

# Direct and Indirect Skill Selection: Permanent Visa Types and the Economic Wellbeing of Immigrants

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# Motivation

- 1) Australia has experienced a considerable change in immigration policy towards highly skilled immigration in recent decades that has become common worldwide, especially among developed nations.
- 2) There is a general belief that skill-based selection attracts better immigrants in the labor market than other immigrant selection methods. However, the skills that some immigrants obtain in their home countries may not be completely transferable across borders to their host countries (Aydemir, 2011; Chiswick et al., 2005).
- 3) A large body of literature has focused on individual migrants (see for example, Adsera & Chiswick 2007), with less emphasis on the migrating family unit. However, a considerable proportion of immigrants bring their family members (mostly spouses), who are automatically provided residency once the application of the primary applicant is approved.

# Motivation

- 4) On the other hand, the human capital of principal applicants can be correlated highly with that of their spouse, due to positive assortative matching.
- 5) Thus, focusing only on primary applicants in empirical studies leaves many interesting questions unanswered, as the “migrating unit” often includes a husband, wife, and children (Cobb-Clark et al., 2005).
- 6) In 2008–09, 55% of visas under the skilled migration stream were granted to dependents of the primary applicants. Thus, the efficacy of the points system may be attenuated if targeted skilled workers bring with them secondary applicants whose economic performances lag.

# Contribution

1. Understanding the efficacy of the point test system for Australia can provide important policy implications for other immigrant-receiving countries around the world. For example, Germany and the US are now discussing the possibility of adopting an immigration system that is similar to Australia's in order to increase their number of skilled immigrants.
2. Australia's immigration policy was revised in 1997 to place more emphasis on skill selection, in both quantity and quality, indicating that understanding the efficacy of the revised points system in the post-2000 period is very important.
3. Although we quantify the differences in economic indicators between skilled and other visa categories, our focus is on the comparison between skilled immigrants and those under spousal entries. In our sample period, the former group accounts for 67% of all immigrants, while the latter group makes up 25%. First, we compare the economic outcomes of skilled immigrants to those of non-skilled immigrants using the full sample, which includes both primary and secondary applicants. Second, we evaluate the differences in economic outcomes between these two groups for primary applicants only. This evaluation indicates the *direct selection* of the points system, as primary applicants are those who are picked up by the system purposely through the skills test. Third, we compare the economic outcomes of immigrants who come as spouses of skilled immigrants to those of immigrants who come as spouses of Australian citizens (spousal visa entry). This comparison shows us *indirect selection*.

# Data and Method

These two administrative datasets together provide all of the information that is required for this paper.

- The Personal Income Tax and Migrants Integrated Dataset (PITMID) links the 2009–2010 and 2010–2011 income tax data of all permanent resident immigrants to their settlement records.
- The Australian Census Longitudinal Dataset (ACLID) links a random 10% sample of 2011 census records to the 2006 census and 2011 settlement records.

The settlement records in both datasets relate to immigrants who migrated to Australia under permanent visas with arrival dates after 1 January 2000. Hence, the permanent resident immigrant sample in the 2011 census is comparable to the sample in PITMID. The rich body of information contained in these datasets on factors such as education, English skills, country of birth, occupation and industry categories enables us to explore selection mechanisms that are stated directly in the Australian points system.

**Table 1.1: Summary Statistics of Permanent by Visa Types from Tax Data.**

Variables↓	Mean	Standard Deviation	Minimum	Maximum	Non-missing Observations
Permanent Visa Types:					
Skilled Visa	0.67	0.47	0	1	1,999,631
Spouse Visa	0.25	0.44	0	1	1,999,631
Humanitarian Visa	0.04	0.19	0	1	1,999,631
Business Visa	0.02	0.14	0	1	1,999,631
Parent Visa	0.01	0.10	0	1	1,999,631
Relative Visa	0.01	0.09	0	1	1,999,631
Child Visa	0.00	0.04	0	1	1,999,631
Other Visa	0.00	0.03	0	1	1,999,631
Permanent Visa Classification by Application Type:					1,999,631
Primary Applicant	0.78	0.41	0	1	1,999,631
Secondary Applicant	0.22	0.41	0	1	1,999,631
Onshore Visa	0.47	0.50	0	1	1,999,631
Offshore Visa	0.53	0.50	0	1	1,999,631

Note: The sample consists of permanent resident immigrants who are aged 25-65 and arrived in Australia between 2000 and 2012 using Personal Income Tax and Migrants Integrated Dataset.

