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Australia's Superior Skilled Migration Outcomes Compared to Canada's

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ABSTRACT

Australia and Canada are global exemplars of skilled migration policy, designed to have important effects on economic growth. This paper assesses the development and outcomes of their permanent migration programmes for a range of regulated professions. We compare matched census data from both countries in 2016, then examine the key drivers of the major differences found through qualitative interviews. Though the trends in numbers and source countries and characteristics of skilled migrants are similar, their earnings relative to equivalent native-born earnings are far lower in Canada than in Australia. This reflects the Australian government's greater power to initiate and drive policy reform agendas, early strategies designed to enhance foreign credential recognition, and a heightened role for employers including through two-step migration. Canada has recently announced significantly expanded migration intakes. These seem unlikely to lead to strong economic growth unless entry requirements are tightened and more targeted support provided.

INTRODUCTION

Australia and Canada are the primary OECD countries to operate large-scale permanent skilled migration programmes. They are competitors and collaborators in this process, committed to nation-building and the rapid enhancement of economic development. Each government seeks to attract the world's "best and brightest (to) be ranked and prioritized...

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preferencing those it favours (while) screening out those it does not” (Cully, 2012: 4). Increasingly, in the past two decades, the goal has been to maximise skilled primary applicants’ (PAs)¹ early employment and earnings outcomes, in a context where the societal stakes and level of policy scrutiny are high.

Global competition for economic migrants was rising from 2001-2016, including from European Union countries which viewed Australia and Canada as exemplars of programme development (Doomernik et al., 2009). Both Australia and Canada were engaged in constant policy finetuning, influenced by successive federal elections as each government changed twice in reverse direction. While variable political philosophies prevailed across this time, Australia and Canada’s prioritisation of skilled migration stayed remarkably stable. As affirmed by their Immigration Ministers, each programme was required to operate in the national interest, at a time when domestic workers “cannot provide all of the talent that employers need”, “public support for migration cannot be taken for granted”, and maximisation of work outcomes remained the holy grail (Hussen, 2017: 6; Dutton, 2018: 6).

Skilled migration constitutes two-thirds of permanent intakes to each country, supplemented by dynamic and (in Australia) uncapped temporary labour flows. Migrants are also drawn from unprecedentedly diverse sources. Canada in the year to 2018 admitted a total of 320,000 new settlers (with immigrants now constituting 21 per cent of the population), including substantial family and humanitarian category entrants². Of these 95,900 were skilled category PAs, with 89,800 accompanying family members (58 per cent of the annual total). In 2018-2019 Australia selected 193,000 permanent migrants (with immigrants 29.7 per cent of the population), including 52,200 skilled PAs, along with 58,900 family members (58 per cent) (OECD, 2020).

Despite significant stability of immigration policy across the two countries, and of these proportions in recent years, numbers of skilled migrants fluctuate, responding to socio-political events and economic cycles. At the start of the 2008 global financial crisis, for instance, Canada selected just 61,300 economic PAs compared to 52,300 to Australia. In 2020 the COVID-19 pandemic slashed each country’s permanent and temporary intakes, at a time of rapid economic shock and global travel restrictions. The impacts are likely to be profound. In 2018 the Trudeau government had announced “the most ambitious immigration levels in recent history”, based on the admission of 330,800 in 2019, 341,000 in 2020, and

350,000 in 2021, but 2020 arrivals fell far short (OECD, 2019: 218). Australia's 2020-21 population increase is predicted to be the lowest since 1916, with, "dependence on immigration to grow the economy... about to be sorely tested... The government is now expecting net overseas migration, which was forecast to reach 271,000 in 2019-20, to be 30 per cent lower. Next year the drop is tipped to be 85 per cent... with serious economic repercussions" (Wright, 2020: 19).

This forced migration pause seems certain to fuel Canadian and Australian debate concerning the speed, scale, source and economic impact of its revival - including the level of competition posed to displaced domestic workers. This is despite Canada's late 2020 announcement of intakes to rise from 401,000 in 2021 to 421,000 in 2023 "to compensate for the shortfall and ensure Canada has the workers it needs to fill crucial labour market gaps and remain competitive on the world stage" (Government of Canada, 2020). At this critical point in time, an understanding of the economic experiences of skilled immigrants after migration remains crucial, yet there is limited recent literature that has focused specifically on this category, and even less that has explicitly compared Australian and Canadian experiences. Much can be learned about the role that policy has in shaping immigrant outcomes through comparing similar countries with different approaches.

The aim of this paper is to assess the recent development and success of each country's permanent economic programme from 2001 to 2019. First, we define the characteristics of skilled category PAs, focused on degree-qualified migrants by variables including source country, field of qualification and location. Second, we examine the earnings of these primary applicants compared to domestic workers in each country, to assess the extent to which they are sought and valued by host country employers in the initial compared to longer-term settlement period. Third, in the light of the empirical findings, we consider which 2001-2019 policy strategies appear to have maximised skilled category outcomes as the Australian and Canadian governments reviewed and modified their selection mechanisms. The next section outlines the findings of previous research comparing Canada and Australia. This is followed by an explanation of the mixed methods methodology. The quantitative results then focus on a comparison of the characteristics and earnings outcomes between Canada and Australia. Finally we explore why these empirical findings have occurred using detailed knowledge of the policy context in both countries.

