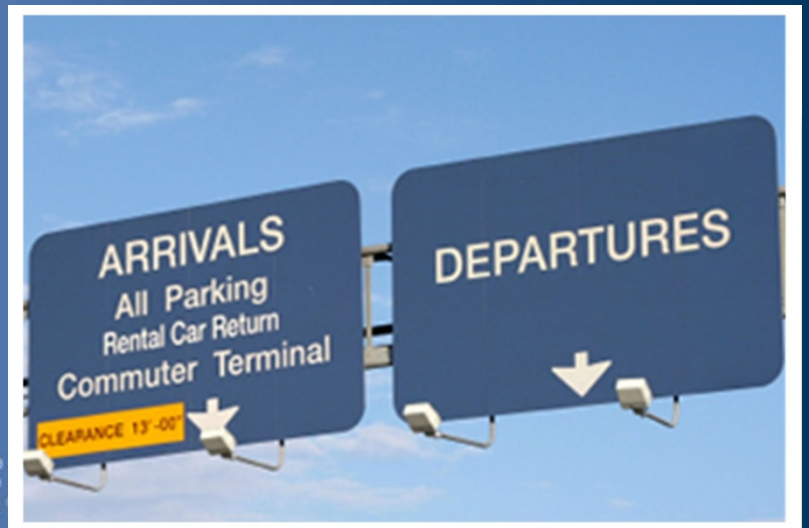




The Outlook for Net Overseas Migration

September 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 policy decisions as well as the official economic outlook.

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 over 5 years. In future, the Department will look to expand its forecasting capacity to analyse NOM flows at the State, Territory and regional levels.

Introduction

This quarterly report by the Department of Immigration and Citizenship (DIAC) provides an analysis of and forecasts for Net Overseas Migration (NOM) to 2014-15.

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, and this is the area that DIAC focuses on.

Overseas travellers only count in 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 overseas arrivals or overseas departures. It also means that people who are not permanent residents of Australia can be counted as overseas 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.

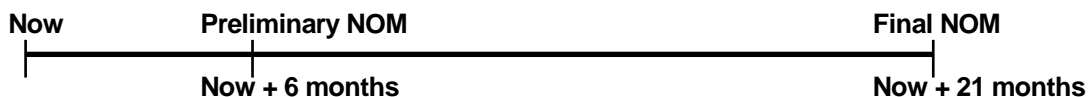
Data for NOM calculations are obtained from passenger travel cards which travellers fill out before they exit or enter Australia, as well as information from DIAC administrative systems. The Australian Bureau of Statistics (ABS) publishes official NOM data, whereas DIAC forecasts NOM.

Preliminary and final estimates of NOM

The ABS releases 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 December 2009 at the end of September 2011.

In the meantime and because of legislative requirements for 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 March 2011 quarter were released in September 2011 and the June 2011 quarter preliminary estimates are expected to be released at the end of December 2011.

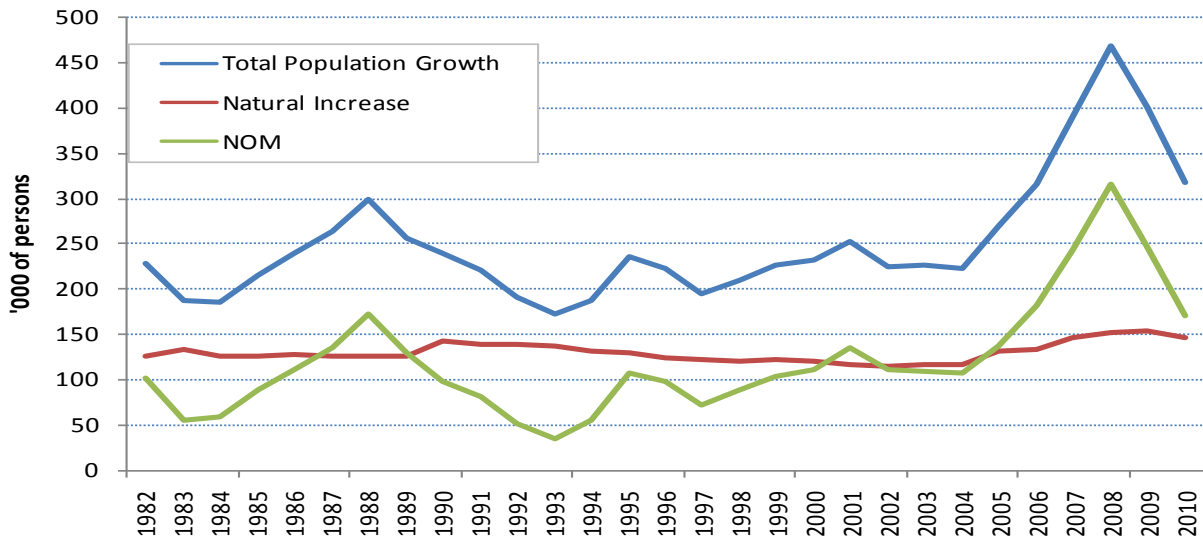
These are still somewhat dated and as such it can be useful for DIAC to further forecast and project NOM using the methodology outlined in this paper. DIAC also update these forecasts on a quarterly basis.