**Table 1.2: Demographic Characteristics. Tax Data.**

Variables↓	Mean	Standard Deviation	Minimum	Maximum	Non-missing Observations
Male	0.54	0.5	0	1	1,999,631
2011 Dummy	0.53	0.5	0	1	1,999,631
Age in Years	35.3	8.01	25	65	1,999,631
Married	0.54	0.5	0	1	1,780,114
Never Married	0.34	0.47	0	1	1,780,114
Year of Arrival	2006	3	2000	2012	1,999,631
Years since Arrival	4.98	2.95	0	11	1,999,631
Born in Non-English Speaking Country	0.59	0.49	0	1	1,386,696
Manager	0.1	0.3	0	1	1,756,474
Professional	0.33	0.47	0	1	1,756,474
Technician	0.13	0.34	0	1	1,756,474
Community Worker	0.1	0.3	0	1	1,756,474
Cleric	0.13	0.34	0	1	1,756,474
Sales	0.05	0.22	0	1	1,756,474
Operator	0.03	0.18	0	1	1,756,474
Laborer	0.12	0.32	0	1	1,756,474
Total Individual Income	558.16	698.59	NA	NA	1,998,645
In Total Individual Income	5.93	1.06	NA	NA	1,970,324
Components of Total Individual Income:					
In Wage	5.22	1.46	NA	NA	1,755,464
In Employment Income	5.98	0.97	NA	NA	1,823,799
Business Income Dummy	0.12	0.33	0	1	1,999,631
In Business Income	4.57	1.55	NA	NA	192,389
Investment Income Dummy	0.59	0.49	0	1	1,999,631
In Investment Income	1.75	1.54	NA	NA	1,031,780
Foreign Income Dummy	0.04	0.21	0	1	1,999,631
In Foreign Income	2.58	2.05	NA	NA	77,407
In Taxable Income	5.89	1	NA	NA	1,973,329
Abroad Income Dummy	0.02	0.13	0	1	1,999,631

Note: The sample consists of permanent resident immigrants who are aged 25-65 and arrived in Australia between 2000 and 2012 using Personal Income Tax and Migrants Integrated Dataset. Some numbers are not available due to confidentiality from the Australian Bureau of Statistics.

**Table 2: Relationship between Visa Types and In Total Individual Income. Tax Data.**

Mean Dependent Variable=5.93	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Skilled Visa										
					Reference Group					
<b>Spouse Visa</b>	<b>-0.303***</b>	<b>-0.293***</b>	<b>-0.293***</b>	<b>-0.320***</b>	<b>-0.432***</b>	<b>-0.434***</b>	<b>-0.434***</b>	<b>-0.478***</b>	<b>-0.272***</b>	<b>-0.261***</b>
	(7.75)	(7.70)	(7.70)	(8.61)	(12.05)	(11.74)	(12.16)	(20.55)	(21.89)	(24.10)
Humanitarian Visa	-0.645***	-0.654***	-0.652***	-0.709***	-0.700***	-0.704***	-0.699***	-0.589***	-0.332***	-0.341***
	(8.30)	(9.82)	(9.33)	(10.27)	(9.63)	(9.70)	(10.10)	(14.24)	(9.50)	(10.84)
Business Visa	-0.587***	-0.715***	-0.714***	-0.750***	-0.682***	-0.675***	-0.679***	-0.526***	-0.354***	-0.311***
	(6.51)	(8.68)	(8.79)	(11.45)	(9.20)	(8.82)	(9.94)	(15.11)	(8.90)	(9.32)
Parent Visa	-0.698***	-0.943***	-0.941***	-0.854***	-0.878***	-0.886***	-0.873***	-0.705***	-0.397***	-0.359***
	(6.71)	(7.87)	(8.14)	(8.24)	(8.22)	(8.50)	(9.01)	(9.77)	(8.16)	(8.11)
Relative Visa	-0.464***	-0.524***	-0.520***	-0.552***	-0.590***	-0.598***	-0.592***	-0.502***	-0.290***	-0.286***
	(8.09)	(9.39)	(9.40)	(10.27)	(10.47)	(10.73)	(11.37)	(18.85)	(12.13)	(14.34)
Child Visa	-0.279***	-0.146*	-0.143*	-0.293***	-0.367***	-0.377***	-0.388***	-0.466***	-0.258***	-0.250***
	(4.69)	(2.47)	(2.24)	(5.79)	(7.13)	(7.25)	(7.76)	(12.86)	(7.35)	(8.23)
Other Visa	-0.109*	-0.244***	-0.243***	-0.309***	-0.312***	-0.311***	-0.310***	-0.377***	-0.215***	-0.207***
	(2.37)	(6.16)	(6.19)	(7.19)	(7.12)	(6.37)	(6.38)	(10.56)	(5.91)	(6.19)
Onshore Visa	0.0179	0.0667**	0.0677***	0.0777***	0.0571**	0.0542*	0.0502*	0.0717*	0.0486**	0.0574***
	(0.67)	(3.06)	(3.34)	(3.61)	(2.75)	(2.55)	(2.28)	(2.40)	(2.91)	(4.04)
Male	0.420***	0.413***	0.413***	0.414***	0.349***	0.348***	0.349***	0.334***	0.323***	0.327***
	(9.58)	(9.83)	(9.59)	(9.56)	(8.94)	(8.92)	(8.94)	(8.50)	(8.66)	(9.84)
2011 Dummy	0.0652***	0.0609***	0.0609***	0.0421***	0.0427***	0.0441***	0.0440***	0.0503***	0.0406***	0.0393***
	(13.08)	(11.74)	(11.93)	(11.24)	(10.73)	(11.33)	(11.04)	(15.43)	(8.85)	(8.75)
Age in Years		0.0142***	0.0141***	0.0108***	0.0121***	0.0123***	0.0114***	0.00326	0.00830***	0.00729***
		(6.14)	(6.41)	(5.22)	(5.36)	(5.31)	(5.12)	(1.57)	(6.98)	(7.69)
Has a Partner			0.0108	0.0101	0.0489	0.0471	0.0494	0.0534*	0.0433*	0.0383*
			(0.40)	(0.38)	(1.96)	(1.89)	(1.94)	(2.04)	(2.47)	(2.28)
Years since Arrival				0.0340***	0.0333***	0.0344***	0.0358***	0.0424***	0.0367***	0.0357***
				(7.80)	(7.99)	(7.76)	(7.83)	(13.95)	(16.81)	(17.41)
Primary Applicant					0.367***	0.368***	0.372***	0.415***	0.237***	0.228***
					(19.39)	(19.89)	(20.41)	(17.69)	(9.57)	(10.87)
Urban Residence						0.00790	0.0199	0.103***	0.0576***	0.0501**
						(0.18)	(0.51)	(3.93)	(3.41)	(3.31)
Observations	1970324	1970324	1970324	1970324	1970324	1929558	1929558	1929558	1718014	1708953
Adjusted R-squared	0.077	0.087	0.087	0.095	0.112	0.114	0.118	0.176	0.286	0.318
State Fixed Effects	No	No	No	No	No	No	Yes	Yes	Yes	Yes
Country of Birth Fixed Effects	No	No	No	No	No	No	No	Yes	Yes	Yes
Occupation Fixed Effects	No	No	No	No	No	No	No	No	Yes	Yes
Industry Fixed Effects	No	No	No	No	No	No	No	No	No	Yes

