



Australian Government
Department of Immigration
and Citizenship

Citizenship in Australia



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This paper was prepared by the Department of Immigration and Citizenship as part of its contribution to the OECD seminar on "*Naturalisation and the Socio-Economic Integration of Immigrants and their children*" held in October 2010. The purpose of this seminar was to gather an international perspective on whether naturalised immigrants fare better in the labour market and society and to establish whether there is any causal link between naturalisation and better labour market performance.

Summary

Australia has a high take-up of citizenship compared to other Organisation for Economic Co-operation and Development (OECD) countries. This paper provides an overview of citizenship policy, citizenship trends, and the socio-economic characteristics of citizens with and without Australian citizenship.

The paper begins with an historical overview of the development of citizenship policy and its connection with immigration and integration strategies in Australia since 1900. It discusses the current take-up rate of citizenship among different migrant groups, and explores the relationship between the acquisition of citizenship and labour market integration. It should also be noted that this information is based on Census data from 2006 and there has been significant change to the citizenship program since that date.

The authors found that about 80 per cent of migrants with more than ten years of residence have Australian citizenship. There is a large variation in the take-up rate of Australian citizenship by country of birth and immigration group, with persons from countries with lower economic or civil opportunities, and refugees in particular, being more likely to take-up Australian citizenship. Of Australia's overseas-born population, those who are citizens seem to fare better in the labour market—they have lower unemployment rates and higher full-time employment than non-citizens.

Citizenship in Australia

Introduction

Most immigration to Australia has always been encouraged as a permanent move. Australia is a long way from many of our 'source' countries, particularly in Europe. Integration has always been part and parcel of Australia's immigration policies and our services have developed within a specific historical, cultural and policy context. The development of Australian citizenship has been intertwined with immigration since 1901.

On 26 January 1949, the legal concept of Australian citizenship was created with the enactment of the *Nationality and Citizenship Act 1948*, which was replaced by the *Australian Citizenship Act 2007*. Throughout that year, 2493 migrants from 35 countries became the first overseas-born Australian citizens. Sixty years later in 2009, 119 791 migrants from 185 countries were conferred as Australian citizens.

Today, due to Australia's strong social and welfare policies, Australian citizenship has little practical effect on the everyday situation of the permanent migrant. People who are permanent residents have the same access as citizens to the national health program and public education at the primary and secondary school level. They also have some access to welfare support and public tertiary education. Many are also eligible for special settlement services to help them take part in mainstream life as soon as possible.

There are however some distinct advantages to acquiring Australian citizenship. These are an Australian passport, eligibility for permanent government employment, the right to vote in government elections and security from deportation. Australian citizenship also has great symbolic value for the population at large, in that it formally establishes membership of the national community.

This paper provides a profile of those who have acquired citizenship, and discusses the take-up rate of citizenship among different migrant groups, and explores the relationship between the acquisition of citizenship and labour market integration.¹ To establish context to Australia's more recent policies and impacts on labour market integration, this paper begins with an historical overview of Australian citizenship policy and its connections to wider migration and integration policies.²

1 The data has mostly been sourced from the 2006 Census of Population and Housing and does not take into account more recent data on citizenship conferrals and significant changes to Citizenship policy and regulations. There are some parameters of the 2006 Census which may affect the accuracy of data presented in this paper. Census data is taken from persons residing in Australia on the date the Census. The Census data is self-reported and it does not cover Australian Citizens or permanent residents who were outside Australia at the date of Census. Nevertheless, the Census remains a rich source for analysing who takes out Australian Citizenship and for analysing changes of Citizenship take-up over time.

2 Much of this historical account is extracted from Australian citizenship: a chronology of major developments in Policy and Law, 2009, by Klapdor, Coombs and Bohm, www.citizenship.gov.au/_pdf/cit_chron_policy_law.pdf, last accessed: 28 October 2010

History of Australian migration, integration and citizenship policies (1900 to present)

The *Immigration Restriction Act 1901* laid the basis for the White Australia Policy which was to dominate Australia's immigration policy for the most part of the 20th century. Immigration in Australia was administered by individual states in Australia, across various departments. A major obstacle to non-European migration was the legislated requirement of a dictation test.

In 1945 the Department of Immigration was established and for the next 65 years was to oversee a massive program of immigration, integration and citizenship.

Australian citizenship was created through the *Nationality and Citizenship Act 1948*, and came into effect on 26 January 1949 (soon after the post-war migration program was launched). Prior to 1949, Australians could only hold the status of British subjects. Since the enactment of the *Nationality and Citizenship Act 1948*, knowledge of English and the responsibilities and privileges of Australian citizenship have been required under legislation.

The driving force behind immigration policy for the next 20 years became known as 'populate or perish'. The original intention of Australia's migration program was that the country's population would be increased by approximately two per cent each year – one per cent by natural increase, and the other one per cent through migration.

In line with the *Immigration Restriction Act 1901*, assimilation was expected of all new arrivals. It was assumed that participation in Australian society would not be difficult, and new arrivals were expected to learn English, adopt existing cultural norms and become indistinguishable from the Australian-born population as quickly as possible.

The 1950s and 60s saw a gradual easing of conditions for obtaining Australian citizenship. Population growth was still a key pillar of immigration policy, but increasingly economic growth and skills became the key drivers. This led to significant changes in the migration mix, with many non-British migrants deciding to make Australia their new home.

The then secretary of the department, T.H.E. Hayes, stated in 1952 that 'a high rate of naturalisation would be evidence of the success of our immigration policies'. He engaged the department in a process of monitoring the take-up of citizenship by migrants. By the mid 1960s it was recognized that assimilation was not easy for everyone. Immigration policy turned to highlighting *integration* recognising the increasing diversity of the immigration intake.

In 1972, the Australian Labor Party won government on a non-rationally based immigration platform, spelling the end of the White Australia Policy. At the end of the 1970s, Australia introduced a points test system that gave weight to factors such as family ties, occupational and language skills. The points test system brought greater objectivity to visa decision making and has endured as a policy tool to this day.

With the changes in the immigration mix, it was recognised that settlement services needed reviewing (Galbally: 1978 and FitzGerald: 1988). The result was a renewed commitment to a non-discriminatory and managed immigration program and the mainstreaming of migrant services, with special services available to those in need. The primary aim of settlement services was to help migrants become self-reliant as quickly as possible.