PREVIOUS CANADA AND AUSTRALIA COMPARISONS OF IMMIGRANT EMPLOYMENT OUTCOMES

According to Borjas, immigration policies are typically based on two components: “...how many migrants a host country should admit, and which migrants it should admit”, as governments try to determine “what (they) want to accomplish” when no definitive guidance exists. The United States still lacks a permanent skilled migration category, admitting up to a million low-skilled migrants per year. Australia and Canada, by contrast, have prioritised skilled migration for decades, in a context where “...migrants gain by moving, or else they would go back”, employers can “...make big capital gains, because they secure more workers”, and governments seek to combine economic growth with population development (Borjas, 2010). Within this process, as noted, Australia and Canada have become global competitors and collaborators – competing for near identical migrants while sharing comprehensive details of policy development. Canada led Australia in the 1960s and 1970s, in the introduction of multiculturalism and points-based human capital selection systems (Adelman et al, 1994). Australia has more significantly influenced Canada in the past two decades, most notably in relation to skilled migration policy refinement (Hawthorne, 2008; Boyd, 2014; Bedford and Spoonley, 2014).

In 2001 both Canada and Australia operated points-based skilled category selection systems. Derived from the 1960s Canadian model, these focused on “age, education, work experience, intended occupation (in relation to the needs of the economy), knowledge of... languages, and adaptability” (Richardson and Lester, 2004: 14). Growing policy divergence however had occurred in the previous decade. While Canada had maintained a human capital model of selection, admitting PAs with limited host country language ability, non-recognised qualifications, and in fields associated with highly variable labour market demand, the Australian government had come to regard this strategy as flawed. Based on sustained research evidence, throughout the 1990s it had introduced criteria more nearly approximating the attributes employers sought (Department of Immigration and Multicultural Affairs, 1999). Most notably, as source countries diversified and tertiary-qualified applicants surged, Australia had mandated pre-migration credential assessment and demonstration of “vocational” English proficiency as a condition of selection. Further, it had required PAs to be of prime workforce age (defined as 25-44 years), allocated bonus points to high-demand

occupations, and from 1999 fast-tracked the selection of former international students with Australian qualifications (Birrell et al., 2006).

Within this context Richardson and Lester were commissioned by Australia's immigration department to compare skilled migrants' employment outcomes based on definitive longitudinal data³. At a time of near identical economic cycles, Australia was judged "an exception to the generally pessimistic picture of recent OECD trends in labour market success for new migrants", with primary applicants there achieving "superior labour market outcomes", despite Canadian outcomes improving with time (Richardson and Lester, 2004: 1). In 2008 a more detailed study, commissioned by the Canadian government, assessed 2001 census data, longitudinal databases from the mid-1990s to 2001, and skilled migration visa data for each country⁴. As established by the census analysis, which pooled data across all immigration categories, early employment outcomes for degree-qualified migrants were near identical at this time in both countries (two-thirds gaining work in the first five years, with some 30 per cent of these holding professional positions). Variables such as source country, age, gender and demand by field influenced outcomes in very similar ways. When it came to skilled PAs, however, stark differences were evident by 2000-2001 compared to the mid-1990s. Employment rates in Australia had risen markedly six months post-migration (from 49 per cent in 1993-1994 to 71 per cent for female PAs in 1999-2000, and from 53 to 78 per cent for males). The labour market integration of migrants from virtually all source countries had improved – dramatically in the case of PAs from Eastern Europe, the Middle East/ North Africa, the Philippines and China. Further, as analysis of subsequent skilled category visas showed, racial and ethnic diversity had been maintained to 2007, despite Australia's imposition of more stringent selection measures (with criteria better filtering applicants for "vocational" attributes). In Canada by contrast skilled category female PAs had experienced employment decline (63 per cent working at six months in 1994-1995 compared to 55 per cent in 2000-2001), while male rates remained static (65 per cent compared to 62 per cent) (Hawthorne, 2008).

METHODS

The success of each country's permanent economic programme since 2001 was examined using a mixed methods approach. First, we provide a comparative analysis of census data from 2016 from Canada and Australia. For both countries, the 2016 census includes person-

level linkages with immigrant visa category data for primary applicants. Second, we assess potential reasons for the differences between the countries using findings from an extensive series of 2016-19 qualitative interviews.