Note: OLS regressions. Outcome is total individual income in logs. Regression sample consists of permanent resident immigrants who are aged 25-65 and arrived in Australia between 2000 and 2012 using Personal Income Tax and Migrants Integrated Dataset. Omitted categories are: Skilled Visa, Female, Offshore Visa, 2010 Dummy, Does not Have a Partner, Secondary Applicant. Robust standard errors are clustered at the country of birth level while absolute t-statistics are in parentheses. \*\*\*, \*\*, \* indicate significance at the 1, 5 and 10 percent, respectively.



**Table 3: Relationship between Visa Types and Components of Individual Income. Tax Data.**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Dependent Variable→	In Wage	In Employment Income	In Business Income	In Investment Income	In Foreign Income	In Taxable Income	Abroad Income Dummy	White Collar Occupation Dummy
Mean Dependent Variable→	5.22	5.98	4.57	1.75	2.58	5.89	0.02	0.43
Skilled Visa	Reference Group							
<b>Spouse Visa</b>	<b>-0.254***</b>	<b>-0.272***</b>	<b>-0.00503</b>	<b>-0.173***</b>	<b>0.0900**</b>	<b>-0.245***</b>	<b>-0.00528***</b>	<b>-0.249***</b>
	<b>(8.22)</b>	<b>(23.99)</b>	<b>(0.13)</b>	<b>(7.09)</b>	<b>(2.65)</b>	<b>(24.95)</b>	<b>(4.22)</b>	<b>(11.92)</b>
Controls in Table 2 Column 10	YES	YES	YES	YES	YES	YES	YES	YES
Observations	1658944	1710387	100858	873883	56713	1708263	1713253	1153201
Adjusted R-squared	0.181	0.294	0.066	0.088	0.208	0.308	0.027	0.052

Note: OLS regressions. Outcomes from columns (1)-(6) are wage, employment income, business income, investment income, foreign income, taxable income in logs. Meanwhile in columns from (7)-(9) outcomes are dummy variables for having abroad income and having a white collar occupation. White collar occupation dummy is equal to 1 if respondent is a manager or professional and 0 otherwise. Sample consists of permanent resident immigrants who are aged 25-65 and arrived in Australia between 2000 and 2012 using Personal Income Tax and Migrants Integrated Dataset. Robust standard errors are clustered at the country of birth level while absolute t-statistics are in parentheses. \*\*\*, \*\*, \* indicate significance at the 1, 5 and 10 percent, respectively.

**Table 4: Direct Selection of Skilled Immigrants through Australian Points System. Tax Data.**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Dependent Variable→	In Total Individual Income	In Wage	In Employment Income	In Business Income	In Investment Income	In Foreign Income	In Taxable Income	Abroad Income Dummy	White Collar Occupation Dummy
Panel A→	Sample of Male Primary Applicants								
Skilled Visa	Reference Group								
<b>Spouse Visa</b>	<b>-0.261***</b>	<b>-0.291***</b>	<b>-0.269***</b>	<b>-0.0632</b>	<b>-0.285***</b>	<b>0.145***</b>	<b>-0.255***</b>	<b>-0.00848***</b>	<b>-0.218***</b>
	<b>(20.48)</b>	<b>(9.62)</b>	<b>(19.73)</b>	<b>(1.36)</b>	<b>(16.69)</b>	<b>(3.73)</b>	<b>(21.28)</b>	<b>(4.59)</b>	<b>(7.11)</b>
Controls in Table 2 Column 10	YES	YES	YES	YES	YES	YES	YES	YES	YES
Observations	790722	767134	790780	55697	393887	28187	790570	792057	537188
Adjusted R-squared	0.355	0.207	0.322	0.098	0.097	0.212	0.347	0.033	0.121
Panel B→	Sample of Female Primary Applicants								
Skilled Visa	Reference Group								
<b>Spouse Visa</b>	<b>-0.285***</b>	<b>-0.251***</b>	<b>-0.300***</b>	<b>0.00118</b>	<b>-0.0979***</b>	<b>0.0376</b>	<b>-0.260***</b>	<b>-0.00383***</b>	<b>-0.295***</b>
	<b>(23.40)</b>	<b>(8.31)</b>	<b>(22.19)</b>	<b>(0.03)</b>	<b>(3.69)</b>	<b>(0.59)</b>	<b>(23.47)</b>	<b>(4.94)</b>	<b>(13.41)</b>
Controls in Table 2 Column 10	YES	YES	YES	YES	YES	YES	YES	YES	YES
Observations	551757	535796	552562	24430	298113	16180	551374	553435	366667
Adjusted R-squared	0.276	0.134	0.260	0.042	0.086	0.235	0.252	0.021	0.168

