easily and cost-efficiently. In cases where state-of-the-art plant and equipment is being sourced from particular countries, a solution is to employ experienced project managers or installation specialists from these countries. The criteria are the same: workers need to have the specific accreditation or qualifications (if required) and substantial experience in working with the same technology, equipment or materials. It is experience in the specific job role that is valued. That said, we find that it is rare for professionals or technicians not to have occupation-specific qualifications or accreditation.

Qualifications are not treated in isolation from other key attributes such as experience and specific skills. Some employers insist on qualifications for some occupations, while, as we have seen, others use it as a shortlisting tool for recruitment purposes. There are also those who do not ask to see the qualification, or who care little about it. These employers may verify the skills and experience through practical skills assessments, whereby the applicant is tested on a particular task using the relevant tools or equipment. One reason some employers pay little attention to formal qualifications is that it is difficult for them to verify the equivalence of qualifications with local qualifications. In any case they are more likely to question the standard of the unfamiliar qualifications by comparison with those they are familiar with, which are those that are generally gained locally, or are from a reputable university, or have a good reputation. Where qualifications are crucial to the job, employers (including recruiters and labour hire companies) in the main prefer qualifications gained locally, or from countries with similar standards of service or regulation (often Western countries).

Overall, however, most employers find it difficult to separate qualifications from experience and are of the view that these need to go together. This is summed up aptly in the following points.

Qualifications are not stand-alone attributes

There are those with qualifications and the willingness to succeed, or those with qualifications who don't want to work, or those with qualifications but not in the right area (Human resources manager, electrical products and applications).

If they can do the job and are good at it but they do not have a piece of paper (that is, a qualification) we will still want them. We will get them [trades] assessed through Training Recognition Australia (Employer, joinery firm).

Employers encounter many issues and frustrations when hiring or recruiting workers from overseas, as do the overseas workers themselves. Although the issue of qualifications and licences should have been worked out before arrival, there will often be problems with having these fully recognised, upgraded or valued once the overseas-recruited worker arrives to take up a job. The processes involved in verifying the attainment and standard of qualifications and upgrading these qualifications where necessary are time-consuming and sometimes difficult, especially if people come from cultures

where the standards are perceived not to be equivalent. When qualifications are gained locally (as they are for international student graduates who have studied here), then the issues are more related to lack of experience or local experience.

For employers, the key frustrations lie with identifying and verifying the qualifications, skills and knowledge of workers and determining the extent to which these will be transferable to current contexts. This includes making sure that workers have the appropriate licences, accreditation and registration for regulated occupations and for occupations that require knowledge of theoretical concepts. Employers recruiting overseas workers generally want trades workers to have the appropriate trade certificates, but they can never be sure that trade certificates gained overseas are recognised in Australia. For some trades (including electrical and plumbing trades), there may be a need – for licensing purposes – for the overseas-qualified tradesperson to undertake further training to meet the competencies embedded in an Australian qualification. This is an added cost for employers and in some cases may deter them from hiring overseas workers. The verification of qualifications is especially problematic in sectors where work is casual and intermittent.

Where employers prefer qualifications, there may be other issues to contend with, even for the non-licensed trades and occupations. For example, there is no guarantee that a person who has the required qualification will have the necessary standard of English: tradespersons and professionals need to be able to understand plans and take instructions from clients, while workers must have the capacity to understand instructions and occupational health and safety warnings.

For recruitment and labour hire companies, the two key criteria to consider when placing people on their books are: employability and what one recruiter called *placeability*. In the main this means recruiting people with the specific skills, abilities and experience (including qualifications if they are essential) requested by employers for temporary or permanent positions. They also look for a good cultural fit, which means that candidates must be able to fit into the workplace and do what is required, speak fairly good English and have good communication and interpersonal skills. Labour hire firms providing trades and labourers to employers have similar criteria.

Hiring directly from overseas is not a great option

It is reasonably difficult to ascertain whether trades (especially regulated trades) have the right requirements. We first look at the educational criteria, then look at getting them to pass the licensing process, which is quite time-consuming and expensive. We get them here presumably as fully registered but this is never the case in practice. We still have to have them work with a supervisor for some time. Employers try [overseas recruitment] because of their level of desperation, but really hiring directly from overseas is not a great option (Recruitment and labour hire company).

