

Dispelling the Myths About Australia's Population Growth

By Mark Webster

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The [2010 Intergenerational Report](#) has opened up a debate in Australia about what Australia's population should be long term. The Intergenerational Report projected that Australia's population could reach 36 million by the year 2050 – recent polls have indicated that many Australians are not in favour of increasing the population to this level.

Indeed, Australia's population has grown by 1.7 million since 2004 and is currently increasing at a rate of 2% per annum. Population growth for the year to June 2009 alone was 443,000.

Much of the discussion has been around our current level of Net Overseas Migration (NOM) which was at 285,000 for the 2008-09 financial year. The model predicting a population level of 36 million by 2050 assumed a NOM of 180,000, so if the current NOM level continues the population will be significantly larger than forecast.

There have been many theories expressed to explain the current NOM, including:

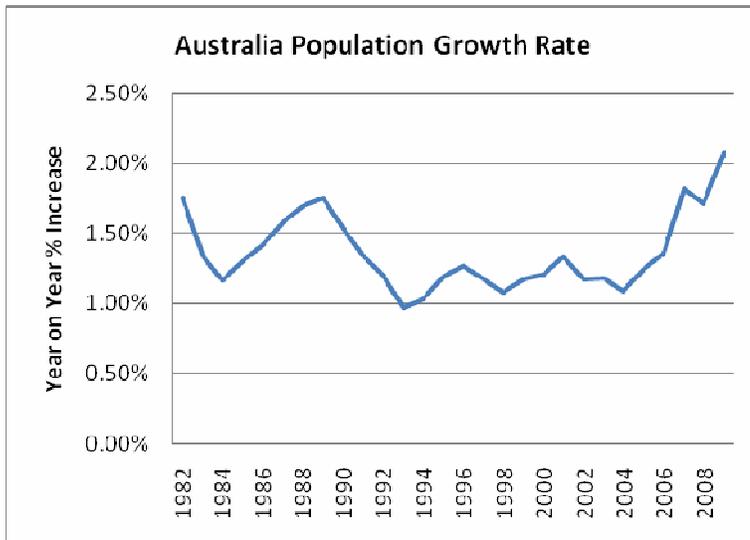
- Increased number of unauthorised arrivals leading to claims for refugee status
- Increased numbers of Australians returning home due to the Global Financial Crisis
- Too many people being sponsored by businesses for 457 visas and taking Australian jobs
- Expansion of the Australian education export industry
- International students "rorting the system" by doing "PR courses" such as cookery and hairdressing then applying for permanent residence

Many of these theories, put forward without reference to the underlying statistics on the Australian migration program, are in fact myths. We are now in an election year and yet again migration seems set to be used as a political football, with calls to slash migration and bash migrants who "jump the queue".

This article seeks to examine the main drivers of population growth, looking at the Net Overseas Migration on the basis of which visa people arriving hold.