Note: OLS regressions. Outcomes in columns (1)-(7) are individual income, wage, employment income, business income, investment income, foreign income, taxable income in logs. Meanwhile in columns from (8)-(10) outcomes are indicators of having abroad income and having a white collar occupation. White collar occupation dummy is equal to 1 if respondent is a manager or professional and 0 otherwise. Sample consists of permanent resident immigrants who are aged 25-65 and arrived in Australia between 2000 and 2012 using Personal Income Tax and Migrants Integrated Dataset. Controls in Table 2 Column 10 exclude male dummy and primary applicant dummy. Robust standard errors are clustered at the country of birth level while absolute t-statistics are in parentheses. \*\*\*, \*\*, \* indicate significance at the 1, 5 and 10 percent, respectively.

**Table 5: Indirect Selection of Skilled Immigrants through Australian Points System. Tax Data.**

Dependent Variable→	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	In Total Individual Income	In Wage	In Employment Income	In Business Income	In Investment Income	In Foreign Income	In Taxable Income	Abroad Income Dummy	White Collar Occupation Dummy
Panel A→	Sample of Male Offshore Applicants								
Skilled Visa: Spouse of the Primary Applicant	Reference Group								
Skilled Visa: Primary Applicant	0.112*** (5.83)	0.0867** (3.09)	0.107*** (5.76)	0.124 (1.14)	-0.0899 (1.06)	0.556** (2.78)	0.110*** (7.71)	0.00949 (1.88)	0.0195 (0.80)
Skilled Visa: Parent of the Primary Applicant	-0.584*** (20.51)	-0.359*** (6.12)	-0.720*** (14.49)	0.735*** (9.76)	0.810*** (12.38)	-1.640*** (14.08)	-0.554*** (52.63)	-0.0435*** (10.90)	0.0382 (0.36)
Skilled Visa: Sibling of the Primary Applicant	-0.159 (0.74)	0.0691 (0.26)	-0.175 (0.76)	-0.412*** (5.19)	-0.394 (1.02)	NA NA	-0.186 (0.94)	-0.00202 (0.26)	-0.180 (1.44)
Skilled Visa: Child of the Primary Applicant	-0.385*** (10.17)	-0.377*** (4.96)	-0.407*** (10.63)	0.000447 (0.00)	-0.133 (1.37)	0.365 (1.11)	-0.354*** (9.04)	0.00758 (1.21)	-0.119*** (3.44)
Skilled Visa: Other Relative of the Primary Applicant	-0.0171 (1.17)	-0.0376* (2.06)	-0.0216 (1.29)	-0.0657 (0.88)	0.0127 (0.39)	0.0798 (0.78)	-0.0170 (1.27)	-0.0000564 (0.02)	-0.0341*** (4.48)
<b>Spouse Visa</b>	<b>-0.124***</b> <b>(6.34)</b>	<b>-0.131***</b> <b>(3.85)</b>	<b>-0.137***</b> <b>(6.97)</b>	<b>0.103</b> <b>(0.77)</b>	<b>-0.334***</b> <b>(3.92)</b>	<b>0.674**</b> <b>(3.08)</b>	<b>-0.119***</b> <b>(7.37)</b>	<b>0.00553</b> <b>(1.12)</b>	<b>-0.198***</b> <b>(5.09)</b>
Controls in Table 2 Column 10	YES	YES	YES	YES	YES	YES	YES	YES	YES
Observations	472797	457691	472836	34115	230118	19823	472724	473747	325450
Adjusted R-squared	0.337	0.192	0.307	0.082	0.088	0.217	0.326	0.028	0.133
Panel B→	Sample of Female Offshore Applicants								
Skilled Visa: Spouse of the Primary Applicant	Reference Group								
Skilled Visa: Primary Applicant	0.231*** (10.56)	0.173*** (6.32)	0.258*** (10.64)	-0.0562 (0.47)	-0.00369 (0.06)	0.243* (2.60)	0.232*** (10.68)	0.000599 (0.19)	0.186*** (3.96)
Skilled Visa: Parent of the Primary Applicant	-0.0697 (0.43)	-0.463* (2.04)	0.0127 (0.07)	NA NA	0.491 (1.02)	-1.350*** (19.69)	-0.0818 (0.54)	-0.0224*** (5.12)	-0.245*** (4.13)
Skilled Visa: Sibling of the Primary Applicant	-0.116 (0.57)	-0.258 (0.59)	-0.0928 (0.45)	NA NA	-0.322 (0.55)	NA NA	0.0420 (0.27)	-0.00785 (1.09)	0.259 (1.26)
Skilled Visa: Child of the Primary Applicant	-0.0893* (2.38)	-0.185*** (4.09)	-0.105* (2.29)	0.395* (2.16)	-0.254*** (3.54)	1.633*** (3.78)	-0.0500 (1.69)	0.00636* (1.99)	0.0102 (0.47)
Skilled Visa: Other Relative of the Primary Applicant	-0.0308*** (3.51)	-0.0268* (2.34)	-0.0240* (2.28)	-0.104 (1.69)	0.00883 (0.18)	0.226* (2.06)	-0.0208* (2.53)	0.00322** (2.89)	-0.0560*** (4.81)
<b>Spouse Visa</b>	<b>-0.0803**</b> <b>(3.26)</b>	<b>-0.0841**</b> <b>(3.17)</b>	<b>-0.0713**</b> <b>(2.84)</b>	<b>-0.0289</b> <b>(0.24)</b>	<b>-0.106</b> <b>(1.34)</b>	<b>0.328**</b> <b>(2.69)</b>	<b>-0.0520*</b> <b>(2.09)</b>	<b>0.0000713</b> <b>(0.02)</b>	<b>-0.152**</b> <b>(3.14)</b>
Controls in Table 2 Column 10	YES	YES	YES	YES	YES	YES	YES	YES	YES
Observations	410336	398434	411179	18542	211609	14424	410075	411905	281910
Adjusted R-squared	0.237	0.122	0.223	0.044	0.082	0.234	0.218	0.020	0.168

