

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

29 May – 31 May 2012

Question: BET 1327

Topic: Composition of the Migration Program

Hansard Page: Thursday 31 May, page 44

Senator SINODINOS asked:

Senator SINODINOS: On the labour market forecast, what do they assume about the rate of immigration and the composition of the migration program over the next year or couple of years?

Dr Gruen: We use the Department of Immigration estimates for net overseas migration. It is in the ball park of 180,000 to 185,000.

Senator SINODINOS: You would take immigration figures, but do you know what sort of composition they assume?

Dr Parkinson: We would have to take that on notice.

Senator SINODINOS: They and in turn you would be assuming there is a certain level of immigration coming in and a certain component of that is skilled, which is obviously adding to the pool of labour available.

Dr Gruen: That is right. When we are talking about doing the macro forecasts we are not talking about state level detail. We are making aggregate assumptions about, let us say, labour productivity growth, rather than building it up from an assessment as to what extent the skills of the workforce have changed over the forecast period. These periods are short enough that we simply make an aggregate assumption. We build it up in a bunch of ways, but you end up with a labour productivity growth that is not directly linked to whether they are 457s or something else.

Senator SINODINOS: Looking at the impact of this immigration, obviously they compete in the labour market, but there are also demand effects. There is a series of effects on both supply and demand.

Dr Gruen: Indeed.

Senator SINODINOS: You obviously do not separately model those; they are just fed in with everything else. Just in general, though, when you look at that sort of immigration there has been a lot of focus with the enterprise migration agreements and on the fact that people are coming in and potentially taking jobs from Australians; but immigration as a whole also adds to demand in the economy and integrates other jobs?

Dr Gruen: Indeed. Arguably the near-term effect of immigration is stronger on demand than it is on supply just because you are going to create housing for them and things like that.

Senator SINODINOS: That used to be the old debate about the impact on the current account.

Dr Gruen: Indeed. These debates just come around and you look at them from different perspectives.

Senator SINODINOS: Okay, thank you.

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

29 May – 31 May 2012

Answer:

The net overseas migration assumption used in the preparation of population and labour force projections for the 2012-12 Budget is set out on page 142 of Budget Paper No 3. A return to the long-term 2010 Intergenerational Report assumption of 180,000 persons per annum in 2012 is assumed.

In 2010-11, the last year we have historical data for, the total Migration Program outcome was 168,685 places (113,725 skilled places, 54,543 family places and 417 special eligibility places). Almost half of the Migration Program (81,105 places) went to migrants already living in Australia on a temporary basis. Changes in the places in the permanent migration program are costed for both revenue and expense effect by head of revenue and by program.

The Treasury estimates of migration are factored into the labour force estimates underlying the budget economic forecasts. Migrants tend to be younger on average than the Australian labour force, and increase estimates of labour force participation.

Treasury's forecast of net overseas migration is informed by the forecasts of ABS and the Department of Immigration and Citizenship (DIAC). The DIAC forecasts are published in [The Outlook for Net Overseas Migration - June 2012](http://www.immi.gov.au/media/publications/statistics/immigration-update/nom-jun12.pdf) (revised).
<http://www.immi.gov.au/media/publications/statistics/immigration-update/nom-jun12.pdf>

Table 3 of the publication, reproduced overleaf, gives a detailed forecast of the composition of net overseas migration.