Frustrations are also experienced by overseas workers. According to employers the key issues for all workers from overseas are having their qualifications valued and recognised by employers and satisfying employers or recruiters that they can fit into the Australian workplace. English language skills are essential. These issues are less of a problem for labourers, as often employers are looking for those who are willing, available and able to work. The cost of getting qualifications formally recognised and undertaking extra training where it is required may also prevent overseas workers from getting a job relevant to their qualifications or moving from jobs which do not utilise their qualifications. These are issues that should have been discussed with migrants before arrival. Like mainstream graduates, international students who have completed their qualifications at a local university or public or private VET provider may also have difficulties finding a job if they have no relevant experience.

Conclusions

In this study we have found that formal qualifications clearly play an important role in helping migrants, including those who come on temporary and permanent skilled visas, move into jobs on their arrival in Australia. Primary applicants for permanent skilled migration programs, however, do the best in terms of the labour market, including gaining full-time work, using their prior non-school qualifications in their first and current jobs and having an education–job match.

Higher-level non-school qualifications progressively lead to better job outcomes than low-level or no non-school qualifications, irrespective of the country of origin. However, those who come from English speaking countries enjoy better employment outcomes than those who come from other countries.

Regulation, especially for licensed or heavily regulated occupations, also drives employer preference and need for qualifications. Nevertheless, qualifications on their own will not get overseas workers (or even Australian workers) a job; they must be supported by other skills and attributes. Often quoted as key recruitment considerations are skills that can be transferred to Australian contexts, in combination with relevant, extensive and specific experience (sometimes local experience), work attitude, availability for work, and good cultural fit. Also important is a certain level of English proficiency.

Information we collected directly from employers and their agents indicates that the preference among most Australian employers is to use local labour (including migrant and temporary workers already here and who have the appropriate skills and experience) rather than to recruit workers directly from overseas. The exceptions are international companies moving their own workers around the globe and Australian companies requiring workers with expert knowledge and experience in specific techniques and technological advancements.

Our study of the employment patterns of migrant workers across qualification levels and our supplementary discussions with employers indicate that migrant workers from certain ethnic groups (mainly from Anglophone and other advanced Western European countries) tend to do much better than others. Workers from certain ethnic groups, despite having appropriate qualifications and experience, tend to be disadvantaged. This is generally because they are often perceived by employers (either via recruiters or acting in their own right) not to have the right cultural fit.

International students who come here to study, complete a qualification and then look for a job also face issues. If they undertake and acquire qualifications with training providers not well known to employers or to recruiters, they will also have poor luck in the labour market. They are caught in a double bind. They have paid a great deal of money to get a qualification which they have been given to believe is a credible qualification, only to find on completing it that it is not highly regarded by employers. This is a critical issue for the international student industry. It is reasonable to expect that when individuals undertake Australian courses they should be recognised in the labour market. Providing international students with information about the various education providers before they pay money to an education agent might be one way for international students to assess the value of a qualification at an Australian educational institution.

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Appendix

Table A1 Settler arrivals, by country of birth and eligibility category, 30 June 2009, 2010

	General Skilled Migration program		Skilled stream programs		Totals	
	Number of sponsored arrivals	Number of independent arrivals ^(a)	Employer-sponsored	Business	Number	%
Oceania	182	504	100	44	830	1.3
Europe	5 337	6 012	2 239	366	13 954	22.6
North Africa and Middle East	455	2 159	112	57	2 783	4.5
South-East Asia	2 330	3 838	537	402	7 107	11.5
North-East Asia	1 530	3 164	857	5 148	10 699	17.4
Southern Asia	5 250	10 367	672	153	16 442	26.7
Central Asia	14	34	5	1	54	0.1
Northern America	176	402	203	40	821	1.3
South America, Central America & the Caribbean	391	918	98	9	1 416	2.3
Sub-Saharan Africa	2 294	3 694	721	536	7 245	11.8
Not stated	60	198	15	4	277	0.4
Total	18 019	31 290	5 559	6 760	61 628	100

Note: (a) Independent applicants are those who apply to the GSM program independent of employers (includes 118 Distinguished Talent Category, 820 Independent Regional, and 1575 state and territory nominated).