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 54 per cent of Australia's population growth, but has been as high as 68 per cent in 2008. 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 currently around 1.9 births per woman (having 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 reached and NOM is on its way down. This is leading to lower population growth. Australia's annual population growth rate slowed to 1.4 per cent in the year ending March 2011. This is down from its peak growth rate of 2.2 per cent for the year ending December 2008. This was the lowest growth rate since the year ended 30 September 2005.

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 167 100 for the year ending in March 2011. This is a 47 per cent fall from its peak.

The recent decline is largely due to fewer arrivals. For the year ending March 2011, arrivals were down 37 600 compared to March 2010. Over the same period there were also somewhat greater departures, up 15 300, 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 2009

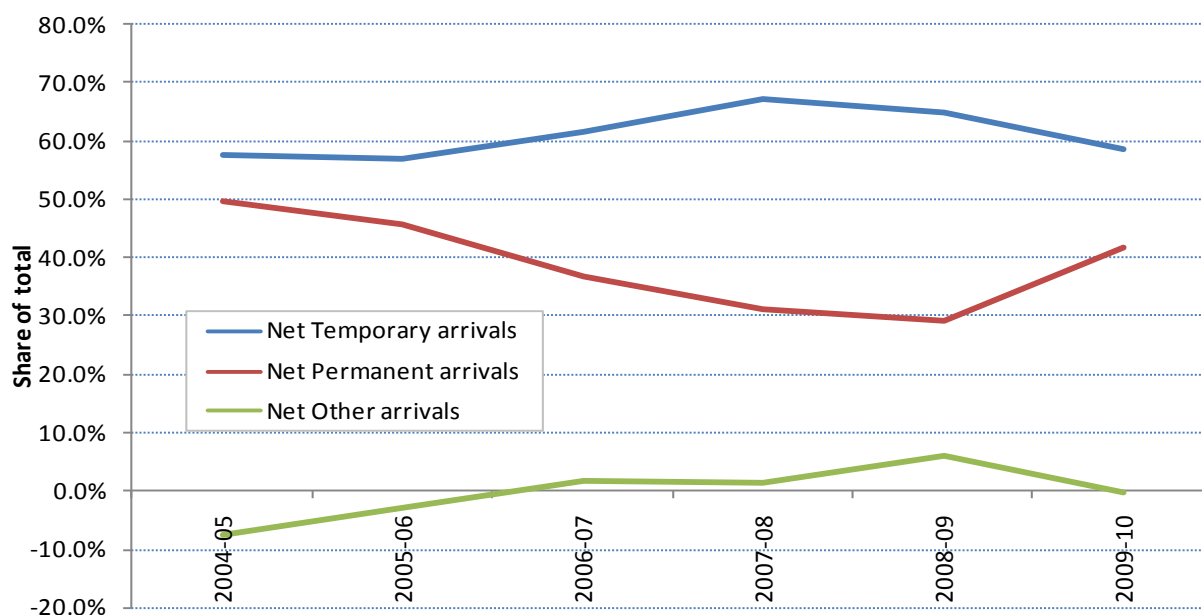
NOM component	Description	Drivers	Share of NOM
Permanent			
Net Permanent arrivals	Arrivals under the Permanent Migration Program	The total size of the Permanent Migration and Humanitarian Programs is set by Government	33.5%
	Arrivals under the Humanitarian Programs		
Temporary			
Net Temporary residents	International Students	Largely uncapped but can be influenced by Government policy settings	63.1%
	Temporary skilled (457) workers		
	Working holidays Makers		
	Tourists and visitors		
Others			
Net Other arrivals	Returning Australian citizens and permanent residents	Australian citizens and permanent residents can have free movement	3.4%
	Australian citizens and permanent residents emigrating	Movement of New Zealand citizens uncapped/free movement under the Trans-Tasman Travel Arrangement	
	New Zealand citizens settling and emigrating		

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

As indicated in the table above, a key short term 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 2009-10 (Chart 2). It shows the steady increase in NOM by temporary residents at the expense of permanent migrants.