Each country's 2016 census, with linkages to immigration records, was utilised for the cross-national comparison. The analysis focused solely on major fields of study which closely align to regulated professions. For Australia, the Australian Bureau of Statistics' data product Australian Census and Migrants Integrated Dataset (ACMID) 2016 was used. For Canada, individual census records with links to immigration data were used and accessed through the Statistics Canada Research Data Centre in Fredericton, New Brunswick. The majority of comparisons were restricted to primary applicants of permanent skilled visas, arriving in Australia or Canada between 2001 and 2016, aged 15 to 64 at the time of the census, at least bachelor degree qualified, and in the fields of medicine, dentistry, nursing, pharmacy, physiotherapy, other allied health, accounting, engineering, or education⁵. We note that former international students qualified in the host country could not be clearly identified, though significant numbers would be captured by census data. The range of skilled visas were matched between Canada and Australia to ensure comparability. These included the main economic subcategories for each country – the points-tested, employer and state/territory (or provincial) nomination, and regional sponsorship visa programmes. Entrepreneurs and other business/investor visas were excluded.

To determine primary applicants' economic outcomes, person-level field-specific employment income thresholds were then calculated. For Australia, the Australian Tax Office's Taxation Statistics 2015-16 aggregated income data were used to calculate the median income for each profession noted earlier. For Canada, each individual's census record is linked to their taxation data, so the median income was calculated using raw income data for each profession. Once the median income was determined, 50 per cent of this income was used as the threshold for economic experience. This threshold was chosen to provide a general indication of how an individual with a certain qualification compares to their peers with the same qualification. By focusing on a relatively low threshold, the results should indicate those who, by virtue of being in the lower end of that earnings distribution, may be experiencing barriers or challenges to employment in positions appropriate to their level of training. There are of course many reasons that might explain relatively lower earnings other than barriers to labour market integration and success, such as personal choices around work-

life balance, but systematic differences will still be indicative of systematic barriers, particularly in comparing the two countries.

The process of enumerating the number of individuals above or below this threshold is where our methods diverge slightly due to constraints on data availability. For Canada, exact incomes were available, so a precise counting of individuals above and below the threshold was possible. For Australia, taxation data were not linked; rather data were based on a census item asking for self-reported income which falls into one of several brackets. The Australian income thresholds were based on the bracket which included 50 per cent of the respective profession's median income. In addition, Canadian immigrant earnings were compared to the non-immigrant earnings distribution, while Australian immigrant earnings were compared to the total sample of both immigrants and non-immigrants due to data limitations. However as will be seen below, a comparison of immigrant earnings to non-immigrant earnings in Australia would only reinforce our main conclusions.

Once the income thresholds were determined and inclusion criteria applied, economic outcomes were examined based on field of qualification, country/region of birth, and population size of place of enumeration for the period of policy interest described (2001-2016). Within this analysis we focus on two periods: 2001-2008 and 2009-2016. We then determined the corresponding skilled occupation for each educational area and applied the income thresholds. Using these we computed the proportion of migrants in each field who were below the threshold, and this was our measure of those in the field who were likely – though not necessarily – failing to be able to use their training to full advantage.

It is important to note the contrast in numbers between the overall skilled migration statistics mentioned previously and the numbers seen in the census data. Migration statistics reference the yearly numbers of visas granted under skilled programmes for each country, while censuses only capture individuals who were present in each country at the time of the census (limited here to the variables defined). Individuals who never arrived (or temporarily or permanently departed after acquiring a visa), combined with the age and qualification field/level criteria, result in considerably lower numbers in the census analysis compared to visa grants data.

To assess differences in country-level factors with a potential to influence skilled migrants' employment outcomes, we selected and interviewed 219 key informants (KIs) between 2016 and 2019, the majority on an individual basis. Reflecting the authors' decades of prior experience researching Australia and Canada, four systematic sampling decisions were made.

- First, two-thirds of interviews were conducted in Canada (63 per cent) given the greater complexity of federal-provincial roles there, its 2015 federal government change, and completion by the researchers of a wider range of skilled migration studies in Australia.
- Second, we selected KIs who had held senior policy or operational positions in each country since 2001, providing them with advance written detail concerning the project, and securing exceptionally strong willingness to participate. These informants were identified using our existing international networks as well as contacting key agencies.
- Third, to better understand the dynamics of skilled migration we sought KIs with a range of responsibilities related to skilled migration outcomes. This included those engaged in devising and delivering qualification recognition and employment bridging programs (20 per cent), facilitating labour market integration through federal and state/provincial bodies (13 per cent), and engaged in critical gatekeeper roles as English language and qualification assessors (12 per cent), in addition to academic experts (24 per cent), regulators (16 per cent) and federal and state/provincial policy makers (16 per cent).
- Fourth, we selected key informants across a range of geographies from each country's national capital and major immigrant-receiving states/provinces, in addition to selected less populated locations. In the case of Canada KIs were from Ontario, Quebec, British Columbia, Alberta, Nova Scotia and New Brunswick, and in the case of Australia from New South Wales, Victoria, Queensland, Western Australia and the Australian Capital Territory.

Ethics approval was secured to conduct the research, along with participants' permission. Interviews were taped, transcribed and returned to KIs for review prior to classic thematic analysis, except where by agreement with government officials notes were taken for unattributed policy analysis. While subsequent publications will draw on these interviews in more depth, given space constraints in the current paper our aim is to identify themes of

relevance to the quantitative research findings which were consistently nominated by key informants. To cross-check these, extensive literature reviews were also conducted.

