

# MIGRATION IN Western Australia

a recent economic history



October 2006

Economic Research Paper  
2006-02



Department of Treasury and Finance  
Government of Western Australia

**MIGRATION IN WESTERN AUSTRALIA:  
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## **Abbreviations**

ABS	Australian Bureau of Statistics
DIMA	Department of Immigration and Multicultural Affairs
DTF	Department of Treasury and Finance
GSP	Gross State Product
LTM	Long-Term Movement
NOM	Net Overseas Migration

## **1. Overview**

Migration has a pervasive influence on Western Australia's community. It is a large and volatile component of population change, and plays a key role in shaping demand for public goods and services, such as health and education, as well as the infrastructure required to deliver these services. Migration also affects the broader economy by changing the size and composition of the population and the workforce. Indeed, the economic dimension of migration has come under increasing focus in recent times due to emergence of skilled labour shortages and growing wage pressures.

Understanding the evolution of Western Australia's migration flows is therefore very important from a public policy perspective. To improve this understanding, and to better inform the outlook for migration and total population growth in Western Australia, this paper documents recent movements in the size and composition of these flows using published and unpublished data from the Australian Bureau of Statistics and the federal Department of Immigration and Multicultural Affairs. Although we do not undertake a detailed quantitative analysis of the determinants of migration, the dynamics of the State's migration flows are examined in the context of prevailing economic conditions and relevant government policy settings.

This analysis confirms that economics plays a prominent role in the determination of Western Australia's migration flows. We note, for instance, the existence of a strong correlation between relative employment opportunities and interstate migration in Western Australia, and the important contribution of the mining and construction sectors to the State's interstate migration statistics.

We also find evidence that broad fluctuations in economic activity, and the Australian Government migration policy response to these conditions, explains much of the past volatility in the level of net overseas migration. While this volatility has fallen since the mid-1990s (consistent with onset of more stable economic growth), important compositional changes have emerged during this period.

In particular, the growing integration of the world labour market has resulted in a sharp acceleration in emigration from Western Australia and the rest of the country. Although this occasionally gives rise to related concerns about the State's international competitiveness for workers, we observe that growth in the Australian Government's Migration Program, coupled with an increasing emphasis on the Skills Stream of this program, means that Western Australia continues to benefit from a net inflow of young, skilled workers.

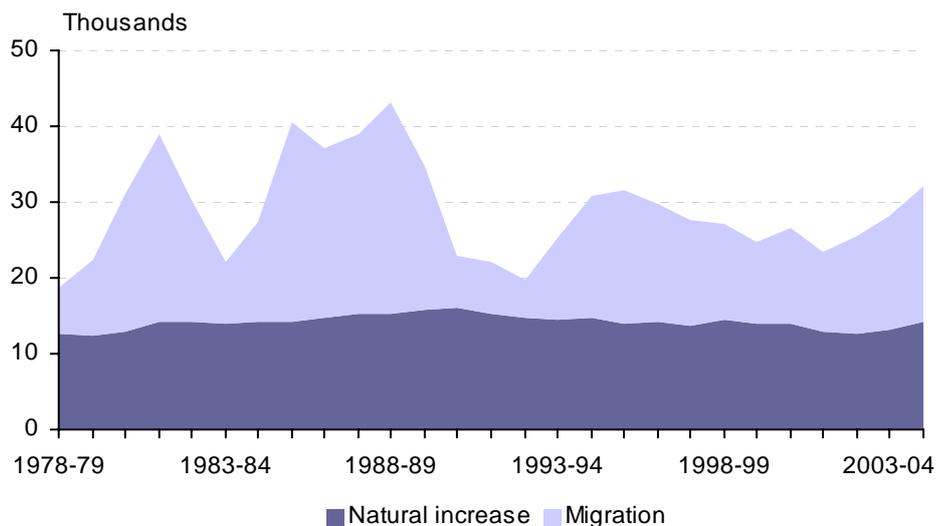
Aside from these changes, there has also been a striking shift towards long-term migration in Western Australia, mainly due to an increase in the number of overseas students and long stay business visas. This could have important implications for the outlook for population growth in Western Australia.

## 2. Migration in Western Australia

For much of its post-settlement history, migration has been a major source of population growth in Western Australia. This contribution reached its zenith in the 1890s, when the discovery of gold near Kalgoorlie attracted a rush of eager migrants keen to make their fortunes. Although we have not again witnessed a migration inflow of the same scale (in relative terms), migration remains an important contributor to the State's population, with net migration frequently surpassing natural increase as the main component of population growth.

Compared to natural increase, total net migration is also a much more volatile component of population change in Western Australia, with its annual contribution ranging between 3,700 persons and 24,100 persons over the period 1978-79 to 2004-05. This volatility stems from its sensitivity to factors such as income and employment opportunities, State and Federal government policy settings, and lifestyle choices.

**Figure 2.1 Components of population growth in Western Australia**  
Percentage point contribution to population growth

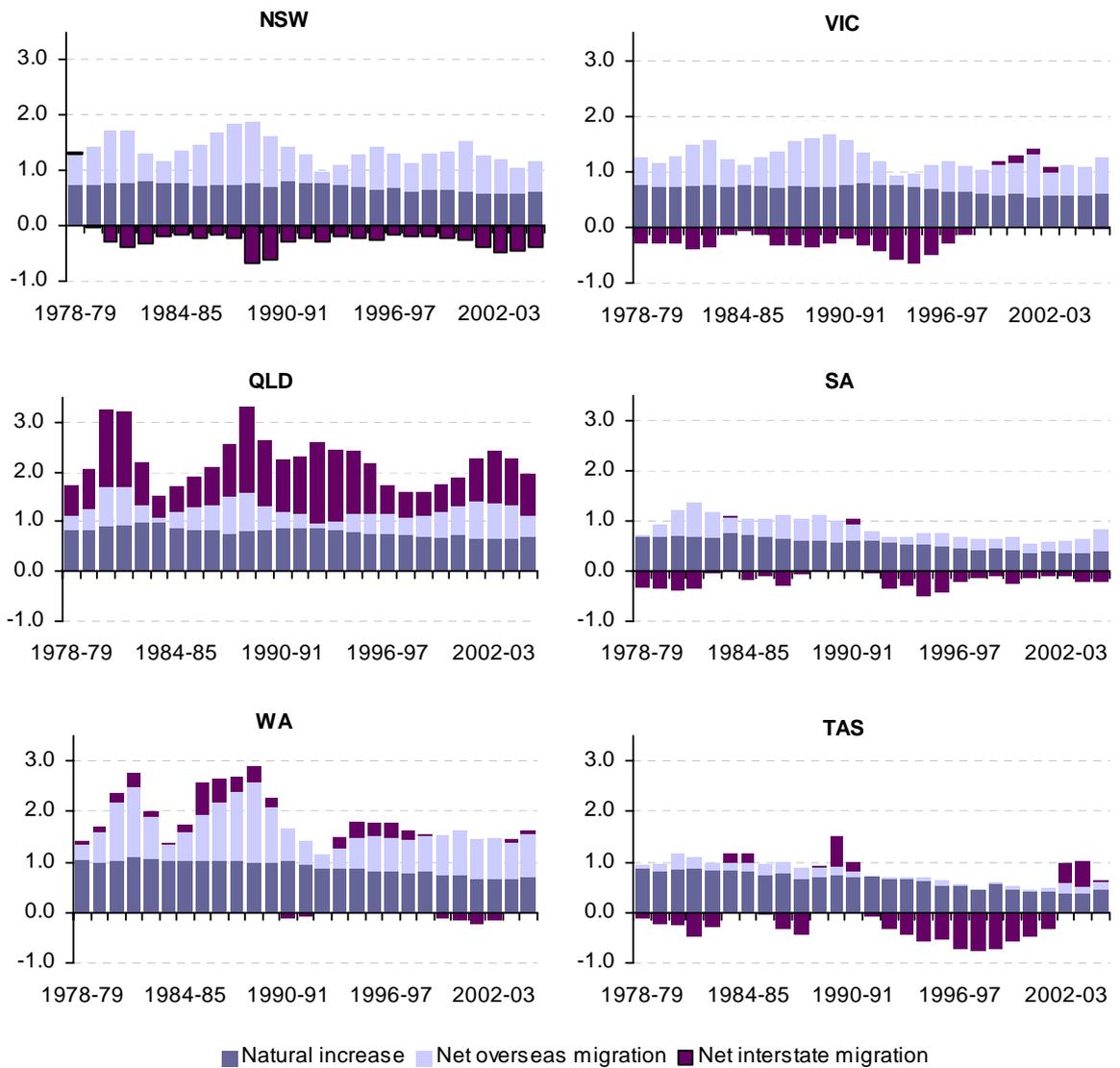


Source: ABS *Australian Historical Population Statistics*, cat. no. 3105.0.65.001; ABS cat. no. 3101.0.

Strong net migration in Western Australia has underpinned a higher overall population growth rate than most other Australian States and Territories over the past few decades. Net overseas migration has been the key driver of this growth, with Western Australia consistently attracting a large share of immigrants to Australia (relative to its population share). As [Figure 2.2](#) illustrates, net overseas migration is also a particularly important contributor to population growth in New South Wales, Victoria and Queensland.

Unlike most other States and Territories in Australia, Western Australia also has a long-term trend of positive net interstate migration. Compared to net overseas migration, however, the contribution of net interstate migration to total population growth is relatively modest. This contrasts with Queensland, where net internal migration is a major source of population growth.

**Figure 2.2 Components of population change in Australia's States**  
 Percentage point contribution to growth



Source: ABS *Australian Historical Population Statistics* cat. no. 3105.0.65.001; ABS cat. no. 3101.0.

A more detailed examination of trends in the size and composition of these flows is provided in the following sections.

### 3. Interstate migration

#### Key Points

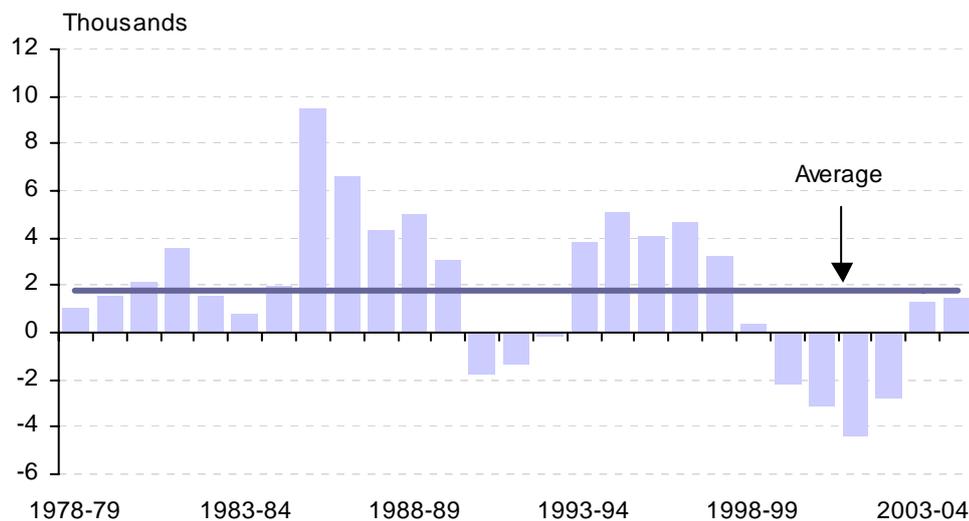
- Western Australia has a long-term average of positive net interstate migration.
- The average annual contribution of net interstate migration to total population growth is relatively modest, but the cumulative effect of these cyclical flows on demand for public goods and services and the broader economy can be significant.
- There is some evidence that relative employment opportunities have an important bearing on the size and direction of internal migration. Western Australia's strong labour market (relative to other States) appears to explain its long-term average of positive net interstate migration.
  - Other factors likely to influence internal migration include relative wages, differences in the cost of living and changes in social amenity.
- Until recently, the extent to which Western Australia has enjoyed better employment prospects than the rest of Australia has deteriorated slightly. This may partly account for the continued fall in the propensity of residents in other States and Territories to settle in the West, and the period of negative interstate migration over the period 1999-2000 to 2002-03.
  - A return to positive interstate migration in Western Australia since then has been accommodated by a decline in the number of interstate departures from Western Australia, rather than an increase in arrivals.
- The mining industry typically makes the strongest positive contribution to net interstate migration in Western Australia. The State's construction industry is another solid contributor, while most other sectors have a mixed record in terms of net migration flows.
- Consistent with industry data, available information on interstate migration by occupation indicate that labourers and tradespersons generally make the largest positive contribution to the State's internal migration statistics.
- One of the more conspicuous features of recent interstate migration flows has been a net outflow of young professionals, many of whom work in the finance and business services sector. This occasionally excites some concern that Western Australia is suffering from a brain drain, but such concern is generally unwarranted.
- New South Wales, Victoria and Queensland generally have the greatest impact on Western Australia's net interstate migration statistics.
  - Net interstate migration with New South Wales is generally positive. It is often characterised by a large inflow of young families, and a small outflow of Western Australia residents aged in the 20-29 year age cohort.
  - Victoria was a relatively large contributor to positive net interstate migration in Western Australia until the mid-1990s. Since then, net interstate migration has been low or negative, reflecting a rise in the outflow of young Western Australia residents.
  - Western Australia has recorded a net migration loss to Queensland in most years since the mid-1980s.

### 3.1 Net interstate migration in Western Australia

Western Australia has a long-term trend of modest net interstate migration gains. Since 1978-79, net interstate migration has averaged 1,800 persons a year, and contributed 6% of the total growth in the State's population. Although this means that interstate migration generally makes a small contribution to annual growth in the population, the cumulative impact of these cyclical flows (see below) on demand for goods and services can be significant. This is because the change between the peak and trough of these flows can be quite large, exceeding changes in natural increase and net overseas migration by a wide margin.

Aside from these effects, internal migration is also an important barometer of Western Australia's economic performance relative to other States, and of particular interest in the context of tight labour markets and whether Western Australia is experiencing a 'brain drain.'

**Figure 3.1 Net interstate migration in Western Australia**



Source: ABS *Australian Historical Population Statistics*, cat. no. 3105.0.65.001; ABS cat. no. 3101.0.

[Figure 3.1](#) shows that Western Australia's long-term net gain masks a highly cyclical element in the evolution of these flows. A cumulative net interstate migration gain of around 28,000 persons (an average 5,700 per year) was recorded over the period from 1985-86 to 1989-90.<sup>1</sup> However, in the three years that followed, there was a net outflow of 3,300 persons to other States and Territories in Australia.

The mid-1990s saw a return to positive net interstate migration in Western Australia, with interstate arrivals exceeding departures by around 21,000 persons over the period from 1993-94 to 1997-98. A net interstate migration loss was subsequently recorded in each of the four years from 1999-2000 to 2002-03. This was the most sustained period of net interstate migration loss over our reference period (a total net outflow of 12,500 persons). Since 2003-04, there has been a return to positive net interstate migration in Western Australia.

<sup>1</sup> This compares to a total population increase of around 155,000 persons over the same period.