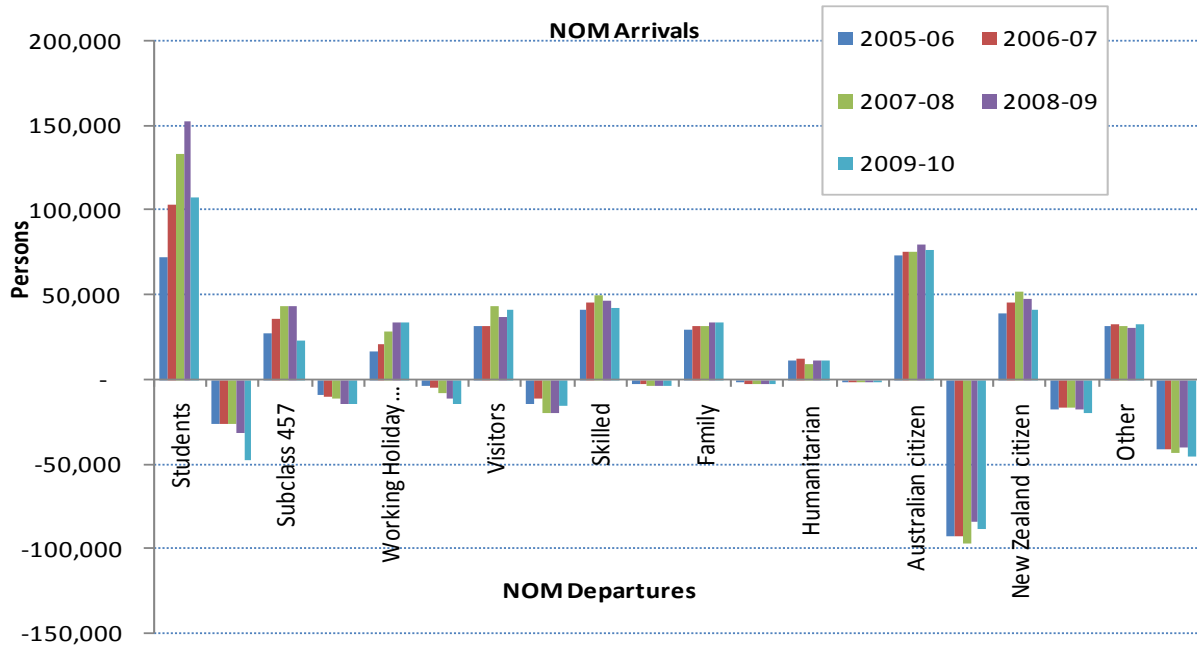
Chart 2: Shares of final NOM 2004-05 to 2009-10



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

Examining NOM in greater detail, it is clear that 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. This appears to be stabilizing in recent years with reforms to the student visa program.

Chart 3: Migration components of final NOM, 2005-06 to 2009-10



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.

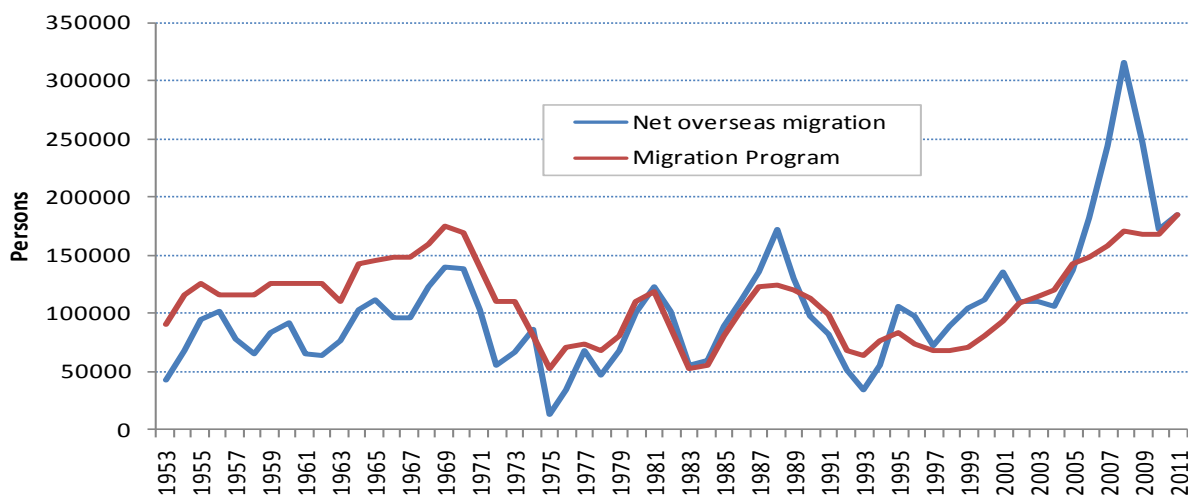
In addition, the Australian Bureau of Statistics disaggregates NOM data by visa component according to a person's 'initial category of travel' where an individual must be assigned to one and only one movement. For example, if an international student entered Australia on a temporary student visa and 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. This recent decline in NOM is driven by increased numbers of students departing Australia, combined with lower numbers of international students arriving.

¹ More information can be found on the ABS website at: <http://www.abs.gov.au/ausstats/abs@.nsf/mf/3412.0>. 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