Note: OLS regressions. Outcomes in columns (1)-(7) are individual income, wage, employment income, business income, investment income, foreign income, taxable income in logs. Meanwhile in columns from (8)-(10) outcomes are indicators of having abroad income and having a white collar occupation. White collar occupation dummy is equal to 1 if respondent is a manager or professional and 0 otherwise. Sample consists of permanent resident immigrants who are aged 25-65 and arrived in Australia between 2000 and 2012 using Personal Income Tax and Migrants Integrated Dataset. Controls in Table 2 Column 10 exclude male dummy and onshore applicant dummy. Robust standard errors are clustered at the country of birth level while absolute t-statistics are in parentheses. \*\*\*, \*\*, \* indicate significance at the 1, 5 and 10 percent, respectively.

Table 6: Relationship between Visa Types and In Total Individual Income. Census Data.																
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)		
Skilled Visa							Reference Group									
Spouse Visa	<b>-0.412***</b>	<b>-0.406***</b>	<b>-0.400***</b>	<b>-0.395***</b>	<b>-0.521***</b>	<b>-0.523***</b>	<b>-0.518***</b>	<b>-0.457***</b>	<b>-0.168***</b>	<b>-0.163***</b>	<b>-0.134***</b>	<b>-0.163***</b>	<b>-0.161***</b>	<b>-0.148***</b>		
	<b>(8.64)</b>	<b>(8.41)</b>	<b>(8.43)</b>	<b>(8.27)</b>	<b>(10.59)</b>	<b>(10.56)</b>	<b>(10.36)</b>	<b>(11.41)</b>	<b>(7.60)</b>	<b>(7.34)</b>	<b>(6.23)</b>	<b>(12.17)</b>	<b>(12.43)</b>	<b>(10.99)</b>		
Humanitarian Visa	-0.695***	-0.699***	-0.712***	-0.718***	-0.721***	-0.719***	-0.711***	-0.358***	-0.236***	-0.238***	-0.165**	-0.142**	-0.127*	-0.128*		
	(10.67)	(10.63)	(10.93)	(10.83)	(10.49)	(10.43)	(11.10)	(6.51)	(5.56)	(5.47)	(3.18)	(2.77)	(2.36)	(2.58)		
Business Visa	-0.381***	-0.398***	-0.414***	-0.420***	-0.381***	-0.378***	-0.399***	-0.284***	-0.225***	-0.222***	-0.176***	-0.163***	-0.161***	-0.163***		
	(6.55)	(7.29)	(7.34)	(7.09)	(6.40)	(6.48)	(6.90)	(5.87)	(10.29)	(10.22)	(9.09)	(6.19)	(6.09)	(6.02)		
Parent Visa	-0.862***	-0.896***	-0.914***	-0.888***	-0.896***	-0.893***	-0.874***	-0.687***	-0.187***	-0.179***	-0.142**	-0.112	-0.105	-0.0842		
	(8.38)	(8.31)	(8.70)	(9.38)	(9.43)	(9.55)	(9.47)	(6.77)	(3.59)	(3.36)	(2.63)	(1.79)	(1.60)	(1.23)		
Relative Visa	-0.536***	-0.541***	-0.571***	-0.582***	-0.618***	-0.616***	-0.600***	-0.408***	-0.212***	-0.212***	-0.152***	-0.144***	-0.150***	-0.134***		
	(11.14)	(10.97)	(11.75)	(11.85)	(12.28)	(12.38)	(12.57)	(7.51)	(4.23)	(4.26)	(3.37)	(3.40)	(3.41)	(3.36)		
Other Visa	-0.339**	-0.359**	-0.385**	-0.387**	-0.388**	-0.388**	-0.372**	-0.329*	-0.386***	-0.344***	-0.307***	-0.331***	-0.325***	-0.285**		
	(3.12)	(3.21)	(3.23)	(3.00)	(2.97)	(2.98)	(2.79)	(2.49)	(4.67)	(4.34)	(4.13)	(3.74)	(3.67)	(2.81)		
Male	0.712***	0.708***	0.715***	0.713***	0.649***	0.650***	0.651***	0.612***	0.340***	0.312***	0.300***	0.259***	0.261***	0.208***		
	(14.97)	(15.24)	(15.54)	(15.48)	(15.52)	(15.69)	(15.77)	(17.69)	(8.13)	(8.40)	(8.37)	(16.10)	(16.59)	(15.10)		
Age in Years		0.00222	0.00272	0.00167	0.00203	0.00189	0.00140	-0.00384*	-0.000266	0.000184	0.000903	0.00184*	0.00174*	0.00160*		
		(1.23)	(1.60)	(0.94)	(1.10)	(1.02)	(0.78)	(2.30)	(0.27)	(0.19)	(0.92)	(2.06)	(2.10)	(2.02)		
Has a Partner			-0.124***	-0.118***	-0.0820**	-0.0826**	-0.0841**	-0.114***	0.00129	-0.0123	-0.00923	-0.00107	0.00137	0.0112		
			(4.47)	(4.22)	(2.66)	(2.69)	(2.75)	(4.22)	(0.06)	(0.63)	(0.51)	(0.07)	(0.08)	(0.77)		
Years since Arrival				0.0118***	0.0112**	0.0114**	0.0121**	0.0165***	0.00563**	0.00614***	0.00679***	0.00712***	0.00696***	0.00685***		
				(3.46)	(3.24)	(3.19)	(3.26)	(4.22)	(3.15)	(3.48)	(3.45)	(5.63)	(5.62)	(5.72)		
Secondary Applicant							Reference Group									
Primary Applicant					0.289***	0.289***	0.292***	0.321***	0.141***	0.137***	0.122***	0.127***	0.128***	0.120***		
					(9.92)	(9.92)	(10.16)	(12.11)	(10.60)	(10.72)	(10.00)	(7.65)	(7.44)	(7.75)		
Urban Residence							-0.0486	0.00791	0.115***	0.0857***	0.0785***	0.0710***	0.0585**	0.0542*	0.0480*	
							(1.05)	(0.20)	(3.51)	(4.40)	(4.33)	(4.04)	(2.69)	(2.49)	(2.11)	
Years of Schooling											0.0367***	0.0265***	0.0266***	0.0261***		
											(11.65)	(9.37)	(9.40)	(9.87)		
English Ability												0.133***	0.132***	0.125***		
												(17.35)	(15.53)	(16.01)		
Observations	38434	38434	38137	37227	37227	37227	37227	37227	27009	26955	25873	19558	19160	19005		
Adjusted R-squared	0.211	0.211	0.213	0.214	0.226	0.226	0.229	0.294	0.326	0.347	0.358	0.359	0.359	0.402		
State Fixed Effects	No	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes		
Country of Birth Fixed Effects	No	No	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes		
Occupation Fixed Effects	No	No	No	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes		
Industry Fixed Effects	No	No	No	No	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes		
Religion Fixed Effects	No	No	No	No	No	No	No	No	No	No	No	No	Yes	Yes		
In Wage	No	No	No	No	No	No	No	No	No	No	No	No	No	Yes		
Onshore Visa	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes		

