

CEDA media release

Australia must make better use of migrants' skills

Embargoed until Wednesday 13 March 2024

Australia must increase skilled migrants' access to English-language training and better recognise their international qualifications and work experience to tackle persistent skills shortages and boost productivity, new CEDA research has found.

While there is public debate around the current size of Australia's migration program, we are still facing skills shortages in key industries.

Making better use of migrants' skills shows we are not making the most of the skills of migrants already in the country and identifies how to fix this, CEDA Senior Economist Andrew Barker said.

"Recent migrants earn significantly less than Australian-born workers, and this has worsened over time," Mr Barker said.

"Weaker English skills and lack of skills recognition are preventing us from making the most of migrants' skills and experience, with discrimination likely also having an impact.

"Many still work in jobs beneath their skill level, despite often having been selected precisely for the experience and knowledge they bring.

"Ensuring migrants can use their skills within their first few years in Australia is crucial to addressing ongoing skill shortages across the economy.

"Our recommendations to improve employment outcomes for migrants can bring benefits for all Australians through a more productive economy in the long term."

On average, migrants who have been in Australia for two to six years earn more than 10 per cent less than Australian-born workers.

"There are big costs from not making the best use of migrants' skills," Mr Barker said.

"We estimate that if migrants earned comparable wages to similar Australian-born workers in their first six years in Australia, this would unlock around \$4 billion in foregone wages each year."

English language skills are a key issue, as weaker language proficiency reduces wages for recent migrants by around nine per cent on average.

The costs are even greater for migrants with higher education because strong communication, writing and comprehension skills are even more crucial in highly skilled jobs.

Female migrants with a post-graduate degree have the worst wage outcomes, earning 31 per cent less than Australian-born women with similar education levels.

Expanding Federal Government funding for existing English programs would enable more skilled migrants to get a better start when they arrive in Australia.

We must also do more to recognise migrants' work experience and training. The proportion of recent migrants whose overseas qualifications are recognised in Australia is low compared with other countries.

This can be achieved by improving recognition of foreign qualifications and experience through direct assessment of competence, and requiring occupational regulators to explain any decision not to recognise a migrant's foreign qualifications, and identify ways to close the gap.

The report also calls for initiatives to tackle discrimination by building migrants' local knowledge and work experience, together with programs to reduce prejudice.

The Government should also consider giving greater weight to the skills and work experience of secondary (partner) applicants to skilled migration visas to improve employment and wages for female migrants.

"While training and upskilling local workers is crucial, in an economy facing widespread worker shortages and low unemployment, we must do more to ensure we can access the right skills at the right time and get the right people into the right jobs," Mr Barker said.

"By reducing skill shortages and boosting productivity, our recommendations can deliver a win-win through a stronger, more productive economy and greater wellbeing among migrants."

CEDA Senior Economist Andrew Barker is available for further comment and interviews.

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CEDA was founded in 1960 by leading economist Sir Douglas Copland. His legacy of applying economic analysis to practical problems to aid Australia's development still drives our work today.