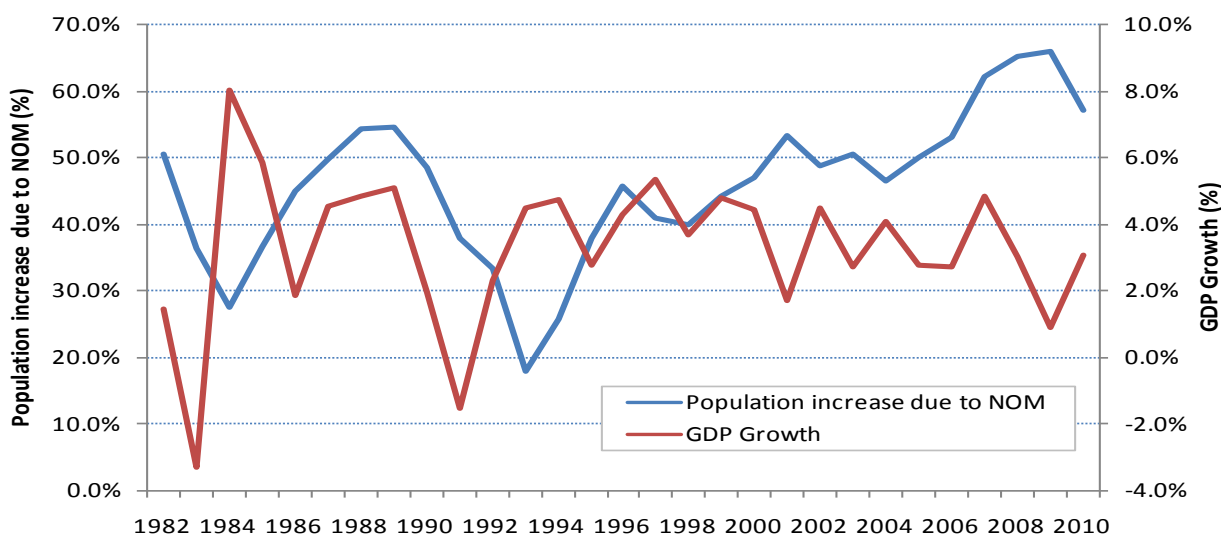


Source: Department of Immigration and Citizenship and Australian Bureau of Statistics. The data for 2011 are DIAC estimates.

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 through employer sponsored workers such as those on subclass 457 visas or 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 2009-10*.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/popflows2009-10/>

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 countries such as China and India. This is likely to result in skilled labour needs amongst growing sectors of the economy, for example resource rich West 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.

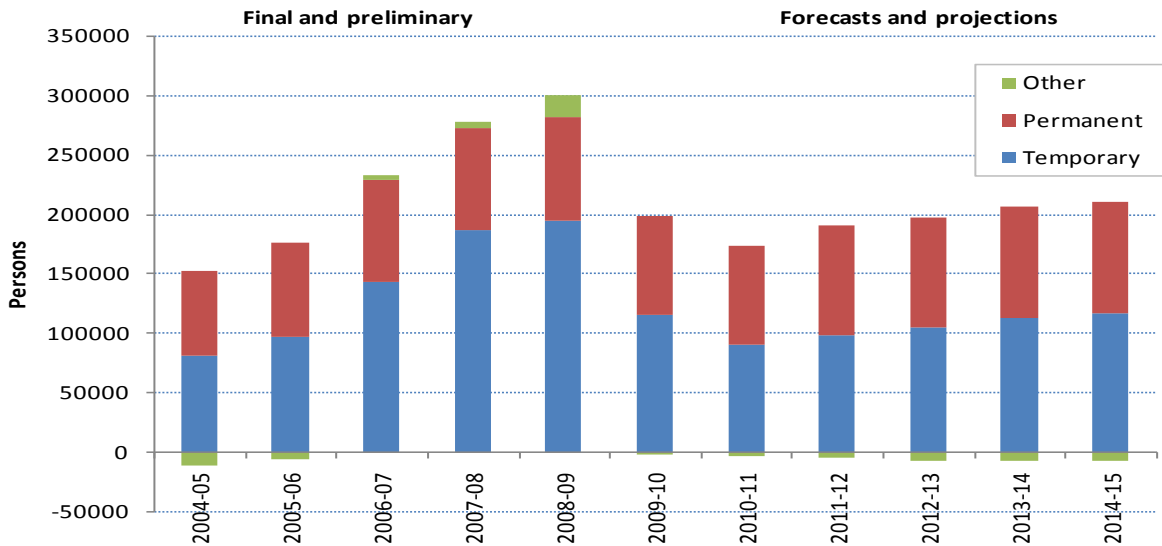
NOM forecasts and projections

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 September 2011) is 177 400. This represents an increase on the latest ABS estimate (year ending March 2011) of 10 300 or 6.2%.

Beyond 2011 the projections are that NOM will slowly increase over the period through to 2014-15 to just over 200 000. Projections take into account the expected effects of known policy decisions to date, combined with the assumption of no policy change into the future. For example, we expect no significant changes in the size and composition of the permanent migration program and projections do take into account official economic forecasts.

Chart 6: Components of NOM



Source: Department of Immigration and Citizenship.

