The Impact of the Global Financial Crisis on Employment for Australians from Migrant and Refugee Backgrounds

A Discussion Paper

Federation of Ethnic Communities’ Councils of Australia

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1. Introduction

The global financial crisis and subsequent downturn in the Australian economy is hurting many workers. In June 2009, the number of people in jobs fell by 21,400 and Australia’s unemployment rate rose to 5.8% - the highest level in six years.¹

Historically, migrant and refugee workers experience greater rates of unemployment than the general population and during an economic downturn this is exacerbated. Higher unemployment amongst migrants occurs for a range of reasons, including because of limited language skills, education, training, and labour market knowledge. It can also occur due to discrimination and volatility in industries where migrants are disproportionately represented.

This paper examines some of the employment challenges faced by migrant and refugee workers. It discusses the traditional barriers that these groups face in participating in the labour market, as well as the impact of discrimination on migrant and refugee job seekers.

The paper also considers the long-term impact that economic downturns can have on migrant and refugee workers. In this context, the paper discusses the dangers of failing to protect the most vulnerable in our society during difficult economic times, and our human rights obligations as a nation. The need for strategies aimed at assisting particularly disadvantaged groups such as migrants and refugees is also discussed.

The paper concludes with some suggestions and recommendations on ways to assist migrants and refugees to obtain employment during the economic downturn.
2. Employment Challenges for Migrant and Refugee Workers

Migrants are a disadvantaged group in the Australian labour market. Generally, they experience higher rates of unemployment than Australian born workers and have lower rates of labour force participation.  

Barriers to successful participation in the labour market for recent migrants include: limited language skills, education and training, labour market knowledge, access to formal and informal employment networks, poor provision of advice (including guidance and training), cultural transition issues and pre-arrival experiences.

In particular, refugees often have far greater needs than non-refugee migrants and tend to have far higher unemployment rates. According to DIAC, humanitarian entrants had an unemployment rate of 32% when compared with other cohorts of migrants who had entered Australia under different migration schemes. Further, for new and emerging Horn of Africa communities the unemployment rate was found to range from 22% to 47% in 2007.

<table>
<thead>
<tr>
<th>Birthplace</th>
<th>Percentage Unemployed</th>
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<tbody>
<tr>
<td>Ethiopia</td>
<td>22.3</td>
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<tr>
<td>Eritrea</td>
<td>32.9</td>
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<tr>
<td>Somalia</td>
<td>47.1</td>
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Source: Victorian Community Profiles 2001 census: Eritrea, Somalia and Ethiopian Born

Family reunion issues, discrimination in the labour market, child-care issues, lack of relevant skills or unrecognised qualifications, lack of transport and low self confidence can all be barriers to employment for recent refugees. These workers tend to have little understanding of employment opportunities in the Australian context. Unemployment generally results in low income, exacerbating other issues such as health and access to housing.

Discrimination is also a major issue. Migrants are less likely to be selected for employment due to a range of discriminatory factors such as having a non-Anglo Saxon name, lack of local experience, gender, accent and appearance, stereotypes, prejudice and cross-cultural differences in the workplace. Even when they gain employment, migrants are often restricted in their occupational roles and have fewer opportunities for career advancement.

Research into discrimination based on names is extensive and dates back to the 1990s. A very recent study by Andrew Leigh found that ethnic minority candidates would need to apply for more jobs in order to receive the same number of interviews. For example, to get the same number of interviews as an applicant with an Anglo-Saxon name, a Chinese applicant needed to submit 68% more applications and a Middle Eastern applicant needed to submit 64% more applications.
The study found that even in data-entry jobs there was substantial discrimination against applicants who did not have an Anglo-Saxon name. According to Leigh, this indicates co-worker or employer bias. The study also involved two additional experiments that revealed societal prejudice against minority groups.\(^{11}\)

Leigh’s study confirms the pattern of findings from a number of international and local studies over the years. These have consistently shown the negative effect that having a non-Anglo Saxon name has on the probability of an applicant being given a job interview.\(^{12}\)

In June 2008, the Victorian Multicultural Commission and the Victorian Human Rights and Equal Opportunity Commission (VHREOC) released a report, *Harnessing Diversity*. The report confirmed the existence of racism and discrimination in employment practices.\(^{13}\) It cited 1991 research that found that 30% of Australian born employers preferred to hire Anglo-Saxon Australians.\(^{14}\)