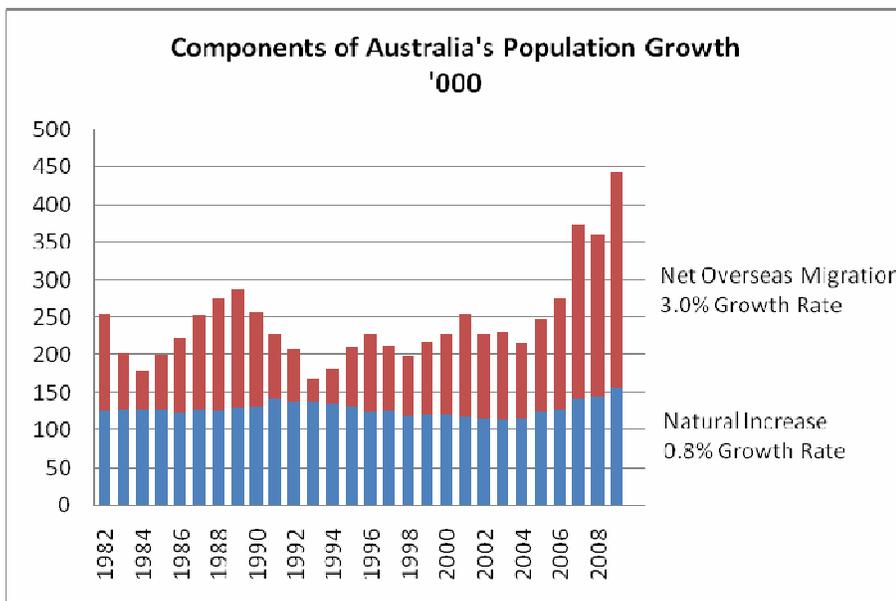
Australia's Population Growth

The year on year rate of growth of Australia's population has fluctuated between 1% and 1.5% since 1992. However, since 2004 the growth rate has accelerated sharply and is now over 2% - this is a high level for a developed country.



ABS reports Australia's population growth in terms of two components:

1. **Natural Increase:** the difference between births and deaths each year; and
2. **Net Overseas Migration:** the amount of people settling in Australia, less those who depart Australia on a long-term basis.



Natural Increase

In the long term, we see that Natural Increase has been fluctuating between 100,000 and 150,000 per year, and actually declined in absolute terms between 1991 and 2003.

Annual Natural Increase turned up sharply from 2004 and for 2009 is at a level of some 158,000. This is due to Generation X having children later than has historically been the average, at a time when many Generation Y are also having children. This is likely to be a once off effect only, albeit a quite large one.

Net Overseas Migration

Net Overseas Migration (commonly referred to as “NOM”) has fluctuated over the last 25 years – from a low of 30,000 in 1993 to its current high of 285,000 in 2009. Until recently, natural increase has made more contribution to overall population growth, but in 2009 NOM represented 64% of the population increase. Of the 1.7 million increase in population since 2004, 700,000 of this was due to natural increase,

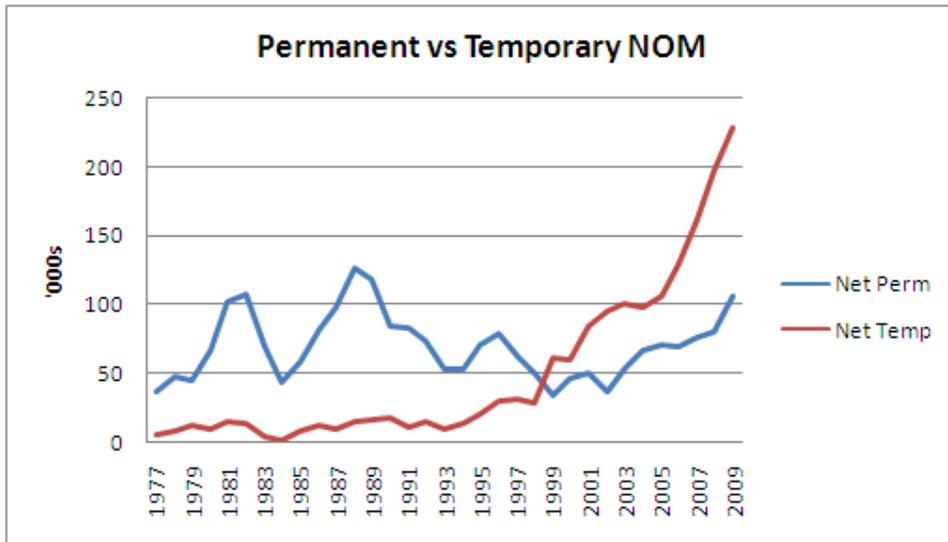
When looking at Net Overseas Migration, we can determine at whether the people arriving and leaving are on temporary or permanent visas. Based on arrivals and departures information published by the Department of Immigration and Citizenship (DIAC), we can break NOM into:

- **Permanent Additions:** arrivals of migrants, NZ citizens and Australian permanent residents and citizens intending to stay in Australia for 12 months or more; and
- **Temporary Additions:** arrivals of temporary visa holders intending to stay in Australia for 12 months or more;

DIAC figures do not match the ABS figures exactly (for instance NOM based on DIAC figures was actually 340,000 rather than the ABS figure of 285,000) – this is due to slightly different definitions of NOM. However, the DIAC information is richer because we can analyse numbers entering and leaving Australia based on the visa type.