Figures include long-stay business, working holiday-makers and occupational trainees.

Source: Department of Immigration and Citizenship (2010a).

Table A2 Temporary residents^(a) by country of birth, 30 June 2009, 2010

Birthplace	2009		2010	
	Number of temporary workers	% of temporary workers	Number of temporary workers	% of temporary workers
Oceania	4 985	1.7	4 961	1.8
Europe	112 293	39.3	107 192	38.9
North Africa and Middle East	4 947	1.7	4 469	1.6
South-East Asia	27 914	9.8	25 304	9.2
North-East Asia	63 264	22.1	60 098	21.8
Southern and Central Asia	23 764	8.3	31 380	11.4
Northern America	17 478	6.1	17 267	6.3
South America, Central America & the Caribbean	5 872	2.1	5 618	2.0
Sub-Saharan Africa	20 231	7.1	15 531	5.6
Not stated	4 918	1.7	3 283	1.2
Former USSR	304	0.1	291	0.1
Total	285 970	100	275 394	100

Note: (a) Figures include long-stay business, working holiday-makers and occupational trainees.

Source: Department of Immigration and Citizenship (2010a).

Table A3 Labour force status by country of birth (regions) March 2011

	Employed full-time ('000)	Employed part-time ('000)	Unemployed – looking for full-time work ('000)	Employed total ('000)	Unemployed – looking for part-time work ('000)	Unemployed total ('000)	Labour force ('000)	Not in the labour force ('000)	Civilian population ('000)	Unemployment rate (%)
Australia	5 760.80	2 493.50	306.2	8 254.30	149.6	455.8	8 710.10	3 955.10	12 665.10	5.2
Oceania and Antarctica	341.0	95.8	29.4	436.8	9	38.4	475.2	134.1	609.3	8.1
North-West Europe	627.0	250.6	22.5	877.7	10.7	33.2	910.8	587.1	1 497.90	3.6
Southern and Eastern Europe	221.8	82.9	10.6	304.7	1.2	11.8	316.5	440.9	757.4	3.7
North Africa and the Middle East	83.3	43.1	7.4	126.4	3.5	10.9	137.3	150.3	287.6	8
South-East Asia	323	112.2	16.7	435.3	9.3	26.1	461.3	240.7	702.1	5.7
North-East Asia	216.3	103.4	14.5	319.7	3.7	18.1	337.8	196.9	534.7	5.4
Southern and Central Asia	242.8	116.1	15.6	358.9	8.6	24.3	383.2	124.8	508	6.3
Americas	106.4	47.4	4.2	153.8	3.1	7.3	161.1	72.1	233.3	4.6
Sub-Saharan Africa	136.9	44.9	7.3	181.8	3.8	11	192.8	64.5	257.4	5.7
At sea	-	-	-	-	-	-	-	-	-	-
Institutionalised	-	-	-	-	-	-	-	254.6	254.6	-
Not further defined	2.2	0.4	-	2.6	0.2	0.2	2.8	1.6	4.4	8
Total	8 061.50	3 390.30	434.5	11 451.90	202.7	637.2	12 089.00	6 222.80	18 311.80	5.3

Source: ABS (2011b).