Outlook for the temporary component of NOM

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

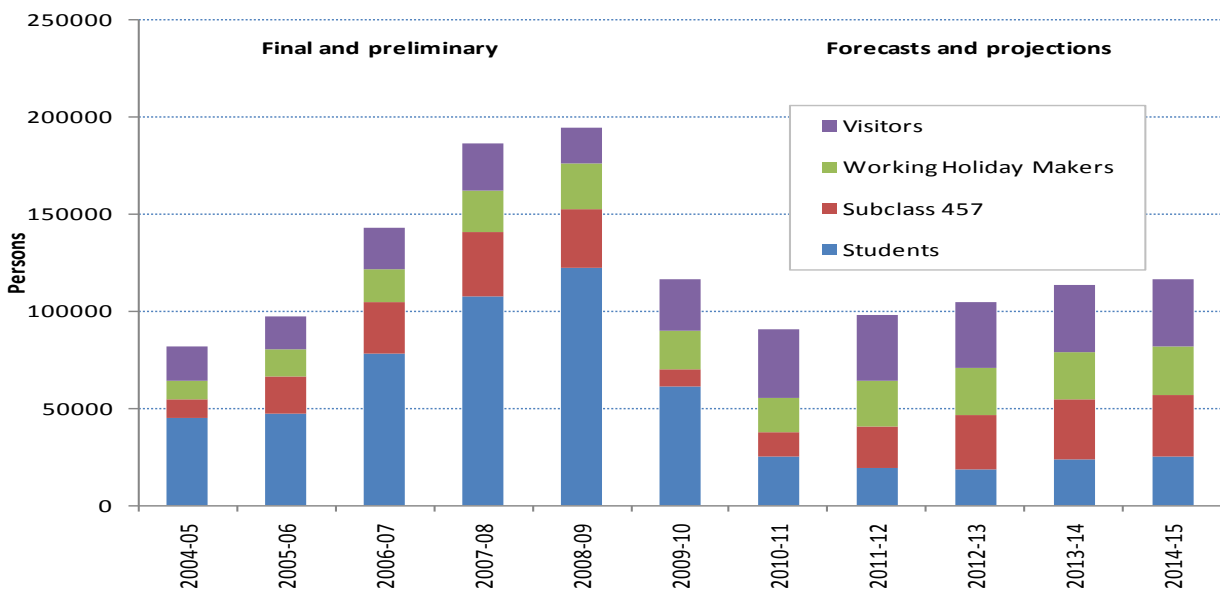
It is expected that the contribution to NOM of international students will continue to ease over the first half of the projected period before stabilising, due to re-establishing the balance between their inflows and outflows. This downside impact partially offsets the projected increase in NOM from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

As shown in Chart 7, 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.

Recently agreement was reached on implementation of recommendations from the Knight Review of the Student Visa Program³. These recommendations have been taken into account when preparing forecasts of NOM for the student visa category. Implementation of most recommendations is expected by mid 2012 with the post study work rights visa to come into effect from March 2013. Given the 12 in 16 month rule, effects of these changes are not expected to be visible until late 2013. Therefore, from September 2013 the forecasts show a small but steady increase in net student numbers as more students arrive and proportionally less students leave Australia. The forecast growth in the student program will not be as great as in the period 2006-07 to 2008-09.

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 is starting to grow again as the economic recovery continues supported by high terms of trade, and the unemployment rate stabilising around "full employment".

Chart 7: Contribution of temporary immigrants to NOM



Source: Department of Immigration and Citizenship.

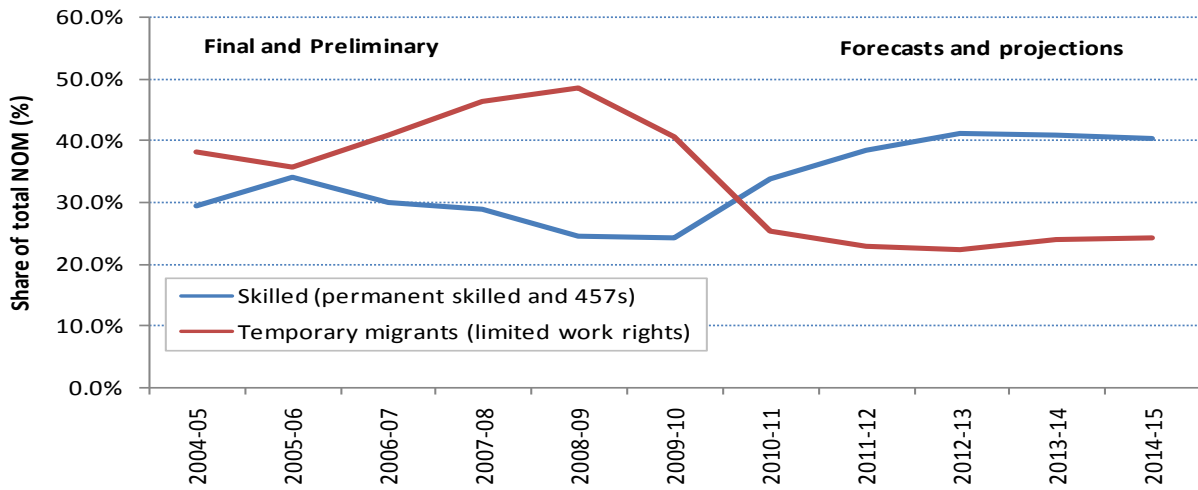
Most of the decline in NOM is due to a lower inflow and larger outflow of international students, not skilled migrants. As a result, the share of NOM has shifted towards both permanent and temporary skilled workers (Chart 8).

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 33 per cent for year ending March 2011 to 40 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 24 per cent in 2014-15. This forecast takes into account the outcomes of the Knight Review as previously discussed.

³ Information on the Knight review of the Student Visa Program can be found on the Immigration website at <http://www.immi.gov.au/students/knight/>

Chart 8: Changing composition of NOM



Source: Department of Immigration and Citizenship.