Permanent Additions has historically driven the NOM figure, but this is no longer the case. Numbers of permanent additions were some 107,000 for 2008-09.

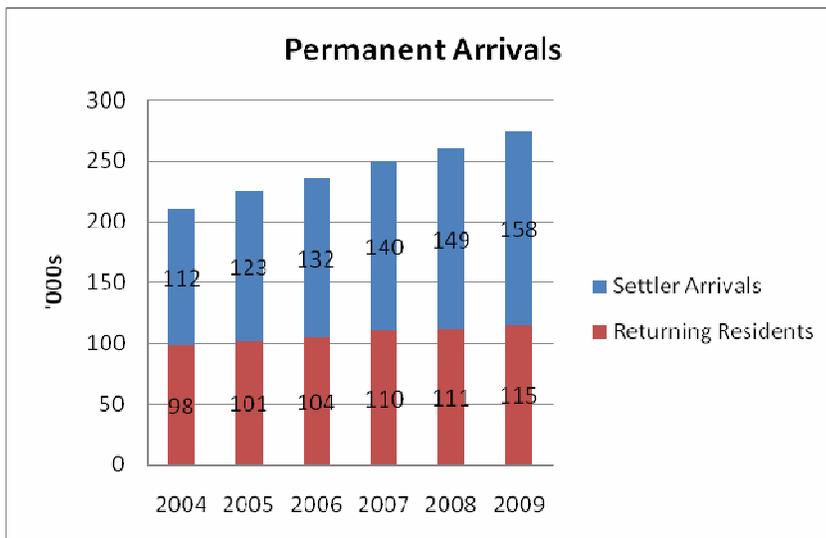
Temporary Additions has been growing since 1998 and is now much more significant than permanent entry as a driver of population representing a contribution of 229,000 to population increase in 2008-09.



Permanent Additions

People entering permanently can be broken into:

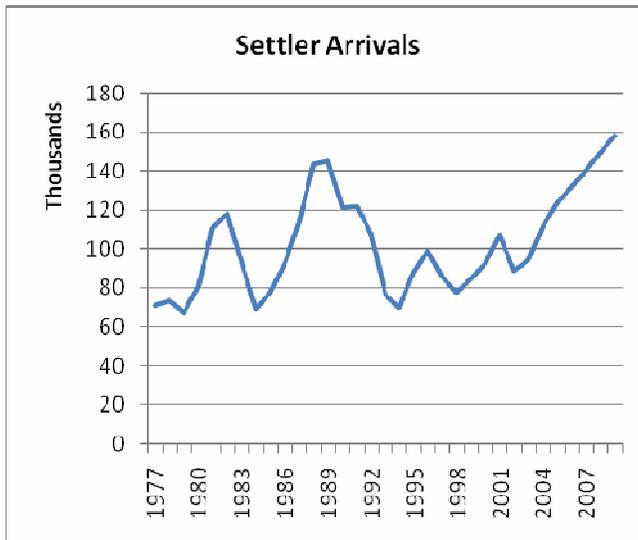
- **Settler arrivals:** people migrating to Australia through our migration program
- **Returning Residents:** Australian permanent residents and citizens returning to Australia after an absence of 12 months or more



Since 2004 both settler arrivals and returning residents have been increasing steadily. Interestingly, there is no evidence of a significant increase in Australians returning home due to the Global Financial Crisis – a factor which is often quoted as one of the reasons for cited for recent population growth.

Settler Arrivals

Settler arrivals were at a historically high level in 2009 at 158,000.



Let's have a look at the main components of the migration programme in 2008-09:

Type	Description	Number
General Skilled Migration	Points tested – can be sponsored by relative or state government	56835
Partners	Fiances, spouses and defacto partners	30726
Other Family	Parents, carers and remaining relatives	11430
Employer Nominated	Sponsored by an employer	5186
Business Skills	Business owners and investors. 4 year provisional visa	7323
Other	Special eligibility, distinguished talent	1842
NZ Citizens	NZ citizens intending to stay permanently	33034
Refugee	People living outside their country of citizenship needing protection from persecution	11645
Total		158021