The recession of the early 1990s again put emphasis on labour market drivers. There were also increasing concerns over the number of boats carrying asylum seekers arriving on the shores of Australia. Further codification of the immigration program occurred through the *Migration Reform Act*, passed in 1992, through the introduction of a universal visa system and a fair administrative process was bolstered with the expansion of a review mechanism relating to migration decisions.

Bolstering of Australia's citizenship program in the 1990 occurred first with the *Australian Citizenship Amendment Act 1993*, which incorporated a preamble into the *Australian Citizenship Act 1948* to recognize that citizenship is a common bond of rights and responsibilities for all Australians, and replaced the oath of allegiance with a *Pledge of Commitment*.

In 2000, the Australian Citizenship Council released its report, *Australian Citizenship for a New Century*, examining the concept of citizenship and recommending changes to modernise citizenship law. This led to major changes in the *Citizenship Act* in 2002, including the introduction of dual nationality for Australian citizens.

In 2005, the then Prime Minister proposed reviewing the residency requirement for citizenship. This proposal was part of a package of reforms aimed at enhancing social cohesion in Australia.

In 2006, the Department of Immigration and Multicultural Affairs released a discussion paper on the merits of introducing a citizenship test, *Australian citizenship: much more than a ceremony*. The discussion paper examined the merits of a test as encouraging integration, promoting the value of citizenship and ensuring applicants had appropriate English language skills.

The *Australian Citizenship Act 2007* significantly restructured the 1948 Act. It introduced a number of changes including the introduction of a test to objectively test knowledge of English and the rights and responsibilities of Australian citizens. It also extended the residency requirement from two to four years including a 12 month period of permanent residence before making the application. The test aimed to ensure applicants for citizenship understood Australia's laws, values and the community generally, to aid the integration of new citizens. These changes saw an increase in citizenship applications before the introduction of the test.

In 2007, the permanent migration program target was at the highest level for 20 years.

At 184 438, net overseas migration for 2007 was the highest on record.

In 2008, the Rudd government reviewed the citizenship test following a study "*Moving forward...Improving Pathways to Citizenship*". It found that refugees and humanitarian entrants were at a particular disadvantage due to their lower literacy skills and education background. To address these concerns, the government supported the following report recommendations:

- allow particularly disadvantaged clients, for example, those with limited written English skills, but adequate spoken skills, to undertake a citizenship course-based test as an alternative to the computer-based test
- revise the resource book into Basic English by professional educators with experience in English language tuition, civics and citizenship education.

The Pledge of Commitment was made the centrepiece of the new test and an exemption from sitting the test was introduced for people with a permanent or enduring physical or mental incapacity.

In his second reading speech when introducing the legislation, the then Minister for Immigration and Citizenship, Senator Chris Evans, said:

"The government wants a citizenship test that is part of a meaningful pathway to citizenship for all those aspiring to become Australians. It should fill our new citizens with confidence about their role in this society, and how they can contribute to making this nation vibrant and strong. By focusing on the pledge, the government has placed democratic beliefs, responsibilities and privileges of Australian citizenship and the requirement to uphold and obey the laws of Australia, at the heart of the citizenship test."

Citizenship conferrals

In 2009–10, there were 119 791 people conferred with Australian citizenship—a 38 per cent increase on the 86 981 conferrals for 2008–09.

As shown in Table 1, the United Kingdom (UK), New Zealand, India and the People’s Republic of China have been the major sources of Australia’s new citizens in the past decade.

The relative importance of New Zealand as a source of new citizens has declined in recent years, from being the second largest source of new citizens in 2000–01, to the sixth largest source in 2009–10. This now places New Zealand behind the UK, India, the People’s Republic of China, South Africa and the Philippines. Over the same ten year period, India has become the second largest source of new citizens—up from sixth in 2000–01.

Table 1: Citizenship conferrals by nationality

Previous nationality	Citizenship conferrals 2000–01 to 2009–10
United Kingdom	197 869
New Zealand	94 479
People’s Republic of China	80 072
India	72 818
South Africa	47 255
Philippines	35 251
Sri Lanka	21 712
Vietnam	20 411
Malaysia	19 317
Republic of Korea	14 760
Indonesia	12 204
Other countries	368 811

Source: Department of Immigration and Citizenship

Most citizenship applicants do not become citizens until they have attended a citizenship ceremony. These ceremonies take place after an application is assessed and approved and may be scheduled on particular dates such as on Australian Citizenship Day or Australia Day.

Citizenship ceremonies are important occasions, and can range in size from a single person to groups of a hundred or more. Ceremonies may include a welcome from Indigenous Australian leaders and community and government representatives will often make short speeches regarding the meaning of citizenship.

When attending the citizenship ceremony, applicants make the Australian Citizenship Pledge.

From this time forward, under God*

***I pledge my loyalty to Australia and its people,
whose democratic beliefs I share,
whose rights and liberties I respect, and
whose laws I will uphold and obey.***

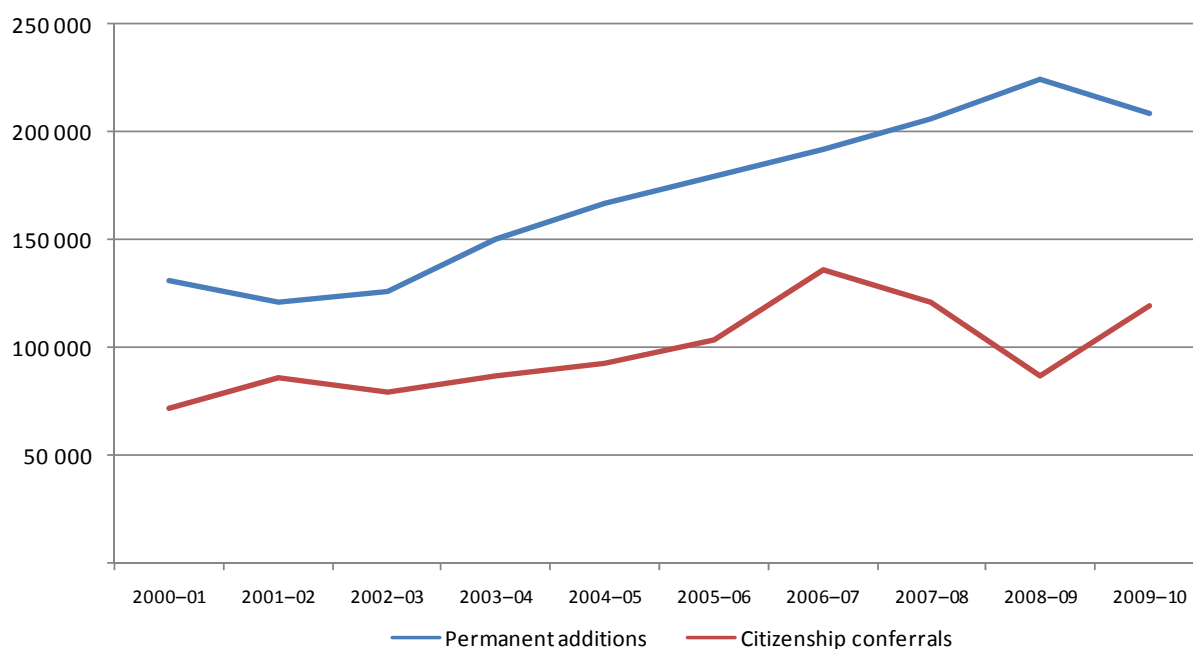
* A person may choose whether or not to use the words 'under God'.