RESULTS

Number and source country of skilled migration category primary applicants

Over the period 2001-2016 both Australia and Canada showed broadly similar trends in the number of skilled migrants. In line with immigration targets, the overall number of skilled migrants entering was higher for Canada than Australia, though both countries showed a steady increase in intake year from 2001 to a peak in 2008 (Figure 1) followed by a decline thereafter. This decline was more pronounced in Australia, with intakes in 2015 falling lower than 2001 levels but not for Canada. Data for 2016 were incomplete but nevertheless showed the trends to fewer arrivals continuing for that year.

Figure 1

The composition of inflows of skilled migrants by country of origin also showed some similar patterns (Figure 2). In 2001, the top source country in both Australia and Canada was China, with 19.9 per cent and 22.6 per cent of the total respectively. Migrants from India were the second largest group, with 13.9 per cent and 11.6 per cent of the total. Rounding out the top 5 source countries were the UK, Bangladesh and Iran for Australia, and the Philippines, Pakistan and South Korea for Canada. Also notable was that more than a quarter of the total of skilled arrivals to Australia came from other Asia/Pacific countries. By 2015, India was the primary source country for skilled permanent migrants for both countries and China had also fallen to less than 10 per cent of the total in each. At the same time, the Philippines increased its share of skilled migrants, becoming the third most common source country to Australia and the second most common to Canada. The UK, South Korea and Pakistan were the sources of substantial numbers of skilled migrants to both countries by 2015, while Iran was in the top five sources for Canada but not Australia. In contrast to 2001, the share of migrants from other Asia/Pacific countries in Australia had fallen to less than 12 per cent by 2015.

Figure 2

Qualification field of skilled migration category primary applicants

We examined skilled migrants by year of arrival and field of study across a range of regulated occupations. For Australia, all skill groups showed the same pattern as the overall trend in Figure 1, with an increase to around 2007-2008 then a decline to 2015. For example, 436 PAs with a medical degree entered Australia in 2001 and this rose to 1,231 in 2007 only to fall back to 117 in 2015. (We note two-thirds of migrant doctors had entered Australia as temporary workers in the recent decade, tied to work in under-supplied sectors and sites. Like other temporary PAs, they were not captured in these figures though would be once they converted to permanent residency). Similarly, 684 people with nursing degrees entered in 2001, rising to 3,393 in 2008 and then declining to 618 in 2015. Of all the occupations considered, only individuals with engineering degrees exhibited a larger number of arrivals in 2015 compared to 2001.

In Canada, patterns over time by skill group were also consistent with the overall trend in Figure 1, with every skill group except engineering graduates having more arrivals in 2015 than in 2001, some substantially more. For example, there were 365 arrivals in Canada with medical degrees in 2001, rising to 1,510 in 2010 and then falling to 670 in 2015. For nursing, there were 330 arrivals in 2001, rising to 2,260 in 2011 and then declining somewhat to 1,785 arrivals in 2015. In contrast to Australia, there were actually fewer engineering graduates landing in Canada in 2015 compared to 2001.

We prepared cross-tabulations of skilled arrivals by source country and field of study. Owing to confidentiality restrictions these statistics could not be further decomposed by period of arrival. For Australia, India and the UK were the top two source countries for every field of study except accounting (where China was the top source country) and together made up at least 30 per cent of arrivals in all fields except accounting and pharmacy/physiotherapy. China was the third most common source country for non-health fields of study (education, engineering, other) as well as “other health”, while Pakistan was the third most common for medicine, the Philippines for nursing and Egypt for pharmacy. As well, migrants from other Asia/Oceania made up a significant percentage of arrivals in each skill category, including

26.3 per cent of medical graduates, 31.4 per cent of pharmacist/physiotherapist graduates and 25.2 per cent of accounting graduates.

For Canada, there were both similarities and differences with the Australian experience. For similarities, India was in the top three source countries for migrants from all fields of study, and the most common source country for graduates from pharmacy/physiotherapy (31.5 per cent of the total) and “all other” fields (14.2 per cent of the total). Migrants from China were an important source for arrivals with training in the non-health fields, especially engineering, but not in the health fields. As well, migrants from Egypt made up 11.3 per cent of arrivals in pharmacy/physiotherapy compared with 9.4 per cent in Australia.

Differences between Canada and Australia were also quite pronounced. In particular, for Canada migrants from the Philippines were the most numerous for arrivals in nursing, other health, accounting and education and they were in the top three source countries for engineering and other fields. They were particularly prominent among nursing graduates, making up 38.2 per cent of nursing arrivals, compared with 18.7 per cent of nursing graduates in Australia. Finally, migrants from the UK were not a large proportion of arrivals to Canada in any field of training, and migrants from the region “Americas-other” made up more than 10 per cent of arrivals in five of the eight fields of study considered, including medicine/dentistry.