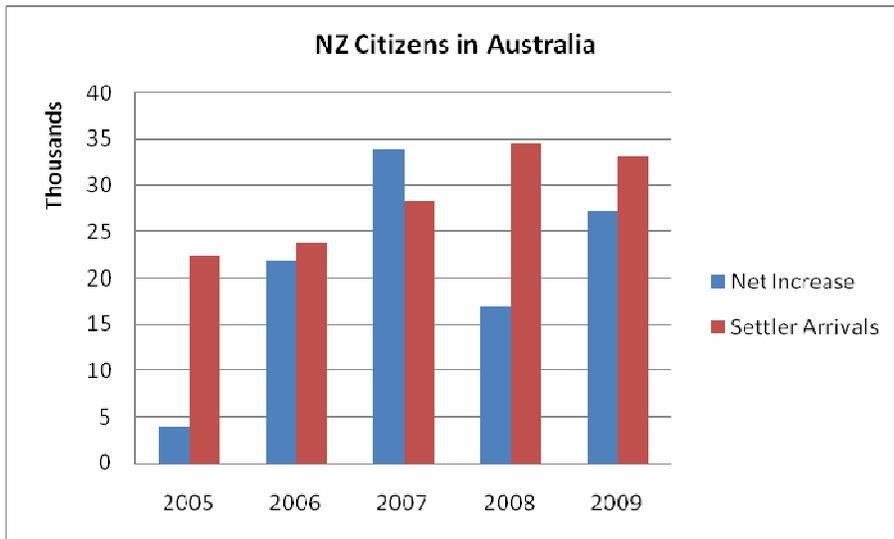
General Skilled Migration

The largest single component of the migration program is General Skilled Migration. This has always been a highly targeted program with applicants needing to meet a very demanding pass mark. The Department of Immigration announced a significant reduction in this program in March 2009, and further reductions in future years are likely.

New Zealand Citizens

The next biggest component is migration by NZ citizens. NZ citizens are able to travel to Australia without first applying for a visa, and can remain here indefinitely with full work rights on "Special Category Visas". There are now some 550,000 NZ citizens in Australia, and this number has increased steadily year on year - the increase for

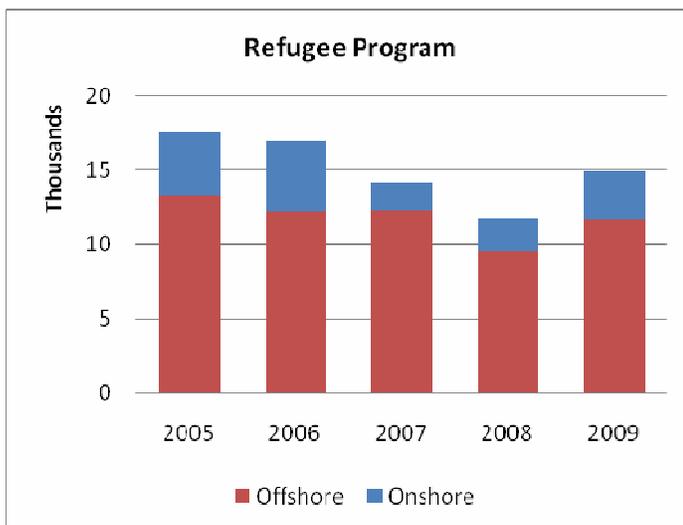
2009 being 27,000. Given that NZ settler arrivals were 33,000 for the year, this suggests that only a small proportion of NZ citizens return home permanently after settling in Australia.



Refugees

Given the amount of publicity about this program, you would expect the numbers to be very high, and that the program would be dominated by grants of refugee visas to people arriving in Australia on boats. This is not the case:

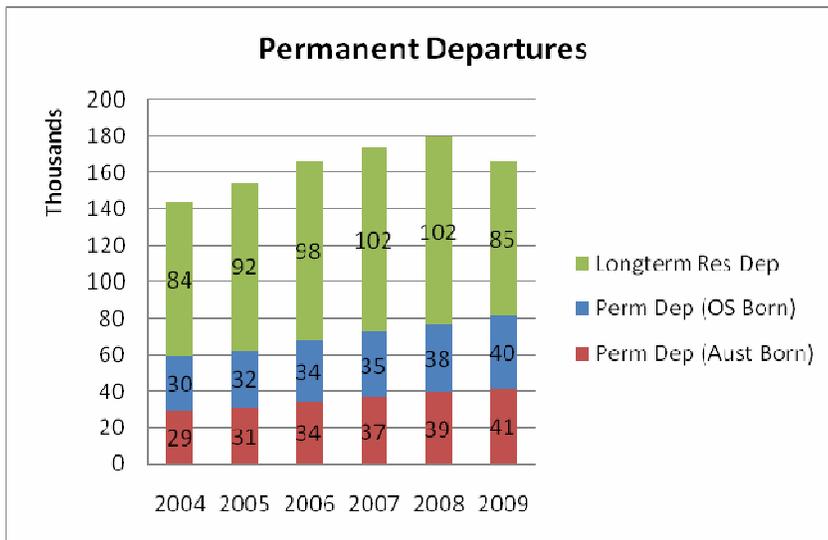
- There are far more people granted offshore refugee visas than onshore
- The total number of refugee visas is capped each year at around 15-16,000. The more people granted onshore refugee visas, the fewer are granted offshore.



Permanent Departures

In terms of permanent departures, we see that there were 41,000 Australian born people departing Australia permanently in 2009. This represents some of our best and brightest working age leaving Australia for good – each year. The “brain drain” – so often cited as a concern in the 80’s – is still happening and is at a record level. Migration is the only way to replace these people in the short term.

In addition, some of our migrants don’t “stick”. For whatever reason, there are some 40,000 who decided to leave Australia permanently in 2009.



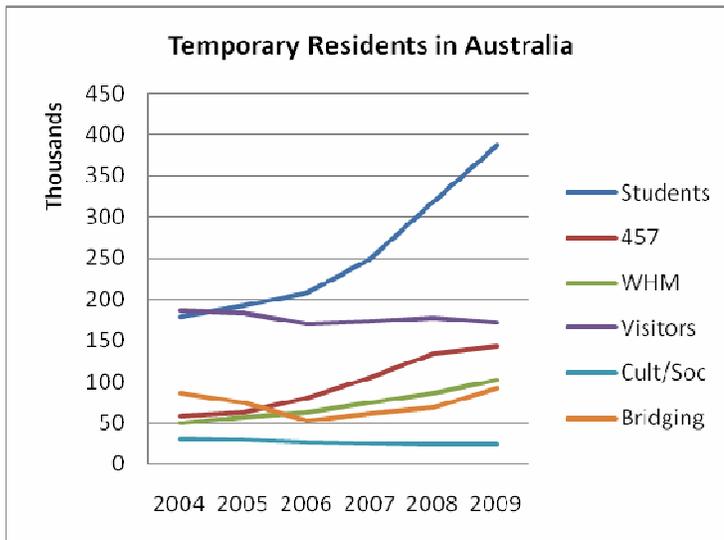
Finally, we have a significant amount of Australian residents leaving Australia for 12 months or more, but not permanently. These are generally people going overseas for working holidays or for employment. In 2007 and 2008, numbers were over 100,000 but in 2009, numbers were down significantly, no doubt because the Global Financial Crisis hit Europe and the USA much harder than Australia. This was a much more significant driver of population growth than Australians living overseas returning home.

Temporary Entrants

We have information on the number of temporary residents in Australia over time. We can see that the number of 457 visa holders has been increasing steadily, but that this slowed in 2009 so that we now have about 150,000 457 holders in Australia.

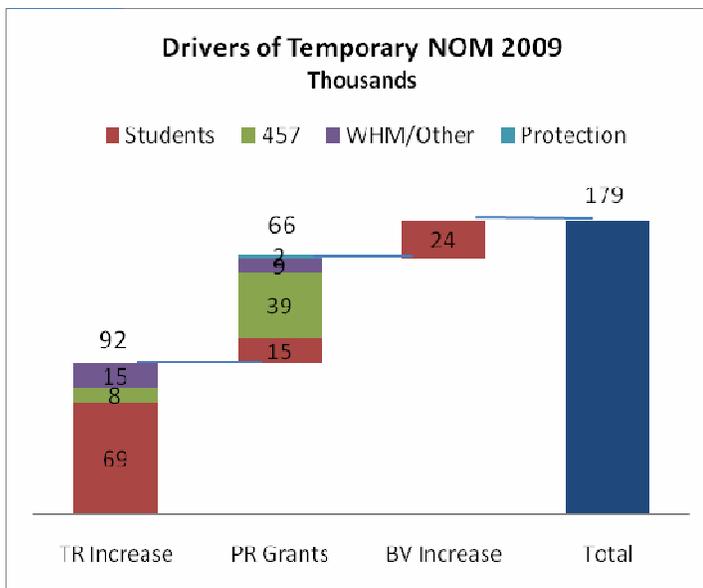
The number of working holiday makers in Australia has also been growing and this is now at around 100,000 people.