Repeating this pledge is the final step in becoming an Australian Citizen. By repeating the pledge, new citizens are making a formal and public commitment to Australia, including the responsibilities and privileges of citizenship. This pledge is also the basis for the pledge used in Australian citizenship affirmation ceremonies. These are ceremonies open to anyone regardless of their citizenship status, and give individuals the opportunity to affirm their loyalty and commitment to Australia and its people.

Figure 1 shows the growth in citizenship conferrals over the past decade. Two things are notable from this figure:

- the growth in conferrals is a consequence of larger migration programs in recent years
- the announcement of residence requirements in September 2006, followed by the announcement of a citizenship test three months later led to a large increase in applications through 2007. A natural consequence of this was a sharp drop in applications following the introduction of the new residence requirements in July 2007 and the test in October 2007.

Figure 1: Citizenship conferrals and permanent additions 2001–01 to 2009–10



Source: Department of Immigration and Citizenship

Citizenship rates

At the time of the 2006 Census there were almost three million migrants living in Australia who reported themselves to be Australian citizens, indicating a figure equivalent to a citizenship take-up rate of 68 per cent of the 4.4 million migrants that responded to the Census. This is 20 percentage points higher than the OECD average, slightly lower than Canada's 75 per cent rate and well above the 48 per cent rate for the United States of America (OECD).

When comparing rates of citizenship between different countries some caution is required, as people who are not eligible for citizenship may be counted in a country's resident population. In the case of Australia, long-term temporary residents such as international students and 457 workers as well as permanent residents who have not lived in Australia long enough to qualify for citizenship are all counted in the Census.

The result of including all these ineligible residents is that the citizenship rate for Australia will be under-reported. *Attachment A* in this report takes this in account to estimate a revised citizenship rate for Australia of 80 per cent.³

Characteristics of Australia's citizens

Countries with a long history of migration to Australia, such as England, New Zealand, Vietnam and Italy are the main birthplaces of overseas-born Australian citizens and collectively have contributed a third of current citizens. More recently the acquisition of Australian citizenship has been taken up by emerging migrant countries with India, the People's Republic of China, South Africa and the Philippines now being among the prominent sources of new citizens in 2009–10.

Table 2 shows the origins and characteristics of Australia's overseas-born citizens, as well as the take-up of Australian citizenship. As can be seen from this table, the take-up of Australian citizenship:

- **is the same across gender.** With 68 per cent of overseas-born males and 69 per cent of females having Australian citizenship
- **increases with age.** As will be shown later the longer a migrant resides in Australia the more likely they are to take-up citizenship. The consequence of this is that migrants who are citizens are older than non-citizens. In fact with a median age of 50 years, they are, as a group, 13 years older than non-citizens and 18 years older than the Australian-born
- **is similar across all levels of English proficiency.** Ranging from 66 per cent for people whose best language is English to 71 per cent for poor English speakers.

One reason for this apparently lower take-up rate among better English speakers is to do with the origins of these migrants. More than half come from either New Zealand or England and the data shows that migrants from these two countries have below average citizenship rates with New Zealand being particularly low at only 37 per cent. Possible reasons for these low take-up rates are discussed in the next section of this paper.

Looking at citizenship rates on a country by country basis produces a much different result. For instance, compared with people who speak English as their best language, poor English speakers have a lower rate of citizenship for 96 of the top 100 overseas birthplaces, whereas people who speak English well have a lower rate for 86 of the top 100 overseas birthplaces. It should also be noted that this information is based on Census data from 2006 and, as previously mentioned, there has been significant change to the citizenship program since that date.

³ Doing a similar exercise for data from the 2006 Canadian Census gives a revised citizenship rate of 85 per cent.

- **is similar for most states and territories at 67 to 70 per cent.** There are however two extremes—Queensland and the Australian Capital Territory (ACT).

Queensland had the lowest citizenship rate, as it had more New Zealand-born migrants than any other jurisdiction.

The ACT has the highest rate, most likely because the federal government is a major employer in the territory and Australian citizenship is a pre-requisite in applying for this type of employment. In fact, 36 per cent of the overseas-born citizens in the ACT work in the federal public service compared with the only five per cent of overseas-born citizens elsewhere in Australia. It is also notable that within the ACT, overseas-born citizens are five percentage points more likely to be federal public servants than those born in Australia.

Table 2: Citizenship numbers and take-up rates of overseas-born by selected characteristics

Characteristic	Australian citizens ('000)	Not Australian citizens ('000)	Citizenship rate
Gender			
Male	1 439	681	68%
Female	1 514	698	68%
Age			
Less than 15 years	108	119	47%
15 to 24 years	204	206	50%
25 to 34 years	295	298	50%
35 to 44 years	517	263	66%
45 to 54 years	596	195	75%
55 to 64 years	568	141	80%
65 years and over	665	158	81%
Birthplace			
England	569	276	67%
Italy	157	39	80%
Viet Nam	142	14	91%
New Zealand	139	240	37%
China	118	85	58%
Greece	105	3	97%
Philippines	96	22	81%
Scotland	81	47	63%
India	79	65	55%
Germany	76	29	72%
South Africa	71	32	69%
Other	1 321	526	72%
English proficiency			
English Only	1 443	744	66%
Good English Proficiency	1 182	500	70%
Poor English Proficiency	308	125	71%
State of residence			
New South Wales	1 070	456	70%
Victoria	792	358	69%
Queensland	425	260	62%
South Australia	208	94	69%
Western Australia	352	170	67%
Tasmania	34	16	68%
Northern Territory	17	9	67%
Australian Capital Territory	53	16	76%
Total	2 953	1 379	68%