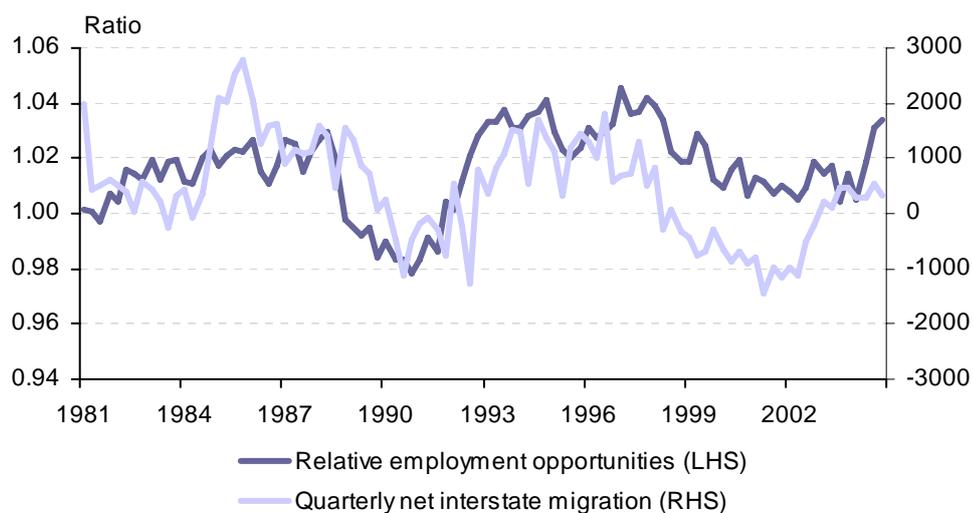
A rigorous and detailed quantitative assessment of how these cycles have been driven by prevailing economic and social conditions lies beyond the scope of this paper. However, it is still useful to describe the evolution of the State's migration flows in the context of relevant theoretical frameworks.

Most theoretical models of internal migration in the economic literature are formulated on the basis of utility maximisation. According to these models, people are assumed to move to locations in which they can optimise consumption of goods and services, subject to individual budget constraints. This will depend on a range of factors, including relative wage levels, employment prospects, prices and social amenity between different regions.

Of these, labour force data seem to provide the most useful insights into explaining Western Australia's interstate migration flows. This reflects a lack of data on spatial price indices (i.e. differences in the cost of living in each State and Territory), difficulties in measuring social amenity, and the role that centralised wage fixing may have played in keeping interstate wage differentials to a minimum over much of our reference period.

[Figure 3.2](#) suggests that there is at least some empirical evidence of a relationship between relative employment opportunities and net interstate migration in Western Australia. For instance, the net inflow of interstate migrants during the early and mid-1980s occurred at a time when Western Australia's job market was stronger than the rest of Australia. Conversely, the net outflow of interstate migrants in the early 1990s transpired when job opportunities in Western Australia fell below the national average.

**Figure 3.2 Relative employment opportunities<sup>(a)</sup>**  
Western Australia, 1981 to 2005.



(a) As measured by full-time equivalent employment in Western Australia as a proportion of the State's working age population, relative to the same ratio for the rest of Australia.  
Source: ABS cat. no. 6202.0, unpublished ABS data; DTF.

From the mid-1990s to early 2000s, employment opportunities in Western Australia deteriorated relative to the rest of Australia (although Western Australia still maintained a more attractive labour market). But this trend has reversed sharply in recent years, coinciding with the return to positive net interstate migration.

### 3.2 Interstate arrivals and departures

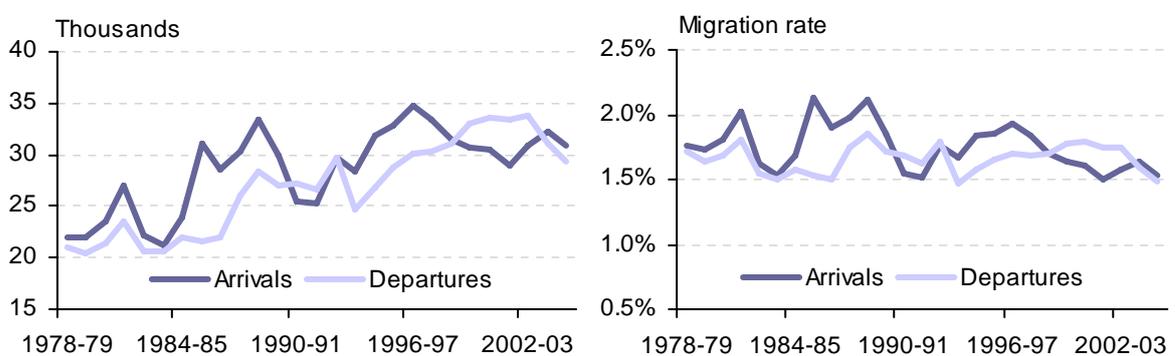
There has been an upward trend in the number of arrivals in Western Australia since 1978-79. However, this reflects an increase in the size of the national population rather than a change in the propensity of people to enter the State. Indeed, there has been decreasing trend in rate of in-migration over the past two decades.<sup>2</sup> The same general observations can be applied to interstate departures from Western Australia.

Although arrivals and departures have both followed broadly similar trends, the flow of interstate arrivals to Western Australia was significantly more volatile from the late 1970s until the mid-1990s. During this period, arrivals appear to have been more sensitive to economic conditions, and explain much of the movement in Western Australia's net interstate migration statistics. For example, strong economic activity in Western Australia during the mid-to-late 1980s (relative to the rest of Australia) contributed to a peak in the State's in-migration rate, and a strong net inflow of interstate migrants. The number of interstate arrivals subsequently fell in the early 1990s amid the relative decline in Western Australia's labour market, resulting in the net outflow of interstate migrants.

After a recovery in the mid-1990s, Western Australia's in-migration rate continued to trend lower, in line with the gradual reduction in employment opportunities relative to the rest of the country.<sup>3</sup> A return to positive net interstate migration in Western Australia since 2003-04 has been achieved only because the number of departures has fallen at a faster rate than arrivals.

**Figure 3.3 Interstate arrivals and departures**

Western Australia, 1978-79 to 2004-05



Source: ABS Australian Historical Population Statistics, cat. no. 3105.0.65.001 and 3101.0.

<sup>2</sup> The in-migration rate is the ratio of the total number of arrivals in a region for a given period, and the total population of that region at the end of the same period.

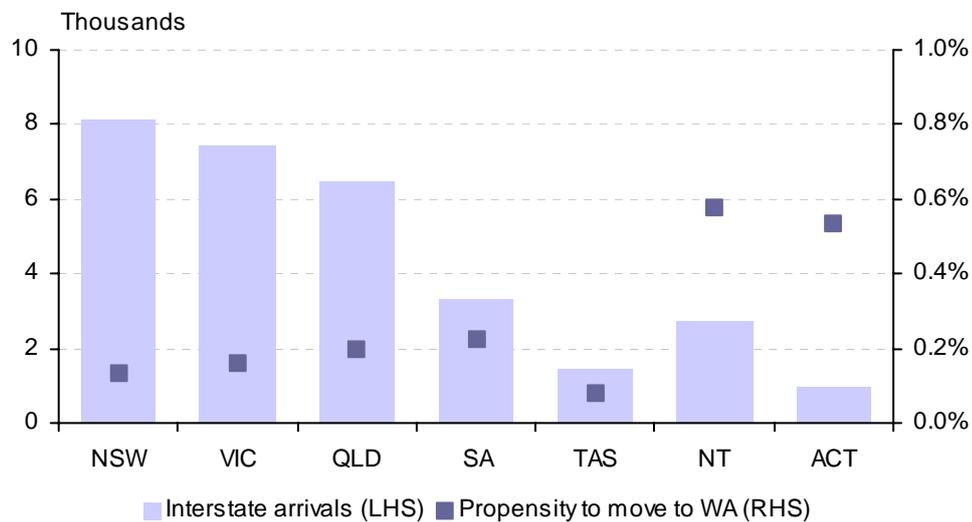
<sup>3</sup> With the exception of 2004-05 (see ).

## Western Australia interstate arrivals and departures by State

### Arrivals

New South Wales is the largest source of interstate arrivals to Western Australia, closely followed by Victoria and Queensland. The remaining States and Territories account for a much smaller share of arrivals, which is perhaps not surprising given the distribution of Australia's population. If we examine average out-migration rates to Western Australia from each source region – to adjust for different population sizes – then it is clear that residents in Australia's Territories have the highest propensity to settle in the West (see [Figure 3.4](#)). Of the States, South Australians are the most likely to move to Western Australia, while Tasmanian residents are the least likely, a possible reflection of differences in geographical proximity.

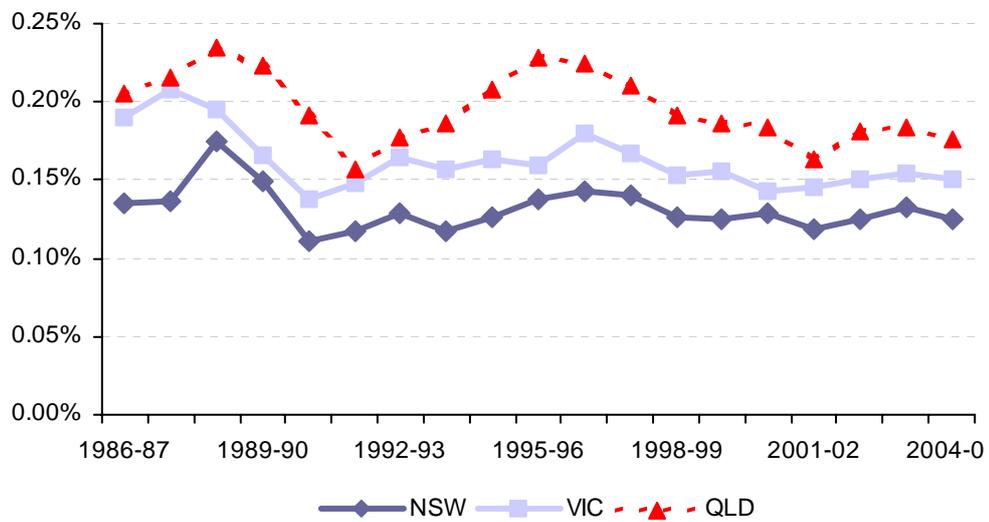
**Figure 3.4 Interstate arrivals to Western Australia**  
Average from 1986-87 to 2004-05



Source: ABS Data Cube 3101.0 and DTF.

There has been little compositional change in the source of interstate arrivals to Western Australia since 1986-87. Differences in the propensity of residents in other States to move to Western Australia tend to persist over time, with most out-migration rates following broadly similar trends (see [Figure 3.5](#)). As we have already noted, a general rise in the propensity to enter Western Australia was observed from the early 1990s until the mid 1990s, but since that time there has been a gradual decline in the rate of interstate arrivals to Western Australia.

**Figure 3.5 Propensity to move to Western Australia**  
Selected state of origin, 1986-87 to 2004-05

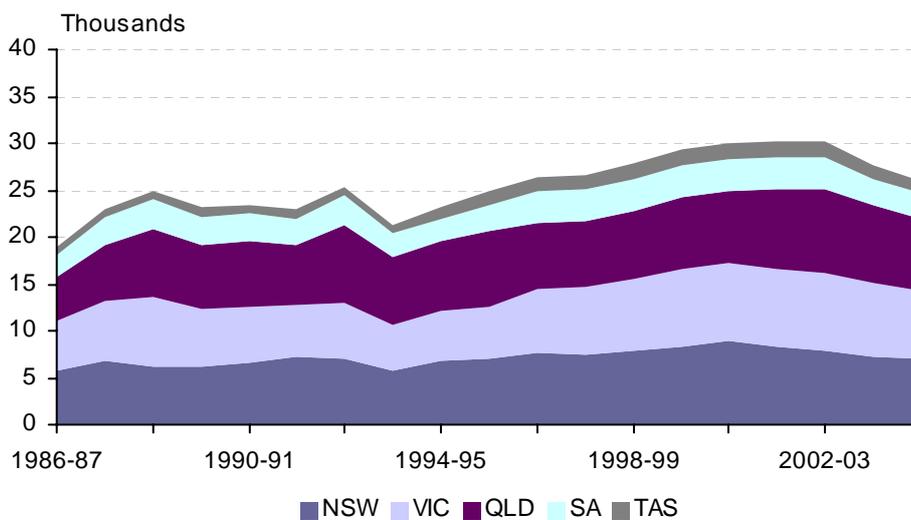


Source: ABS Data Cube 3101.0.

*Departures*

Since 2001-02, Queensland has been the most popular destination for Western Australian migrants, followed by Victoria and New South Wales. Together, these States typically account for over 70% of interstate migrants from Western Australia. Since the late 1990s, there has been a reduction in the number of interstate departures.

**Figure 3.6 Interstate departures from Western Australia**  
State of destination, 1986-87 to 2004-05



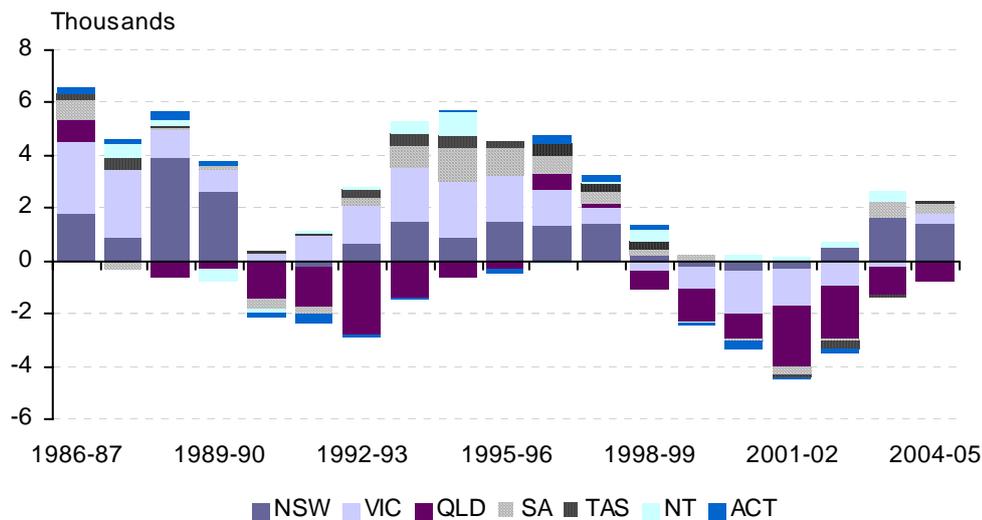
Source: ABS Data Cube 3101.0.

### Net Migration

[Figure 3.7](#) provides a decomposition of net interstate migration in Western Australia by each State and Territory. It indicates that there has been a relatively large aggregate net inflow of migrants from New South Wales since 1986-87. The net gain from New South Wales has averaged about 1,000 persons a year over this period, making the total net gain of around 19,000 persons the highest of all States. Although Western Australia experienced a net outflow of residents to New South Wales in the early 1990s and from 1999-2000 to 2001-02, these losses were relatively well contained – having never exceeded 500 persons in a financial year.

In the decade from the mid-1980s, Victoria was also a large source of net migration into Western Australia. While the net inflow of migrants from Victoria fell noticeably in the early 1990s, arrivals from Victoria had always exceeded departures. This trend held until 1998-99, when net migration from Victoria turned negative for the first time over our reference period. Western Australia subsequently recorded a net migration loss to Victoria in each year from 1998-99 until 2003-04.

**Figure 3.7 Net interstate migration in Western Australia by region**



Source: ABS Data Cube 3101.0.

Western Australia has recorded a net migration loss to Queensland in most years since 1986-87. Large net migration outflows to Queensland have been a particular feature of those periods in which Western Australia has experienced low or negative net interstate migration. In other words, when Western Australia performs poorly on the interstate migration front, it typically reflects a net outflow of migrants to Queensland. Conversely, when Western Australia has experienced strong net interstate migration gains, net migration with Queensland has been generally quite small.