In addition, skilled migrants are more likely to be in unskilled jobs than Australian born skilled workers. The Australian Bureau of Statistics (ABS) has reported on the number of recent migrants who had obtained a non-school qualification before arriving in Australia and who had a job since arriving in Australia. 53% reported that they used their highest qualification in their first job in Australia. A further 21% of recent migrants had not used their highest qualification in their first job, but had later tried to find work more suited to their qualifications.\(^{15}\)

The *Harnessing Diversity* report also noted unemployment and underemployment of migrants with skills. It considered the benefits of preventing and addressing racial discrimination in employment, including greater utilisation of migrant skills.\(^{16}\)

Migrants and refugees, including second generation Australians from CALD backgrounds, may also face discrimination in apprenticeships and traineeships due to a lack of pathways, networks and connections. A Government of Western Australia Report has recommended greater promotion and participation for Australian from CALD backgrounds in this area.\(^{17}\) Permanent migrants and their children should also be given every opportunity to fill vocational skills gaps.
3. Impact of an Economic Downturn on Migrant and Refugee Employment

Disadvantage in the employment market is exacerbated during periods of economic downturn. For example, during the 1990s recession, the unemployment rate of newly arrived migrants reached a peak of over 30% in the year after arrival.\(^\text{18}\)

According to Kryger, high unemployment can lead to lower labour participation by discouraging others from remaining in the labour force. This effect has been more pronounced for migrants than for Australian born workers and it was particularly apparent during the 1990s recession.\(^\text{19}\) This recession was significant because it resulted in a sudden and permanent drop in the migrant participation rate from 62% in 1990, to 59% in 1993.\(^\text{20}\) The labour force participation of people from non-English speaking countries fell from 59% to 55% over the same period. Following the recession, migrant participation continued to fall at approximately the same rate as before the recession, but from a much lower base.\(^\text{21}\)

The migrant workforce in Australia has been changing since the mid 1990s. With the proportion of skilled migrants growing strongly, there has been a gradual shift of workforce patterns as more recently-arrived non-English speaking background migrants have entered skilled jobs, as opposed to previous cohorts of migrants who were more likely to work in unskilled jobs.\(^\text{22}\) This has been particularly the case for migrants from North-East Asia and South Asia as these groups are more likely to be employed as professionals or managers and administrators. In contrast, migrants from the Middle-East, Indo-China and Southern Europe are more likely to be employed in declining blue collar industries, such as manufacturing and construction.\(^\text{23}\) Much of the economic restructuring that has occurred in Australia, with consequent shifts in employment, has particularly disadvantaged the second group of migrants – those in blue collar or low paid jobs. However, the more highly skilled group also face challenges to their employability and the risk of under-employment, through non-recognition of overseas qualifications and experience.
Since the 1970s there has been a significant shift in employment away from the manufacturing and construction industries towards the services sector. Migrants have traditionally been strongly represented in the manufacturing and construction sectors, but less well represented in the services sector. In 1978, the manufacturing and construction industries accounted for 25% of all Australian born employment and 38% of migrant employment. In 1998 these proportions were 19% and 24% respectively.24

This illustrates the fact that less skilled migrants and refugees have been more heavily concentrated in industry sectors that have been contracting. In addition, the rate at which jobs have been lost from these sectors has been much higher for migrants than for Australian born workers.25 Migrants who are displaced from blue collar employment often find themselves in low skilled, insecure and highly casualised jobs in service industries, such as cleaning, childcare and hospitality.26 These kinds of jobs tend to create a poverty trap which makes it difficult for migrants to improve their working conditions and quality of life.

A recent example of the displacement of low skilled workers occurred in February 2009 when Pacific Brands announced more than 1800 job losses across Australia. “Almost 300 people lost their jobs at Coolaroo and another 255 at the Hoeproof plant in Nunawading – many of them migrant women with poor prospects of finding other work.”27 Migrant women in particular may sometimes face difficulty finding new work following retrenchment due to factors such as limited social networks, family commitments, and lower educational qualifications.