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

29 May – 31 May 2012

Table 3: Year ending forecasts of NOM

Year ending NOM arrivals '000 of persons	2011 Dec	2012 Mar	2012 Jun	2012 Sep	2012 Dec	2013 Mar	2013 Jun	2014 Jun	2015 Jun	2016 Jun
Students	83.7	85.2	85.7	87.5	88.0	89.7	90.4	94.8	96.9	99.6
Subclass 457	29.9	33.1	35.7	37.9	38.3	38.9	39.4	44.2	49.3	52.7
Working Holiday Makers	47.3	50.9	53.8	54.2	54.3	54.5	54.7	55.2	55.8	56.3
Tourists	40.9	39.5	37.0	37.0	37.1	37.2	37.3	37.7	38.2	38.6
Total Temporary	201.8	208.8	212.2	216.6	217.7	220.4	221.8	231.9	240.2	247.2
Skilled	33.9	39.9	44.1	44.4	44.7	45.1	45.4	46.6	47.8	48.6
Family	33.0	34.3	35.0	35.2	35.4	35.6	35.8	36.6	36.8	36.8
Humanitarian	9.2	8.7	7.6	7.9	8.2	8.5	8.8	10.0	11.2	11.7
Total Permanent	76.1	83.0	86.7	87.5	88.3	89.1	90.1	93.3	95.9	97.2
Australian citizen	76.4	79.1	79.9	81.2	81.5	81.3	81.2	82.5	83.2	84.6
New Zealand citizen	50.8	55.3	58.4	60.5	63.7	63.9	64.0	64.3	64.7	65.4
Other	36.2	37.9	39.4	39.7	39.7	38.5	37.5	38.5	39.2	39.1
Total Other	163.4	172.2	177.7	181.4	184.9	183.7	182.6	185.3	187.0	189.0
Total Arrivals	441.2	464.0	476.6	485.6	490.9	493.1	494.5	510.6	523.2	533.4
Year ending NOM departures '000 of persons	2011 Dec	2012 Mar	2012 Jun	2012 Sep	2012 Dec	2013 Mar	2013 Jun	2014 Jun	2015 Jun	2016 Jun
Students	45.9	46.5	46.9	48.4	48.8	47.8	48.0	49.3	54.0	56.9
Subclass 457	14.8	15.4	16.0	16.4	16.9	17.0	17.4	17.8	19.4	20.8
Working Holiday Makers	17.5	17.9	19.1	19.4	19.4	19.5	19.5	20.5	20.8	21.0
Tourists	13.7	13.6	13.5	13.1	13.1	13.2	13.2	13.4	13.8	14.0
Total Temporary	91.9	93.5	95.5	97.3	98.3	97.6	98.1	101.0	108.0	112.8
Skilled	3.4	3.7	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9
Family	2.5	2.5	2.4	2.3	2.3	2.3	2.3	2.3	2.3	2.3
Humanitarian	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Permanent	5.9	6.2	6.3	6.3	6.2	6.2	6.3	6.3	6.3	6.3
Australian citizen	89.4	93.5	92.5	89.9	90.3	91.8	92.4	100.3	103.3	105.0
New Zealand citizen	26.3	27.9	29.2	29.2	29.4	29.5	29.4	29.7	29.9	30.1
Other	43.8	45.1	45.6	45.0	45.9	45.9	48.0	48.3	46.3	47.3
Total Other	159.4	166.5	167.3	164.8	165.6	167.0	167.8	176.3	179.5	182.3
Total Departures	257.2	266.1	269.1	268.4	270.1	270.8	272.2	283.6	293.8	301.4
Year ending Net NOM '000 of persons	2011 Dec	2012 Mar	2012 Jun	2012 Sep	2012 Dec	2013 Mar	2013 Jun	2014 Jun	2015 Jun	2016 Jun
Students	37.8	38.7	38.8	39.1	39.2	41.9	42.4	45.5	42.9	42.6
Subclass 457	15.0	17.7	19.7	21.4	21.4	21.9	22.1	26.4	29.9	31.9
Working Holiday Makers	29.9	33.0	34.7	34.8	34.9	35.0	35.2	34.7	35.0	35.3
Tourists	27.2	25.9	23.4	23.9	24.0	24.0	24.0	24.3	24.4	24.6
Total Temporary	109.9	115.3	116.7	119.3	119.4	122.8	123.7	131.0	132.2	134.4
Skilled	30.4	36.3	40.2	40.5	40.8	41.2	41.5	42.7	43.9	44.7
Family	30.5	31.9	32.6	32.8	33.1	33.3	33.5	34.3	34.5	34.5
Humanitarian	9.2	8.7	7.6	7.9	8.2	8.4	8.8	10.0	11.2	11.7
Total Permanent	70.2	76.8	80.4	81.3	82.1	82.9	83.8	87.0	89.6	90.9
Australian citizen	-13.0	-14.4	-12.6	-8.7	-8.8	-10.3	-11.2	-17.9	-20.1	-20.4
New Zealand citizen	24.6	27.3	29.2	31.3	34.3	34.4	34.6	34.7	34.7	35.3
Other	-7.6	-7.2	-6.2	-5.9	-6.2	-7.4	-8.5	-7.7	-7.1	-8.2
Total Other	4.0	5.8	10.4	16.6	19.3	16.7	14.8	9.0	7.5	6.7
Total Net NOM	184.0	197.8	207.5	217.2	220.9	222.4	222.3	227.0	229.4	232.1

Source: Australian Bureau of Statistics and Department of Immigration and Citizenship.