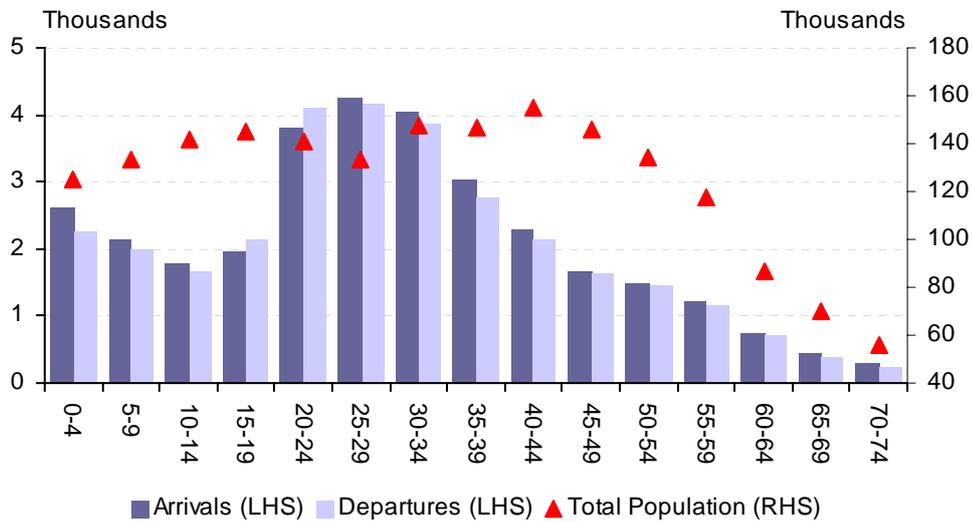
During the mid-1990s, South Australia was a solid contributor to positive net interstate migration in Western Australia. Since that time, net flows from South Australia have become marginal. The Territories have a relatively minor impact on net interstate migration in Western Australia.

### 3.3 Characteristics of interstate migrants in Western Australia

#### Age

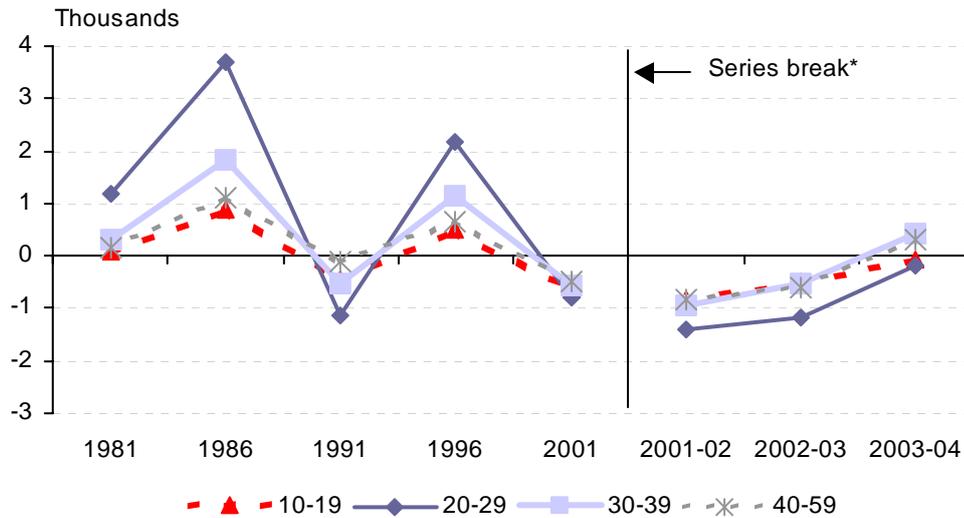
The propensity to move interstate (and overseas) is closely associated with age. For children and teenagers the probability of moving is low, presumably due to the need for stability in schooling. There is a marked rise in movement for young adults, with a peak in the 25-29 age bracket, followed by a progressive decline across the older age cohorts. The high propensity of young adults to move interstate is often attributed to a decline in social friction, i.e. the transition to independence and the pursuit of employment opportunities.

**Figure 3.8 Interstate migration in Western Australia by age: 2003-04**



Source: ABS *Migration Australia*, cat. no. 3412.0.

While data limitations preclude a comprehensive *dynamic* analysis of net interstate migration by age cohort, Census data can provide some useful insights. As [Figure 3.9](#) indicates, the 20-29 age cohort frequently has the greatest impact on the State's net interstate migration statistics; that is, net migration in this cohort is more pronounced than other population age brackets.

**Figure 3.9 Net interstate migration in Western Australia by age**

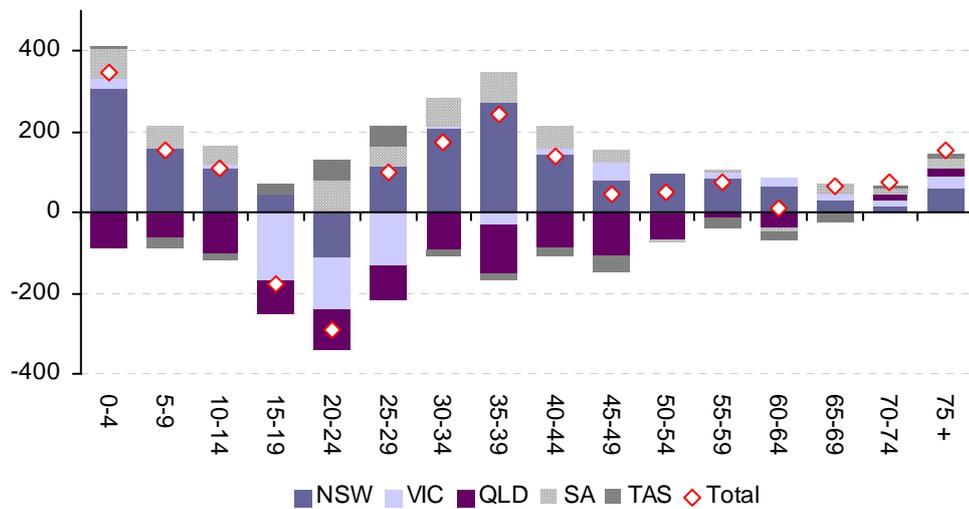
\* Census data used for 1981 to 2001, and unpublished data from ABS cat. no. 3412.0 used thereafter.  
Source: ABS Census data (unpublished); ABS *Migration Australia*, cat. no. 3412.0 (various issues).

In the early and mid-1980s, the 20-29 cohort made the largest contribution to positive net interstate migration in Western Australia. Although a net outflow of this demographic was observed in 1991, a strong inflow of young adults was again recorded in 1996. Since that time, however, the 20-29 age cohort has been the largest drag on net interstate migration. The fact that a high proportion of the total net outflow has also occurred in the finance sector (see below), suggests that there could be a trend of young business graduates pursuing opportunities in larger commercial centres interstate.

[Figure 3.10](#) gives the regional source/distribution of Western Australia's net interstate migration flows by each age cohort. In 2003-04, net interstate migration in Western Australia from New South Wales consisted mainly of young children and adults aged between 30 and 44 years, suggesting that movement by families is a large feature of migration flows between these two States. This differs with the pattern of interstate migration with Victoria, where the dominant characteristic in 2003-04 (and in previous years) was a large net outflow of young adults from Western Australia. (New South Wales also attracted a net inflow of young Western Australians in 2003-04).

In contrast, Tasmania provided Western Australia with a large net inflow in the 20-29 age cohort in 2003-04, while there was a net outflow across those aged 30-69. In contrast with others States, the age-profile of interstate migrants from both Queensland and South Australia was quite balanced.

**Figure 3.10 Net interstate migration in Western Australia by age and state**  
2003-04



Source: ABS (unpublished data).

The scale of net internal migration flows in Western Australia is such that it has only a very marginal effect on the overall age structure of the State's population.

### Labour Force Status

The labour force status of Western Australian interstate arrivals and departures is generally quite similar. In 2001, employed persons comprised around 60% of all interstate arrivals to Western Australia, while the unemployed (11%) and those not in the labour force (29%) accounted for the remainder. In terms of departures from Western Australia in 2001, around 60% were employees and 12% were unemployed, with the balance not being part of the labour force. Over time, the labour force status of interstate migrants in Western Australia has remained relatively stable, with the exception of 1991, when the unemployed represented about 20% of total interstate movements.

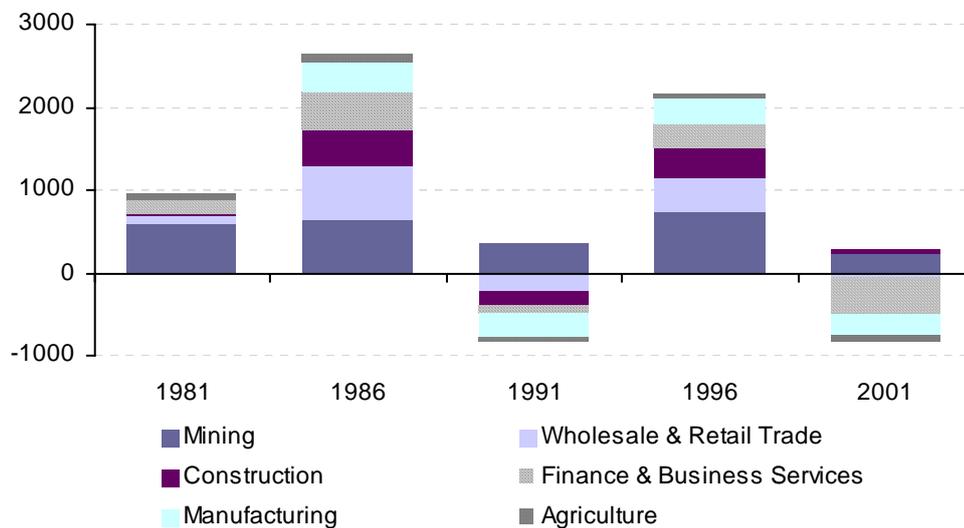
Unemployment among interstate migrants is generally much higher than for the total labour market. For instance, the average unemployment rate in Western Australia in 2001 was around 7%, while the unemployment rate for interstate arrivals was about 15%. A number of factors may account for this difference: first, many migrants may move before securing employment in the new region; second, the age distribution of interstate migrants means that they are more likely to form part of the labour force; and third, unemployed persons may have a greater incentive to move interstate to find employment.

### Industry

Census data show that those employed in the mining industry typically make the strongest positive contribution to net interstate migration in Western Australia. Indeed, it is the only sector that has consistently recorded positive net migration in each census since 1981. This is not surprising given the strong growth of the mining industry over the past few decades, and the size of the Western Australian mining industry relative to other States.

Consistent with the State's robust mining sector, census data also suggest that the local construction industry has received a relatively large net inflow of migrants since 1981. Net interstate migration in Western Australia's wholesale and retail trade sector has also been generally positive.

**Figure 3.11 Net interstate migration in Western Australia by industry**  
Employed persons in selected industries



Source: ABS Census data (unpublished).

Most other sectors have a mixed record in terms of net migration flows. For instance, net migration by those employed in the manufacturing sector appears to follow broader trends in State migration flows; that is, periods of positive net interstate migration in Western Australia are generally associated with a net inflow of employees in the manufacturing sector, and vice versa.

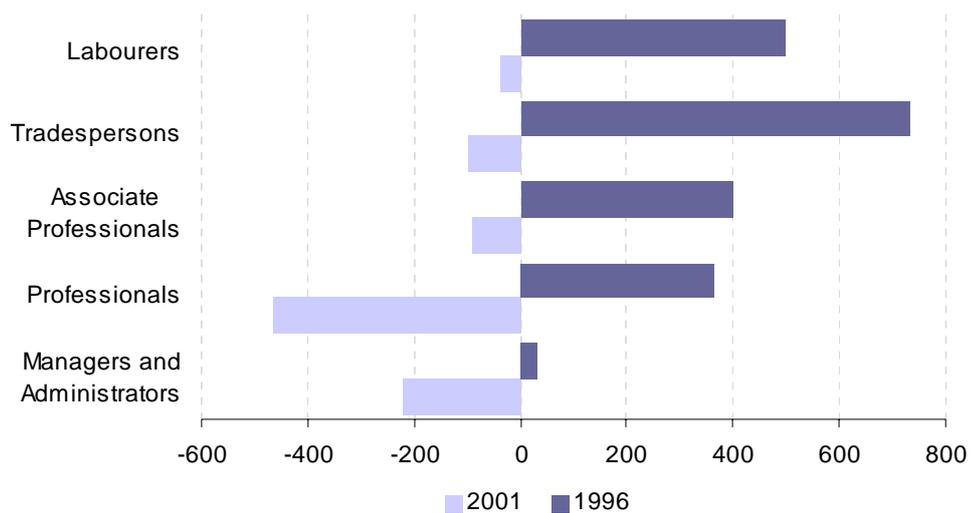
In contrast to previous Census years, 2001 also saw a net outflow of employees in the local finance and business services sector. Victoria and New South Wales were by far the largest net recipients of these workers, which may again suggest a trend of young Western Australian business professionals migrating to larger commercial centres in Melbourne and Sydney. Although this may add weight to concerns of a 'brain drain' from Western Australia, it is important to recognise that the net outflow of employees is low relative to the total workforce in the sector, and that the size of the migration loss has diminished more recently. Moreover, as we note later in the paper, this net outflow is more than offset by a net inflow of business professionals from overseas.

### Occupation

Only limited data are available on the occupational status of internal migrants in Australia. Data from the 2001 Census show that there was a net interstate migration loss across most occupation groups in Western Australia compared with the same period a year earlier.<sup>4</sup> The greatest net outflow occurred in the 'Professional' occupation category (465 workers), with the 'Business and Information Professionals' category accounting for much of the loss. (This occupational sub-group includes accountants, auditors, sales and marketing professionals, and computing professionals).

As we have noted previously, Victoria and New South Wales were the chief beneficiaries of these migrant workers. Consistent with a relative decline in resource investment activity in 2001, there was also a much smaller net inflow of the Science, Building and Engineering Professionals sub-group compared with the 1996 Census.

**Figure 3.12 Net interstate migration in Western Australia by occupation**  
Employed persons in selected occupation groups



Source: ABS Census data (unpublished data).

The Managers and Administrators occupation group experienced the second-largest net outflow of employees in 2001, with a net loss of Specialist Managers driving this result.

In contrast to the 1996 Census, both the tradespersons and labourers occupation groups recorded a small net loss of workers in 2001. These categories had experienced the largest net interstate migration gain in 1996, with a net inflow of 730 workers and 499 workers in the tradespersons and labourers occupational groups respectively.

<sup>4</sup> This period coincided with both a total net outflow of interstate migrants and a contraction in Western Australia's Gross State Product.