It should be noted that during periods of labour shortage migrants can experience high labour participation rates. According to the ABS, 68% of migrants who have arrived in the last ten years were employed in November 2007, compared to 66% for people born in Australia. Migrants from mainly English-speaking countries were more likely to have a job than those born in other countries (88% compared to 76%).28 This translated to an unemployment rate for recent migrants of 5% compared with 4% for those born in Australia.29

However, migrant employment appears to be much more sensitive to shifts in the economy. Writing in The Australian, George Megalogenis notes the current clear divide between the treatment of local and overseas born workers.30 Australian born workers dropped 22,000 full-time jobs in the 12 months to May 2009, but picked up an extra 74,500 part-time jobs for a net gain of 52,500 positions. In contrast, migrant workers lost 37,100 full-time jobs, offset by 21,600 extra part-time jobs for a net loss of 15,500.31

The detailed research conducted by The Australian suggests employers have been laying off workers on a last-on, first-off basis. George Megalogenis argues:
This puts the migrants who claimed the majority of the jobs available at the top of the boom, when the economy faced acute skills shortages, in the employment firing line now.\textsuperscript{32}

The research found that New Zealand born workers lost 11,000 full-time jobs and a further 9,800 part-time jobs in the 12 months to May 2009 (a net loss of 20,800). Northeast-and southeast-Asian born workers lost their jobs at similar rates. However, Indian born workers experienced 19,500 more full-time and 18,500 more part-time jobs during the same period.\textsuperscript{33} Megalogenis believes this is a sign that shortages remain across significant pockets of the economy, as Indian migrants tend to have higher skills on average. Overall, English-speaking migrants are down 11,600 jobs in net terms, while non-English speaking migrants have lost 4,000 jobs.\textsuperscript{34}

Studies on public sector employment have consistently indicated that migrants find it difficult to access public service jobs and have significantly lower employment rates in that area, and that migrants who are employed as public servants usually have stunted career paths.\textsuperscript{35}

It should be noted that skilled migrants must currently wait two years before they can receive social security benefits, including unemployment, student allowance and a number of other benefits. During the first two years of settlement, they are also unable to access employment services other than basic job matching through the Job Network. This leaves them with the lowest level of employment assistance at a time when they most need help. Migrants also face very high upfront costs to sit professional exams for qualifications recognition, or to have their papers assessed and translated into English. Delays in these processes can also set migrants back in their job search and lower their capacity to compete with other applicants.

Additionally, to qualify for age and disability pensions a migrant must generally have lived in Australia for 10 years. Migrants holding refugee and humanitarian visas are exempt from these waiting periods
4. Human Rights and Tolerance During an Economic Downturn

As illustrated above, migrant workers are particularly vulnerable during economic downturns. The U.N. High Commissioner for Human Rights, Navi Pillay, has urged governments to include provisions in their economic stimulus packages to help migrant workers during the global recession.\(^{36}\)

Protection of the rights of migrants in terms of their working and living conditions, and in the event of loss of employment, should be integrated in responses to the crises. Crucially, no efforts should be spared to protect migrants from discrimination and xenophobia. Developed economies such as the United States, Britain, and Australia should not pare back welfare programmes to make room for banking rescue packages.\(^{37}\)

Ms Pillay also stated that States are not relieved of their human rights obligations in times of crisis.\(^{38}\) It should be noted that Australia ratified the *International Convention on the Elimination of all Forms of Racial Discrimination* in 1975.

Increased racism and discrimination and a lack of tolerance are a key risk during economic downturns, exacerbating the disadvantage felt by migrant and refugee communities.

For example, strikes occurred across the United Kingdom in January 2009 in support of a mass walkout by energy workers in Lincolnshire who were angry at the use of foreign workers.

Closer to home, Western Australian Ethnic Communities Council president Ramdas Sankaran has voiced his concern about growing racism in Australia. Mr Sankaran believes the recent attacks on Indian students in Melbourne and the increasing popularity of bumper stickers declaring, “F . . . off, we’re full”, were visible signs of a culture where people felt comfortable displaying their dislike of people from other countries.\(^{39}\) Mr Sankaran has claimed the economic crisis and the rise in unemployment has fuelled an “us and them” attitude among some Australians who saw immigrants as a job threat.\(^{40}\)

Recent surveys conducted by Dunn and Forrest confirm that a significant minority of Australians hold discriminatory attitudes towards migrants. A large telephone survey conducted in 2001 found high levels of intolerance of Indigenous, Asian, Jewish and especially Muslim Australians.\(^{41}\) 12\% of those surveyed identified themselves as racially prejudiced, 83\% recognised racial prejudice as a problem in Australia.\(^{42}\)

Proactive government action will help to ensure that Australia fulfils its human rights obligations and maintains a tolerant society that encourages migrant labour participation during the economic downturn. At the same time, an effective response will help to protect the most vulnerable in our society.
5. Potential Solutions

The VHREOC report *Harnessing Diversity* states that one of the greatest costs arising from discrimination in employment relates to loss of productivity, skills and innovation. This is due to the underutilisation of the talents and skills that migrants bring to the country. Australia continues to have major skill shortages in a number of industries, including child care, civil and electrical engineering, specialist and generalist nursing, occupational therapy, urban and regional planning and in most trades. Skilled migration (both permanent and temporary) has been relied on to fill many of these skill gaps. However, the process of matching skilled migrants to vacancies has been highly inefficient and ad hoc. What is needed is targeted programs to ensure that all skilled migrants are able to achieve employment in jobs that match their skills and qualifications. This would not only be beneficial to them but save millions of dollars in lost productivity to the Australian economy.