From this comparison of the level and composition of skilled immigrants to both countries, it can be seen that Australia and Canada have quite similar experiences and patterns in their skilled migrant inflows. This arises because of the underlying demographic characteristics of both countries, policies towards immigrant retention, and skill-based selection criteria, among other factors. The key question then is whether differences in the selection policies between Australia and Canada have led to different patterns in the economic performance of these immigrants after arrival.

Earnings by field of skilled migration category primary applicants

In Figure 3, we present the proportion of migrants by field of education whose income was below half the median income for all non-immigrant individuals qualified in the same field in Canada and for all individuals qualified in the same field in Australia, broken down by time

period. Migrants in Australia on average did better than in Canada, with every occupational group having substantially fewer than 25 per cent of arrivals earning below the income threshold. For example, for immigrants with nursing degrees, less than 5 per cent had incomes below the income threshold while the figure for migrants with degrees in medicine was around 10 per cent. In contrast, skilled immigrants to Canada did not fare nearly as well. For individuals in the same eight regulated professions, the proportion of migrants earning less than the income threshold varied from around 40 per cent for “other allied health” and 40 per cent for accounting to 60 per cent for medicine and around 75 per cent for dentistry. More than three quarters of migrants with dental degrees in Canada who arrived after 2000 were earning less than half of the median earnings for all non-immigrants with dental degrees.

Figure 3

Comparing migrants who arrived in the 2001-2008 period and those who arrived in the 2009-2016 period also highlights differences. For Australia, there is little difference in the proportions earning less than half the median income between the two time periods. Interestingly since the earlier arrivals would have been older on average in 2016, one might expect to see more pronounced earnings differences reflecting the greater experience of the earlier arrivals but these are not apparent, suggesting that more recent arrivals were doing well on average in terms of income even shortly after arrival. This is in line with findings for Australia’s skilled migration programme across all fields, where by 2016 around 90 per cent of PAs were employed at six months, with 60 per cent in high skilled positions, rising to 94 per cent and 68 per cent by 2018 (Department of Immigration and Border Protection, 2016; Department of Home Affairs, 2020). For Canada, the results clearly indicated that time in the host country matters. For more recent arrivals (2009-2016), only two of the eight fields of study had fewer than 50 per cent of migrants earning less than half of median income, while medicine was around 70 per cent and dentistry 85 per cent. Among earlier arrivals (2001-2008), in all fields of study except dentistry fewer than 50 per cent of migrants were earning less than half of the median income, and the figure was around 20 per cent for people with a nursing degree.

Since the median income in Australia was measured for all individuals including migrants, if we were to recompute these figures using only non-migrant earnings then the differences for Canada would have been even more pronounced. This is because an even lower proportion

of migrants would have been earning more than the non-migrant median earnings level by virtue of the fact that immigrants on average are earning overwhelmingly above the low-income threshold.

Earnings by source country and length of residence of skilled migration category primary applicants

Country of origin is a very important correlate of migrant income and other labour market outcomes since it will proxy for language fluency, recognition of foreign credentials and the value of foreign experience, among other factors. Therefore, the differences between Canada and Australia reported above may reflect different compositional differences in terms of country of residence. Although confidentiality precluded disaggregation by both country of birth and field of study for the Canadian data, we can examine income relative to the threshold for migrants from each of a number of countries and regions and compare them by period of arrival. Note that income with respect to the threshold is still specific to each migrant individual's own field of study as in the earlier tables.

Figure 4 presents results for Australia and Canada. In the Australian case, all countries and regions listed had fewer than 30 per cent of migrants with incomes less than half of the median income of people with the same field of study. The countries with the highest proportions of migrants below the threshold were China, South Korea, Iran, Bangladesh and Pakistan, each with around 25 per cent. Migrants from developed countries such as France and the UK did especially well, as did migrants from the Philippines. For migrants in Canada, there were more pronounced differences across countries and regions than was the case in Australia. More than half of migrants from Iran, Egypt, Pakistan and other countries in the Middle East and Africa had incomes lower than the 50 per cent of median income threshold (among more recent arrivals). Those from higher income countries had relatively low proportions below the threshold – for example approximately 20 per cent of migrants from the UK. However, among low- and middle-income countries in the more recent time period, only migrants from the Philippines had fewer than 40 per cent of arrivals below the income threshold. It should be noted that English is commonly spoken in the Philippines.

Figure 4

Comparing more recent arrivals (2009-2016) with earlier arrivals (2001-2008) we see that there were no substantial differences between the time periods in the Australian results except that earlier arrivals from Iran and Pakistan had about 15 per cent fewer migrants below the income threshold than for the more recent arrivals. For Canada, migrants from most countries and regions exhibited proportions of earlier arrivals (2001-2008) below the income threshold that were in the order of 15 percentage points lower compared to more recent arrivals (2009-2016) from the same areas. For migrants from Iran for example (with the highest percentage of people below the income threshold), that percentage decreased from almost 75 per cent among more recent arrivals to around 50 per cent among earlier arrivals. The implication is that time in Canada matters, with more recent arrivals doing markedly worse on average than earlier arrivals.