Source: ABS unpublished data from the 2006 Census of Population and Housing

Variation by birthplace

Table 2 also shows considerable variation in the take-up of Australian citizenship among different countries:

- Migrants from India and the People's Republic of China have a low-take-up rate because at the time of the Census many of their migrants were relatively recent arrivals who had not yet met citizenship residency requirements. Since then, many have become citizens, with 17 881 former citizens of India and 11 103 former citizens of the People's Republic of China being conferred citizenship in 2009–10, making India and the People's Republic of China the second and third largest sources of new Australian citizens during this period. Another factor contributing to a low citizenship rate is the high number of temporary residents from India and the People's Republic of China who are counted in the population. Taking these factors into account increase the citizenship rate for both countries to 94 per cent (see *Attachment A* for more details).
- The absence of dual citizenship arrangements may explain low take-up rates for migrants from Japan (15 per cent) and Singapore (55 per cent). This is consistent with data from the second Longitudinal Survey of Immigrants to Australia conducted in 2002, which shows that the two most common reasons for not wanting to take-up Australian citizenship were to retain citizenship of their home country and to keep their current passport (DIAC: 2004).
- Migrants from the UK also have relatively low take-up rates. Many of these migrants have been in Australia a long time and provided they were on the electoral roll before January 1984, also enjoy the right to vote in federal elections⁴. Furthermore, because Australia did not allow dual citizenship until 2002, many older UK migrants who were initially reluctant to give up their UK citizenship may now see little point in acquiring Australian citizenship at this stage in their lives.
- For New Zealand migrants there are two factors contributing to their low take-up rate. The first is the Trans-Tasman Travel Arrangement (TTTA), which has been in existence since 1973, which allows the free movement of New Zealanders to live and work in Australia and remain indefinitely. The second factor is new residence and citizenship requirements introduced by the Australian Government in 2001. Under these new requirements, New Zealanders who first arrived in Australia after February 2001 need to be holders of a permanent visa to be eligible to apply for citizenship. One possible result of these two factors is that New Zealanders who arrived before February 2001 may have less motivation to become citizens than most other nationalities as they have never made a formal commitment to migrate. They receive all the benefits of permanent residence, can continue to move freely to and from New Zealand and maintain strong connections with their home country. Another consequence is that New Zealanders who arrived after this date have a restricted pathway to permanent residence and citizenship, as most would fail to meet the requirements for family reunion or skilled migration but are still able to travel freely to Australia under the TTTA.

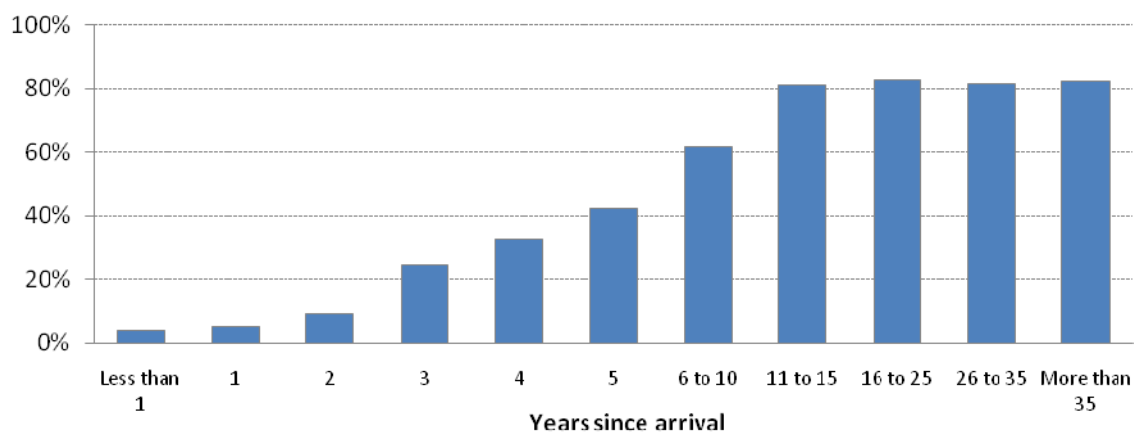
⁴ A right that was not extended to other countries.

- Other countries have particularly high citizenship take-up rates—Greece, Vietnam and, Bosnia and Herzegovina for example. People from these countries are likely to be more motivated to take-up citizenship for two reasons:
 - First, many came to Australia to escape difficult political situations or ethnic conflicts in their home country and will therefore seek the additional security of Australian citizenship. This finding is supported by the Australian Bureau of Statistics Perspectives on Migrants study that linked Census and Department of Immigration and Citizenship data to show that 69 per cent of humanitarian entrants who had arrived in 2003 were Australian citizens. In comparison, the same study showed that only 29 per cent of skilled migrants and 16 per cent of family migrants arriving in that year had acquired citizenship (ABS: 2003).
 - Second, they may take-up citizenship as an acknowledgement of the better life and greater opportunities provided by their host country. This rationale does not always hold true. The push factors for migration from post-war Italy were similar to those of post-war Greece, however the Italian-born have a citizenship rate that is 20 per cent lower than the Greek-born.

Variation by years since arrival

Citizenship rates also increase with time in Australia up to a point. Figure 2 shows that as a group, migrants who came to Australia more than ten years ago (that is, before 1996) had a relatively uniform citizenship take-up rate in 2006 of 82 per cent, almost 20 percentage points higher than the rate for people who arrived five years later. The very low take-up rates in the early years of integration are a function of the two year residence requirements that applied to most migrants at the time of the Census.

