Australian Government
Department of Immigration and Citizenship

The Outlook for Net Overseas Migration

July 2011

people our business

The Outlook for Net Overseas Migration July 2011

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Abstract

The Department of Immigration and Citizenship (DIAC) is working to implement a Long-Term Migration Planning Framework which looks at both temporary and permanent migration flows over a multi-year period. As part of this, DIAC is forecasting net overseas migration (NOM) by flows and visa components and updating these forecasts on a quarterly basis. The NOM forecasting framework combines the latest data on visa grants with past behaviour of migrants across different visa groups to enter the population. It includes the impact of existing policy decisions as well as the official economic outlook. Note this paper takes into account the economic outlook announced in May 2011 as part of the 2011-12 Budget. This outlook may need to be revised in light of more recent turbulence in global financial markets.

There is a good reason for doing NOM forecasts based on the detailed and current DIAC internal data. Official NOM figures are released by the Australian Bureau of Statistics (ABS) with a lag of more than six months. On the other hand, the DIAC quarterly report provides estimates for the most recent quarter and the outlook for the future years. In future, the Department will look to expand its forecasting capacity to analyse NOM flows at the State, Territory and regional levels.

Email: OAD_Stock_Reporting@immi.gov.au.

Introduction

The report introduces the work done to date by the Department of Immigration and Citizenship (DIAC) on analysing and forecasting net overseas migration. It also outlines the proposed approach to further develop and extend this capability.

Defining NOM

Before examining NOM it is worthwhile putting into context. There are two components of change in Australia's population:

- natural increase – made up of births less deaths; and
- net overseas migration – made up of overseas arrivals less overseas departures.

Net overseas migration (or NOM) is therefore the net gain or loss of population through immigration to Australia and emigration from Australia.

Overseas travellers only count into the population as NOM arrivals if they are in Australia for 12 months or more over a 16 month period. Conversely, overseas travellers are subtracted from the population as NOM departures if they are away for 12 months or more over a 16 month period. The level of NOM is the balance of NOM arrivals minus NOM departures.

This '12/16 month rule' means almost all short term movements such as from visitors do not count as either NOM arrivals or NOM departures. It also means that people who are not permanent residents of Australia can be counted as NOM arrivals, even if they leave Australia briefly (however many times they wish) so long as their residency stints add up to at least 12 months within a 16 month window.

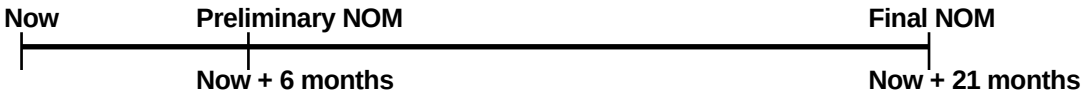
Data for NOM calculations are obtained from passenger travel cards which travellers fill out before they exit or enter Australia, as well as information from DIAC administrative systems. The Australian Bureau of Statistics (ABS) publishes official NOM data.

Preliminary and final estimates of NOM

Because of the '12/16 month rule', it takes a long time to finalise NOM and the ABS only released final NOM data for June 2009 at the end of March 2011.

In the meantime and because of the interest in population figures, the ABS releases preliminary NOM estimates every quarter which are modelled on patterns of traveller behaviour observed in final NOM data for the corresponding quarter one year earlier.

The relationship between the publication cycle and the preliminary and final estimates of NOM is shown below.



For example, the latest preliminary NOM estimates for the December 2010 quarter were released in June 2011 and the March 2011 quarter preliminary estimates are expected to be released at the end of September 2011.

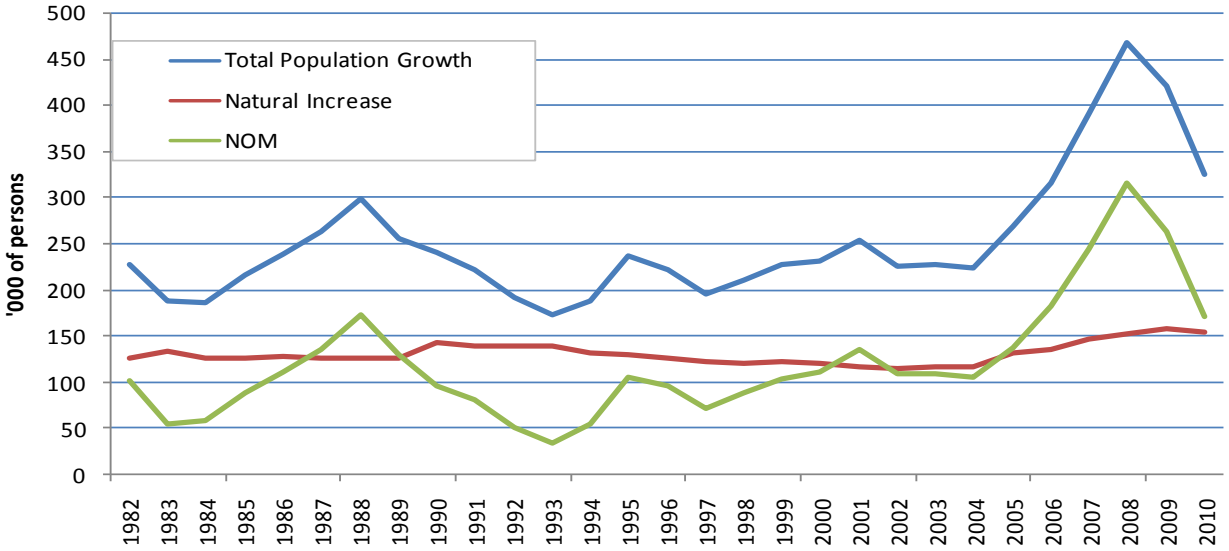
These are still somewhat dated and as such it can be useful to for DIAC further forecast and project NOM using the methodology outlined in this paper. DIAC also updates these forecasts on a quarterly basis.

The forecasts can then be used for purposes such as providing more accurate benchmarking for Australia's labour force, and to assist government agencies with planning for population change. They can also be used to estimate the impact on Australia's population of changes to Australia's Permanent Migration and Humanitarian Programs.

NOM and the impact on Australia's population

Currently, NOM accounts for around 53 per cent of Australia's population growth, but has been almost 70 per cent in the recent past. As a result of a relatively low birth rate, NOM has outstripped the natural increase (the excess of births over deaths) in the population since 2005 (Chart 1). Even though the total fertility rate has shown some growth in recent years and is around 1.9 births per woman (recovered from a low of 1.7 in 2001), it remains below replacement levels of 2.1 births per woman.

Chart 1: Components of Population growth



Source: Australian Bureau of Statistics.

Chart 1 also indicates that a turning point has been crossed and NOM is on its way down. This is leading to lower population growth. Australia's annual population growth rate slowed to 1.5 per cent in the year ending December 2010. This is down from its peak growth rate of 2.2 per cent for the year ending December 2008.

Although falling, population growth remains above the long term average since 1982 of around 1.4 per cent.

Recent NOM trends and projections

Historical NOM trends

Population data from the ABS show NOM peaked at 315 700 a year, a record high (year ending December 2008). Since this peak, NOM has fallen and the latest ABS estimates indicate that it was 171 100 for the year ending December 2010. This is a 46 per cent fall from its peak.

The recent decline is largely due to fewer arrivals. For the year ending December 2010, arrivals were down 5 048 compared to December 2009. Over the same period there were also somewhat greater departures, up 29 965, further reducing NOM. Although falling, NOM is still at relatively high levels.