## 4. Overseas migration in Australia

### Key Points

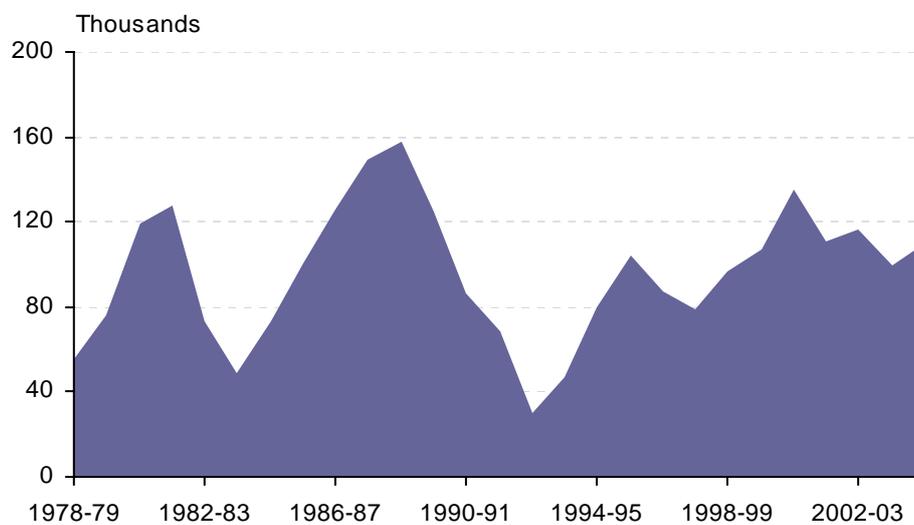
- Net overseas migration in Western Australia is largely determined by trends and policy settings at the national level.
- Australia's net overseas migration flows fluctuated significantly in the 1980s and the first half of the 1990s. Since then, net overseas migration has become a relatively more stable component of total population growth.
  - Net overseas migration in Australia has averaged around 115,000 persons since 2000-01.
- Australia's migration statistics are comprised of permanent migration and long-term movements, with the latter referring to temporary movements with a duration exceeding 12 months.
- The Australian Government's Migration Program accounts for most of the permanent settlement in Australia (around 75% in 2004-05), with the Humanitarian Program and unregulated migration by New Zealand citizens accounting for the balance.
- Changes in the Migration Program, due to prevailing economic conditions and social attitudes, appear to be responsible for most of the variation in Australia's net overseas migration statistics.
  - Since the mid-1990s, a reduction in the volatility of economic growth, both domestically and overseas, has accommodated a more stable approach to the Migration Program.
- Over the past decade, there has been an increasing emphasis on attracting skilled workers under the Migration Program.
- The number of permanent departures from Australia has more than doubled over the past decade, due mainly to an increase in emigration by Australian-born residents.
- There has been a striking compositional shift in Australia's overseas migration flows towards temporary migration over the past decade.
  - Net long-term migration has been the major source of cumulative growth in net overseas migration since 1999-2000.
  - A sharp rise in student visas, and to a lesser extent an increase in long-stay business visas, explains most of the growth in long-term migration.
- In the absence of a continuous rise in long-term arrivals, and to the extent that these migrants do not become permanent residents, net temporary migration could fall significantly in the long run.

Overseas migration has a large and wide-ranging influence on Western Australia's community and its economy. It is a major source of population growth, and like interstate migration, has varied significantly over the past few decades. Since these trends and cycles have been highly conditioned by policy settings at the national level, we begin our analysis with a review of overseas migration in Australia.

#### 4.1 Net overseas migration in Australia

Australia's overseas migration flows have fluctuated widely over the past few decades. Net overseas migration peaked at around 157,000 persons in 1988-89 but fell to around 30,000 just four years later (in the wake of the 1991 national recession). Since that time, net overseas migration has recovered, averaging around 115,000 persons a year over the past five years. The preliminary estimate for net overseas migration in 2004-05 is about 110,000 persons, which represents 46% of Australia's population growth for the year.

**Figure 4.1 Net overseas migration in Australia<sup>(a)</sup>**



(a) Includes category jumping (for more information, see [Appendix A](#)).

Source: ABS *Australian Historical Population Statistics*, cat. no. 3105.0.65.001 and 3101.0.

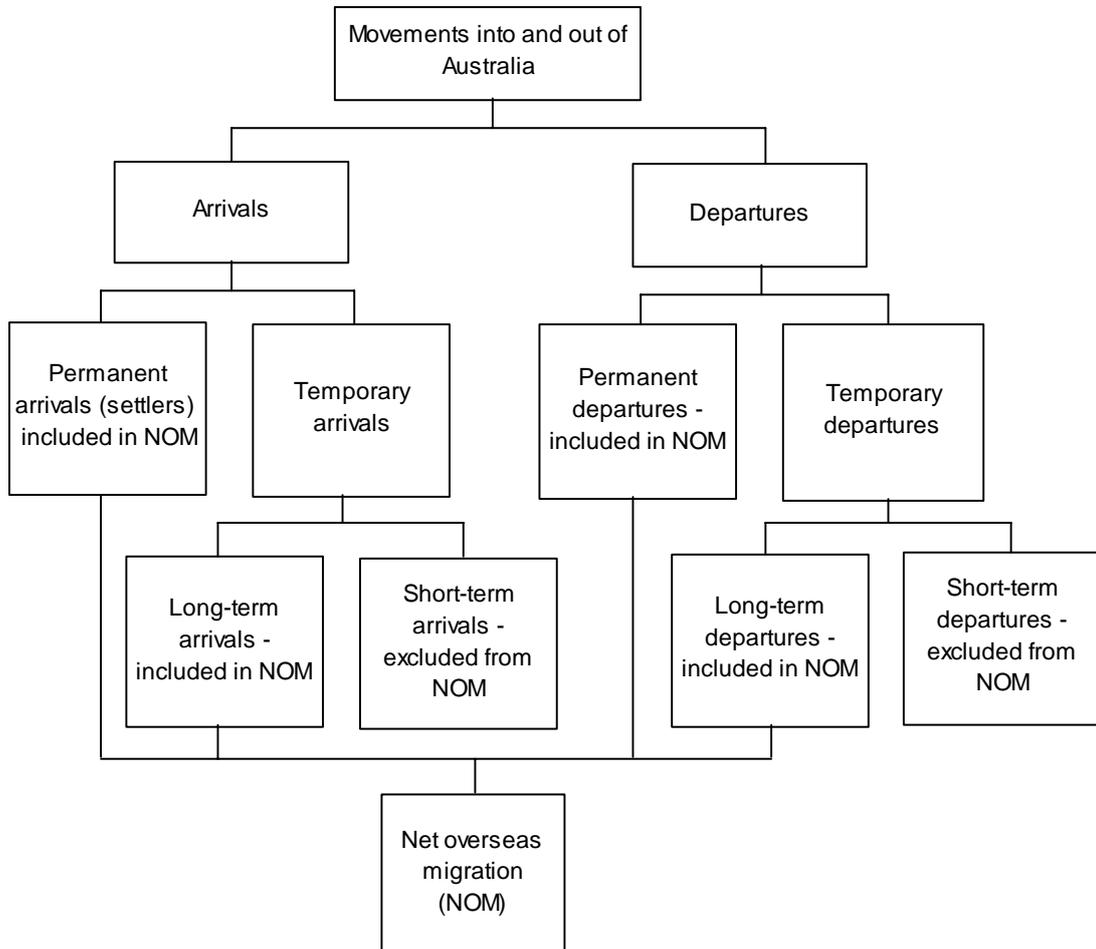
#### 4.2 Components of net overseas migration

Australia's official overseas migration statistics make a distinction between those who are travelling on a permanent basis (i.e. permanent arrivals/settlers and permanent departures), and those who intend to travel for a specified period of time (temporary travellers). All permanent movements are included in net overseas migration statistics, whereas the ABS currently applies a 12-month rule to temporary movements to determine which of these movements is included in net overseas migration. For example, overseas arrivals with a (continuous) stay of more than 12 months are designated as long-term and included in net overseas migration, while those staying less than twelve months are classified as short-term and are excluded from the net overseas migration statistics.<sup>5</sup> Net overseas migration represents the sum of net permanent migration and net long-term migration (see [Figure 4.2](#)).<sup>6</sup>

<sup>5</sup> From 1 July 2007, the ABS will extend the residence criterion for its population statistics to include persons who stay in Australia for more than 12 months during the 16 month period following an overseas movement (ABS 2006d).

<sup>6</sup> For more information on ABS population statistics, see [Appendix A](#).

**Figure 4.2 Components of overseas movement**



Source: ABS *Migration*, cat. no. 3412.0.

### 4.3 Permanent migration in Australia

#### Permanent settlement

Permanent immigration in Australia largely results from visas that entitle travellers to permanent residence. These visas are issued under the Australian Government's Migration and Humanitarian Programs, which are administered by the Department for Immigration and Multicultural Affairs (DIMA). Permanent migration to Australia can also arise from New Zealand migrants, who travel under the Trans-Tasman Travel Arrangement and therefore do not require a visa to travel to Australia.

**Box 4.1 Measuring permanent settlement**

The usual measure of permanent settlement is based on arrivals data, that is, the sum of travellers who indicate on their arrival to Australia that they intend to stay on a permanent basis. However, as DIMA notes, family members and refugees, have been granted resident status onshore for many years. Moreover, there has been an increasing propensity for temporary entrants (both short and long term) to be granted permanent residence onshore on the basis of skills (reflecting a policy measure in 1999 to allow foreign students graduating from Australian institutions to apply for visas onshore). The number of onshore visa grants for business skills, employer nomination scheme and the regional sponsored migration scheme have also been rising strongly.

The result is that permanent arrivals data effectively understates the 'true' level of permanent settlement in Australia. For example, in 2004-05 permanent arrivals accounted for 70% of total visa outcomes, with the balance having been granted to onshore applicants. For this reason, this paper adopts the DIMA concept of 'permanent additions' in analysing trends in permanent settlement. Permanent additions data are available from 1996-97 and are calculated as the sum of permanent arrivals and onshore visa grants.

In this paper, the term 'permanent settlement' is used as a general term, describing both permanent arrivals and permanent additions.

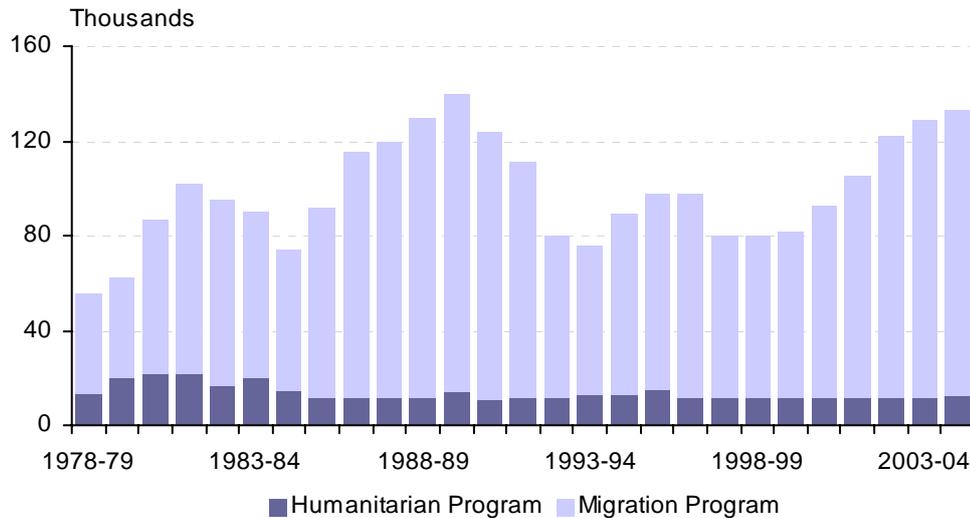
*Migration and Humanitarian Programs*

The Australian Government's Migration Program, which consists mainly of the Family Stream and the Skills Stream, accounts for most permanent settlement in Australia. In 2004-05, settlers under this program accounted for around three-quarters of all permanent additions to the Australian population. In the same year, around 10% of permanent additions were granted visas under the Humanitarian Program. In total, there were around 144,000 permanent additions<sup>7</sup> to Australia's population under the Migration and Humanitarian Programs in 2004-05.

[Figure 4.3](#) charts the evolution of Australia's Migration and Humanitarian Programs since 1978-79. Clearly, planning levels for the Migration Program have fluctuated widely over this period, while there has been little change in planning levels for the Humanitarian Program.

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<sup>7</sup> See .

**Figure 4.3 Migration and Humanitarian Programs, planned levels<sup>(a)</sup>**

(a) For 1978-79 to 1981-82, planning levels were based on rolling three-year averages, with a target of 70,000 a year for the *net* intake of permanent settlers. Annual data for these years have been derived for illustrated purposes and should be interpreted with caution.

Source: DIMA (unpublished data), DTF.

Movements in the Migration Program are driven by prevailing economic conditions, community attitudes and the (lagged) government policy response to these factors. For example, the 1982-83 recession prompted both Governments in office during that year to revise the program downwards amid community concern about the impact of migration on the weak labour market.

A subsequent recovery in economic activity and labour market outcomes over the remainder of the 1980s led to successive expansions in the Migration Program. It peaked at 126,000 persons in 1989-90, before a downturn in the economy in 1991 resulted in another round of cuts to the Migration Program. After expanding in the years following this recession, the first term of the federal Coalition Government in the mid-1990s saw a slight reduction in the scope of the Migration Program.

After more than a decade of uninterrupted economic growth in Australia, it had become increasingly apparent by the early 2000s that the economy was operating closer to capacity. The unemployment rate continued to trend lower and the business community expressed concern about the growing scarcity of labour. The policy response by the Australian Government has been a significant expansion in the Migration Program, from around 80,000 in 2000-01 to a planned level of 140,000 in 2005-06.

**Box 4.2 International migration flows**

It has been estimated that there were about 200 million international migrants worldwide in 2005, which is almost double the number recorded in 1980 (IOM 2005). Continued income disparities among nations and cheaper and more accessible transportation mean that these migrants have become increasingly concentrated in developed countries. For instance, the United Nations estimates that around one in ten people living in the more developed regions is a migrant, compared with fewer than one in 70 in developing countries (UN 2002).

Australia, along with the United States of America, Canada and New Zealand, remains among the few countries in the world that continues to admit immigrants for permanent settlement (IOM 2005). In terms of sheer numbers, the United States accepts more migrants each year than any other country. However, when expressed as a proportion of the population, it is clear that Australia's relative permanent immigration intake exceeds that of the US, and is broadly similar with these other 'settlement countries'.

**Permanent immigration flows, selected countries<sup>(a)</sup>**

	1980	1984	1988	1992	1996	2000	2004
<b>Number ('000)</b>							
Australia <sup>(b)</sup>	81	69	143	107	99	111	150
Canada	143	88	162	255	226	227	236
New Zealand <sup>(c)</sup>	n.a.	n.a.	n.a.	n.a.	43	38	36
United States of America <sup>(d)</sup>	531	544	643	974	916	850	946
<b>Migration rate (migrants per 1,000 of population)</b>							
Australia	5.5	4.4	8.7	6.1	5.4	5.8	7.5
Canada	5.8	3.5	6.0	9.0	7.6	7.4	7.4
New Zealand	n.a.	n.a.	n.a.	n.a.	11.4	9.7	8.9
United States of America	2.3	2.3	2.6	3.8	3.4	3.0	3.2

(a) Includes settler arrivals and permanent residency visas granted onshore.

(b) Data refers to financial years (July to June).

(c) Data not available before 1994.

(d) Data refers to financial years (October to September).

Source: DIMA (2006b), Citizenship and Immigration Canada (2005), Statistics New Zealand (2005), US Department of Homeland Security (2006), ABS, Thomson Financial.

**Composition of the Migration Program**

As [Table 4.1](#) indicates, the past decade has seen an increasing emphasis on attracting skilled migrants to Australia. Over the period 1995-96 to 2004-05, skilled migrants to Australia increased from 29% to 65% of Australia's total Migration Program. Conversely, the share of migrants under the Family Stream has declined from 69% to 35%.

**Table 4.1 Migration and Humanitarian Programs, outcomes**

<i>Category of migration</i>	<i>Units</i>	<i>1985-86</i>	<i>1990-91</i>	<i>1995-96</i>	<i>2004-05</i>	<i>2005-06 (planned)</i>
Migration Program						
Family Stream	%	79.2	54.6	68.3	34.7	30.0
Skill Stream	%	20.2	44.4	29.0	64.8	69.6
Special Eligibility	%	0.6	1.0	2.7	0.4	0.4
Total	no.	80,100	112,200	83,000	120,100	140,000
Humanitarian Program	no.	12,000	11,300	13,800	13,200	13,000
Total	no.	92,100	123,500	96,800	133,300	153,000

Source: DIMA *Population Flows: Immigration Aspects* (various issues).