Figure 2 – Citizenship rates by years since arrival



Source: ABS unpublished data from the 2006 Census of Population and Housing

The reporting of take-up rates in figure 2 is only based on the 2006 Census. Figure 3 extends this analysis to provide a comparison of take-up rates at four different Census time-points—2006, 1996, 1991 and 1986 to show:

- the citizenship rate for more established migrants is highest for the 2006 Census. At the time of this census, 82 per cent of migrants who had been in Australia 15 years or more were Australian citizens—three percentage points higher than at the 2001 Census, six percentage points higher than the 1996 Census and 11 percentage points higher than the 1986 Census
- a relatively slow take-up rate of Australian citizenship among more recent migrants in the 2006 Census. For example, at the time of the 2006 Census, just over 40 per cent of migrants who had been in Australia for five years had acquired Australian citizenship. For the 2001 Census, the equivalent figure was slightly over 50 per cent of migrants who had been in Australia for five years and for 1996 it was almost 60 per cent. It is also notable from figure 3 that the take-up rate in the very early years was highest for the 1986 cohort. This reflects the one year residence requirement existing prior to 1984, which was subsequently replaced by a two-year requirement.⁵

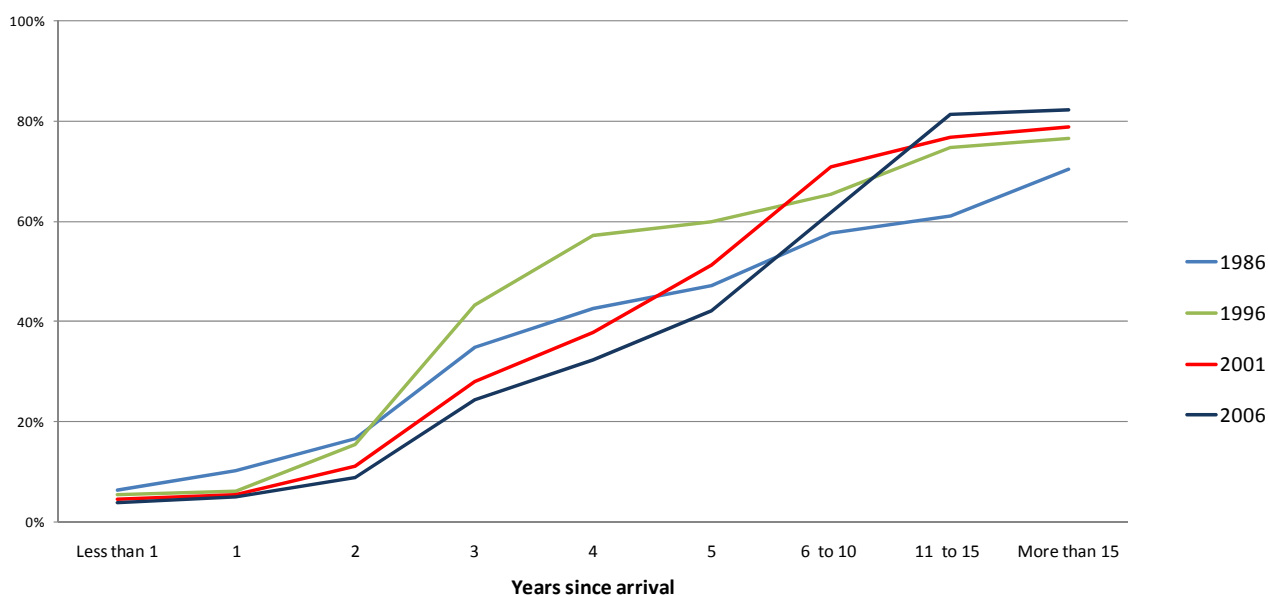
⁵ Although it has no effect on this analysis, the two year eligibility requirement was replaced by a four year requirement in 2007.

These differences in take-up rate trends are not contradictory. The high take-up rate for established migrants in the 2006 Census is in fact a legacy of high take-up rates among these same migrants in earlier Census cohorts. This is most evident in the way that the 2001 Census cohort that arrived between five and fifteen years earlier echoes the 1996 cohort that had arrived in Australia three to ten years earlier.

It is not clear whether the low citizenship rates among more recent migrants observed in the 2006 Census will flow-on to a decline in overall citizenship rates in coming years. In addition, any decline evident in 2011 Census data is likely to be a result of significant and subsequent changes to the Australian citizenship regime since that time. Historically, citizenship application rates tend to drop following changes to the Citizenship Act, possibly due to uncertainty about eligibility in migrant communities. Since the 2006 Census, Australian citizenship has seen the introduction of a formal citizenship test in 2007, followed by a widely publicised independent review of citizenship in 2008, significant revision of the citizenship test and supporting education resources in 2009, as well as major changes in 2009 to the process for applying and an increase to the residence requirement in 2010.

This analysis does not control for the age of migrants—older migrants may have a greater propensity to apply for citizenship for example. If this was the case, then not all the increases in citizenship rates would be attributed to increased time in Australia.

Figure 3 – Citizenship rates by years since arrival: selected Census years



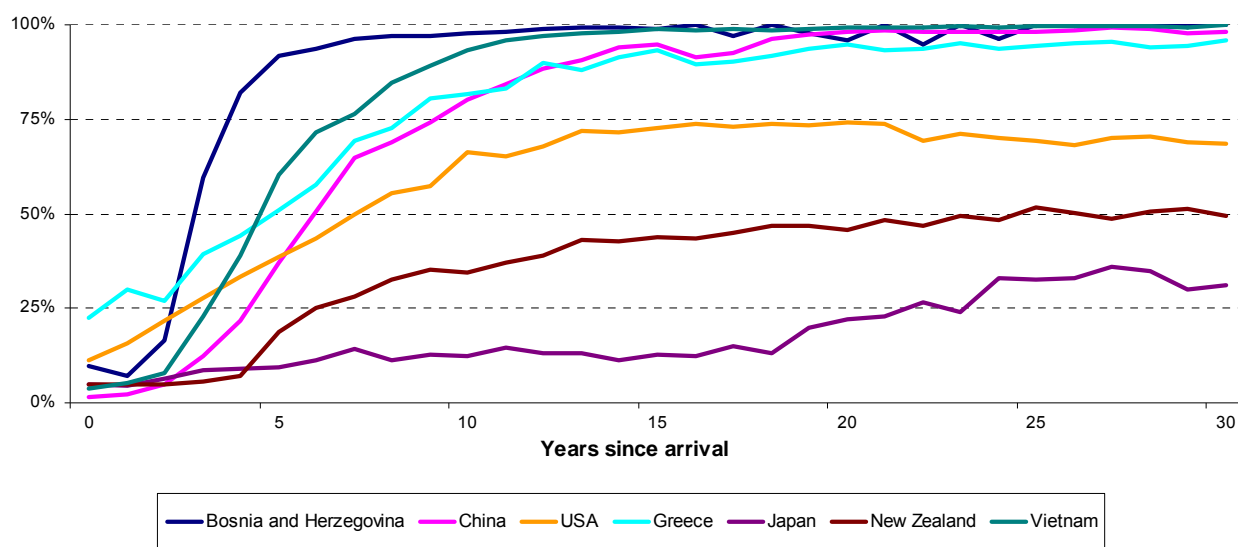
Source: ABS Unpublished data from the 1986, 1996, 2001 and 2006 Census of Population and Housing