However, the biggest growth has come from the number of international students in Australia. Numbers of international students have grown from close to 180,000 in 2004 to close to 400,000 in 2009.



We should be able to explain the net temporary entry figure of 229,000 for 2009 by adding:

- The net increase of temporary visa holders in Australia
- Plus number of permanent or provisional visas granted onshore
- Plus the increase of people in Australia on bridging visas awaiting a decision on a temporary or permanent visa



When we do this exercise we find that the increase in international students in Australia to June 2009 was 69,000, of whom approximately 15,000 received permanent residence through general skilled migration. To say that the migration program is dominated by international students being granted residence because they have done "PR courses" is simply not borne out by the numbers.

There are 8,000 more 457 holders, but some 39,000 received permanent residence last year, giving us a total contribution of 47,000.

There are 15,000 more Working Holiday Maker visa holders (also in this category is included all other temporary visas – actually the number of holders of these declined slightly), and over 8,000 of these were granted permanent visas.

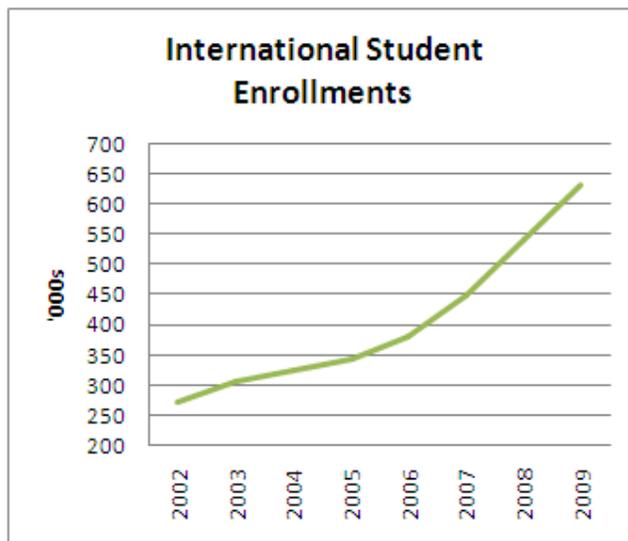
Another significant increase is in the number of bridging visa holders in Australia – this increased by some 24,000. If, as we suspect, the majority of this increase was from international students who have applied for skilled migration and who are waiting in the queue for grant, this would mean that international students accounted for 108,000 of the increase in temporary NOM.

In terms of refugee visas, there were only 2,497 of these granted onshore for 2009. It is interesting that there is so much press and controversy about such a small number of people when taken in the context of the other factors in the population debate.

Once we complete this exercise, we can account for 178,000 of the temporary NOM. This leaves some 50,000 people unaccounted for in the temporary NOM figure. Coincidentally, this is exactly the same number as the discrepancy between the ABS and DIAC NOM figures.