Components and drivers of NOM

To understand the reasons behind this recent decline, the composition of NOM needs to be examined. As Table 1 shows, the components making up NOM include offshore arrivals under the permanent Migration and Humanitarian programs, temporary long-stay migrants such as students and subclass 457 skilled workers, and the free movement of Australian residents and New Zealand citizens.

Importantly, there may not be a one-for-one relationship in any one year between the size of the Permanent Migration and Humanitarian Programs and the level of NOM, due to large fluctuations in the arrival and

departure of temporary residents.

Table 1: Composition of final NOM in 2008-09

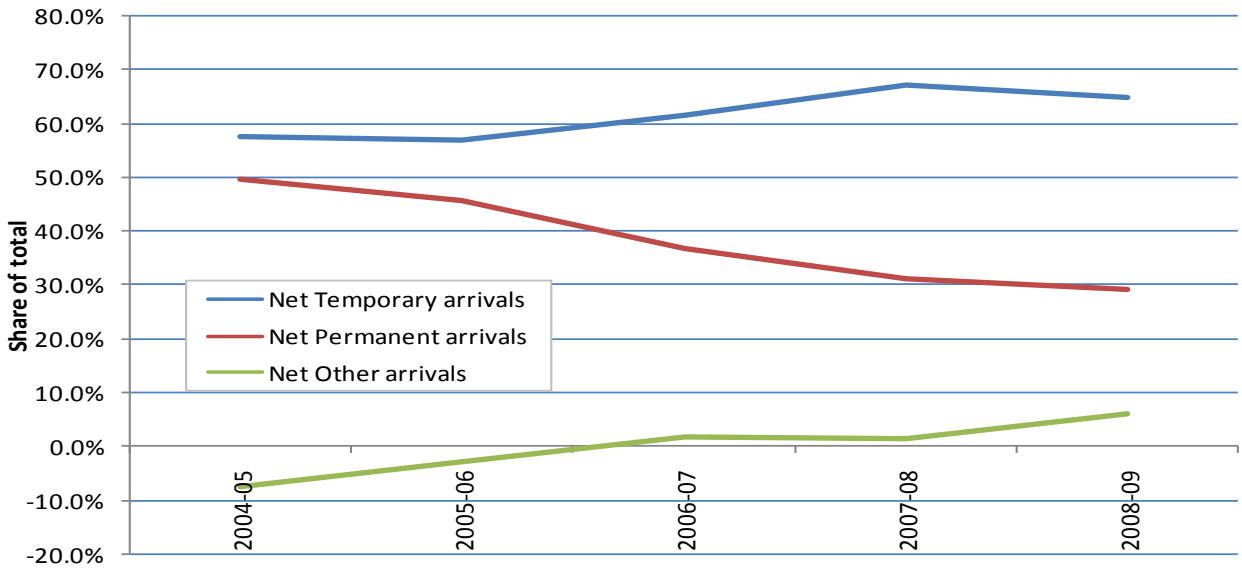
NOM component	Description	Drivers	Share of NOM
	Permanent		
Net Permanent arrivals	Arrivals under the Permanent Migration Program Arrivals under the Humanitarian Programs	The total size of the Permanent Migration and Humanitarian Programs is set by Government	29.0%
	Temporary		
Net Temporary residents	International Students Temporary skilled (457) workers Working holidays Makers Tourists and visitors	Largely uncapped but can be influenced by Government policy settings	64.8%
	Others		
Net Other arrivals	Returning Australian citizens and permanent residents Australian citizens and permanent residents emigrating New Zealand citizens settling and emigrating	Australian citizens and permanent residents can have free movement Movement of New Zealand citizens uncapped/free movement under the Trans-Tasman Travel Arrangement	6.2%

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

As indicated in the table above, the key driver of NOM is temporary residents, some of whom are seeking to remain in Australia permanently by eventually taking a place in the Permanent Migration and Humanitarian Programs.

A reliable disaggregation of final NOM by its components is available from 2004-05 to 2008-09 (Chart 2). It shows the steady increase in NOM by temporary residents at the expense of permanent migrants.

Chart 2: Shares of Final NOM 2004-05 to 2008-09

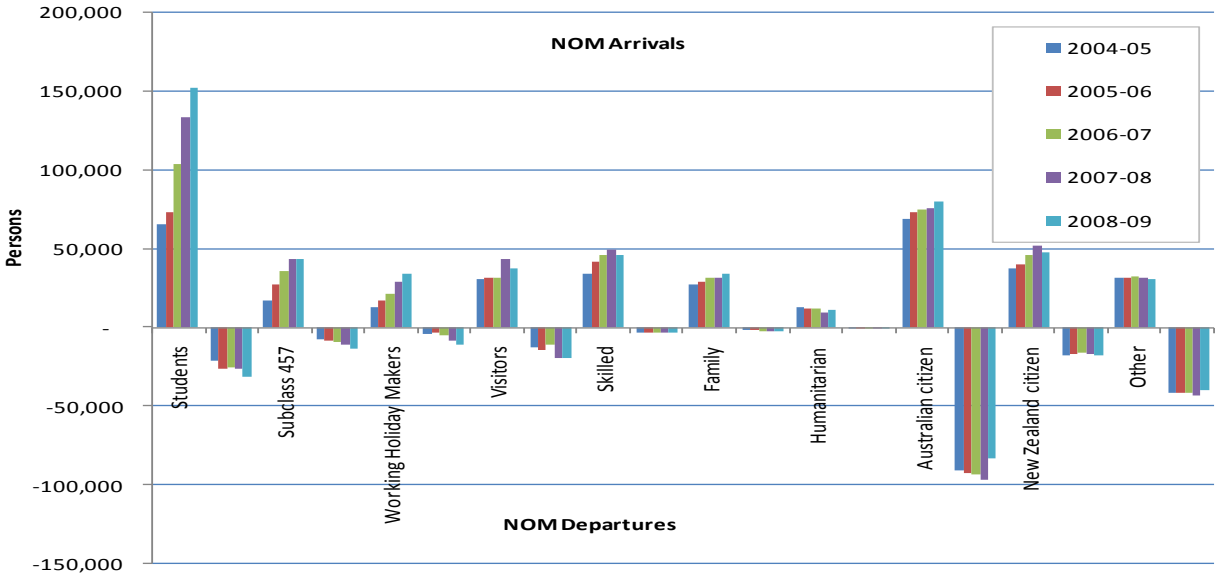


Source: Department of Immigration and Citizenship and Australian Bureau of Statistics.

Examining NOM in greater detail, it is clear that by far the greatest contribution to growth in recent years has come from international students (Chart 3). At the peak level of NOM in 2008-09, students accounted for some 41 per cent of the total, while skilled temporary subclass 457 visa holders contributed only around 10 per cent. It is also clear that the majority of international students opted to stay in Australia, with their

NOM arrivals significantly outweighing NOM departures.

Chart 3: Migration components of final NOM, 2004-05 to 2008-09



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

It should, however, be noted that while temporary migrants will be counted in NOM if they stay long enough in Australia, it is also true that most temporary migrants leave Australia and get counted out of NOM (unless they obtain a permanent visa and provided the onshore visa pathways are operating as intended). Therefore, the impact of temporary migrants on NOM would be broadly neutral over the medium term to long term.