Overall, the contrast in earnings outcomes between skilled arrivals to Canada and Australia when matched by field of study and country of origin are stark. Degree-qualified arrivals to Australia experience relatively good labour market outcomes, based on a comparison of their earnings with their similarly-trained peers, regardless of field of study, country of origin and time period. Arrivals to Canada experience substantially worse labour market outcomes for most fields of study and countries of origin, though there is a narrowing of the gap with additional time spent in Canada. We note that the impact of the study-migration pathway cannot be examined here, given our incapacity to delineate former international students from overseas-qualified PAs in each census. Since 2001 however this has been particularly significant in Australia (Hawthorne, 2018).

FACTORS ASSOCIATED WITH DIFFERENCES IN CHARACTERISTICS AND EARNINGS BETWEEN CANADA AND AUSTRALIA

Systemic differences

As attested to by multiple policy informants, two systemic differences between Australia and Canada have critically influenced skilled PAs' employment outcomes. In the most recent three decades Australia has been more nimble and innovative in skilled migration reform - using the research evidence to devise, monitor and refine selection mechanisms, while reform in Canada has often lagged (Hiebert, 2006). Underpinning this, "strong federalism" has been the norm in Australia, allowing the government to set and more forcefully drive national agendas. Canada by contrast constitutes "one of the most decentralized federations among contemporary democracies", where "bilateral political deals between the federal government and individual provinces" have "incremental(ly)" shifted the balance of power (Banting, 2012: 79). This has resulted in "one of the most complex immigration systems in the world and a set of intergovernmental relations characterized by pervasive asymmetry" (Banting, 2012: 79). Within this context the Canadian government has been obliged to court and persuade provincial and regulatory stakeholders, with less capacity than the Australian government to coerce when implementing a national agenda.

The reform of foreign qualification recognition exemplifies these systemic differences. As early as 1989 the Australian Prime Minister established the National Office of Overseas Skills Recognition, "to promote national standards for skill recognition, encourage competency-based assessments, develop counselling and referral services, and promote improvements in occupational regulation" (Dawkins, 1989: 1). Based on sustained advocacy, funding, and investment in the establishment of "bridging" pathways, nine professions were targeted for the development of streamlined assessment procedures (engineering, architecture, medicine, nursing, dentistry, pharmacy, physiotherapy, occupational therapy and dietetics), since extended to multiple regulated fields including the trades. National assessment bodies were established from the late 1980s for the pre-migration assessment of qualifications to determine PAs' eligibility for selection, with outcomes endorsed by regulators, education authorities and governments across all states. (In fields such as law and education assessment stayed at the state level.) From 1993 independent English assessment was also mandated, given evidence high levels were critical to vocational registration. From 2009 pre-migration qualification and language screening spanned temporary as well as permanent PAs, aligned to standards for field-specific practice. Occupation-specific "bridging" courses were expanded, delivering exam preparation, modular training and/or industry internships where skill levels fell short of Australian standards. Catering to temporary as well as permanent migrants, these were provided on a fee basis to the former

and on a student loan basis to the latter, to ensure course frequency and critical mass. While still an imperfect system, select Australian initiatives were world-leading for their time – the most fundamental being pre-migration qualification and English assessment (Hawthorne, 2015).

In Canada, comparable federally-driven reforms were implemented later, with the government's capacity to lead far more constrained. This had consequences for professionals' employment outcomes. The Foreign Credentials Referral Office (FCRO) was established in 2007 in Citizenship and Immigration Canada (Government of Canada, 2013). By 2013 three federal bodies in separate departments were charged with leading reform – the FCRO, the Foreign Credential Recognition Program (in Human Resources and Skills Development Canada) and the Internationally Educated Health Professionals Initiative (in Health Canada). A range of provincially-driven initiatives were also established (e.g. the Office of the Fairness Commissioner in Ontario). While pan-Canadian reforms were strongly advocated – with positive initiatives in a range of professions, and pre-migration screening now undertaken by generic (e.g. World Education Services) and field-specific (e.g. Medical Council of Canada) bodies – outcomes remain limited to date. The system is fragmented, since provinces and territories maintain “jurisdiction over skilled trades and professions and higher education” (Guo and Shan, 2013: 233). There has been difficulty mandating cross-provincial standards for English and French language assessment, including pre-migration requirements in specific fields. Bridging courses are challenging to access, intermittently offered, and solely available to permanent residents in key professions (such as engineering or nursing). According to the most definitive review to date, there has been “little economic analysis of regulated occupations in Canada”, despite recognition of very significant “problems in recognizing valid and equivalent foreign qualifications, and... difficulties in establishing education, training, and apprentice (bridging) programs to assist those with qualifications that the recognition process deems not equivalent to the Canadian” (Sweetman et al., 2015: s2).

Transforming employer role in permanent skilled category selection

The role of employers in skilled migration has transformed in Australia in recent decades, as the government shifted to a demand-driven system. Following an extensive policy review in 2006, it sought to minimise the inherent risk of “Independent” points-based selection.