Student Numbers

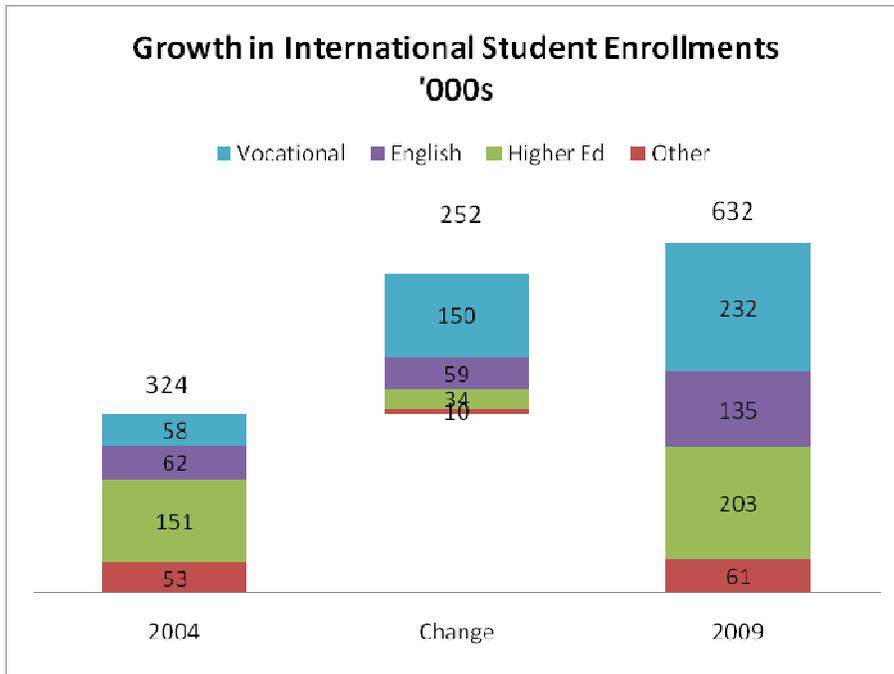
The increase in student numbers is quite staggering - enrolments of international students went from 274,000 in 2002 to 632,000 in 2009. In July 2009, there were some 400,000 international students in Australia.



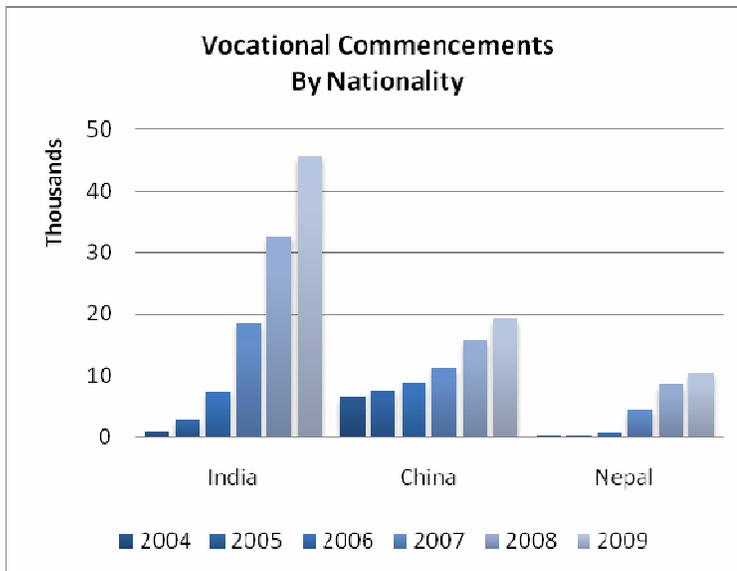
However, there are a large number of students in Australia who appear to have selected courses in expectation of obtaining permanent residence on completion of

their courses. Many of these have enrolled in vocational courses such as commercial cookery, hairdressing, welfare work and horticulture.

Between 2004 and 2009, the vocational sector made up 150,000 of the 252,000 increase in enrolments for international students. A further 59,000 of the increase was made up of students studying English – a common pathway onto vocational studies.



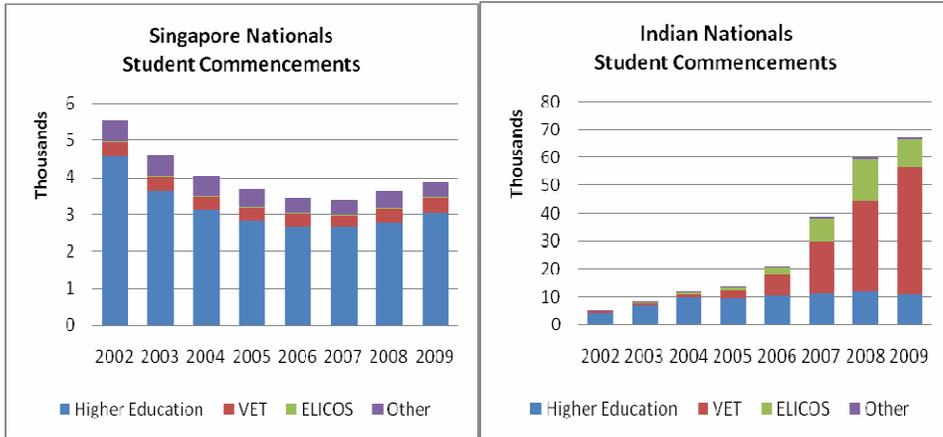
Looking at enrolments in the vocational sector by country of origin, we see a massive increase in particular countries – for example India and Nepal – where the benefit of vocational study in applying for permanent residence has been widely advertised by education agents.