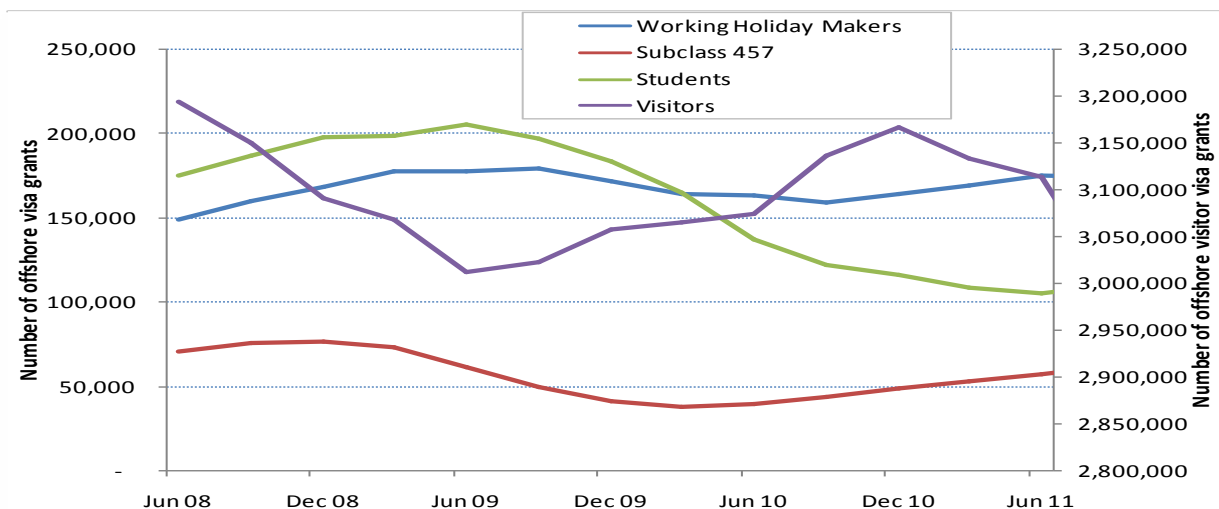
Trends in visa grants

The outlook for NOM and its changing composition is supported by the latest offshore visa grant data for temporary migrants (Chart 9). 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 ending⁴ 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 64 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 recovered strongly in to December 2010 after falling to a low in August 2009. However, they have now become a downside risk to NOM given the continuing strength of the Australian dollar.

Chart 9: Year ending offshore visa grants for temporary migrants



Source: Department of Immigration and Citizenship.

⁴ 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.

Trends in visa stocks

Another reason that NOM is expected to stabilise at around 190 000 to 200 000 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 September 2011, was 970 360 persons, slightly down on September 2010. Contributions to this stock in recent years had been due to rapidly rising migrant 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 78 per cent since September 2009 (Table 2).

In addition, the stock of temporary skilled graduate visas (subclass 485) increased from 13 750 in September 2009 to 24 460 by September 2011. This visa allows overseas students who do not meet the criteria for a permanent General Skilled Migration visa to remain in Australia for 18 months to gain skilled work experience or improve their English language skills. The subclass 485 visa was introduced in September 2007. Prior to that date skilled graduates would have moved straight into the permanent visa pipeline. This recent growth in bridging and temporary skilled graduate visas reflects the growing onshore pipeline of applicants for permanent residency.

Table 2: Stock of temporary entrants

Visa Major Group	2009	2010	2011	2010 to 2011
	30-Sep	30-Sep	30-Sep	% change
Temporary Resident	178 520	175 490	185 120	5.5%
Temporary Skilled Graduate - subclass 485	13 750	24 540	24 460	-0.3%
Student	434 010	406 900	361 360	-11.2%
Student Guardian	2 690	2 230	2 000	-10.3%
Work/Holiday	109 160	105 750	118 700	12.2%
Visitor	177 400	181 760	173 200	-4.7%
Bridging visa	68 680	97 140	122 230	25.8%
Transit visa	130	200	200	0.0%
Other Temporary Entrant	5 400	6 310	7 550	19.7%
Total	975 990	975 780	970 360	-0.6%

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 for the year ending March 2011 was 166 800 persons whereas the ABS preliminary NOM data for the same period was 167 200 persons. Some of the difference could be attributed to differences between preliminary and final NOM data.

[Appendix C](#) outlines in more detail the main concepts and methodology behind the NOM forecasting and projection framework.

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.

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 countries (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 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, 2009