Note: OLS regressions. Outcome is total individual income in logs. Regression sample consists of permanent resident immigrants who are aged 25-65 and arrived in Australia between 2000 and 2012 using Australian Longitudinal Census Data in the year 2011. Omitted categories are: Skilled Visa, Female, Offshore Visa, Does not Have a Partner, Secondary Applicant. Robust standard errors are clustered at the country of birth level while absolute t-statistics are in parentheses. \*\*\*, \*\*, \* indicate significance at the 1, 5 and 10 percent, respectively.

**Table 7: Relationship between Visa Types and Labour Market Indicators. Census Data.**

	(1)	(2)	(3)	(4)	(5)
Dependent Variable→	Not in the Labour Force	Unemployed	Full-time Employed	Occupational Skill	White Collar
Skilled Visa	Reference Group				
<b>Spouse Visa</b>	<b>0.0797***</b>	<b>0.0324***</b>	<b>-0.143***</b>	<b>-0.570***</b>	<b>-0.154***</b>
	<b>(9.37)</b>	<b>(6.42)</b>	<b>(16.47)</b>	<b>(15.76)</b>	<b>(15.07)</b>
Controls in Table 2 Column 10	YES	YES	YES	YES	YES
Observations	27818	20996	27818	19382	19382
Adjusted R-squared	0.261	0.042	0.263	0.276	0.231

Note: OLS regressions. Outcomes from columns (1)-(3) and (5)-(6) are dummy variables. Occupational skill is on a scale 1-5 where higher values indicated more skill. White collar occupation dummy is equal to 1 if respondent is a manager or professional and 0 otherwise. Sample consists of permanent resident immigrants who are aged 25-65 and arrived in Australia between 2000 and 2012 using Australian Longitudinal Census Data in the year 2011. Robust standard errors are clustered at the country of birth level while absolute t-statistics are in parentheses. \*\*\*, \*\*, \* indicate significance at the 1, 5 and 10 percent, respectively.