Variation by birthplace and years since arrival

Figure 4 presents citizenship rates by year since arrival for selected countries and shows:

- citizenship rates that are consistently high for established migrants from Greece, Vietnam, the People's Republic of China and, Bosnia and Herzegovina
- citizenship rates that are relatively low for established migrants from New Zealand and Japan
- a rapid take-up of citizenship by new arrivals from Bosnia and Herzegovina. Further analysis of the data shows that more than 95 per cent of people from this country had acquired Australian citizenship within 11 years. Similar rapid take-up rates were also observed for other Balkan countries
- the variability in citizenship rates within some birthplace cohorts, where more established migrants had lower citizenship rates than more recent arrivals. For instance migrants born in the United States of America arriving between the mid 1960s and mid 80s have lower citizenship rates than those who arrived in the decade between 1985 and 1994. Other countries not shown in figure 4, but reporting similar patterns were England, Scotland, Canada and Ireland.

Figure 4 – Citizenship rates by years since arrival (selected birthplaces)



Source: ABS unpublished data from the 2006 Census of Population and Housing

The relationship between citizenship and labour market outcomes

Citizenship does open up some additional employment opportunities for migrants, for example, through eligibility for permanent employment in the federal public sector and the Australian Defence Force. It is also possible that employers perceive that naturalised migrants are better integrated and more productive (SOPEMI: 2010). However, this may also be a function of the longer period of time that naturalised migrants have been residing in Australia and a corresponding improvement in their ability to navigate the Australian employment environment, including through improved English and local work experience.

The extent of the employment benefits of citizenship is demonstrated in Table 3 which compares the employment outcomes of three groups:

- migrants with Australian citizenship
- migrants without Australian citizenship
- the Australian-born population.

To ensure that these groups are more comparable, the analysis is restricted to people aged 25 to 44 years who have been in Australia for ten years or more. Limiting the analysis in this way removes the impact of temporary residents and controls for the fact that overseas-born Australian citizens are much older than the rest of the population.

What this shows are the significant effects of gender on labour market integration of citizens and non-citizens:

- females with citizenship are seven percentage points more likely than female non-citizens and three percentage points more likely than the Australian-born females to be working full-time. At 74 per cent, the workforce participation rate of female citizens lies halfway between that of non-citizens (72 per cent) and the Australian-born (76 per cent)
- among males there is almost no difference in the labour market profile of citizens, non-citizens and the Australian-born population—between 77 to 78 per cent were in full-time work, 91 to 92 per cent were in the workforce and four to five per cent were unemployed at the time of the Census.

Table 3: Employment outcomes overseas-born citizens and non-citizens aged 25 to 44 years

Labour force status	Overseas-born		
	Australian citizen (%)	Not Australian citizen (%)	Australian-born (%)
Males			
Employed, worked full-time	73%	73%	73%
Employed, worked part-time	10%	10%	9%
Employed, away from work	5%	5%	5%
Unemployed, looking for full-time work	3%	4%	3%
Unemployed, looking for part-time work	1%	1%	1%
Not in the labour force	8%	8%	9%
Total	100%	100%	100%
<i>Male unemployment rate</i>	4%	5%	4%
<i>Male participation rate</i>	92%	92%	91%
<i>Male full-time employment to population ratio</i>	77%	77%	78%
Females			
Employed, worked full-time	40%	34%	37%
Employed, worked part-time	26%	30%	31%
Employed, away from work	4%	4%	5%
Unemployed, looking for full-time work	2%	2%	2%
Unemployed, looking for part-time work	2%	2%	2%
Not in the labour force	26%	28%	24%
Total	100%	100%	100%
<i>Female unemployment rate</i>	5%	6%	4%
<i>Female participation rate</i>	74%	72%	76%
<i>Female full-time employment to population ratio</i>	43%	36%	40%

Source: ABS unpublished data from the 2006 Census of Population and Housing

Further analysis of census data shows that the employment benefits of citizenship are also evident for migrants from mainly English speaking countries.⁶ Citizens from these countries have:

- a participation rate of 87 per cent, which is four percentage points better than that for non-citizens. In comparison the participation rate for citizens and non-citizens from other countries is far closer—81 per cent and 80 per cent respectively
- an unemployment rate at the time of the 2006 Census of only three per cent, compared with an unemployment rate of five per cent for non-citizens from these countries. Citizens and non-citizens from other countries both had an unemployment rate of six per cent
- a full-time employment rate of 60 per cent, which is four percentage points better than that for non-citizens. Citizens from other countries had a full-time employment rate that was three percentage points higher than that of non-citizens.

Do their jobs differ?

Although there are only small differences in the labour force characteristics of the three groups (overseas-born citizens, non-citizens and the Australian-born), some interesting differences do emerge when job characteristics are analysed.

Table 4 compares the occupation, industry, employment sector and employment status of these three groups. Again to ensure comparability, the analysis is limited to people aged 25 to 44 years who have been in Australia for ten years or more.

As can be seen from this table:

- regardless of citizenship status, migrants are over-represented in manufacturing—a traditional employer of the overseas-born and are under-represented in agriculture— reflecting their greater urbanisation compared with the Australian-born population
- those without citizenship are also almost twice as likely to be working in construction as migrants with citizenship. There are two factors that contribute to this over-representation. First, non-citizens will find it easier to get contract work than to get permanent work. Secondly, the proportion of independent contractors working in construction is far higher than other industries—according to the 2009 Australian Bureau of Statistics Forms of Employment Survey (ABS: 2009), 36 per cent of all people working in the construction industry are independent contractors. The average for other industries is only seven per cent
- migrants with Australian citizenship are more likely to be found in the professional sector than both the Australian-born and other migrants. This demonstrates the emphasis on skills in Australia's migration program. By contrast migrants without citizenship are more likely to be working in unskilled labouring jobs or as technicians and trade workers
- citizenship is also an enabler for government employment, with overseas-born citizens having the same proportion working in the federal public service as the Australian-born and three times the proportion as non-citizens. Overseas-born citizens are also more likely to secure state government jobs than non-citizens, even though Australian citizenship is usually not a pre-requisite for this type of employment

⁶ These comprise South Africa, New Zealand, UK, Ireland, USA and Canada

- migrants are slightly more entrepreneurial than the Australian-born population. Eighteen per cent of overseas-born citizens and non-citizens are running their own business, compared with 15 per cent of the Australian population
- consistent with their greater propensity for skilled employment the earnings of overseas-born Australian citizens are higher than those of non-citizens, with 37 per cent having gross earnings of \$1000 or more per week compared with 33 per cent of non-citizens.