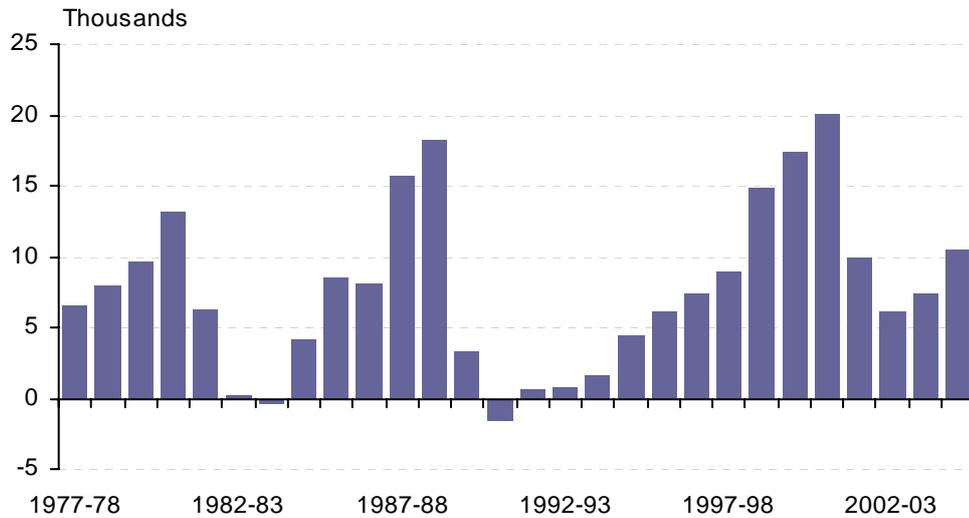
### *Non-Program migration*

Non-Program migration refers to immigration that lies outside the direct control of the Australian Government. It is almost wholly comprised of immigration from New Zealand residents, who are free to travel and work in Australia without visas.<sup>8</sup> Migration flows from New Zealand are highly cyclical and can have a large effect on Australia's total migration statistics. The inflow tends to be at its greatest during periods of buoyant economic activity in Australia (relative to New Zealand) and vice-versa. For instance, weak economic activity in New Zealand in the late 1990s coincided with a pronounced rise in permanent arrivals, while a recovery in the New Zealand labour market since that time has occasioned a reduction in the magnitude of these flows.<sup>9</sup>

<sup>8</sup> The 1973 Trans-Tasman Travel Arrangement establishes that Australian and New Zealand citizens of one country are entitled to enter the other to visit, live and work, without the need to apply for authority to do so. However, amendments to *The Migration Reform Act 1958* in September 1994, mean that all non-citizens must hold visas. To accommodate for this change, New Zealand citizens are deemed to have applied for a visa (the 'Special Category Visa') on presenting a valid New Zealand passport.

<sup>9</sup> A pronounced decline in 2001-02 may also partly reflect changes to the bilateral social security arrangements between Australia and New Zealand, which came into effect on 26 February 2001. These changes require New Zealand citizens who arrive in Australia to apply for and be granted permanent residence if they wish to access certain social security payments.

**Figure 4.4 Net permanent migration in Australia by New Zealanders<sup>(a)</sup>**

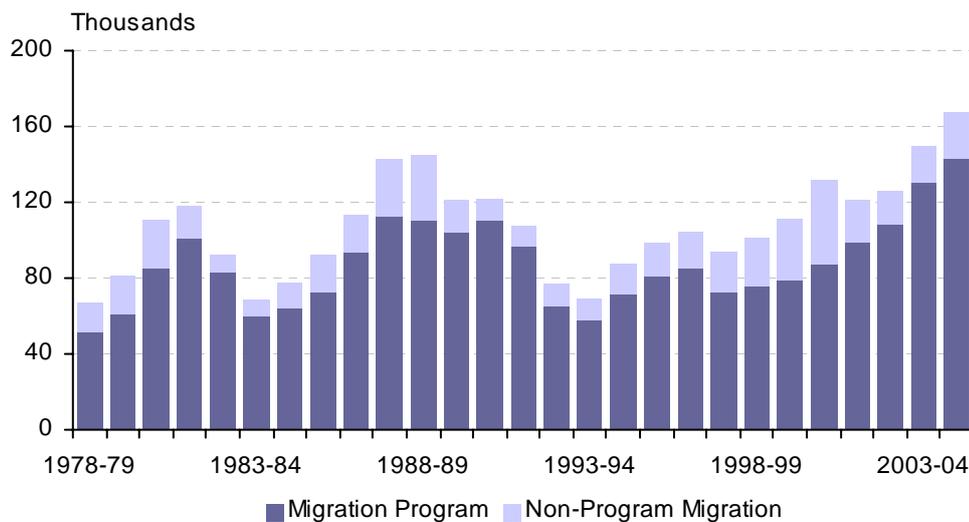


(a) Refers to the total number of New Zealand-born arrivals as a proxy for the number of New Zealand citizens who intend on residing in Australia on a permanent basis, less departures of New Zealand born residents.  
Source: ABS (unpublished data).

*Total permanent settlement in Australia*

[Figure 4.5](#) charts the course of total permanent settlement in Australia since 1978-79. Two major cycles are evident from the late 1970s until the mid 1990s, both of which correspond to the boom and bust nature of economic growth over this period. The first cycle saw a peak in arrivals in 1981-82, before a downturn in economic activity resulted in cuts to the national Migration Program and a lower intake of migrants from New Zealand.

**Figure 4.5 Permanent settlement in Australia<sup>(a)</sup>**



(a) For 1996-97 and beyond, the measure of permanent settlement includes both permanent arrivals and the number of visa grants to onshore applicants. Non-Program migration refers to the total number of Zealand-born arrivals as a proxy for the number of NZ citizens who intend on residing in Australia on a permanent basis.  
Source: ABS cat. no. 3101.0 and unpublished ABS data; DIMA; DTF.

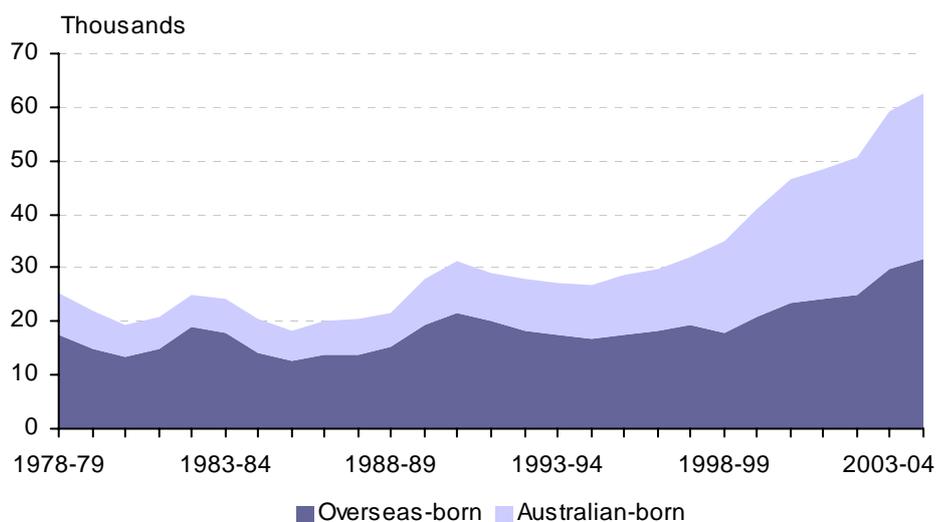
The second major cycle commenced in the late 1980s. As we have already noted, this was a period of strong economic growth in Australia, which prompted successive expansions in the Migration Program. Buoyant economic activity also elicited a strong migration response from New Zealand citizens, and so the consequence was a large peak in the total number of settler arrivals. The onset of the national recession in the early 1990s saw a reversal in this trend. The Migration Program was reduced in size and the number of settlers from New Zealand fell sharply.

Over the remainder of the 1990s, economic growth in Australia was relatively stable. The national economy still retained some spare capacity (in terms of unemployed labour) and there were only moderate changes to the Migration Program. Strong inflows from New Zealand bolstered total immigration flows to Australia over this period. Total settlement has accelerated sharply since 2000, with increases in the Australian Government's Migration Program underpinning this rise.

### Permanent departures from Australia

The level of emigration (permanent departures) from Australia is measured by the number of residents who indicate on their outgoing passenger cards that they are leaving Australia permanently. Only modest growth in the number of permanent departures from Australia was observed from the early 1980s until the mid-1990s. Since that time emigration has accelerated sharply. The number of permanent departures has doubled in less than a decade, rising from under 30,000 in 1996-97 to around 62,000 persons in 2004-05. The most striking feature of this increase has been a large rise in the number of Australian-born permanent departures. This contrasts with what has been the norm over the past few decades, when Australian residents born overseas accounted for the majority of permanent departures.

Figure 4.6 Australian emigration



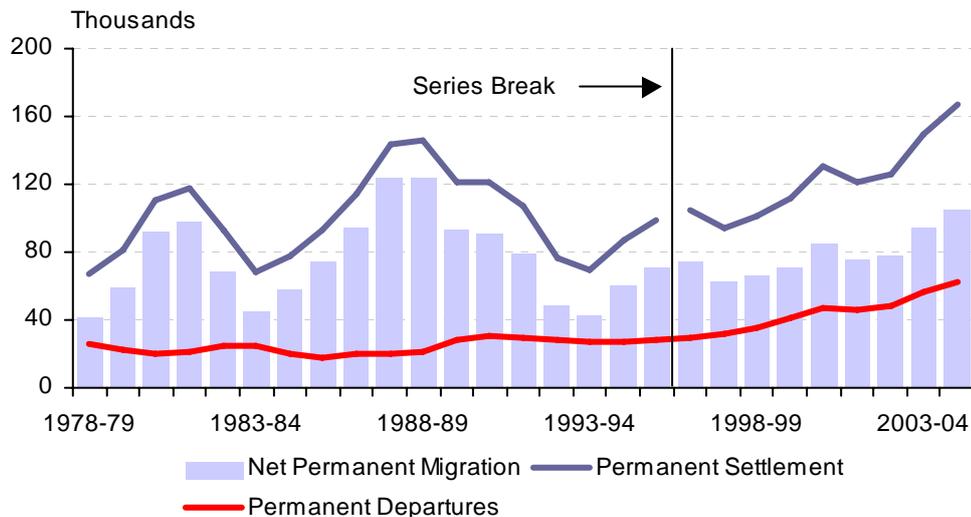
Source: ABS Migration, cat. no. 3412.0 and unpublished ABS data.

The magnitude of this shift has generated concern in certain sections of the community, with the fear being that Australia is losing its competitiveness in terms competing for skilled workers. Others have taken a more sceptical stand on the significance of losses of Australian resident skills, arguing that these losses do not warrant any brain drain hysteria. For example, Birrell et. al. (2001) argue that much of the movement of Australian residents abroad can be interpreted as part of ‘a long-standing keenness of young Australians to see the world rather than a harbinger of Australia’s inability to keep its best and brightest in the face of employment attractions elsewhere.’ Moreover, as we note in following sections, the inflow of skilled settlers and long-term migrants more than compensates for Australia’s migration losses.<sup>10</sup>

### Net permanent migration in Australia

Figure 4.7 shows the history of Australia’s net permanent migration flows over the period from 1978-79 to 2004-05. Volatility in permanent settlement clearly accounts for much of the variation in net permanent migration up until the mid-1990s. As noted previously, a large part of the volatility in permanent settlement over this period can be attributed to sizeable swings in international and domestic economic activity (and an active migration policy response to these economic conditions).

**Figure 4.7 Net permanent migration in Australia**



Source: DTF estimate based on ABS and DIMA data. This measure of net permanent migration utilises visa data from DIMA rather than permanent arrivals data.

Since the mid-1990s Australia’s net permanent migration flows have been less volatile. This stems from a more stable economy and a steadier approach to changes in the national Migration Program. Although permanent emigration has accelerated over the past decade, increases in the Migration Program have been sufficient to offset this rise.

<sup>10</sup> See also [5.1](#) for a Western Australian perspective.

Despite a trend increase in net permanent migration since 1994-95, the current level of net permanent migration is still much lower than in the late 1980s, when the Australian Government's Migration Program was high by historical standards and emigration was relatively subdued.

#### **4.4 Long-term movement in Australia**

The ABS definition of Australia's population (the 'estimated resident population') includes not only those who move on a permanent basis, but also all temporary traveller movements with a duration of more than 12 months. The largest element here consists of long-term visitors who have visas that allow them to stay for more than a year. When these long-term temporary arrivals leave again they are counted as long-term temporary departures. The long-term movement category also includes the difference between the number of Australian permanent residents (settlers and Australian-born) who have been abroad for more than a year and are returning to Australia, and the number of residents moving overseas for more than 12 months.

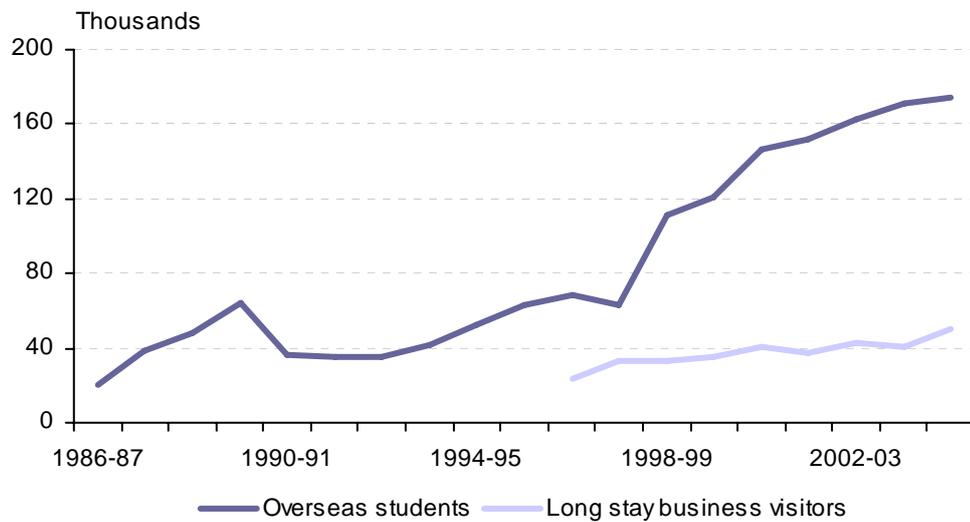
Broadly speaking, there are two major visa classes that enable temporary entry in Australia for a period of more than one year. These are:

- (1) Overseas student visas: these visas are granted to non-Australian residents to study in full-time accredited and registered courses (generally as full-fee paying students). Overseas student visas are generally granted for the duration of the study; and
- (2) Business visitors (long stay): these visas entitle businesses to recruit skilled personnel to fill positions that cannot readily be filled locally. Recipients of these visas can stay in Australia for up to four years.

Since the mid-1990s, the number of temporary visas granted in Australia has risen dramatically. Student visas have increased from around 53,000 grants in 1994-95 to around 175,000 grants in 2004-05, partly due to the Australian Government's decision in the late 1990s to allow successful overseas students to apply for permanent residency under the Skills Stream of the Migration Program.

The increase in long-term arrivals has not (yet) been matched by a commensurate rise in long-term departures. Consequently there has been a very large increase in net visitor long-term migration since the mid-1990s. In 2004-05 the excess of long-term temporary arrivals over long-term temporary departures was around 49,000 people.