The Federal Government’s stimulus package is to be lauded for helping to cushion the blow of the downturn on Australian families. However, the package does not appear to contain strategies aimed at assisting particularly disadvantaged groups such as Australians from migrants and refugee backgrounds. For instance specific programs for re-training displaced low-skilled migrant and refugee workers with ethno-specific and multicultural service agencies could be considered. Such programs have been very successful in the past particularly when they have offered retraining in growth industries like hospitality services and aged care.

From 1 July 2009, the Australian Government introduced a new approach to employment services. Customised assistance forms a key part of the new system, which includes additional services, facilities and activities, such as interpreter services. Whilst this initiative will hopefully ensure greater sensitivity to the needs of migrant and refugee workers, more could be done, particularly during the economic downturn.

According to Rosemary Kelada, the CEO of Spectrum Migrant Resource Centre, recruiting and, where necessary, retraining migrants can provide employers with a competitive edge at a time of high skill demands. Employers have reported a range of benefits to Spectrum as a result of employing migrants.

International studies show that targeted assistance to skilled migrants can reap major benefits. In Canada, a mentoring program for skilled migrants introduced by TRIEC, a non-profit business-community organisation, used 2,913 mentors to match migrants to skilled jobs, with 4,000 matches resulting. TRIEC also placed 960 interns in 350 active host employers, with 80% of interns receiving full-time employment.

A similar mentoring and internship program set up in New Zealand recently (based on the TRIEC model) achieved 130 outcomes in only 4 months, despite poor economic conditions. The OMEGA Program (Opportunities for Migrant Employment in Greater Auckland) was developed as a public private partnership in
response to the inability of many skilled migrants to obtain jobs in their skills area due to having no local experience. The program provides a mentor in a similar field and three to six months paid internship with a sponsoring major company. The program has reported great success.

Unfortunately, such programs are relatively rare or operate on a small scale in Australia. Programs run by the Overseas Skills Qualifications Unit in Victoria is one example, however, its programs for skilled migrants are usually over-subscribed due to demand outstripping supply.

There are also a number of examples where governments have collaboratively developed programs to provide vocational training for migrants and refugees from less skilled backgrounds. The Victorian Government supported a number of these over the last four years, particularly in relation to outworkers who were affected by increased regulation of the industry. These include the following initiatives:

- A successful pilot vocational program was undertaken between April and August 2005 to provide outworkers with retraining, skills development and work experience in the childcare industry. The project was a five-way partnership between Workforce Victoria, the Department for Victorian Communities (DVC), Adult Multicultural Education Services, the City of Greater Dandenong and the Vietnamese Welfare Action Network. 10 out of 12 participants found employment following completion of the course.

- Following the success of the pilot program, another retraining program was developed addressing skill shortages in the clothing industry. This program operated between April and December 2006 to train outworkers in pattern making as well as upgrading their English competency skills. Training was provided through RMIT. The Textile Fashion Industry Association managed the project with the support of Workforce Victoria, DVC, the Industry Advisory Board, the Textile Clothing and Footwear Union of Australia and the Fashion Technicians Association of Australia. Nine out of 12 participants found employment following completion of the course.

- Many outworkers have been trained in Certificate III in Aged Care Services. This program is managed by Springvale Indochinese Mutual Assistance Association (SICMAA) in partnership with TLC Aged Care Services. TLC is providing workplace training for course participants and is also a potential employer for workers who complete the training. It is worth noting the important role that ethno-specific service providers such as SICMAA—and also multicultural organisations like migrant resource centres—can play in linking migrants with employment pathways.

- The William Angliss Institute of TAFE have been involved in training outworkers in the hospitality industry. Their course has been designed to
provide the participants with a range of training and work experiences in the areas of hospitality, commercial cookery and baking.

- RMIT and the Dry Cleaning Institute of Australia Victoria (DIA) are running training programs for outworkers in basic dry cleaning skills. Feedback from the DIA indicates that it is becoming increasingly hard to find suitable employees in the industry.