Table 4: Employment characteristics of foreign-born citizens and non-citizens aged 25 to 44 years

Characteristic	Overseas-born		Australian-born (%)
	Australian citizen (%)	Not Australian citizen (%)	
Industry of employment			
Agriculture, Forestry and Fishing	1%	1%	3%
Mining	1%	2%	2%
Manufacturing	13%	14%	11%
Electricity, Gas, Water and Waste Services	1%	1%	1%
Construction	6%	11%	9%
Wholesale Trade	5%	6%	5%
Retail Trade	9%	10%	10%
Accommodation and Food Services	5%	6%	4%
Transport, Postal and Warehousing	5%	6%	5%
Information Media and Telecommunications	3%	2%	2%
Financial and Insurance Services	6%	5%	5%
Rental, Hiring and Real Estate Services	1%	2%	2%
Professional, Scientific and Technical Services	9%	7%	7%
Administrative and Support Services	3%	4%	3%
Public Administration and Safety	8%	4%	8%
Education and Training	6%	5%	8%
Health Care and Social Assistance	11%	10%	10%
Arts and Recreation Services	1%	1%	1%
Other Services	3%	4%	4%
Occupation			
Managers	13%	13%	14%
Professionals	27%	18%	22%
Technicians and Trades Workers	13%	17%	16%
Community and Personal Service Workers	8%	9%	9%
Clerical and Administrative Workers	16%	15%	16%
Sales Workers	7%	8%	8%
Machinery Operators And Drivers	7%	9%	7%
Labourers	9%	11%	9%
Employment sector			
Commonwealth Government	6%	2%	5%
State/Territory Government	9%	6%	10%
Local Government	1%	1%	2%
Private sector	85%	91%	84%
Employment status			
Employee not owning business	81%	81%	83%
Owner managers of incorporated enterprises	8%	7%	6%
Owner managers of unincorporated enterprises	10%	11%	9%
Contributing family workers	1%	1%	1%
Earnings			
Proportion with earnings of \$1000 or more per week	37%	33%	36%

Source: ABS unpublished data from the 2006 Census of Population and Housing

What is the labour market effect of time in Australia?

So far the analysis of labour market performance presented in this report has been restricted to an established migrant cohort—a deliberate technique to counter the effect of temporary residents. In this section of the report, a comparison of the labour market performance of citizens and non-citizens based on time in Australia, recently arrived migrants has been included in the analysis.

Figures 5, 6 and 7 show key labour market outcomes for citizens and non-citizens aged 25 to 44 years plotted against their year of arrival in Australia. As can be inferred from these charts, it takes five to ten years for recent migrants to achieve labour market outcomes that are comparable with other migrants. For instance, only 35 per cent of non-citizens are in full-time employment in the first year after arrival; by the tenth year the rate of full-time employment has risen to 54 per cent. Beyond the tenth year, improvements in outcomes are only marginal.

It is also notable that each of these charts has two distinct parts. Among the more established migrants (that is, those arriving before the mid 1980s), the labour market outcomes of citizens are better than those of non-citizens. In contrast, non-citizens who arrived after the mid 1980s have superior outcomes to citizens arriving over the same period.

One explanation for this is the differing rates at which citizenship is taken up by different migrant groups.

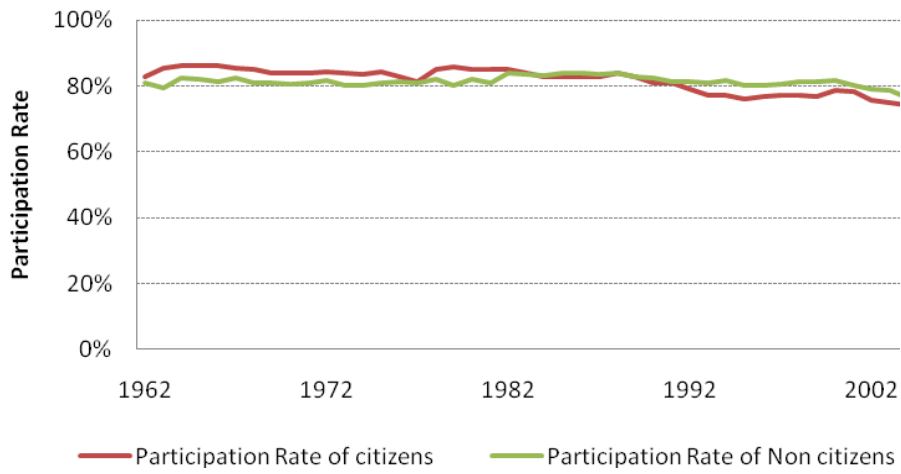
As noted earlier the humanitarian cohort is quicker at taking up citizenship, meaning that they will be over-represented among the cohort of recently arrived citizens. It is also well understood that humanitarian migrants perform far worse in the labour market than other categories of migrants. The Australian Bureau of Statistics *Perspectives on Migrants* study shows that only 17 per cent of Humanitarian Program migrants were working full-time, compared with 36 per cent of those from the Family Stream and 50 per cent of skilled migrants. It is this over-representation of a group with poor outcomes that has a significant negative effect on the overall labour market outcomes of recently arrived citizens.

Furthermore, among the non-citizens there are a substantial number of people in Australia on temporary visas, the majority of whom would be on either on Working Holiday or Temporary Business (Long Stay) (subclass 457) visas. Both of these groups would have a very high rate of labour market participation. Student visa holders, the other major group of temporary residents, would be relatively few in number as the analysis only covers 25 to 44 year old students.