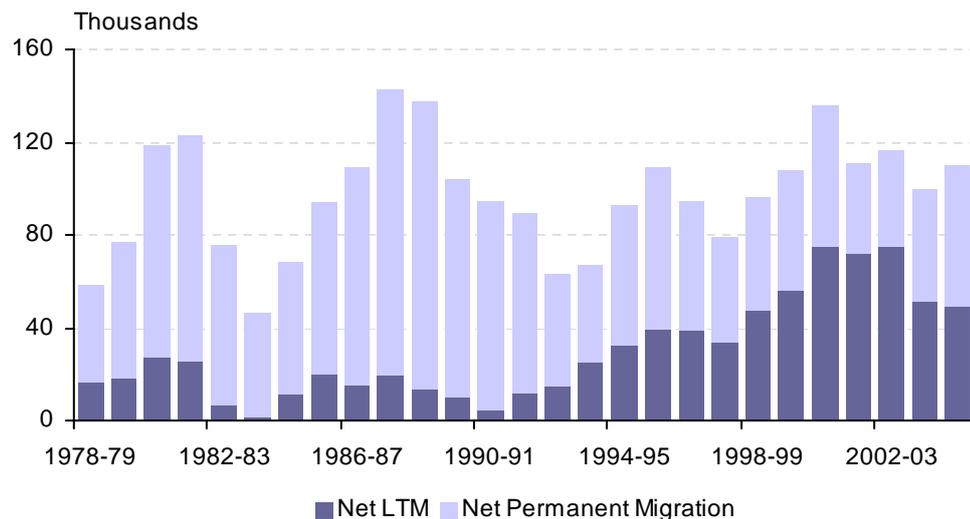
**Figure 4.8 Temporary visas granted in Australia**  
Selected visas, 1986-97 to 2004-05



Source: DIMA (unpublished data).

Strong growth in net temporary migration means that it exceeded net permanent migration in each year from 1999-2000 until 2003-04. As shown in [Figure 4.9](#), official net overseas migration statistics were dominated previously by movements in net permanent migration.<sup>11</sup> Although this chart overstates the level of net long-term movement, as it does not include onshore visa grants, it is nevertheless clear that there has been a compositional shift towards temporary migration since the 1990s.

**Figure 4.9 Components of net overseas migration in Australia<sup>a</sup>**



(a) Excludes category jumping, but includes migration adjustments for changes in traveller intention from 2001-02. Does not include an adjustment for grants of onshore visas.

Source: ABS *Australian Historical Population Statistics*, cat. no. 3105.0.65.001; ABS *Migration*, cat. no. 3412.0 (various issues).

<sup>11</sup> As measured by the difference in permanent arrivals and permanent departures.

As McDonald and Kippen (2002) observe, this increased contribution of temporary migration would be sustainable only in the event of continuous growth in the number of long-term arrivals.<sup>12</sup> This is because in the absence of continuous growth in long-term arrivals (and abstracting from the conversion of long-term migrants to permanent migrants) net long-term visitor migration must return to equilibrium, i.e. zero net migration. There is now some evidence that this is occurring, with net visitor long-term migration falling in 2003-04 and 2004-05.

The apparent shift in Australia's migration entry has important implications for projecting state and national population growth. The standard approach to projecting population growth assumes a particular level of net overseas migration will continue in future years. If the assumed level of net overseas migration is based on an average of previous years (the approach taken by the ABS in compiling its population projections), then there is an implicit assumption that this represents permanent migration. In the absence of assumptions about the departure of long-term visitors, projections of this kind will overstate future population growth.<sup>13</sup>

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<sup>12</sup> There is no ceiling on the number of visas allowing temporary entry in Australia.

<sup>13</sup> See McDonald and Kippen (2002).

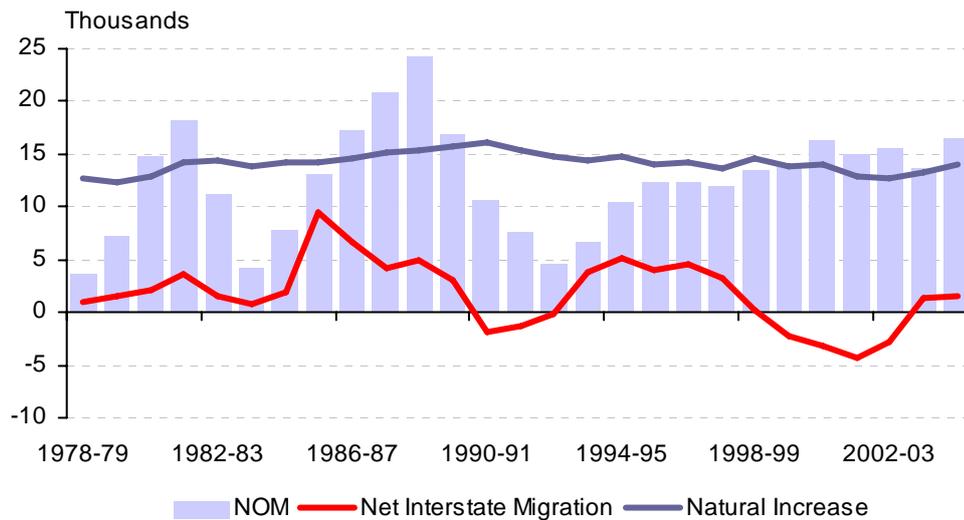
## 5. Overseas migration in Western Australia

### Key Points

- Net overseas migration is a large and volatile component of population growth in Western Australia.
  - The net inflow peaked at around 24,000 in the late 1980s but fell below 5,000 in the early 1990s.
  - Over the past decade net overseas migration has become more stable, generally falling within a band of between 12,000 and 16,000 persons a year.
  - Overall, net migration from overseas has accounted for around 44% of growth in the State's population since 1978-79.
- Immigration is the main source of the past volatility in net overseas migration.
- While movements in the national level of permanent settlement loom large as a source of variation in State immigration, change in Western Australia's share of immigrants also has a material influence on its migration statistics.
  - Relative economic conditions appear to explain fluctuations in the State share of national immigration.
  - Western Australia's unique industrial structure and export orientation may have made its immigration flows relatively more sensitive to international and domestic economic conditions than other States.
  - Overall, Western Australia's history of relative economic prosperity means that it has consistently attracted a share of immigration in excess of its population share.
- The composition of immigration in Western Australia is more heavily skewed towards skilled workers than other States.
  - Almost 60% of permanent additions to the State's population in 2004-05 were from the Skills Stream of the Australian Government's Migration Program.
- More than 40% of employed immigrants in Western Australia are 'Professionals'. Engineers, information technology professionals and health professionals account for a large share of this group.
  - Tradespersons also feature strongly among immigrants to Western Australia.
- The limited data on overseas migration by industry indicate that, relative to the structure of State's labour market, immigration is concentrated in the business services, hospitality, health and mining sectors.
- Emigration from Western Australia has accelerated sharply since the mid-1990s, consistent with the national trend.
  - The concern this occasionally generates about the 'brain drain' is almost certainly unwarranted. Western Australia consistently attracts a large *net* inflow of young, skilled workers.
- Net long-term migration in Western Australia has expanded substantially over the past decade.
  - This mainly reflects an increase in overseas students, and to a lesser extent, a rise in the number of long stay business visas.
  - If temporary visa grants do not grow continuously, and abstracting from the 'conversion' of long-term visitors to permanent residents, measurements of net long-term migration in Western Australia should eventually decline.

Overseas migration has a large and wide-ranging influence on Western Australia’s community and its economy. It has been a major source of growth in the State’s population over the few decades, having accounted for around 44% of the increase in the population since 1978-79. Indeed, net overseas migration is also now the single largest component of population growth in Western Australia (and has been since 1998-99).

**Figure 5.1 Components of population growth, Western Australia**



Source: ABS *Australian Historical Population Statistics*, cat. no. 3105.0.65.001; ABS cat. no. 3101.0.

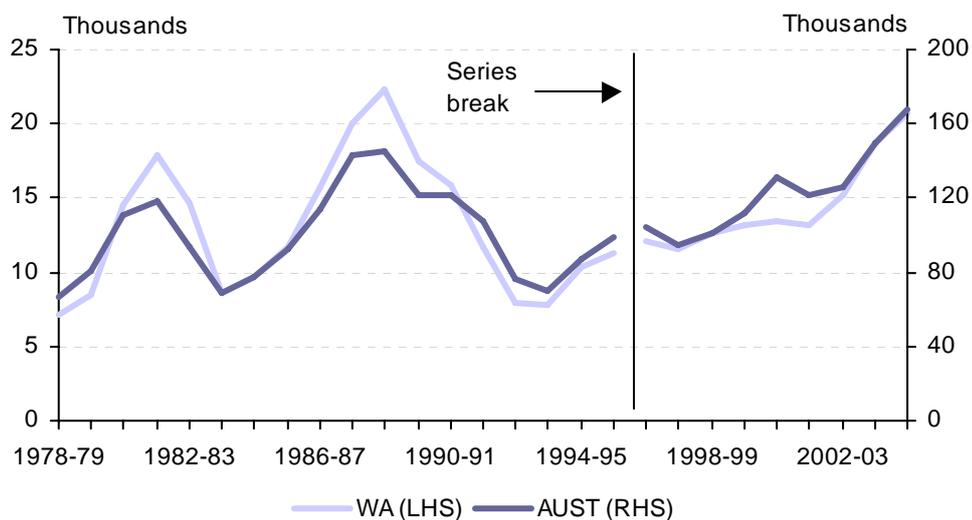
Net overseas migration has not always been the largest contributor to population growth in Western Australia. Indeed, it has varied significantly at various periods over the past three decades, and occasionally fallen to rather modest levels. For instance, a decline in economic conditions in the early 1980s, combined with a reduction in the Australian Government’s Migration Program, led to a fall in net overseas migration to around 4,300 persons. It subsequently recovered over the remainder of that decade, reaching a peak of 24,200 in 1988-89, before slumping again in the wake of the 1991 national recession. Since that time, net overseas migration in Western Australia has become less volatile, generally falling within a band of between 12,000 and 16,000 people a year.

## 5.1 Permanent migration in Western Australia

### Permanent settlement

Volatility in Western Australia's immigration flows appears to explain much of the variation in total net overseas migration. Two major cycles are evident over our reference period. Arrivals fell below 9,000 in 1983-84, before increasing sharply over the remainder of the 1980s and peaking at around 22,000 in 1988-89. In the years following the 1991 national recession (and partly reflecting an associated reduction in the Australian Government's migration program), there was a marked decline in the number of settler arrivals in Western Australia. Growth in permanent settlers was fairly subdued throughout the remainder of the 1990s, but has gained momentum since 2001-02.

**Figure 5.2 Permanent settlement in Western Australia<sup>(a)</sup>**

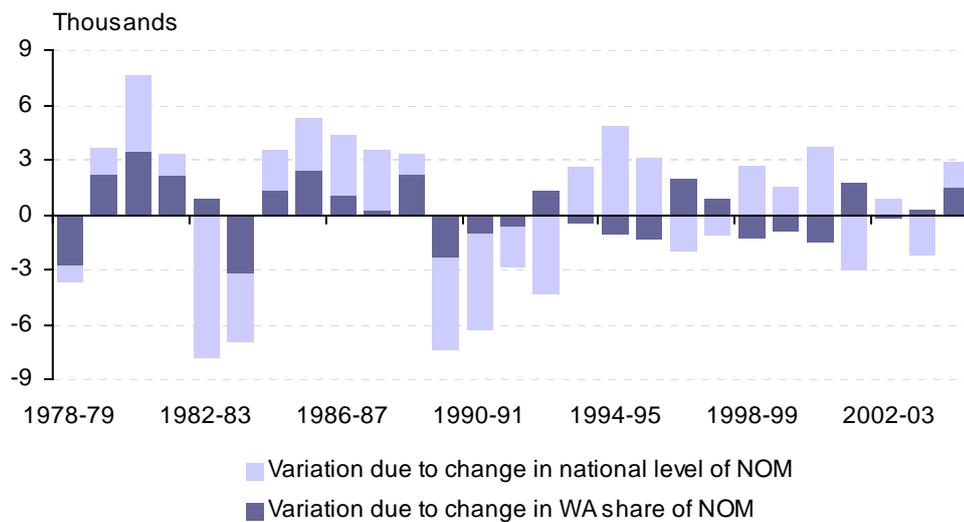


(a) Based on permanent arrivals data from 1978-79 to 1995-96 and permanent additions data from 1996-97 to 2004-05. For more information on this distinction see [Box 4.1](#).  
Source: Source: ABS *Migration*, cat. no. 3412.0 (various issues), unpublished ABS data, DIMA, DTF.

Not surprisingly, changes in the national level of permanent settlement loom large as source of volatility on immigration in Western Australia. However, it is also true that fluctuations in the State's ability to attract international migrants have a material influence on its migration statistics. It is evident from [Figure 5.2](#) for example, that Western Australia's immigration flows are somewhat more volatile than national flows.

Figure 5.3 presents a decomposition of the annual change in permanent settlement in Western Australia according to: (1) variation in the level of national immigration; and (2) deviations in Western Australia's share Australian immigration. It suggests that changes in Western Australia's share of national immigration have explained a large portion of the total variation in state permanent settlement over the past few decades. The implication is that economic and social conditions in Western Australia, relative to other States and Territories, have an important bearing on migration flows to Western Australia.

**Figure 5.3 Decomposition of the change in Western Australia permanent settlement<sup>(a)</sup>**



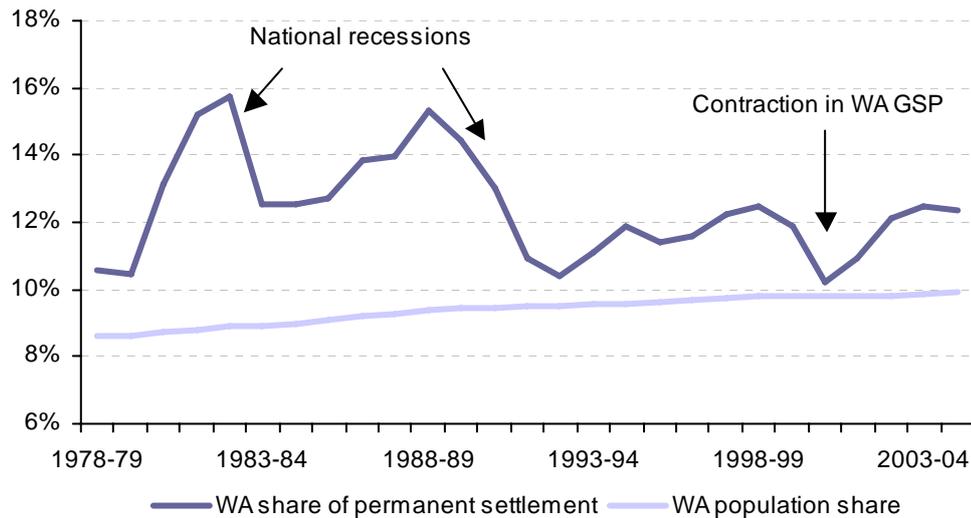
(a) Based on permanent arrivals data from 1978-89 to 1995-96, and permanent additions data from 1996-97 to 2004-05.  
 Source: ABS *Migration* cat. no. 3412.0 (various issues), unpublished ABS data, DIMA, DTF.

Figure 5.4 plots the evolution of Western Australia's share of national settlement over the period from 1978-79 to 2004-05. This share peaked at 16% in 1982-83, but fell by more than three percentage points in the following year. Western Australia's share of settlers then recovered over the remainder of the 1980s - before recording a cumulative decline of around 4.9 percentage points from 1988-89 to 1992-93.