Country of Citizenship	Persons	Share of Total
India	45 913	18.6%
China (excludes SARs and Taiwan)	31 827	12.9%
New Zealand	20 772	8.4%
England	18 429	7.5%
Philippines	9 791	4.0%
Vietnam	8 349	3.4%
Nepal	7 453	3.0%
South Africa	7 097	2.9%
Korea, Republic of (South)	5 874	2.4%
Malaysia	5 717	2.3%
Other	85 678	34.7%
Total	246 900	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 Skilled, 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 the Australian population 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 just 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; including 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	2011	2011	2011	2011	2012	2012	2012	2013	2014	2015
'000 of persons	Mar	Jun	Sept	Dec	Mar	Jun	Sept	Jun	Jun	Jun
Students	78.3	77.0	77.0	77.5	76.4	76.8	77.2	80.9	89.6	93.4
Subclass 457	25.4	26.9	30.7	35.8	37.7	43.2	45.2	47.7	48.4	50.0
Working Holiday Makers	35.0	34.0	33.7	33.5	34.0	34.6	35.4	35.5	35.7	36.0
Tourists	52.5	54.5	54.0	53.6	54.1	54.8	54.5	55.1	55.9	57.4
Total Temporary	191.3	192.4	195.4	200.3	202.2	209.4	212.3	219.1	229.6	236.9
Skilled	47.9	48.6	49.9	51.1	52.4	53.7	53.7	53.7	53.7	53.7
Family	28.5	29.2	29.8	30.9	31.5	32.8	33.0	33.6	33.9	34.2
Humanitarian	11.7	11.7	11.9	12.1	12.4	12.6	12.6	12.6	12.6	12.6
Total Permanent	88.2	89.5	91.6	94.2	96.3	99.1	99.3	99.9	100.2	100.5
Australian citizen	72.0	70.7	69.0	66.1	65.1	63.8	62.9	62.7	64.2	64.5
New Zealand citizen	39.6	39.7	39.8	39.5	39.5	39.6	39.6	39.4	39.5	39.8
Other	31.4	31.6	31.7	31.9	32.0	32.2	32.3	32.8	33.5	34.2
Total Other	143.0	142.0	140.5	137.5	136.7	135.5	134.8	134.9	137.3	138.5
Total	422.4	423.8	427.4	432.0	435.2	444.1	446.4	454.0	467.0	475.8
Year ending NOM departures	2011	2011	2011	2011	2012	2012	2012	2013	2014	2015
'000 of persons	Mar	Jun	Sept	Dec	Mar	Jun	Sept	Jun	Jun	Jun
Students	52.0	51.9	51.5	51.5	53.4	57.8	57.9	62.5	66.1	68.5
Subclass 457	14.7	14.7	15.8	18.7	19.7	21.6	20.7	19.3	17.3	17.8
Working Holiday Makers	16.7	15.8	13.8	10.8	11.1	11.1	11.2	11.3	11.3	11.3
Tourists	19.2	19.5	19.6	18.9	19.4	20.5	20.4	21.4	21.7	22.3
Total Temporary	102.7	101.9	100.7	100.0	103.6	111.0	110.2	114.5	116.3	120.0
Skilled	3.1	3.1	3.2	3.3	3.4	3.5	3.5	3.5	3.5	3.5
Family	2.6	3.0	3.1	2.9	3.4	3.4	3.4	3.4	3.5	2.8
Humanitarian	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Permanent	5.8	6.1	6.3	6.2	6.8	6.9	6.9	6.9	7.0	6.3
Australian citizen	85.8	83.6	81.8	80.2	78.5	77.9	77.6	78.6	79.9	80.2
New Zealand citizen	19.8	19.7	19.6	19.3	19.4	19.4	19.5	19.7	20.0	20.4
Other	41.2	41.4	41.6	41.8	42.0	42.2	42.4	43.1	43.9	44.8
Total Other	146.8	144.7	143.0	141.3	139.9	139.5	139.5	141.4	143.9	145.4
Total	255.3	252.7	250.0	247.5	250.3	257.4	256.5	262.7	267.2	271.7
Year ending net NOM	2011	2011	2011	2011	2012	2012	2012	2013	2014	2015
'000 of persons	Mar	Jun	Sept	Dec	Mar	Jun	Sept	Jun	Jun	Jun
Students	26.3	25.1	25.6	25.9	23.0	19.0	19.3	18.4	23.6	24.9
Subclass 457	10.6	12.2	14.9	17.0	17.9	21.6	24.4	28.3	31.1	32.2
Working Holiday Makers	18.3	18.2	19.9	22.7	23.0	23.5	24.3	24.3	24.4	24.7
Tourists	33.3	35.0	34.3	34.7	34.7	34.3	34.1	33.7	34.1	35.1
Total Temporary	88.5	90.5	94.6	100.3	98.6	98.4	102.1	104.7	113.2	116.9
Skilled	44.8	45.4	46.6	47.8	49.0	50.2	50.2	50.2	50.2	50.2
Family	25.9	26.2	26.7	28.0	28.2	29.5	29.7	30.3	30.5	31.5
Humanitarian	11.7	11.7	11.9	12.1	12.3	12.5	12.5	12.5	12.5	12.5
Total Permanent	82.4	83.3	85.3	88.0	89.5	92.2	92.4	93.0	93.2	94.2
Australian citizen	-13.8	-12.9	-12.8	-14.1	-13.4	-14.1	-14.7	-15.9	-15.7	-15.7
New Zealand citizen	19.8	20.0	20.2	20.2	20.2	20.2	20.1	19.7	19.5	19.4
Other	-9.8	-9.8	-9.9	-9.9	-10.0	-10.0	-10.1	-10.2	-10.4	-10.6
Total Other	-3.8	-2.7	-2.5	-3.8	-3.2	-4.0	-4.7	-6.4	-6.6	-6.9
Total	167.1	171.2	177.4	184.5	184.8	186.7	189.9	191.2	199.8	204.2

* 'Other includes bridging visas.

Source: Department of Immigration and Citizenship.