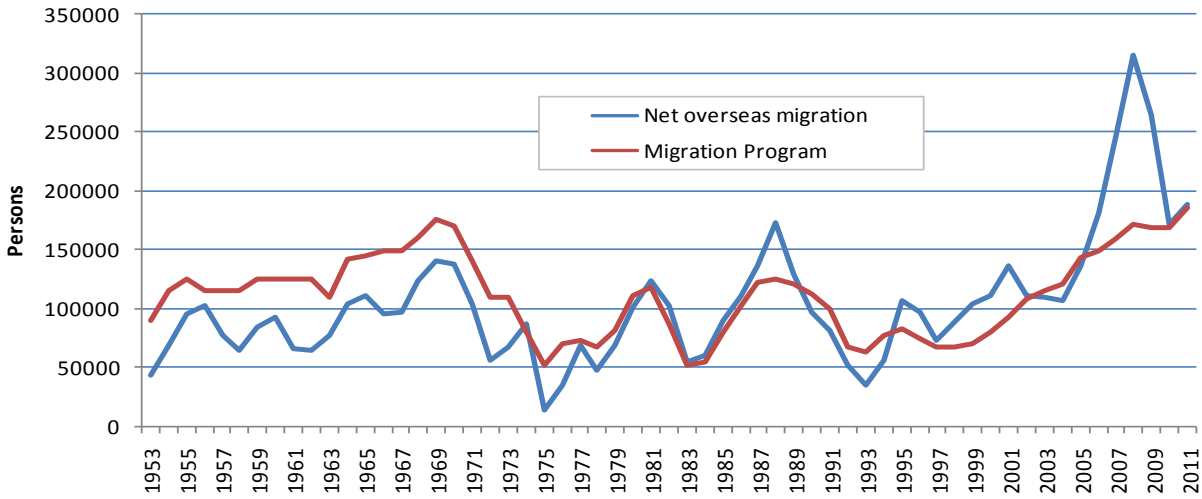
In addition, the Australian Bureau of Statistics disaggregates NOM data by visa component according to a person's 'initial category of travel' where an individual must be assigned to one and only one movement. For example, if an international student entered Australia on a temporary student visa and then transitioned to a permanent skilled stream visa, they would still be counted as a temporary international student for the purposes of NOM.[1]

The comparative trends between the Permanent Migration Program and NOM are illustrated below at Chart 4. It shows the two broadly tracked together for much of the last 50 years. The exception has been the recent period since 2006 where the inflow of temporary migrants, particularly international students led to a significant increase in NOM.

Recent reforms to temporary and permanent skilled migration as well as changes to student visa settings have had the effect of restoring the balance between inflows and outflows of temporary migrants including international students, thereby reducing NOM. The more recent decline in NOM is driven by increased numbers of students departing Australia combined with lower numbers of international students arriving. Although this is not yet apparent in the final NOM data due to the time lags discussed above, it is evident in the latest DIAC visa grants data as outlined in Chart 10 below.

[1] More information can be found on the ABS website at: http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/3412.02008-09?OpenDocument. Further work may be required to examine the current status of previously temporary migrants and to develop a potentially more realistic NOM visa reporting methodology.

Chart 4: Permanent Migration Program and NOM

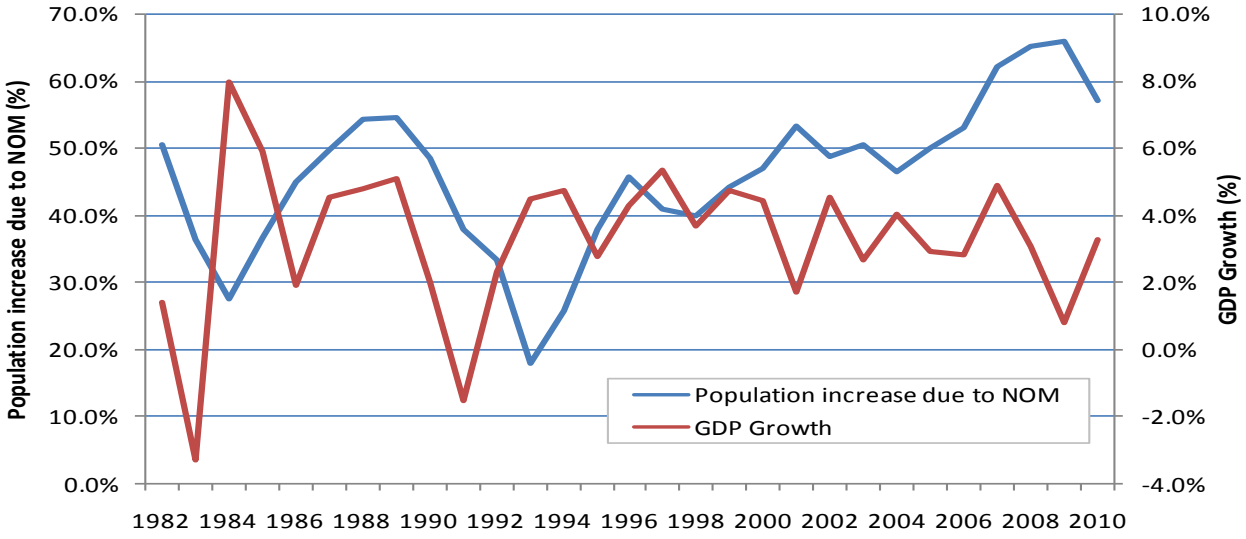


Source: Department of Immigration and Citizenship and Australian Bureau of Statistics. The data for 2011 are DIAC estimates.

Over the medium to long term, and providing the visa settings for temporary entrants are operating as intended, the economy is the key driver of NOM, whether explicitly through employer sponsored workers such as those on subclass 457 visas, or more implicitly through the Permanent Skilled Migration Programs. The relationship between NOM and Gross Domestic Product (GDP) has been highlighted previously in the DIAC publication *Population Flows: Immigration Aspects 2008-09*.[2] An update and adaptation of this relationship is presented below in Chart 5 which shows NOM responding to GDP growth within a 12 to 18 month lag on average. It is not a one for one relationship as there are some non-economic motivations for NOM (such as humanitarian and family visa entrants) but nevertheless there is a link.

Interestingly, in more recent times the onset of the Global Financial Crisis in 2008 saw GDP growth fall but at the same time NOM was rising rapidly. Again, this is likely to point to the increase in temporary migration (such as international students) which may not have immediately been linked to changes in the economy but rather the migrants' desire to arrive and stay permanently in Australia. This 'disconnect' is now being corrected with NOM and GDP growth coming closer together.