Interestingly, both declines coincided with a reduction in the national intake of permanent settlers. In other words, when the *level* of national migration fell in during these periods, so too did Western Australia's *share* of these migrants. This could reflect Western Australia's unique industrial structure and strong export orientation, which means that the economy is arguably more sensitive than other States to fluctuations in international economic conditions. For instance, we have noted previously that employment opportunities in Western Australia fell by more than the average of other States during the national recession in the early 1990s.

Since the early 1990s, there has been a gradual recovery in Western Australia's share of Australian permanent settlement. It has increased from a low of 10.4% in 1992-93 to 12.3% in 2004-05, notwithstanding a marked decline in 2000-01 amid a recession in Western Australia in the same year. Strong economic growth in Western Australia (relative to the rest of Australia) since that time has been accompanied by an increase in the State's share of permanent settlers.

**Figure 5.4 Western Australia share of Australian settlers<sup>(a)</sup>**



(a) Based on permanent arrivals data from 1978-89 to 1995-96 and permanent additions data from 1996-97 to 2004-05. For more information on this distinction see [Box 4.1](#). Source: ABS *Migration* cat. no. 3412.0 (various issues), unpublished ABS data, DIMA.

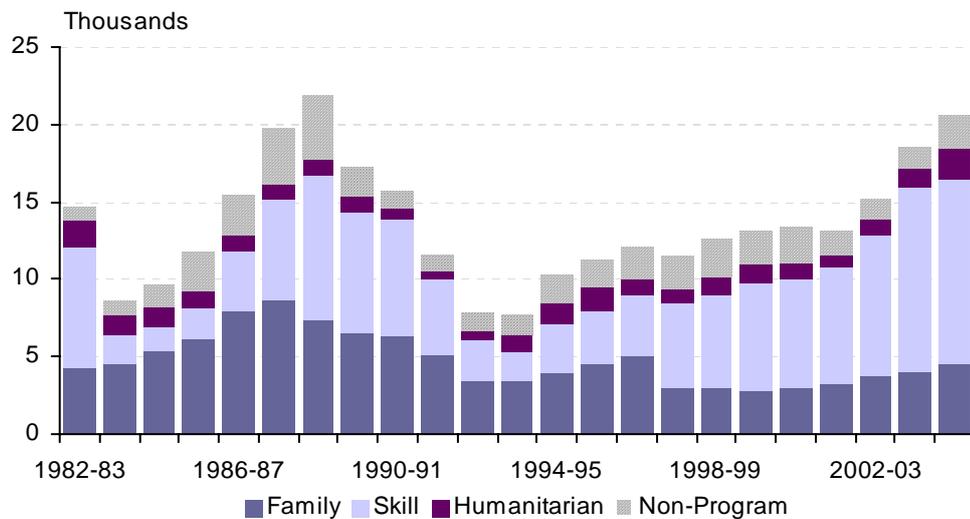
Although its share of Australia's net migration intake fluctuates over time, Western Australia's history of relative economic prosperity, particularly since the 1960s, means that it has consistently attracted a share of national immigration in excess of its population share. It is worth noting however, that the period of buoyant economic activity in Western Australia over 2002-03 to 2004-05 has not been accompanied by peaks in the share of migrants comparable to those recorded in the 1980s.

Immigration policy decisions taken by the Australian Government and other States and Territories may also have some effect on Western Australia's share of the national migration intake. For example, there has been an increase in the regional focus of Australia's immigration policy in recent years, with various visa categories having been introduced to encourage settlement in the regions and metropolitan areas with small population growth. These initiatives allow State and Territory governments to sponsor migrants in areas other than Sydney, Melbourne, Brisbane, Perth, the Gold Coast, Wollongong and Newcastle. Partly as a result of these and other initiatives, South Australia has been able to effect an increase in its share of national immigration in recent years. However, as only a relatively small numbers of visas are awarded under these schemes each year, they are unlikely to have a material impact on Western Australia's share of Australian immigrants.

*Permanent settlement by visa category*

Figure 5.5 presents a breakdown of the number of permanent settlers in Western Australia by visa type, and highlights a strong compositional change in favour of skilled migrants since the early 1990s (in line with policy settings at the national level). Skilled migrants arriving in Western Australia have increased from around 1,800 people or 28% of the migration program in 1993-94, to around 12,000 people or 65% of the migration program in 2004-05. Over the same period, the share of settlers arriving in Western Australia under the family stream has fallen from 54% to 24%.

**Figure 5.5 Permanent settlement in Western Australia by visa type<sup>(a)</sup>**

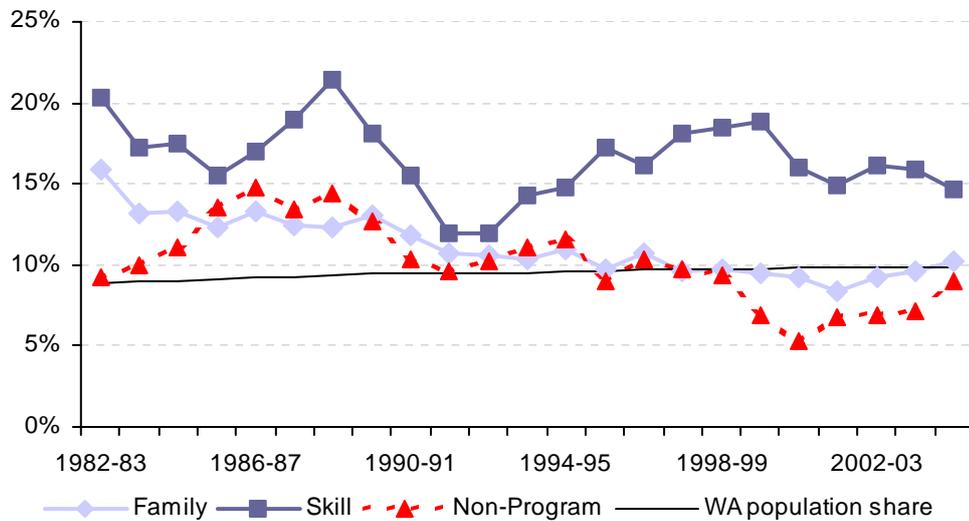


(a) Based on permanent arrivals data from 1982-83 to 1995-96 and permanent additions data from 1996-97 to 2004-05. Source: DIMA *Population Flows: Immigration Aspects* (various issues) and unpublished DIMA data.

Western Australia has a successful track record in attracting skilled migrants from the national migration program. For example, in 2004-05 Western Australia captured a 15% share of the national pool of skilled migrations, compared its population share of 10%.

The Western Australian share of the Skill Stream has exceeded its population share consistently from 1982-83. However, it tends to be quite volatile and appears to explain much of the variation in the State’s total share of Australian immigration. This suggests that economic factors play a key role in determining Western Australia’s migration flows - a view that is supported by the nature of cycles in immigration by New Zealand citizens (which, as noted previously, is essentially unregulated).

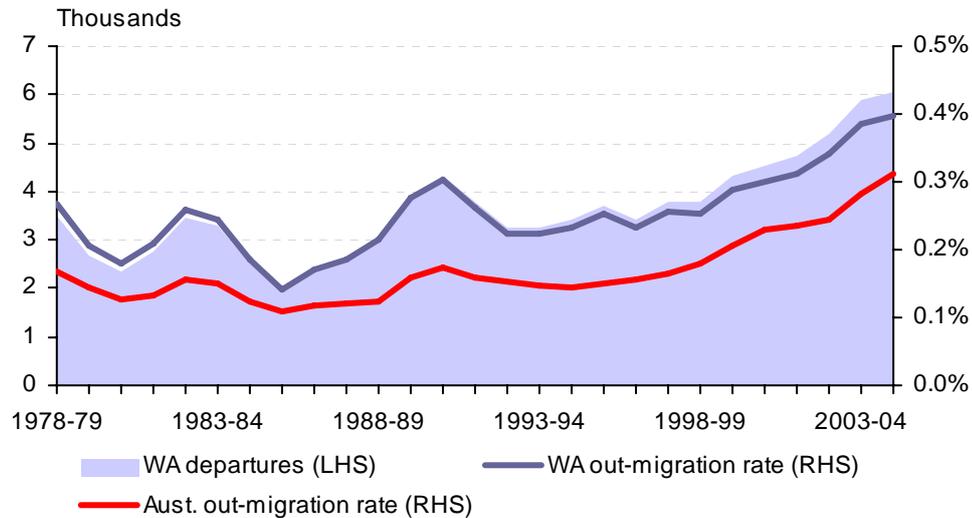
**Figure 5.6 Western Australia share of Australian permanent settlement by visa type**



Source: DIMA *Population Flows: Immigration Aspects* (various issues), unpublished DIMA data.

### Permanent departures

[Figure 5.7](#) illustrates the history of emigration from Western Australia since 1978-79. It shows that the national recessions in 1983 and 1991 were accompanied by a large rise in the propensity of Western Australia residents to move overseas. It is also evident that the out-migration rate in Western Australia is consistently higher than the national average. This possibly reflects a higher concentration of migrants in Western Australia relative to other States, which may have also contributed to the higher sensitivity in Western Australia's out-migration to fluctuations in economic activity (overseas-born residents are generally more mobile).

**Figure 5.7 Permanent departures from Western Australia<sup>(a)</sup>**

(a) Adjusted for changes in traveller intention. National data for 2004-05 and prior to 2001-02 have been adjusted based on the average adjustment ratio over the period 2001-02 to 2003-04. Western Australia data for all years have been adjusted based national adjustment ratios.

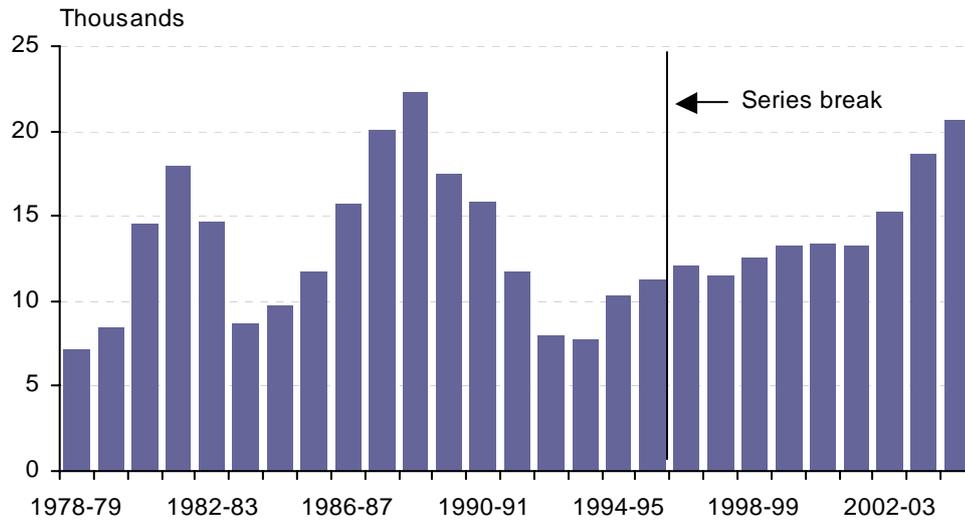
Source: ABS *Migration* 3412.0 (various issues), unpublished ABS data, DTF.

Like the rest of Australia, Western Australia has experienced a sharp acceleration in the number of its residents moving permanently overseas since the mid-1990s. The number of permanent departures from Western Australia has almost doubled over this period, rising from around 3,400 in 1994-95 to around 6,100 in 2004-05.<sup>14</sup> This is part of a global trend and is unlikely to constitute a 'brain drain' for the reasons outlined in [Box 5.1](#).

### Net Permanent Migration

Net permanent migration in Western Australia varied significantly over the period from 1978-79 until the early 1990s. The net inflow has ranged from around 5,000 people in 1983-84 to around 19,000 in 1988-89, before falling below 5,000 in 1993-94. Since that time, there has been a gradual recovery in the net inflow of permanent migrants in Western Australia. This recovery was rather muted over the 1990s, but has gained momentum more recently.

<sup>14</sup> Unadjusted for changes in traveller intention.

**Figure 5.8 Net permanent migration in Western Australia<sup>(a)</sup>**

(a) For 1978-79 to 1995-96, the measure of net permanent migration is the difference between permanent arrivals and permanent departures. For 1996-97, net permanent migration is the difference between permanent *additions* and permanent departures.

Source: DIMA (unpublished data); ABS; DTF.

Based on our previous observations, we can attribute the evolution of Western Australia's net permanent migration flows as follows:

- (1) From 1978-79 to 1993-94: there was a highly cyclical element in the number of permanent settlers, reflecting an active Australian Government policy reaction to conditions in the national economy. These changes were compounded by Western Australia specific factors – including its unique industrial structure and a greater mobility of the Western Australian population relative to the national average – which meant that a decline in the national intake of permanent settlers was often accompanied by a fall in Western Australia's share of these migrants (and vice-versa). These cycles were further reinforced by the movement of New Zealand citizens.

Emigration from Western Australia was volatile and exhibited no clear trend. Compared to the level of permanent arrivals, permanent departures were low and had only a minor impact on changes in net permanent migration.

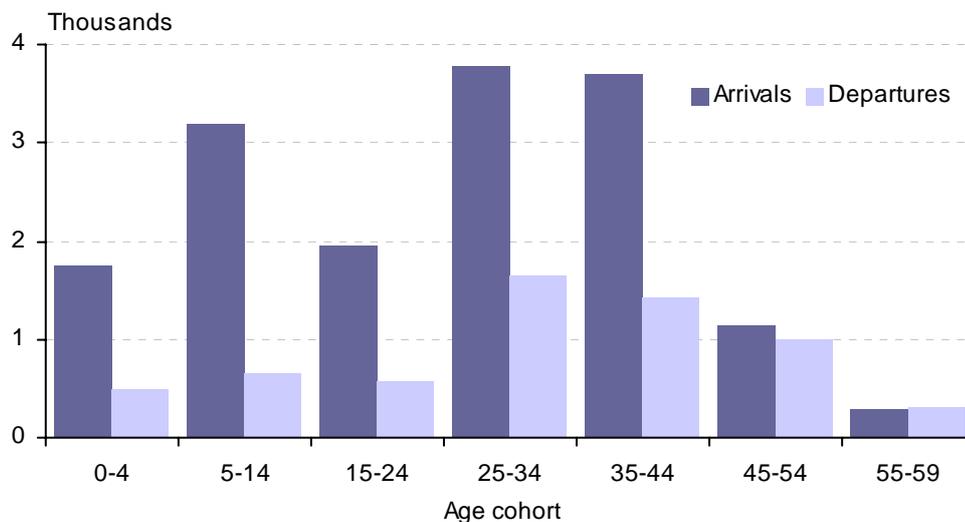
- (2) Since 1994-95: there has been a reduction in the volatility of domestic and international economic conditions, which has resulted in a more stable approach to the national Migration Program. The long boom in Australia has been accompanied by a continuous expansion since the late 1990s. Initially, this did not translate into an increase in Western Australian permanent arrivals – due to a decline in Western Australia's share of the national migration intake. However, strong economic growth in Western Australia since 2000-01 has been accompanied by an increase in the State's share of national settlement. This has contributed to a large rise in permanent arrivals in Western Australia in the three years from 2002-03. A sharp rise in emigration from Western Australia and the rest of Australia has only partially offset the increase in permanent arrivals.