The annual growth rate for Indian students commencing vocational courses has been running at 114%, versus 24% for China. The growth rate for Nepal is even higher at 132%, a country where there has been quite a high rate of fraud in production of supporting financial documents in applying for student visas.

Migration settings have now been changed to make it much more difficult for such students to move onto permanent visas, and further changes are due in the next 6-12 months. In addition, the introduction of the Critical Skills List, which does not include such occupations, as well as increased integrity checking, have led to significant delays in processing of those who have already applied for their permanent visas. Whilst these students have undoubtedly made a significant contribution to Net Overseas Migration in the last few years, all indications are that this cohort is a "blip" which should not be repeated once migration settings are revised, and enrolments for the beginning of 2010 are already below 2009 levels.

As to the health of the Australian education export industry, it is instructive to compare the enrolment patterns of Singapore nationals with Indian nationals. Both had similar numbers of commencements in 2002 – whilst Indians have enrolled in massive numbers in vocational courses, whilst enrolments in higher education are largely unchanged. Singaporeans have voted with their feet and there are fewer commencements in 2009 than there were in 2002.



Conclusion – The Facts About Australia’s Population Growth

The most significant factors in the increase in Australia’s population to June 2009 can be summarised as follows:

Natural Increase 158,000

Temporary Additions	Total	Stock Increase	PR Grants	Bridging
International Students	108,000	69,000	15,000	24,000
457 Holders	47,000	8,000	39,000	
Working Holiday	23,000	15,000	8,000	
Total Temporary	178,000	92,000	62,000	24,000

Permanent Additions	
NZ Citizens	27,000
Refugees	15,000
Less Australians	17,000
Departing	
Migration Program	48,000
Total Permanent	107,000

Grand Total 443,000

Natural increase is by far the largest single factor at 158,000, and reflects a very unusual overlap in two generations currently having children.

Flows of temporary residents into Australia account for 179,000 of the increase – this reflects a fundamental shift towards reliance on temporary workers in Australia and growth of the international education sector.

The increase in population due to the building of an education export market is also significant – coming to some 108,000. It seems likely that the growth we have seen likely is due to a “bubble” of students enrolling on vocational courses. Stock levels of

international students are likely to either stabilise or decline in the next few years as the numbers studying vocational courses with the aim of qualifying for permanent residence at the end declines. However, it is clear that you cannot have growth in the international education sector without a commensurate increase in population.

There are relatively few students being granted onshore skilled visas. Long delays in the Department of Immigration processing of applications for further stay are a much more significant factor for international student numbers in Australia.

The impact of people sponsored for 457 visas, though, is only in small part due to increase in stock levels. The main impact is due to them applying for permanent residence in uncertain times – if a 457 visa holder loses their job, they generally also lose their visa.

The working holiday maker program is also making a significant contribution to population increase of some 23,000.

In terms of permanent additions, this accounts for 107,000 of the total. Of this, New Zealand citizens settling in Australia make up 27,000– the magnitude of this figure and the underlying trend may be a surprise to many Australians.

Lower than usual numbers of Australians departing Australia on a long term basis account for 17,000 - more significant than the number of refugees settling in Australia (15,000).

Removing the above factors, the net effect of the migration program is only 48,000. The Migration Program is the only area in which the Department of Immigration sets planning levels and quotas. Given that the arrival of temporary residents is now a much more significant factor in population increase, a radical shift in planning methodology would be required if a population plan is to be implemented.