Chart 5: NOM and GDP growth (year ending)

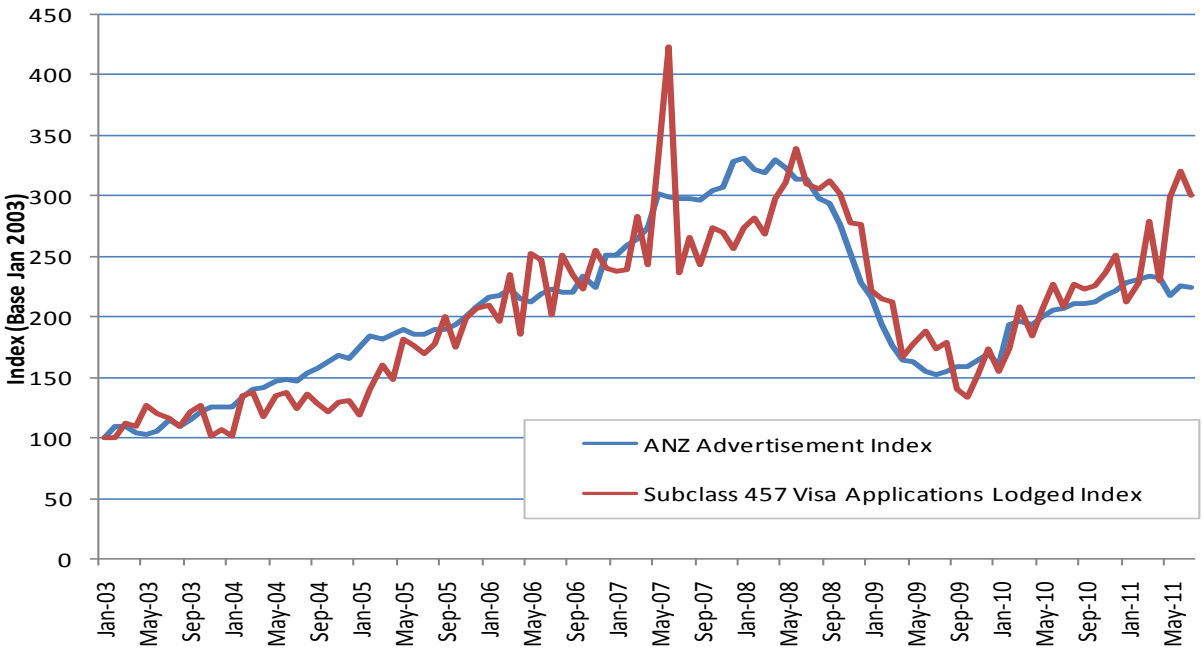


Source: Department of Immigration and Citizenship and Australian Bureau of Statistics.

[2] See for example Chapter 6 on The Economics of migration at: http://www.immi.gov.au/media/publications/statistics/popflows2008-09/

The close link between NOM and the economy is most evident in employer sponsored visas, particularly the subclass 457 which is having a growing impact on NOM. This was observed during the recent economic downturn, when demand for 457 visas declined significantly. With labour market conditions improving, visa applications for temporary skilled workers are on the rise, more than doubling between July 2011 and the low in October 2009 (Chart 6). Reforms to the subclass 457 visa program which have sought to ensure that temporary overseas workers are paid at market rates and do not take Australian jobs, combined with fast visa processing times by DIAC may have contributed to making this program more responsive to labour needs.

Chart 6: Subclass 457 Primary Applications and ANZ Job Advertisements, end July 2011



Source: Department of Immigration and Citizenship and Australia and New Zealand Banking Group Ltd.

It will be important to maintain the link between economic needs and migration in future, given the projected economic outlook in the 2011-12 Budget and economic growth in emerging economies such as China and India. This is likely to result in skilled labour needs amongst growing parts of the economy, for example resource rich Western Australia. However, if the economic outlook is revised downward in the short term on the back of more recent turbulence in global markets, this may have a downward impact on NOM.

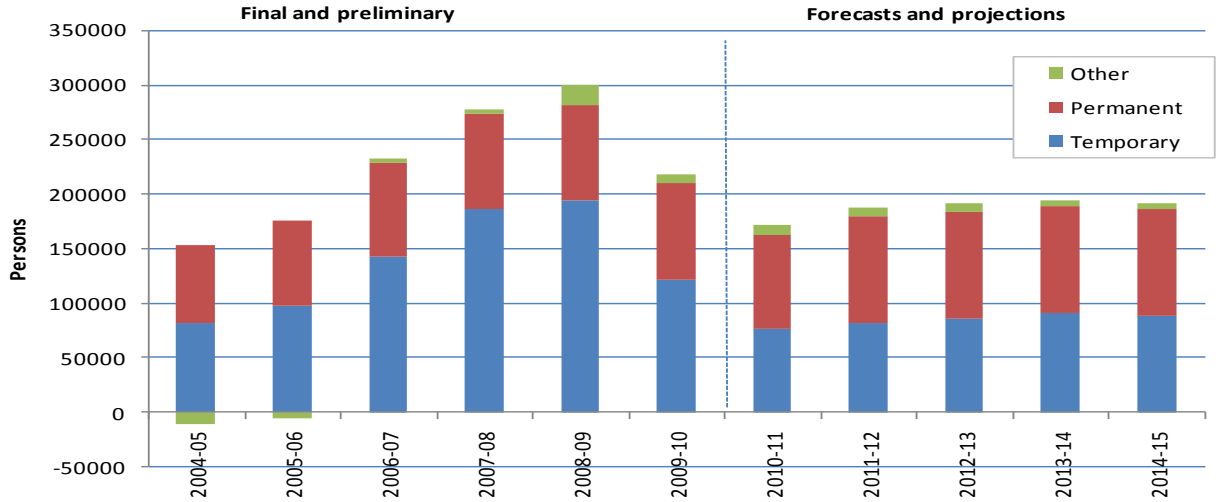
Overall NOM forecasts and projections

The Department of Immigration and Citizenship has drawn on its extensive data on migrant visa flows and past behaviour of migrants, to develop forecasts of NOM over the forward estimates period (currently to 2014-15). The DIAC forecasting framework is broadly outlined at Appendix C.

DIAC estimates that the level of NOM for the quarter just completed (year ending June 2011) is 171 300. This represents a fall of around 48 per cent from the December 2008 peak (Chart 7). The key driver behind the expected fall in NOM is a much lower inflow of international students as well as higher student departures.

Beyond 2011 the projections are that NOM will recover and stabilise at between 180 000 and 190 000. This is broadly consistent with the average 180 000 persons per annum used in the *2010 Intergenerational Report* to project a total population of 35.9 million by 2050. Note these projections take into account the economic outlook announced in May 2011 as part of the 2011-12 Budget. This outlook may need to be revised in light of more recent turbulence in global financial markets. If the economic outlook is revised downward this could in turn have a downward impact on net overseas migration.

Chart 7: Components of NOM



Source: Department of Immigration and Citizenship.

Outlook for the temporary component of NOM

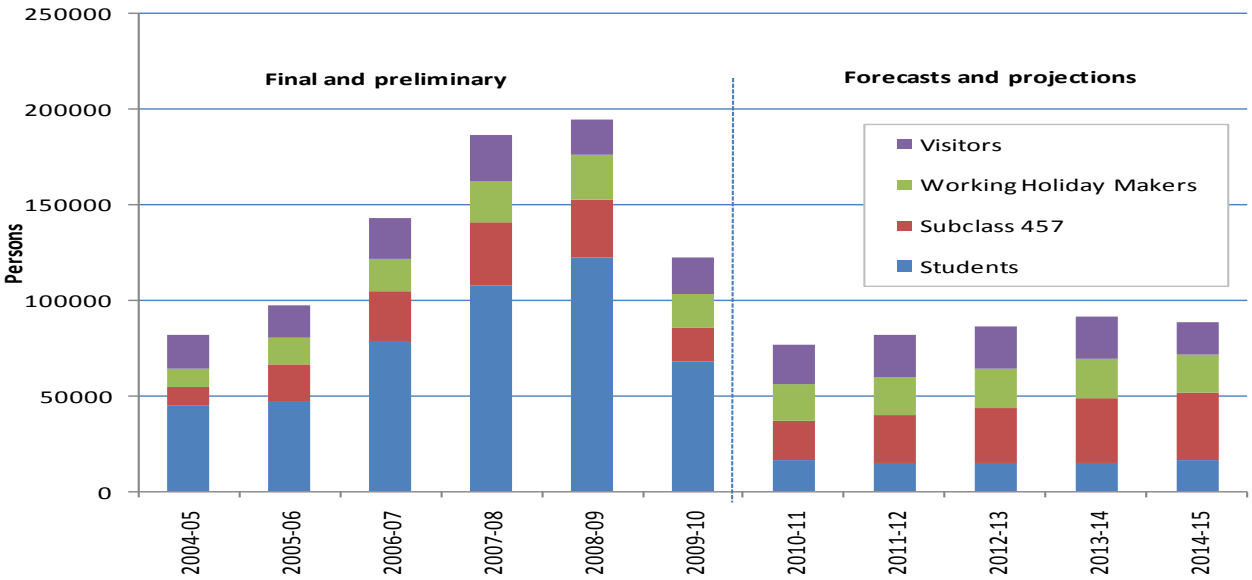
It is anticipated that as the economy gathers strength, employers will look to immigration to address skill shortages, pushing up the demand for subclass 457 visa holders. Similarly, there are indications that there will be increased numbers of Working Holiday Makers.