- Spectrum developed an aged care brokerage service in 1998 - the Multicultural Home Support Service (MHSS) program. At the time there was a serious shortage of bilingual workers in the health and community services sector across Melbourne. Ageing Italian, Greek, Turkish and Macedonian migrants were not accessing mainstream respite care services. The MHSS program employed difficult-to-place migrants who had been retrenched from the declining manufacturing sector. Many of these migrants faced barriers, such as lack of formal education, no qualifications and poor English. A culturally responsive Certificate III in Aged Care & Home & Community Care (HACC) was developed. It included customised training and flexible teaching and assessment methods. The MHSS program now provides 105 trained HACC workers to 30 different agencies, who speak a total of 43 languages.49

Clearly these are just a few examples of the kinds of innovative programs that can be developed to ensure that migrants are not discouraged from the Australian job market during the global recession. In addition, such programs will ensure that the workforce is better equipped to fill areas where the economy has skill shortages.

If greater support is not given to permanent migrants to find work in their area of expertise our nation suffers from lost productivity and the individual’s experience of migration is diminished. Our immigration program is also compromised as it is not achieving its aims and objectives. It is in all our interest to better assist permanent migrants to integrate into the Australian labour market as smoothly as possible and minimise the disproportionate impact of the economic downturn on them.
6. Recommendations

The Federation of Ethnic Communities Councils recommends the following principles and actions to protect migrants during the global financial crisis:

- Policy recognition that migrants are likely to be amongst the worst hit by rising unemployment in Australia.

- Agreement that current and future stimulus packages should contain adequate provisions to address migrant and refugee disadvantage. This would include extra support for migrants to ensure they are not discouraged from the labour market in the longer term when the economy begins to recover.

- The development of programs focussed on re-skilling resident migrants who have lost employment in declining industries. For example programs that teach migrants affected by closures in textile, footwear and clothing, new skills in areas like aged care (where employment demand is strong) are highly recommended.

- The extension of employment assistance services to all newly arrived migrants, regardless of visa type.

- The establishment of large-scale mentoring and job experience programs for skilled migrants (including skilled refugees) through government and business sponsorships, similar to the OMEGA Program operating in Greater Auckland.

- The provision of career planning and counselling services to all migrants in vocational and further education.

- The funding and creation of ‘Hire a Skilled Migrant’ advertising campaign such as that run successfully in Canada.

- Employment pathway programs for migrants and refugees need to be strengthened. For instance, programs that link unskilled refugees to areas with rural labour shortages have proven very successful.

- Reduced reliance on temporary migrants to help fill skill shortages accompanied with a focus on developing effective employment pathway programs for permanent migrants and refugees.

- A renewed effort to develop policy and practical mechanisms to counter racism and encourage tolerance during the current period of economic volatility.
• Provision of dedicated staff and resources to the Fair Work Australia Commission to undertake research and resource inspectorate activities aimed at preventing employment abuses towards migrant workers.

• Programs for public sector employers to increase migrant employment levels through targeted recruitment campaigns, review of recruitment processes, creation of migrant support committees and regular reporting on anti-discrimination strategies aimed at migrants and refugees.

• The strengthening of anti-discrimination laws to provide opportunities for systemic (organisation or industry-wide) interventions by equal employment opportunity commissions, and requirements for medium to large organisations to submit equal opportunity employment plans.
1 Ryan, P, 2009, ‘Unemployment up to 5.8pc’, The Age, 9 July.


6 Ibid.

7 Kyle, L and Macdonald, F, op. cit.


10 Leigh, A, 2009

11 Ibid.


17 Pathways to Apprenticeships and Traineeships for people from Culturally and Linguistically Diverse Backgrounds, Department of Education and Training, Government of Western Australia, 2005.


19 Kryger, op. cit.

20 Ibid.
21 Ibid.


23 Ibid.

24 Kryger, op. cit.

25 Ibid.


31 Ibid.

32 Ibid.

33 Ibid.

34 Ibid.

35 S. Bertone, op. cit.


37 Ibid.

38 Ibid.


40 Ibid.

41 Hollinsworth, above n 25.

42 Ibid.

43 Victorian Multicultural Commission and VHREOC, 2008, p.11.


46 Treagus, J. OMEGA, Committee for Auckland, Presentation for the Fulfilling the Promise: Integrating Immigrant Skills into the Urban Economy, webinar, 29 July 2009.

47 Ibid.

Kelada, R, op cit.