Appendix B: Quarterly forecasts and projections of NOM

Quarterly NOM arrivals	2011	2011	2011	2011	2012	2012	2012	2013	2014	2015
'000 of persons	Mar	Jun	Sept	Dec	Mar	Jun	Sept	Jun	Jun	Jun
Students	22.5	17.2	21.3	16.5	21.5	17.6	21.7	19.0	21.8	22.3
Subclass 457	9.9	5.7	10.6	9.5	11.8	11.3	12.5	11.4	11.8	12.2
Working Holiday Makers	8.7	7.7	8.5	8.6	9.3	8.3	9.3	8.3	8.4	8.6
Tourists	13.3	11.7	13.9	14.6	13.8	12.5	13.6	12.9	13.4	14.1
Total Temporary	54.4	42.3	54.3	49.2	56.4	49.6	57.2	51.7	55.4	57.2
Skilled	12.1	12.1	13.4	13.4	13.4	13.4	13.4	13.4	13.4	13.4
Family	7.8	6.5	8.4	8.1	8.4	7.8	8.6	7.8	7.8	8.1
Humanitarian	2.9	2.9	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1
Total Permanent	22.9	21.6	25.0	24.7	25.0	24.4	25.2	24.4	24.4	24.7
Australian citizen	15.9	12.5	18.5	19.2	14.9	11.1	17.6	11.4	12.1	12.3
New Zealand citizen	15.0	8.5	7.9	8.2	15.0	8.5	7.9	8.5	8.5	8.5
Other	7.9	8.4	7.5	8.1	8.0	8.6	7.7	8.7	8.9	9.1
Total Other	38.8	29.3	33.9	35.5	38.0	28.2	33.1	28.7	29.5	29.9
Total	116.2	93.3	113.2	109.4	119.4	102.1	115.5	104.8	109.2	111.8
Quarterly NOM departures	2011	2011	2011	2011	2012	2012	2012	2013	2014	2015
'000 of persons	Mar	Jun	Sept	Dec	Mar	Jun	Sept	Jun	Jun	Jun
Students	12.6	9.8	15.6	13.5	14.5	14.2	15.6	15.9	17.1	17.2
Subclass 457	2.8	2.1	5.4	8.5	3.8	3.9	4.5	4.0	3.9	4.1
Working Holiday Makers	2.5	2.8	2.8	2.8	2.8	2.8	2.8	2.8	2.8	2.8
Tourists	4.4	3.8	4.9	5.8	4.9	4.9	4.8	4.9	5.0	5.0
Total Temporary	22.4	18.5	28.6	30.5	26.0	25.8	27.8	27.7	28.9	29.2
Skilled	0.8	0.8	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
Family	0.3	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.5
Humanitarian	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Permanent	1.1	1.6	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.4
Australian citizen	19.5	22.9	19.3	18.5	17.8	22.2	19.0	23.4	23.4	23.4
New Zealand citizen	5.0	4.1	4.3	5.9	5.1	4.2	4.4	4.3	4.3	4.4
Other	10.8	9.7	10.2	11.0	11.0	9.9	10.4	10.1	10.3	10.5
Total Other	35.3	36.7	33.8	35.4	33.9	36.3	33.8	37.8	38.1	38.3
Total	58.8	56.8	64.2	67.7	61.7	63.9	63.3	67.2	68.7	68.9
Quarterly net NOM	2011	2011	2011	2011	2012	2012	2012	2013	2014	2015
'000 of persons	Mar	Jun	Sept	Dec	Mar	Jun	Sept	Jun	Jun	Jun
Students	9.9	7.4	5.7	3.0	6.9	3.4	6.0	3.1	4.7	5.1
Subclass 457	7.1	3.7	5.2	1.1	8.0	7.4	8.0	7.4	7.9	8.1
Working Holiday Makers	6.2	4.9	5.7	5.8	6.5	5.5	6.5	5.5	5.5	5.7
Tourists	8.9	7.9	9.0	8.8	9.0	7.5	8.7	8.0	8.4	9.1
Total Temporary	32.1	23.9	25.6	18.7	30.3	23.7	29.3	24.0	26.5	28.1
Skilled	11.4	11.4	12.6	12.6	12.6	12.6	12.6	12.6	12.6	12.6
Family	7.5	5.7	7.6	7.3	7.6	7.0	7.8	7.0	7.0	7.6
Humanitarian	2.9	2.9	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1
Total Permanent	21.8	20.0	23.3	23.0	23.3	22.7	23.5	22.7	22.7	23.3
Australian citizen	-3.6	-10.4	-0.8	0.7	-2.9	-11.1	-1.4	-12.0	-11.3	-11.1
New Zealand citizen	10.0	4.3	3.6	2.3	10.0	4.3	3.5	4.3	4.1	4.1
Other	-2.9	-1.4	-2.7	-2.9	-3.0	-1.4	-2.8	-1.4	-1.4	-1.5
Total Other	3.5	-7.4	0.1	0.1	4.1	-8.2	-0.7	-9.1	-8.6	-8.4
Total	57.3	36.4	49.0	41.7	57.7	38.3	52.2	37.6	40.6	42.9

* 'Other includes bridging visas.

Source: Department of Immigration and Citizenship.

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>