However, it is also expected that the contribution to NOM of international students will continue to ease over the projected period before stabilising, due to re-establishing the balance between their inflows and outflows. This downside impact partially offsets the projected increase in NOM from a continued economic recovery.

As shown in Chart 8, the temporary migration component of NOM has grown strongly in the past few years, largely due to the contribution of international students and temporary skilled migration (subclass 457). The recent fall in the students' contribution to NOM may be attributed to the strengthening of the Australian dollar, the US initiative to recover its share of the international education market, the introduction of robust integrity measures by DIAC, and changes to the General Skilled Migration Program.

The contribution of the subclass 457 (Long Stay Business) visa and that of Working Holiday Makers to NOM decreased recently due to the economic slowdown, but it will start to grow as the economic recovery continues supported by high terms of trade, and the unemployment rate approaching "full employment".

Chart 8: Contribution of temporary immigrants to NOM



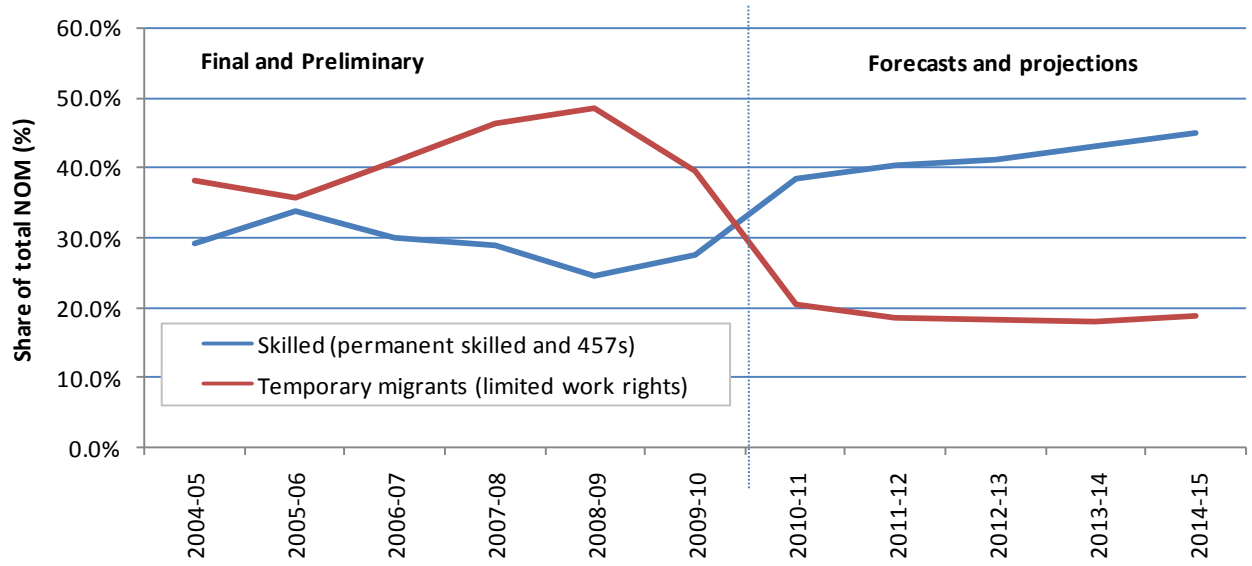
Source: Department of Immigration and Citizenship.

Most of the decline in NOM is due to a lower inflow and larger outflow of international students, not skilled migrants. As a result, the share of NOM has shifted towards both permanent and temporary skilled workers (Chart 9).

The skilled component of NOM – permanent Skill stream visas and Temporary Business subclass 457 visas – is projected to increase its share of NOM from around 28 per cent in 2009-10 to 45 per cent by 2014-15.

On the other hand, the impact on NOM of temporary migrants with limited work rights – consisting of international students and working holiday makers – are expected to fall from their peak of 49 per cent in 2008-09 to 19 per cent by 2014-15.

Chart 9: Changing composition of NOM



Source: Department of Immigration and Citizenship.

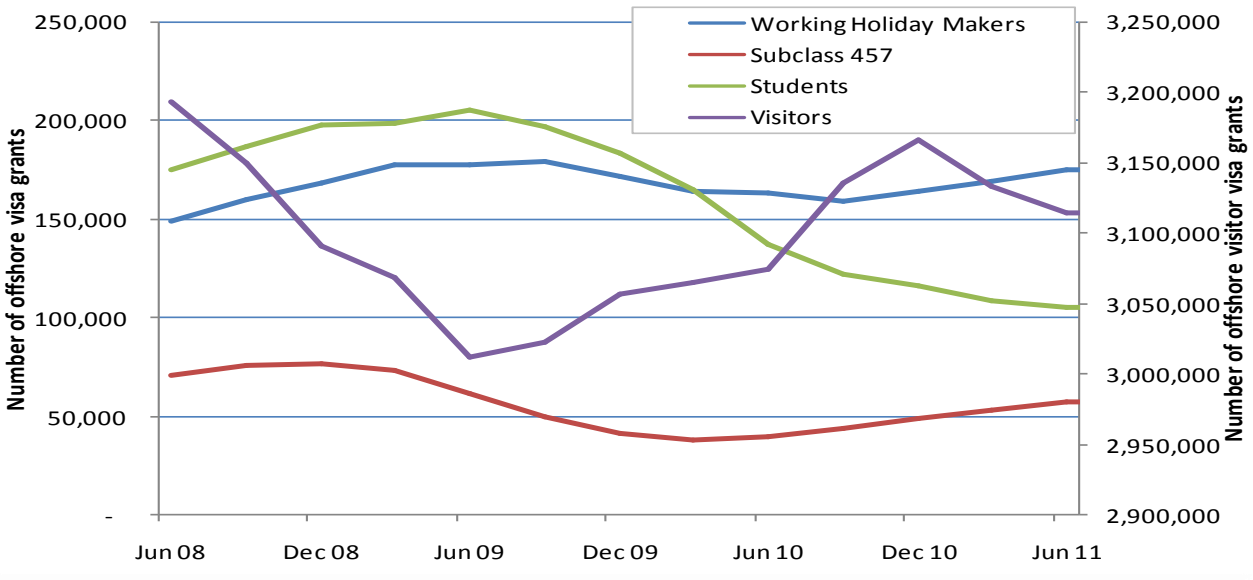
Trends in visa grants

The outlook for NOM and its changing composition is supported by the latest offshore visa grant data for temporary migrants (Chart 10). Offshore visa grants are the key leading indicator and input into the DIAC net overseas migration forecasts. They subsequently translate into overseas arrivals and additions to NOM (as outlined in Appendix C).