**Table 8: Direct Selection of Skilled Immigrants through Australian Points System. Census Data.**

	(1)	(2)	(3)	(4)	(5)	(6)
Dependent Variable→	In Total Individual Income	Not in the Labour Force	Unemployed	Full-time Employed	Occupational Skill	White Collar
Panel A→	Sample of Male Primary Applicants					
Skilled Visa	Reference Group					
<b>Spouse Visa</b>	<b>-0.144***</b>	<b>0.0143</b>	<b>0.0167***</b>	<b>-0.0974***</b>	<b>-0.598***</b>	<b>-0.145***</b>
	<b>(7.89)</b>	<b>(1.80)</b>	<b>(3.94)</b>	<b>(10.07)</b>	<b>(10.36)</b>	<b>(7.62)</b>
Controls in Table 2 Column 10	YES	YES	YES	YES	YES	YES
Observations	8222	9839	8924	9839	8402	8402
Adjusted R-squared	0.416	0.201	0.037	0.206	0.292	0.274
Panel B→	Sample of Female Primary Applicants					
Skilled Visa	Reference Group					
<b>Spouse Visa</b>	<b>-0.155***</b>	<b>0.147***</b>	<b>0.0374***</b>	<b>-0.192***</b>	<b>-0.637***</b>	<b>-0.193***</b>
	<b>(5.60)</b>	<b>(9.43)</b>	<b>(4.14)</b>	<b>(12.39)</b>	<b>(8.21)</b>	<b>(8.69)</b>
Controls in Table 2 Column 10	YES	YES	YES	YES	YES	YES
Observations	6074	10631	6854	10631	6176	6176
Adjusted R-squared	0.359	0.236	0.051	0.148	0.298	0.230

Note: OLS regressions. Outcomes from columns (1)-(3) and (5)-(6) are dummy variables. Occupational skill is on a scale 1-5 where higher values indicated more skill. White collar occupation dummy is equal to 1 if respondent is a manager or professional and 0 otherwise. Sample consists of permanent resident immigrants who are aged 25-65 and arrived in Australia between 2000 and 2012 using Australian Longitudinal Census Data in the year 2011. Robust standard errors are clustered at the country of birth level while absolute t-statistics are in parentheses. \*\*\*, \*\*, \* indicate significance at the 1, 5 and 10 percent, respectively.

**Table 9: Indirect Selection of Skilled Immigrants through Australian Points System. Census Data.**

Dependent Variable→	(1) In Total Individual Income	(2) Not in the Labour Force	(3) Unemployed	(4) Full-time Employed	(5) Occupational Skill	(6) White Collar
Panel A→	Sample of Male Applicants					
Skilled Visa: Spouse of the Primary Applicant	Reference Group					
Skilled Visa: Primary Applicant	0.104 (1.87)	0.0234 (1.16)	-0.0114 (0.65)	0.0558 (1.79)	0.497*** (6.04)	0.0720* (2.49)
Skilled Visa: Parent of the Primary Applicant	0.000888 (0.03)	-0.0143 (1.01)	-0.00620 (0.61)	0.0154 (0.78)	0.103 (1.70)	0.0168 (0.85)
Skilled Visa: Child of the Primary Applicant	-0.374** (3.32)	0.116 (1.51)	0.157 (1.87)	-0.306** (3.08)	0.451 (1.19)	0.0569 (0.46)
Skilled Visa: Other Relative of the Primary Applicant	0.0540 (0.41)	0.0856 (1.05)	0.0464 (0.98)	-0.163 (1.46)	0.0652 (0.23)	0.127 (1.58)
<b>Spouse Visa</b>	<b>-0.0455 (0.88)</b>	<b>0.0395* (2.19)</b>	<b>0.00611 (0.35)</b>	<b>-0.0476 (1.60)</b>	<b>-0.0940 (1.10)</b>	<b>-0.0722* (2.60)</b>
Controls in Table 2 Column 10	YES	YES	YES	YES	YES	YES
Observations	9948	11936	10780	11936	10153	10153
Adjusted R-squared	0.398	0.201	0.037	0.197	0.279	0.266
Panel B→	Sample of Female Applicants					
Skilled Visa: Spouse of the Primary Applicant	Reference Group					
Skilled Visa: Primary Applicant	0.182*** (4.27)	-0.0810*** (3.58)	-0.000334 (0.01)	0.153*** (6.47)	0.495*** (4.17)	0.197*** (4.42)
Skilled Visa: Parent of the Primary Applicant	-0.0133 (0.52)	0.00543 (0.28)	0.00596 (0.52)	-0.0200 (1.11)	-0.0431 (0.88)	-0.0179 (0.97)
Skilled Visa: Child of the Primary Applicant	-0.0976 (1.13)	-0.0719 (1.00)	-0.0263 (0.56)	0.117 (1.37)	-0.133 (0.34)	-0.000490 (0.00)
Skilled Visa: Other Relative of the Primary Applicant	-0.0120 (0.16)	-0.182** (3.35)	-0.0296 (0.75)	0.185* (2.04)	-0.784*** (4.38)	0.326*** (6.68)
<b>Spouse Visa</b>	<b>0.0336 (0.77)</b>	<b>0.0703** (3.30)</b>	<b>0.0420 (1.67)</b>	<b>-0.0418 (1.83)</b>	<b>-0.147 (1.77)</b>	<b>-0.000250 (0.01)</b>
Controls in Table 2 Column 10	YES	YES	YES	YES	YES	YES
Observations	9057	15882	10216	15882	9229	9229
Adjusted R-squared	0.343	0.221	0.042	0.133	0.268	0.199

Note: OLS regressions. Outcomes from columns (1)-(3) and (5)-(6) are dummy variables. Occupational skill is on a scale 1-5 where higher values indicated more skill. White collar occupation dummy is equal to 1 if respondent is a manager or professional and 0 otherwise. Sample consists of permanent resident immigrants who are aged 25-65 and arrived in Australia between 2000 and 2012 using Australian Longitudinal Census Data in the year 2011. Robust standard errors are clustered at the country of birth level while absolute t-statistics are in parentheses. \*\*\*, \*\*, \* indicate significance at the 1, 5 and 10 percent, respectively.