Table A4 Summary of requirements, including qualifications that employers look for when recruiting workers

Employers and recruiters of occupations:	Qualifications	Specific technical skills	Experience	General skills and knowledge
Bus drivers	Licence	General driving ability, specific ability to drive heavy vehicles	Three years driving experience	Ability to understand and speak English (instructions, detours, transmissions), customer service skills
Rail drivers	Licence	Similar competencies in driving similar trucks of similar lengths, similar haulage equipment	Relevant experience	Ability to understand and speak English (instructions, directions)
Health workers (nurses and enrolled nurses)	Relevant formal qualifications and accreditation, diploma or registered nurse degree (preference for local qualifications) Police clearance	Pass: drug calculation test Complete incident report form	Experience: length of time in nursing roles	Empathy skills Clear speech, good language skills speaking and writing, Meet minimum standards of English, suitability for role Well groomed, good personal hygiene
Community services (personal care workers, youth workers of various cultural backgrounds)	Certificate III qualifications preferred, driving licence if working in community, police clearance	Understanding of key skills for dealing with the elderly, young people or disabled (including showering, manual handling)	Local experience	Show empathy with clients, Good language skills to take instructions and to be understood by clients; meet minimum standards of English, suitability for role, reliability, maintain confidentiality Well groomed, good personal hygiene, initiative, insight, and good time-management skills, cultural background to suit clients
Community services (domestic assistants, home and garden maintenance workers)	First aid certificate	–	–	Communication skills and results of IELTS test
Social workers	Relevant professional qualifications	Ability to operate in regulated environment or similar situations	Experience from countries with similar regulatory environments (Finland)	Communication skills, empathy
Para planners, financial planners, accountants	Require accreditation		Relevant local experience; understand regulatory environment	Language and communication skills
Administrative roles (call centres, executive assistant corporate offices, bookkeepers)	Not important	Specific skills in programs required (MYOB, SAP, data entry, power point, bank reconciliation, diary or minute taking, BAS statements, accounts payable or receivable, Oracle, loans officer roles)	Local experience	Clear speech, good cultural and team fit, communication skills, commitment, reliability
Trades and workers in the mining sector (welders, crane drivers)	Recognised licences for electricians, trade certificates, relevant and suitable qualifications	Specific skills	Experience in area or role	Reliability, fit for work, good work ethic, language skills to complete OHS forms, cultural fit, being able to fit in with 13-day fortnight

Employers and recruiters of occupations:	Qualifications	Specific technical skills	Experience	General skills and knowledge
IT specialists and consultants	Don't require qualifications but rare for them not to have them	Specific skills in specific programs and transferability of these skills to current context	3 years or more experience in area or role	Cultural fit, communication skills, analyst programmers can get by if these are lacking and if working in part of a team
Engineers (manufacturing, civil, quality)	Need engineering qualifications, and relevant licences and accreditations if have to sign off on plans	Specific skills in specific areas	Experience in area or role	Language capability, cultural fit
Labourers	Qualifications not required	–	–	Ability to work, good work ethic
Trades (diesel fitters, mechanical fitters, welders, pipe fitters, diesel mechanics, instrument trades)	Trade certificates	Specific technical skill in specific trade area and on specific equipment	Experience in area or role	Work ethic, language capability to complete OHS forms and to work in dangerous area and need to understand safety instructions
Electricians	Licence plus trade certificate	Skills in specific area	Experience in area or role	Language capability
Recruitment consultants	No qualification	Specific skills	Experience in area	Language capability
Production workers	No qualification		Experience in area or role	Language capability, can do job, have good attitude, want to work and are open to learning
Design engineers, software, electronics, mechanical)	Qualification from reputable university	Skills	Experience	Language, sincere interest in position in the company and settling in specific city, team fit (values and behaviour)
457 workers	Qualifications very important	Skills	Experience	Language, sincere interest in position in the company and settling in specific city, team fit (values and behaviour)
Roles that do not require qualifications	–			Values and behaviour (team fit), high aptitude for learning
Engineers	Qualifications get foot in door	Core skills specific to industry	Need to be professional and have right experience	Demonstrate ability through reference checking
Operations managers	Qualifications get foot in door after that irrelevant		Knowledge and experience, experience almost outweighs qualifications	Reputation and outcomes
Production officers		Appropriate skill set	Experience, worked in manufacturing industry	Hand-eye coordination, used to shift work
Engineers, geologists, science	Qualifications essential in specific discipline	Core skills specific to vacancy	Experience in vacancy specific area	Good communication skills, need to be able to express themselves, cultural fit, work ethic, independent workers but not egotistical, ability to work in a team



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