Although year ending[3] offshore visa grants for students are down by 48 per cent compared to their peak in August 2009, this is in part offset by other visa categories that contribute to NOM. For example, subclass 457 visas are 50 per cent higher in year ending terms compared to their recent low for the year ending March 2010. Similarly, Working Holiday Makers (WHMs) have also recovered.

Visa grants for international tourists have also recovered strongly in recent times after falling to a low in August 2009. However, they could become a downside risk to NOM in future given the continuing strength of the Australian dollar.

Chart 10: Year ending offshore visa grants for temporary migrants



Source: Department of Immigration and Citizenship.

Trends in visa stocks

Another reason that NOM is expected to stabilise at around 180 000 is due to the relatively stable overall stock of temporary residents in Australia.

The stock of temporary entrants and New Zealand citizens physically present in Australia is reported every three months by identifying people who have entered Australia on temporary visas and have not left or been granted permanent residence. The stock data is unique to DIAC and gives a more complete picture of the population impact of Australia's temporary entry programs.

The stock of temporary entrants excluding New Zealanders, as at 30 June 2011, was 908 060 persons, relatively unchanged from June 2009. Contributions to this stock in recent years had been due to rapidly rising temporary resident arrivals, but most recently is due to visa renewals and change of status from one temporary visa sub-class to another. While the number of students has fallen compared to the same period last year, the stock of bridging visas grew by around 35 per cent since June 2010 (Table 2). This recent growth in bridging visas reflects the growing onshore pipeline of applicants for permanent residency.

[3] Year ending means a rolling 12 month total updated each month. This approach smooths out seasonal variations and enables analysis of the underlying direction as well as magnitude of the data.

Table 2: Stock of temporary entrants

Visa Major Group	2009 30-Jun	2010 30-Jun	2011 30-Jun	2010 to 2011 % change
Temporary Resident	179 090	172 380	174 740	1.4%
Temporary Skilled Graduate - subclass 485	11 170	25 750	24 420	-5.2%
Student	386 260	382 710	332 700	-13.1%
Student Guardian	2 660	2 290	1 940	-15.3%
Work/Holiday	106 880	103 010	111 990	8.7%
Visitor	163 900	174 910	166 750	-4.7%
Bridging visa	61 670	83 000	112 380	35.4%
Transit visa	130	100	220	120.0%
Other Temporary Entrant	5 300	6 120	7 340	19.9%
Total	**905 890**	**924 520**	**908 060**	**-1.8%**

Source: Department of Immigration and Citizenship, data rounded to nearest 10.

Appendix A and Appendix B present detailed forecasts of NOM by major visa category and flow on a year ending and quarterly basis until 2014-15.

The forecasts and projections are based on trends in visa grants, past behaviour of migrants across different visa groups, the impact of existing policy reforms, and also incorporate official forecasts of future economic conditions. The forecasts are revised and produced on a quarterly basis after the release of the ABS 3101.0 - Australian Demographic Statistics data. To date, they have proven accurate at forecasting NOM ahead of the ABS data – usually to within 95 per cent accuracy. For example, the DIAC forecast, released in May 2011, for the year ending in the December 2010 quarter was 175 800 persons whereas the ABS preliminary NOM data, released on 23 June 2011, for the same period was 171 094 persons. Some of the difference could be attributed to differences between preliminary and final NOM data.

Appendix A and Appendix B are available electronically upon request to oad_stock_reporting@immi.gov.au

Appendix C outlines in the main concepts and methodology behind the NOM forecasting and projection framework. More detailed information was published in the DIAC's Outlook for Net Overseas Migration May 2011 edition, see http://www.immi.gov.au/media/publications/statistics

Future directions

As noted above, the level of immigration tends to move with the level of economic activity. Nevertheless it is important that the Department continue and build on policies to ensure this link remains unbroken.

Migration can often be thought of as a two-stage selection process. In the first stage, the would-be migrant seeks to migrate based on self selection – both positive and negative. The positively selected are those who come from the upper end of the skill distribution in their home country. They do so because they estimate the pay off to their skill is likely to be greater in the destination country. The negatively selected are those at the other end of the skill distribution who migrate because the low skill penalty is less punitive in the destination country. For example, a relatively high minimum wage would encourage negative selection. In the second stage, a national government imposes its own selection policies often aiming to ensure the destination country extracts the maximum benefits from the potential migrant intake (for example by focusing on skilled migrants).

The implication of this, also supported by empirical studies, is that migration flows are driven by factors which are independent of national government selection policies or indeed economic needs of the destination country (see for example Borjas 1987)[4].

In the Australian context, the majority of our major NOM and Migration Program source countries have a GDP per person that is well below that of Australia (Table 3). Similarly these counties (for example China, India, Sri Lanka, Vietnam) have local wages that are far lower than those in Australia. This disparity is likely to persist for a considerable time to come. One of the challenges facing DIAC is likely to involve ensuring

[4] Borjas (1987) Self-Selection and the Earnings of Immigrants, NBER Working Paper No. 2248, http://www.nber.org/papers/w2248.

the integrity of the migration intake such that Australia receives only enough migrants that are consistent with economic or labour market needs.

Table 3: Top contributors to NOM by citizenship, 2008-09

Country of Citizenship	Persons	Share of Total
India	59 987	20.0%
China (excludes SARs and Taiwan)	33 355	11.1%
New Zealand	30 224	10.1%
United Kingdom	29 310	9.8%
Philippines	11 758	3.9%
South Africa	11 639	3.9%
Nepal	11 079	3.7%
Vietnam	9 045	3.0%
Korea, Republic of (South)	8 089	2.7%
Ireland	7 200	2.4%
Other	88 178	29.4%
Total	**299 864**	**100.0%**

Source: Department of Immigration and Citizenship.

Australia's immigration program has traditionally been planned and managed on an annual basis through the setting of permanent Skill, Family and Humanitarian intake levels. As discussed above, however, there has been an increase in temporary migrants some of whom have sought to then stay in Australia permanently. A key driver of this desire to settle in Australia is income disparities between Australians and many of our major migration source countries.

As a result, DIAC is implementing a Long Term Migration Planning Framework to ensure that Australia's future immigration levels are guided by the genuine economic needs of the country, rather than by the desire of prospective migrants to live in Australia. The framework will look beyond the annual permanent migration program and examine both temporary and permanent migrants over a multi-year period. This involves modelling to forecast the level, composition and distribution of immigration across States, Territories and regions. This report is a step towards this goal. The framework also involves estimating the genuine labour supply needs of the economy that cannot be met through domestic sources. This modelling will help inform the level and composition of the annual Migration Program and can be further used to estimate the full economic impact of migration flows. The modelling can also be extended in future to better understand the regional impacts of NOM, by utilising detailed administrative data on location of various temporary migrants (for example students and subclass 457 visa holders).

The Long Term Migration Planning Framework will be an input to the *Sustainable Population Strategy* and will involve greater dissemination of information to assist whole of government planning.