“(S)creening for negative... and sorting for positive” PA attributes was intensified, with employers encouraged to nominate PAs to pre-arranged work, fast-tracked by priority processing (Cully, 2012: 1). From 2012 Australia introduced a two-stage SkillSelect system, based on New Zealand’s innovative “Expression of Interest” model which ranked PAs and placed those eligible for a defined period of time in a pool, to be trawled by government and employers (Bedford and Spoonley, 2014). Employers and states from this time could nominate two-thirds of the skilled migrant intake, with officials able to adjust the points required for entry, “influenced by the supply of applicants and labor-market demands” (Boucher and Davidson, 2019; 1). Offers were made to the highest ranked PAs, with employer-nominated applicants more leniently assessed or exempted. By 2016, reflecting these trends, Australia’s employer-nominated stream (39 per cent) had exceeded Independent points-based selection (34 per cent) – a balance since maintained. Employment rates at six months for these sponsored PAs eclipsed all others, at around 90 per cent. They were also the best paid and most highly skilled workers.

Despite a level of policy refinement to 2006 (most notably through the 2002 Immigration Protection Act), Canada introduced few significant reforms before the election of the Harper government – permitting the entry of PAs with limited host country language ability and non-recognised qualifications on an equal basis to those with more immediately sought attributes (Hiebert, 2006). From 2007 however “fundamental changes” were made to the permanent Federal Skilled Worker Program (FSWP), designed to redress migrants’ deteriorating earnings relative to the Canada-born (Ferrer et al., 2014: 855-856). Measures included the imposition of “occupation lists, annual caps on applications... return of (the vast number of) backlogged applications and fees, third-party assessments of language ability... with higher minimum standards, third-party assessment of education credentials, more points for younger applicants” (Alboim and Cohl, 2012: 22). According to Boyd (2014), these requirements “mirror(ed) those adopted by Australia in 1999”, with the intention to “screen out those lacking appropriate educational levels and/or training” (51). From 2015 a two-stage Express Entry selection method was also introduced, based on the New Zealand and Australian models, in a “revolutionary departure from the first come first served points-based system” (Hiebert, 2019: 1). Regular draws invited “the top-scoring candidates (in a pool) to apply for permanent residency”, based on perceived “ability to integrate” and skills transferability (Hiebert, 2019: 5). As with Australia, a key justification for this processing model was “its responsiveness to employers”, who with the provinces gained more power to select

accelerated by priority processing (Hiebert, 2019: 7). Such reforms however came too late to influence the earnings shown in our quantitative results.

Growth in two-step worker migration

Finally, alongside their growing dominance in the skilled migration programme, in the past two decades Australian employers have driven temporary worker admission through uncapped annual intakes subject to minimal labour market testing. Increasingly, the government has deemed “settlement migration... too slow and inflexible (to compete) in globalized labour markets” (Hugo, 2014: 870). In the decade to July 2019 the scale of temporary PA grants near matched permanent PA intakes, at 540,990 and 591,473 respectively. Two-thirds of temporary workers were highly skilled. Unemployment was negligible given pre-arranged sponsored positions were a condition of entry, despite concerns for exploitation (Boucher, 2019). PAs were obliged to work first in major cities or districts of workforce shortage - for example as essential workforce supply in regional medicine. Within four years over half would convert to permanent resident status, with many captured by the 2016 census (Treasury and Department of Home Affairs, 2018). By the year to June 2020, 80 per cent of skilled category PAs were selected from within Australia, either as temporary workers or as former international students (Department of Home Affairs, 2020).

Canada has similarly increased its temporary worker intakes, often in response to “very short-term labour supply needs in specific regions” (Ferrer et al., 2014: 855). Numbers surged from 52,000 in 1996 to 310,000 in 2015 and 338,000 in 2019, driven by provinces and employers. In policy terms however four key differences with Australia should be noted. First, temporary PAs’ education levels were lower in Canada, with entry streams catering to caregivers, seasonal workers, and the Temporary Foreign Worker Program (TFWP), the largest stream. Second, PAs from lower socio-economic countries were the most likely to transition to permanent resident status. Third, while the Canadian Experience Class was introduced in 2008 to facilitate the retention of TFWPs and former international students, transition to permanent residence was at first small - just 1,775 PAs in 2009, rising to 14,200 by 2014, and lower than transitioning former student and temporary worker numbers in Australia (Citizenship and Immigration Canada, 2014; Statistics Canada, 2018). (As noted, census data did not allow us to compare their employment outcomes in each country.) Fourth, while the International Mobility Program was introduced from 2014 to boost skill levels, and selection

of higher skilled temporary workers expanded 109 per cent from 2009-19, these Canadian reforms once again came later than those in Australia. Recent evidence suggests this strategy is paying off, showing prior experience in Canada, whether as a student or employee, matters for outcomes post conversion to permanent residency (Statistics Canada, 2019).