**Table 10: Evolution of Economic Wellbeing by Visa Type. Census Data.**

Visa Type↓	Person Indicators→	(1) Not in the Labour Force	(2) Unemployed	(3) Full-time Employed	(4) Working Hours	(5) In Real Income	(6) White Collar	(7) Being in School	(8) Years of Schooling	(9) English Ability
<b><u>Male Skilled Primary Applicant</u></b>										
	2011 Mean	0.04	0.02	0.79	40.15	13.47	0.46	0.08	15.50	2.66
	2006 Mean	0.11	0.13	0.68	40.70	11.77	0.44	0.15	15.04	2.50
	Absolute change	-0.07***	-0.11***	0.11***	-0.55	1.70***	0.02	-0.07***	0.47**	0.16***
	Percentage change	-61.90	-81.68	16.03	-1.34	1.70	3.83	-48.00	3.10	6.49
<b><u>Female Skilled Primary Applicant</u></b>										
	2011 Mean	0.11	0.04	0.66	36.26	10.45	0.65	0.08	16.46	2.62
	2006 Mean	0.27	0.22	0.40	35.60	7.68	0.72	0.21	16.00	2.51
	Absolute change	-0.16***	-0.18***	0.26***	0.66	2.77***	-0.06	-0.13***	0.46**	0.12
	Percentage change	-60.52	-80.73	63.68	1.84	2.77	-8.79	-61.54	2.89	4.55
<b><u>Male Spouse of the Skilled Primary Applicant</u></b>										
	2011 Mean	0.06	0.04	0.74	38.62	11.15	0.52	0.05	15.51	2.53
	2006 Mean	0.23	0.26	0.38	32.80	7.69	0.43	0.09	15.22	2.58
	Absolute change	-0.17***	-0.22***	0.36***	5.82***	3.46***	0.08	-0.05	0.3	-0.05
	Percentage change	-75.33	-84.71	95.51	17.73	3.46	19.21	-48.91	1.97	-1.78
<b><u>Female Spouse of the Skilled Primary Applicant</u></b>										
	2011 Mean	0.31	0.07	0.31	28.69	5.97	0.40	0.12	14.49	2.55
	2006 Mean	0.61	0.27	0.12	29.04	3.07	0.49	0.09	14.37	2.51
	Absolute change	-0.29***	-0.20***	0.19***	-0.35	2.90***	-0.09	0.03	-0.12	0.04
	Percentage change	-48.10	-72.69	150.00	-1.20	2.90	-18.16	33.70	0.83	1.55
<b><u>Male Spouse Visa</u></b>										
	2011 Mean	0.09	0.06	0.74	40.08	10.51	0.40	0.14	14.39	2.44
	2006 Mean	0.16	0.37	0.41	37.39	5.96	0.29	0.25	14.15	2.12
	Absolute change	-0.07	-0.32***	0.33***	2.69	4.56***	0.11	-0.12**	0.24	0.32**
	Percentage change	-44.17	-84.45	80.10	7.19	4.56	35.84	-45.60	1.69	15.37
<b><u>Female Spouse Visa</u></b>										
	2011 Mean	0.41	0.06	0.32	32.09	5.39	0.35	0.12	14.34	2.33
	2006 Mean	0.60	0.29	0.14	28.32	2.51	0.31	0.23	14.20	2.24
	Absolute change	-0.19***	-0.23***	0.18***	3.77	2.88***	0.05	-0.11***	0.14	0.09
	Percentage change	-31.27	-78.67	131.16	13.31	2.88	15.03	-46.78	1.00	3.84

Note: Indicators (1)-(3) and (6)-(7) are dummy variables; (4), (5) and (8) are continuous variables. English ability is on a scale 0-3. White collar occupation dummy is equal to 1 if respondent is a manager or professional and 0 otherwise. Sample consists of permanent resident immigrants who are aged 25-65 and arrived in Australia during 2006 using Australian Longitudinal Census Data. Robust standard errors are clustered at the country of birth level while absolute t-statistics are in parentheses. \*\*\*, \*\*, \* indicate significance at the 1, 5 and 10 percent, respectively.



# Conclusion

- This study investigates the efficacy of the reformed Australian point test system using two administrative datasets.
- Skilled immigrants have higher average incomes than those under spousal visas or the remaining categories. Occupation can explain half of the income differences and most of the wage differences.
- Including occupation fixed effects can account for the entire differences in immigrants' English abilities and education when considering economic wellbeing.

# Conclusion

- We find that the Australian points system not only selects primary skilled applicants directly, but also indirectly selects skilled spouses of primary applicants. Both of these groups have better economic indicators than spousal visa holders for both genders.
- A considerable gap in economic wellbeing exists in the first year after arrival, but though immigrants' economic outcomes get better over time, the gap between skilled and spousal visa holders does not disappear quickly.
- Overall, the findings indicate that Australia's reformed point test system post-2000 generates significantly better outcomes than either the pre-reform system or Canada's point test system.

**Thank you!**

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