Appendix A: Year ending forecasts and projections of NOM

Year ending NOM arrivals '000 of persons	2010 Dec	2011 Mar	2011 Jun	2011 Sept	2011 Dec	2012 Mar	2012 Jun	2012 Sept	2013 Jun	2014 Jun	2015 Jun
Students	94.0	82.3	76.3	73.2	71.2	70.6	70.4	70.3	70.3	70.0	71.6
Subclass 457	28.5	30.8	33.4	35.8	37.6	39.3	40.7	42.1	47.1	55.0	58.4
Working Holiday Makers	28.3	28.7	29.4	30.1	30.6	30.9	31.1	31.2	31.5	32.0	31.2
Tourists	57.2	59.5	68.0	69.3	70.2	70.8	64.5	64.8	65.0	64.7	65.6
Total Temporary	**208.0**	**201.4**	**207.1**	**208.4**	**209.7**	**211.5**	**206.7**	**208.5**	**213.9**	**221.7**	**226.8**
Skilled	47.3	47.9	48.6	49.9	51.1	52.4	53.7	53.7	53.7	53.7	53.7
Family	32.9	32.1	31.3	32.8	34.3	35.8	37.3	37.3	37.3	37.3	37.3
Humanitarian	11.7	11.7	11.7	11.9	12.1	12.4	12.6	12.6	12.6	12.6	12.6
Total Permanent	**91.9**	**91.8**	**91.6**	**94.6**	**97.6**	**100.6**	**103.6**	**103.6**	**103.6**	**103.6**	**103.6**
Australian citizen	62.0	61.6	61.4	61.0	60.7	60.4	60.2	59.9	59.1	58.0	57.5
New Zealand citizen	40.8	41.0	41.2	41.4	41.5	41.7	41.8	42.0	42.5	43.1	43.0
Other	29.4	29.1	28.7	28.7	28.5	28.2	27.9	27.8	27.1	26.3	25.5
Total Other	**132.2**	**131.8**	**131.3**	**131.1**	**130.7**	**130.3**	**129.9**	**129.7**	**128.7**	**127.4**	**126.1**
Total	**432.1**	**424.9**	**429.9**	**434.1**	**438.0**	**442.5**	**440.2**	**441.7**	**446.1**	**452.6**	**456.5**
Year ending NOM departures '000 of persons	**2010 Dec**	**2011 Mar**	**2011 Jun**	**2011 Sept**	**2011 Dec**	**2012 Mar**	**2012 Jun**	**2012 Sept**	**2013 Jun**	**2014 Jun**	**2015 Jun**
Students	63.5	62.3	59.9	56.6	54.4	53.6	55.8	55.7	55.5	55.5	55.7
Subclass 457	10.8	11.7	12.7	13.6	14.3	15.0	15.5	16.1	18.0	21.0	22.6
Working Holiday Makers	10.2	10.3	10.6	10.8	11.0	11.1	11.1	11.2	11.4	11.4	11.2
Tourists	46.8	44.9	47.5	42.8	42.0	42.3	42.6	42.6	42.8	42.6	48.7
Total Temporary	**131.3**	**129.3**	**130.7**	**123.9**	**121.7**	**122.0**	**125.0**	**125.6**	**127.7**	**130.5**	**138.2**
Skilled	3.1	3.1	3.1	3.2	3.3	3.4	3.5	3.5	3.5	3.5	3.5
Family	1.9	1.8	1.8	1.9	2.0	2.1	2.2	2.2	2.2	2.2	2.2
Humanitarian	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Permanent	**5.0**	**5.0**	**4.9**	**5.1**	**5.3**	**5.5**	**5.7**	**5.7**	**5.7**	**5.7**	**5.7**
Australian citizen	78.3	78.0	77.5	77.1	76.8	76.3	76.0	75.7	74.5	73.1	73.7
New Zealand citizen	10.1	10.0	10.0	10.5	11.0	11.7	12.3	12.5	14.0	17.4	17.7
Other	36.3	35.9	35.6	35.1	34.8	34.5	34.1	33.7	32.8	31.5	30.2
Total Other	**124.8**	**123.9**	**123.1**	**122.8**	**122.6**	**122.5**	**122.5**	**121.9**	**121.3**	**122.0**	**121.6**
Total	**261.0**	**258.1**	**258.7**	**251.8**	**249.6**	**250.0**	**253.1**	**253.1**	**254.6**	**258.1**	**265.4**
Year ending net NOM '000 of persons	**2010 Dec**	**2011 Mar**	**2011 Jun**	**2011 Sept**	**2011 Dec**	**2012 Mar**	**2012 Jun**	**2012 Sept**	**2013 Jun**	**2014 Jun**	**2015 Jun**
Students	30.5	20.0	16.4	16.6	16.8	17.0	14.6	14.6	14.8	14.5	15.9
Subclass 457	17.6	19.0	20.7	22.2	23.3	24.3	25.2	26.0	29.1	34.0	35.9
Working Holiday Makers	18.1	18.4	18.8	19.3	19.6	19.8	20.0	20.1	20.1	20.6	20.0
Tourists	10.4	14.7	20.5	26.5	28.3	28.4	21.9	22.2	22.3	22.2	16.9
Total Temporary	**76.7**	**72.1**	**76.4**	**84.5**	**88.0**	**89.5**	**81.7**	**82.9**	**86.2**	**91.2**	**88.6**
Skilled	44.2	44.8	45.4	46.6	47.8	49.0	50.2	50.2	50.2	50.2	50.2
Family	31.0	30.3	29.5	30.9	32.3	33.8	35.2	35.2	35.2	35.2	35.2
Humanitarian	11.7	11.7	11.7	11.9	12.1	12.3	12.5	12.5	12.5	12.5	12.5
Total Permanent	**87.0**	**86.8**	**86.6**	**89.5**	**92.3**	**95.1**	**97.9**	**97.9**	**97.9**	**97.9**	**97.9**
Australian citizen	-16.3	-16.3	-16.2	-16.1	-16.0	-15.9	-15.8	-15.8	-15.3	-15.1	-16.2
New Zealand citizen	30.7	31.0	31.2	30.9	30.5	30.0	29.4	29.5	28.4	25.7	25.3
Other	-7.0	-6.8	-6.8	-6.5	-6.3	-6.2	-6.2	-5.9	-5.7	-5.2	-4.7
Total Other	**7.4**	**7.9**	**8.2**	**8.3**	**8.1**	**7.9**	**7.4**	**7.8**	**7.4**	**5.4**	**4.5**
Total	**171.1**	**166.8**	**171.3**	**182.3**	**188.4**	**192.5**	**187.0**	**188.6**	**191.5**	**194.5**	**191.0**

Source: Department of Immigration and Citizenship.

Appendix A and Appendix B are available electronically upon request to oad_stock_reporting@immi.gov.au