As migrants become more established and citizenship rates approach 80 per cent, a greater number of migrants from non-humanitarian streams take-up citizenship. There are two consequence of this:

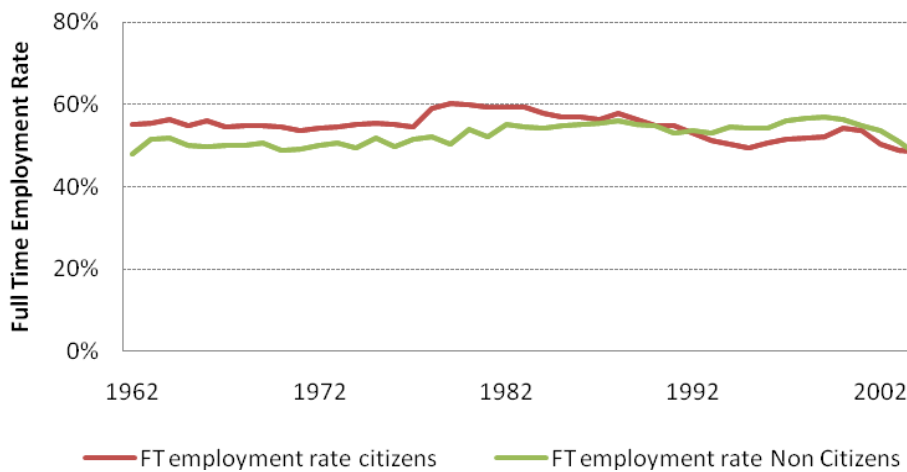
- the greater proportion of established migrants from skilled and family streams has a positive effect on the overall employment outcomes of citizens
- the outcomes of migrants who are citizens and non-citizens are more comparable. In this respect, established citizens do out-perform established non-citizens with participation rates that are three to five percentage points higher; full-time employment rates that are four to six percentage points better; and unemployment rates that are one per cent lower on average.

Figure 5 - Participation rates of citizens and non-citizens by year of arrival



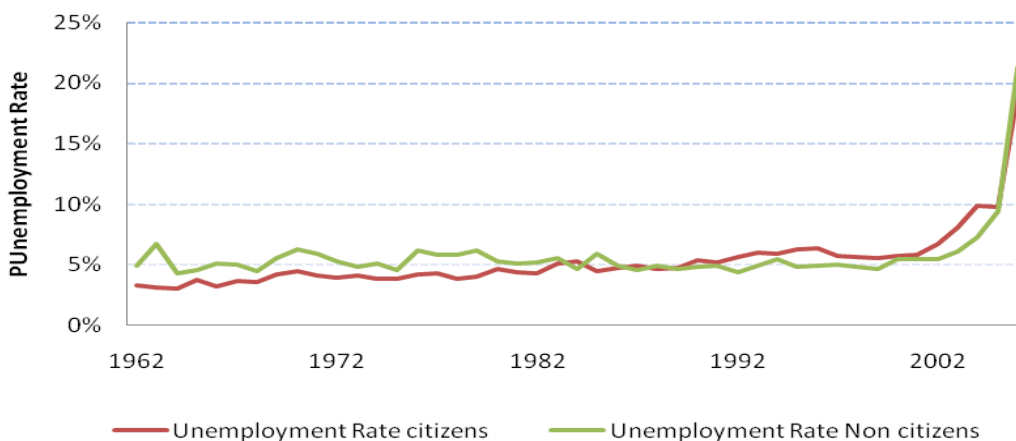
Source: ABS unpublished data from the 2006 Census of Population and Housing

Figure 6 - Full-time employment rates of citizens and non-citizens by year of arrival



Source: ABS unpublished data from the 2006 Census of Population and Housing

Figure 7 - Unemployment rates of citizens and non-citizens by year of arrival



Source: ABS unpublished data from the 2006 Census of Population and Housing

Conclusion

Australia has a high take-up rate of citizenship compared to other OECD countries. After meeting the residential and other requirements, almost 80 per cent of migrants are granted Australian citizenship.

There is a large variant in the take-up rate of Australian citizenship by country of birth, with persons from countries with lower economic or civil opportunities more likely to take-up Australian citizenship.

Of Australia's foreign-born population, those who are citizens seem to fare better in labour force participation, with lower unemployment rates and higher full-time employment than foreign-born non-citizens. Labour force participation is most marked in the Professional occupation, where there is a nine per cent increase in labour force participation of citizens.

Finally, of note are the substantial changes to Australia's citizenship policy and regulatory framework after the 2006 Census. How these changes may affect the take-up rate of Australian citizenship, or change the composition of more recent Australian citizens, will be a topic of interest to Australian policy makers in future years.

Attachment A – Adjusted citizenship rates

The information on citizenship rates presented in this paper is a crude measure that does not take into account:

- the two years it took at the time of the 2006 Census for a person to be ‘residentially eligible’ for citizenship
- the number of temporary entrants who, because they are in Australia for 12 months or more, are counted in the Census population
- the very limited pathways to permanent residence and citizenship for New Zealand citizens who arrived in Australia after February 2001.

Instead, it is simply a count of all Australian citizens for a given birthplace divided by the number of Australian citizens and non-citizens born in that country, regardless of how long they have been in Australia or whether or not they are a permanent resident.

By taking into account a migrant’s year of arrival from the Census and making use of the Department of Immigration and Citizenship’s data that provides a head-count of long-term temporary residents in Australia around Census night, it is possible to get an adjusted measure of naturalisation rates.

Table A.1: Naturalisation rate by birthplace

Birthplace	Crude rate	Revised rate
New Zealand	37%	45%
Fiji	78%	86%
United Kingdom	67%	71%
Ireland	63%	71%
Germany	72%	78%
Netherlands	77%	80%
Italy	80%	81%
Malta	81%	81%
South Eastern Europe, not further defined	96%	96%
Croatia	96%	97%
Former Yugoslav Republic of Macedonia	95%	97%
Greece	97%	97%
Poland	92%	96%
Iraq	75%	87%
Lebanon	92%	96%
Turkey	87%	93%

Table A.1: Naturalisation rate by birthplace *continued*

Birthplace	Crude rate	Revised rate
Thailand	55%	95%
Vietnam	91%	97%
Indonesia	37%	54%
Malaysia	51%	69%
Philippines	81%	95%
Singapore	52%	77%
People's Republic of China	58%	94%
Hong Kong (SAR of China)	78%	98%
Japan	15%	32%
Republic of Korea	39%	88%
India	55%	94%
Sri Lanka	71%	85%
Canada	59%	76%
United States of America	54%	70%
South Africa	69%	86%
Total	68%	80%

Source: Unpublished DIAC temporary resident data and data from the ABS 2006 Census of Population and Housing

Results of recalculation

As can be seen, countries like Greece with well established migrant cohorts and few temporary migrants were relatively unaffected by the recalculations. In contrast, the recalculated citizenship rates for India and the People's Republic of China cohort are markedly higher than the crude rate. This is because these two cohorts are made up of a large proportion of recent arrivals and large numbers of long-term temporary entrants (most notably international students).

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