DISCUSSION AND CONCLUSIONS

This paper has compared the evolution of permanent skilled migration in Canada and Australia between 2001 and 2016. We have documented a common increase and then fall in immigration over this period and find similar patterns related to migrants' country of origin and field of study, with India becoming the dominant source country for Canada and Australia. The labour market outcomes of these migrants are, however, vastly different. We find migrants to Australia earn much more relative to the median earnings of all working in that field of education compared to similar migrants to Canada. These outcomes seem to be due to systemic differences in the dynamics of federation. In Canada there has been far less flexibility, with many reforms to skilled migration implemented significantly later than in Australia, such as foreign credential recognition. In addition, the role of employers in the Australian demand-led system has been much stronger than in Canada. Finally, though both countries have implemented large temporary skilled migration schemes that lead to permanent migration, in Canada these temporary schemes have come later and admitted those with lower levels of education from lower socio-economic status countries. These PAs until recently were the most likely to transition to permanent resident status, contributing to lower earnings outcomes.

Our quantitative results on differences in earnings mirror the findings from earlier Canada-Australia comparisons using data from early 1990s to 2000 showing that migrants to Australia were better off in terms of employment (Richardson and Lester, 2004; Hawthorne, 2008). A United States-Canadian comparison of 25-64 year old workers with a university degree in science, technology, engineering or mathematics also found that such immigrants to Canada earned 26 per cent less than their native born counterparts, whilst there was no such difference in the United States. This is despite differences in immigration policies that would suggest the opposite, with the US system focussed on family reconciliation rather than economic migration (Picot and Hou, 2020).

Our analysis has several limitations. First, we present descriptive comparisons that match age, qualifications, field of study, time period, and country of origin and there may be unobserved factors that could drive the differences we find. There are differences between source countries in skills and abilities even for those with similar qualifications, so we could be comparing groups of workers in Canada and Australia who are different in ways we cannot observe. There is evidence that Canada's skilled migration programme could be granting visas to those with lower level of skills and ability compared to Australia, and this could explain part of the gap in relative earnings. Second, direct comparisons of census data between the two countries, including matching age groups, qualifications, country of origin, and measures of earnings, were not ideal and not always exactly comparable, though these issues are highly unlikely to drive the large differences in relative earnings we observe.

Our empirical analysis uses the 2016 census, and our review of policy issues include some subsequent key developments, including Canada 'catching up' to Australia in a number of ways. This includes the growth in the study-migration pathway in both countries. By 2016 former international students secured strong immediate employment outcomes in Australia (Department of Immigration and Border Protection, 2016). Canada was also keenly expanding the study-migration pathway at this time - starting later than Australia, while seeking to avoid its initial policy challenges. At the same time, Canada has set more aggressive immigration targets recently and going forward. Our evidence suggests that unless the government revisits how it supports settlement and labour market integration, as well as initial selection, then the large increase in inflows post COVID-19 may exacerbate the apparent skill mismatch we describe, while leaving many immigrants' potential to contribute to the Canadian economy underutilized. As with all government policy, immigration targets are ultimately a political decision by the government of the day. As researchers we hope that decisions around immigration policy are evidence-informed but recognize that many other factors are taken into consideration in making such decisions, particularly with regard to issues that are politically sensitive, which immigration certainly is. Our future research will use the 2021 census in each country to assess whether recent policy changes have made a lasting difference. Finally, though income is regarded as a key indicator of economic success that reflects success in employment and economic activity, further research should also examine aspects of immigrants' wellbeing such as life satisfaction, health status, as well as social connectedness and other contributions to the community.

NOTES

1. “PA” is used interchangeably for both “primary applicants” (Australia) and “principal applicants” (Canada).
2. As reported by the International Migration Outlook 2019 Report, 29 per cent of permanent migrants to Canada the previous year were approved in the family category (compared to 27 per cent for Australia), and 15 per cent in the humanitarian category (compared to 10 per cent) (OECD, 2019).
3. The Longitudinal Survey of Immigrants to Australia (LSIA) was administered to a representative sample of Independent and Concessional Family (Skilled-Australian Sponsored) Principal Applicants who reached Australia from 1993 to 1995, and from 1999 to 2000, with employment outcomes measured 6 months post-arrival. The Longitudinal Survey of Immigrants to Canada (LSIC) to a large degree replicated the LSIA, allowing direct comparability. Interviews were conducted with a sample of about 20,000 immigrants (12,000 respondents) settling in Canada between October 2000 and September 2001.
4. This study was commissioned by Citizenship and Immigration Canada, Statistics Canada, and Human Resources and Skills Development Canada. In addition to analysis of the 1999-2000 LSIA and the 2000-01 LSIC databases defined above, LSIA 1994-95 data were compared with data for skilled category PAs in Canada in the mid-1990s through analysis of Canada’s Immigration Database (IMDB) for Taxfilers the year 1994-1995, based on those who had arrived in Canada in 1994 (36,875 assisted relative and other skilled worker PAs under the age of 64 years).
5. 2016 was an incomplete year for both countries.

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DATA AVAILABILITY STATEMENT

The data that support the findings of this study are available from the Australian Bureau of Statistics and Statistics Canada. Restrictions apply to the availability of these data, which were used under license for this study. Coding for the analysis is available from the authors with the permission of the Australian Bureau of Statistics and Statistics Canada.