Appendix B: Quarterly forecasts and projections of NOM

Quarterly NOM arrivals '000 of persons	2010 Dec	2011 Mar	2011 Jun	2011 Sept	2011 Dec	2012 Mar	2012 Jun	2012 Sept	2013 Jun	2014 Jun	2015 Jun
Students	19.5	17.9	17.9	17.9	17.5	17.3	17.7	17.8	17.7	17.7	18.1
Subclass 457	8.1	8.7	9.3	9.7	10.0	10.3	10.8	11.1	12.5	14.6	14.7
Working Holiday Makers	7.2	7.5	7.7	7.8	7.7	7.8	7.8	7.9	7.9	8.0	7.8
Tourists	15.2	15.8	22.5	15.8	16.1	16.4	16.3	16.1	16.2	16.2	16.5
Total Temporary	**49.9**	**49.9**	**57.4**	**51.1**	**51.2**	**51.8**	**52.6**	**52.9**	**54.3**	**56.4**	**57.0**
Skilled	12.1	12.1	12.1	13.4	13.4	13.4	13.4	13.4	13.4	13.4	13.4
Family	7.8	7.8	7.8	9.3	9.3	9.3	9.3	9.3	9.3	9.3	9.3
Humanitarian	2.9	2.9	2.9	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1
Total Permanent	**22.9**	**22.9**	**22.9**	**25.9**	**25.9**	**25.9**	**25.9**	**25.9**	**25.9**	**25.9**	**25.9**
Australian citizen	16.5	17.8	9.2	17.5	16.2	17.5	9.0	17.2	8.9	8.7	8.6
New Zealand citizen	8.3	16.1	4.9	12.0	8.4	16.3	5.0	12.2	5.1	5.1	5.1
Other	7.6	7.2	6.2	7.7	7.4	6.9	5.8	7.7	5.5	5.2	4.9
Total Other	**32.5**	**41.1**	**20.3**	**37.3**	**32.1**	**40.7**	**19.8**	**37.1**	**19.5**	**19.0**	**18.6**
Total	**105.3**	**113.9**	**100.6**	**114.3**	**109.2**	**118.4**	**98.3**	**115.9**	**99.7**	**101.3**	**101.5**
Quarterly NOM departures '000 of persons	**2010 Dec**	**2011 Mar**	**2011 Jun**	**2011 Sept**	**2011 Dec**	**2012 Mar**	**2012 Jun**	**2012 Sept**	**2013 Jun**	**2014 Jun**	**2015 Jun**
Students	16.1	14.5	11.8	14.1	13.9	13.8	14.0	14.1	14.0	14.0	14.1
Subclass 457	3.1	3.3	3.6	3.6	3.8	3.9	4.1	4.2	4.8	5.6	5.7
Working Holiday Makers	2.6	2.7	2.8	2.8	2.8	2.8	2.8	2.8	2.9	2.9	2.8
Tourists	11.5	10.4	10.5	10.4	10.6	10.8	10.8	10.4	10.7	10.6	12.2
Total Temporary	**33.3**	**30.9**	**28.6**	**31.0**	**31.1**	**31.3**	**31.6**	**31.6**	**32.4**	**33.1**	**34.8**
Skilled	0.8	0.8	0.8	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
Family	0.4	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Humanitarian	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Permanent	**1.2**	**1.2**	**1.2**	**1.4**	**1.4**	**1.4**	**1.4**	**1.4**	**1.4**	**1.4**	**1.4**
Australian citizen	20.2	20.1	18.5	18.3	19.8	19.6	18.3	18.0	17.9	17.5	17.7
New Zealand citizen	6.2	1.1	1.4	1.8	6.6	1.8	2.1	2.0	2.3	3.2	3.5
Other	9.8	8.5	8.6	8.2	9.5	8.1	8.3	7.8	8.0	7.7	7.4
Total Other	**36.2**	**29.6**	**28.6**	**28.3**	**36.0**	**29.5**	**28.6**	**27.8**	**28.2**	**28.4**	**28.6**
Total	**70.7**	**61.8**	**58.5**	**60.7**	**68.5**	**62.2**	**61.6**	**60.8**	**62.0**	**62.9**	**64.8**
Quarterly net NOM '000 of persons	**2010 Dec**	**2011 Mar**	**2011 Jun**	**2011 Sept**	**2011 Dec**	**2012 Mar**	**2012 Jun**	**2012 Sept**	**2013 Jun**	**2014 Jun**	**2015 Jun**
Students	3.4	3.4	6.1	3.8	3.6	3.6	3.7	3.7	3.7	3.7	4.0
Subclass 457	5.0	5.4	5.8	6.0	6.1	6.4	6.7	6.8	7.7	9.0	9.0
Working Holiday Makers	4.6	4.8	4.9	5.0	4.9	5.0	5.1	5.1	5.0	5.1	5.0
Tourists	3.7	5.4	12.0	5.3	5.4	5.6	5.5	5.6	5.5	5.5	4.2
Total Temporary	**16.6**	**19.0**	**28.8**	**20.1**	**20.1**	**20.5**	**21.0**	**21.3**	**21.9**	**23.3**	**22.2**
Skilled	11.4	11.4	11.4	12.6	12.6	12.6	12.6	12.6	12.6	12.6	12.6
Family	7.4	7.4	7.4	8.8	8.8	8.8	8.8	8.8	8.8	8.8	8.8
Humanitarian	2.9	2.9	2.9	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1
Total Permanent	**21.7**	**21.7**	**21.7**	**24.5**	**24.5**	**24.5**	**24.5**	**24.5**	**24.5**	**24.5**	**24.5**
Australian citizen	-3.7	-2.3	-9.4	-0.8	-3.6	-2.2	-9.2	-0.9	-9.0	-8.9	-9.0
New Zealand citizen	2.1	15.0	3.5	10.2	1.8	14.5	2.9	10.3	2.8	1.9	1.6
Other	-2.2	-1.3	-2.5	-0.4	-2.1	-1.2	-2.5	-0.1	-2.5	-2.5	-2.5
Total Other	**-3.7**	**11.4**	**-8.4**	**9.0**	**-3.9**	**11.2**	**-8.8**	**9.3**	**-8.7**	**-9.4**	**-10.0**
Total	**34.5**	**52.1**	**42.1**	**53.6**	**40.7**	**56.2**	**36.7**	**55.1**	**37.7**	**38.4**	**36.7**

* 'Other includes bridging visas.

Source: Department of Immigration and Citizenship.

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Appendix C: Concepts and methodology

Components of NOM

Net overseas migration has three key components:

- **Permanent entrants** sourced from the permanent Migration Program and Australia's Humanitarian Program, which include the Skilled, Family and Humanitarian visa groups. These programs are capped annually by government policy.
- **Temporary entrants** include Students, subclass 457 (business long stay), Working Holiday Makers, and long term visitors. This part of NOM is largely uncapped and driven by factors such as the economy. Nevertheless, the government can exercise integrity and other measures (for example changing English language proficiency requirements for students) which can affect this component of NOM.
- **Other entrants** include Australian citizens and New Zealand citizens, as well as people on bridging and other visas. This component of NOM is uncapped. Australian citizens do not require a visa to enter or exit Australia. New Zealand citizens can enter, reside and work in Australia freely under the Trans-Tasman travel arrangements. Their movements are affected by the differential economic performance and labour market conditions of Australia and New Zealand. Other visas that have a smaller impact on NOM include residents returning to Australia (that is, non Australian citizens who are permanent residents).

Forecasting and projecting NOM

The NOM forecasting and projection framework combines historical data on visa grants with past behaviour of migrants across different visa groups, the impact of existing policy reforms, and also incorporate official forecasts of future economic conditions.

Offshore visa grants by major visa group are sourced from DIAC internal data. The analysis uses visas granted offshore (rather than onshore) as these are most likely to contribute to NOM (see Chart 10 above).

Propensities to enter into NOM are applied to these offshore grants to estimate NOM arrivals, based on historical behaviour of migrants across different visa classes. DIAC internal data identify and track an individual from visa grant, to arrival in Australia, to subsequent stay and possible departure. The data can be used to follow a large cohort of migrants across time to develop meaningful average propensities to enter NOM. The data go back to 2004, allowing the reporting of five year propensities to enter NOM. This approach is broadly consistent with work underway for DIAC by Peter McDonald and Jeromey Temple from the Australian National University.

A detailed explanation of the methodology used to forecast NOM has been published on the DIAC website, in DIAC's Outlook for Net Overseas Migration May 2011, in Appendix C see http://www.immi.gov.au/media/publications/statistics