## 5.2 Characteristics of permanent movement in Western Australia

### Age

Permanent settlers typically have a younger age profile than the resident population. This not only reflects a policy bias in favour of young migrants, but more generally, a higher propensity among young adults to migrate. Since net overseas migration in Western Australia is almost always positive, the demographic impact of migration is a reduction the median age of the State's population.<sup>15</sup>

**Figure 5.9 Permanent movement in Western Australia by age cohort: 2004-05**

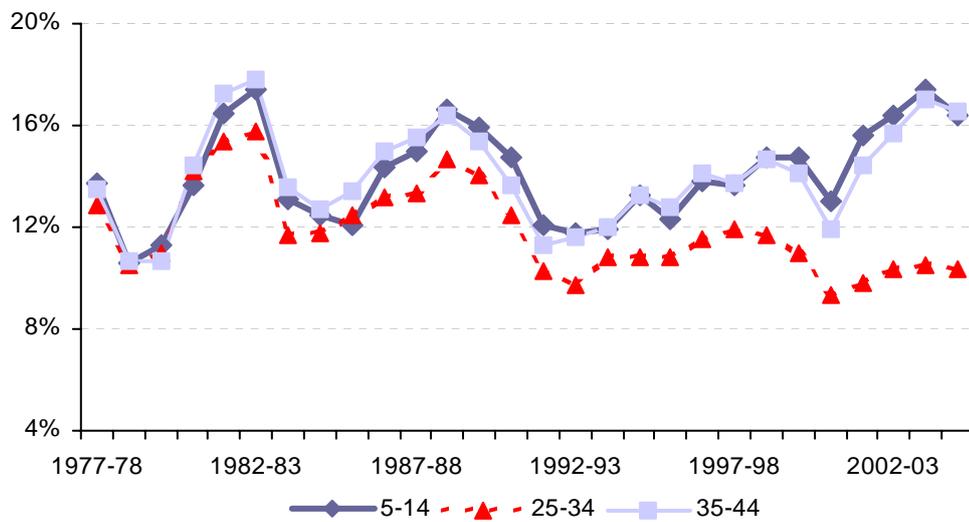


Source: ABS (unpublished data).

Since the late 1980s, Western Australia has become less competitive in attracting national settlers aged between 25-34 years (although it still attracts its population share). This trend is consistent with recent data on interstate migration, which indicates that there has been a small net outflow of migrants within this age bracket over the past few years. In contrast, Western Australia appears to have relatively more appeal to immigrants with young families.

<sup>15</sup> It does not necessarily follow that an increase in immigration is an effective policy response to the ageing of the population (see Productivity Commission (2005)).

**Figure 5.10 WA share of Australian permanent arrivals by age cohort**  
Selected age cohorts, 1978-79 to 2004-05



Source: ABS (unpublished data).

### Labour Force Participation

On the whole, permanent settlers in Australia tend to be more engaged in the labour market than the resident population. This is a consequence of the increasing emphasis on skilled migration, which has led to an increasing proportion of immigrants who are highly educated and of prime working age.

**Table 5.1 Labour force participation rates – permanent immigrants**

Australia, 2000 to 2004

<i>Visa Group</i>	<i>Participation Rate (%)</i>
Skilled stream	82.0
Family stream	57.9
Humanitarian	39.6
Non-Program	80.7
Total	71.0
Total (excluding Humanitarian)	74.7
Total – Australian born population	67.3

Source: Productivity Commission (2006), DTF.

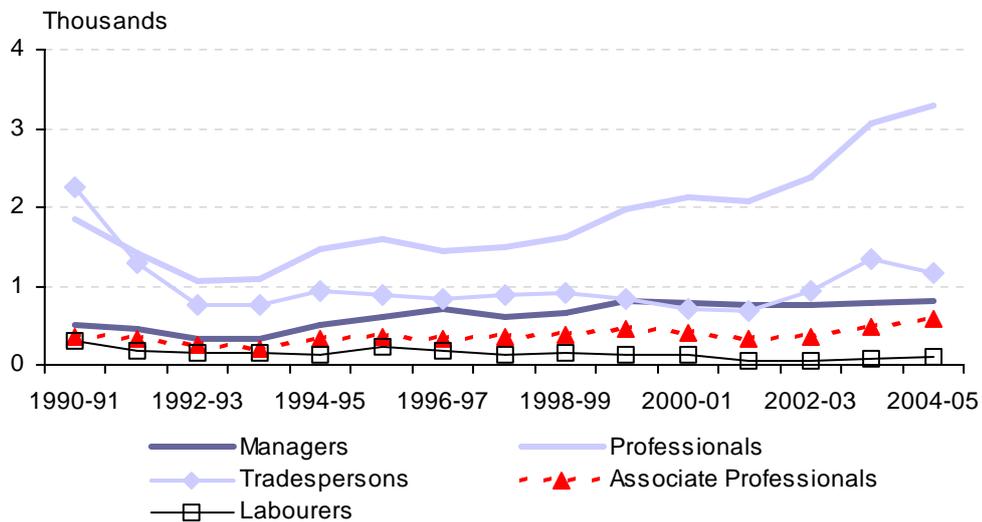
## Occupation

The allocation of settler arrivals across various occupation groups in Western Australia is largely determined by economic forces, i.e. the demand and supply for different types of labour. It is also partly conditioned by government regulations relating to visa requirements. For example, under the Skills Stream of the Migration Program, applicants are awarded points according to various characteristics, including whether or not the nominated occupation is on DIMA's 'Migration Occupations in Demand List'.

Government intervention in this market at least raises the possibility of there being a mismatch between the demand and supply for occupations of a particular type. However, this is unlikely to present a serious problem in Australia. Under the Australian Government's Migration Program, many components are demand driven and not subject to capping. These include the Employer Nominated, Business Skills, and State and Regional Migration categories under the Skills Stream.

That said, it seems clear that the Australian Government's renewed policy bias towards skilled migration has influenced the profile of migrants entering Western Australia. For instance, there has been a very large rise in the immigration of professionals since 1997-98 (see [Figure 5.11](#)). The number of tradespersons entering Western Australia has also increased in recent years, but is still much lower than in 1990-91.

**Figure 5.11 Western Australia permanent arrivals by occupation**  
Selected occupations: 1990-91 to 2004-05

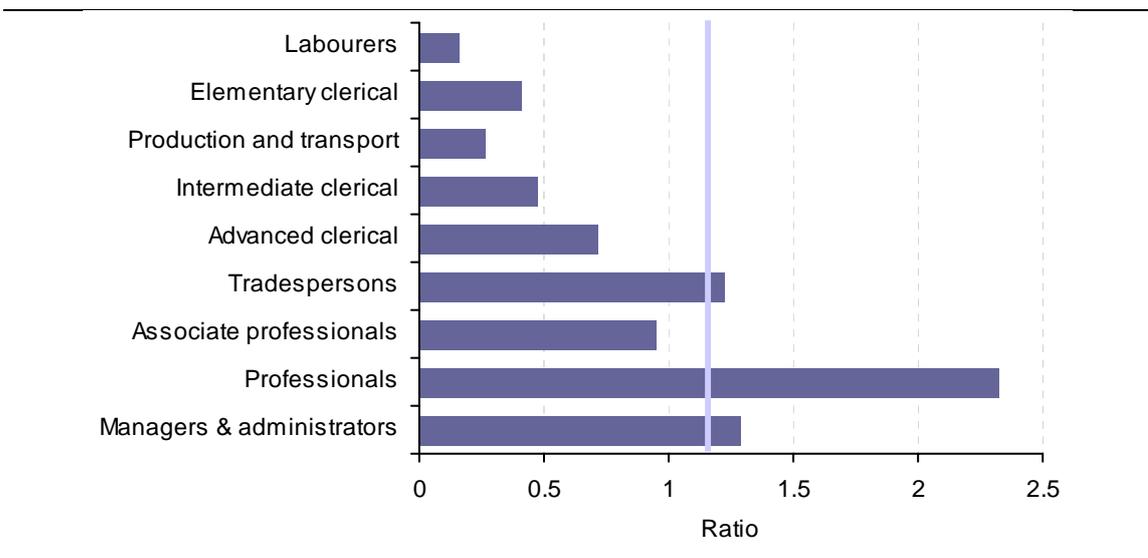


Source: ABS (unpublished data).

As a result of the increasing emphasis on skilled migration, Western Australia's immigration intake has become heavily skewed towards workers in the 'professionals' occupation group. In 2004-05 around 43% of all employed permanent arrivals in Western Australia were professionals. By way of comparison, the professional occupation group comprised 18% of the total Western Australia labour force in the same year. Managers and tradespersons were also overrepresented relative to the existing labour force in 2004-05. For all other occupational groups, permanent settlers were underrepresented relative to the total labour market.

**Figure 5.12 Employment distribution of permanent settlers in Western Australia**

Ratio of the distribution of settlers by occupation relative to the distribution of the total Western Australia workforce, 2004-05<sup>(a)</sup>



(a) A ratio of greater than unity for a particular occupation means that permanent settlers are overrepresented relative to the composition of the total Western Australia workforce.

Source: ABS cat. no. 6291.0.55.001 and unpublished ABS data.

**Table 5.2 Permanent arrivals in Western Australia by occupation**

Selected occupations, 2004-05

<b>PROFESSIONALS</b>		<b>3287</b>
<b>Building and Engineering Professionals</b>		966
Electrical and Electronics Engineers	462	
Mechanical, Production and Plant Engineers	62	
Civil Engineers	52	
Building and Engineering Professionals nfd*	195	
<b>Business and Information Professionals</b>		841
Computing Professionals	466	
Sales, Marketing and Advertising Professionals	162	
Accountants, Auditors and Corporate Treasurers	33	
<b>Health Professionals</b>		646
Nursing Professionals	400	
Medical Practitioners	89	
<b>Education Professionals</b>		387
School Teachers	321	
University and Vocational Education Teachers	43	
<b>TRADESPERSONS AND RELATED WORKERS</b>		<b>1182</b>
<b>Construction Tradespersons</b>		312
Carpentry and Joinery Tradespersons	99	
Painters and Decorators	48	
Bricklayers	39	
<b>Other Tradespersons</b>		279
Hairdressers	139	
<b>Mechanical and Fabrication Engineering Tradespersons</b>		225
Aircraft Maintenance Engineers	121	
Metal Fitters and Machinists	66	
<b>Electrical and Electronics Tradespersons nfd</b>		186
Electricians	100	
<b>MANAGERS AND ADMINISTRATORS</b>		<b>820</b>
<b>Generalist Managers</b>		234
<b>Specialist Managers</b>		234

\* not further defined.

Source: ABS (unpublished data).

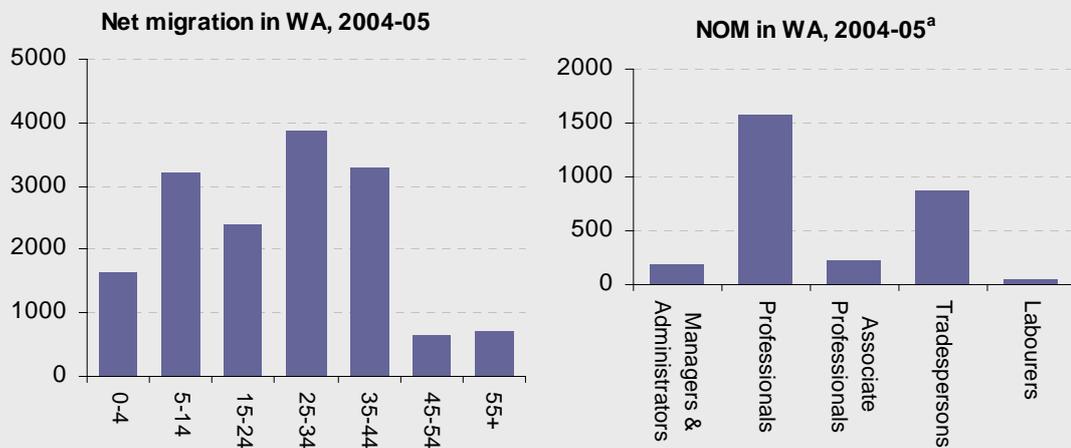
Engineers accounted for almost a third of the professionals who migrated to Western Australia in 2004-05, which is not surprising given the recent strength in the State's resource and construction industries. Business and Information Professionals (the majority of whom were Computing Professionals) also comprised a significant portion of professionals entering Western Australia in 2004-05, as did nurses and other health practitioners.

**Box 5.1 Brain drain or brain gain?**

As noted earlier in this paper, there was a small aggregate net interstate migration loss of young professionals from Western Australia from around 2001 to 2005. Moreover, emigration from Western Australia has accelerated sharply over the past decade, with the number of permanent departures approximately doubling over this period. These trends occasionally excite concern in certain sections of the community, with the fear being that the State is losing its best young workers interstate and overseas.

Such concern is almost certainly unwarranted for a number of reasons. First, at least some interstate outflow of young Western Australia business and information professionals to Sydney and Melbourne is to be expected – it is a natural consequence of the large size and comparative advantage enjoyed by these cities in the finance and business sector. In the same way that Western Australia loses these workers in this industry, it typically gains workers with different skills in the mining and construction industries. It is also equally important to recognise that the actual interstate outflow of young workers from Western Australia is quite insignificant relative to the total size of the population and the labour market.

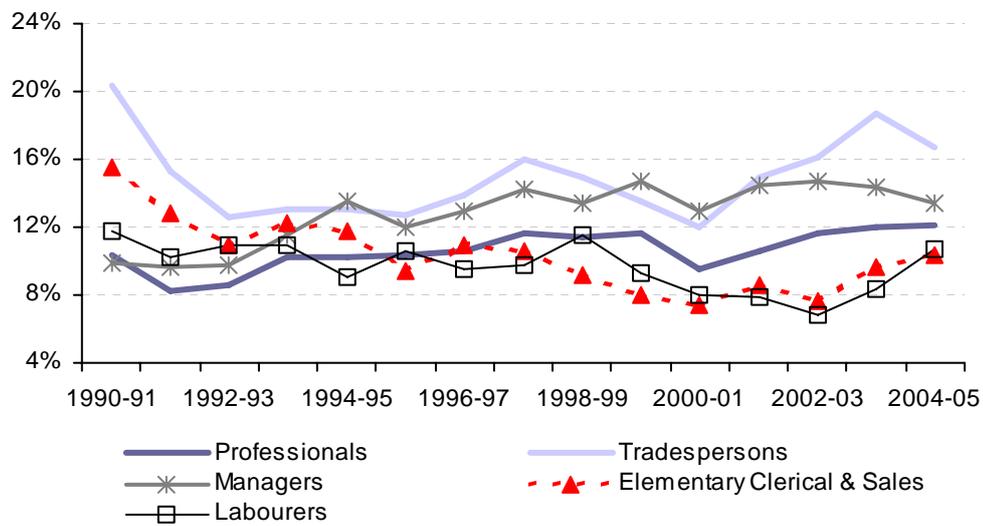
Second, although there has been a marked rise in emigration from Western Australia (and the rest of Australia), at least part of this increase can be attributed to a long-standing enthusiasm among young Australians to travel and work abroad, combined with an increase in real incomes and cheaper and more accessible transportation. The expansion in emigration should also be viewed in the context of an international trend that has seen an increase in the mobility of workers and the further integration of the global labour market. Western Australia has been a net beneficiary of this trend, with the number of prime-age workers leaving Western Australia on a permanent basis being more than offset by current immigration levels.



(a) Does not include interstate migration by occupation (these data are not available). Due to its small scale, interstate migration is unlikely to have a significant impact on Western Australia's total net migration flows by occupation.  
Source: ABS, DIMA.

Relative to its share of the national population, Western Australia attracts a large percentage of immigrants with highly skilled occupations. For example, Western Australia accounted for over 16% of all tradespersons entering Australia in 2004-05, despite having a 10% share of the national population. Western Australia also accounts for a disproportionately large share of managers and professionals. Conversely, Western Australia generally has a lower intake from the national pool of unskilled migrants, particularly since the late 1990s.

**Figure 5.13 Western Australia share of national settlers by occupation**  
Selected occupations, 1990-91 to 2004-05

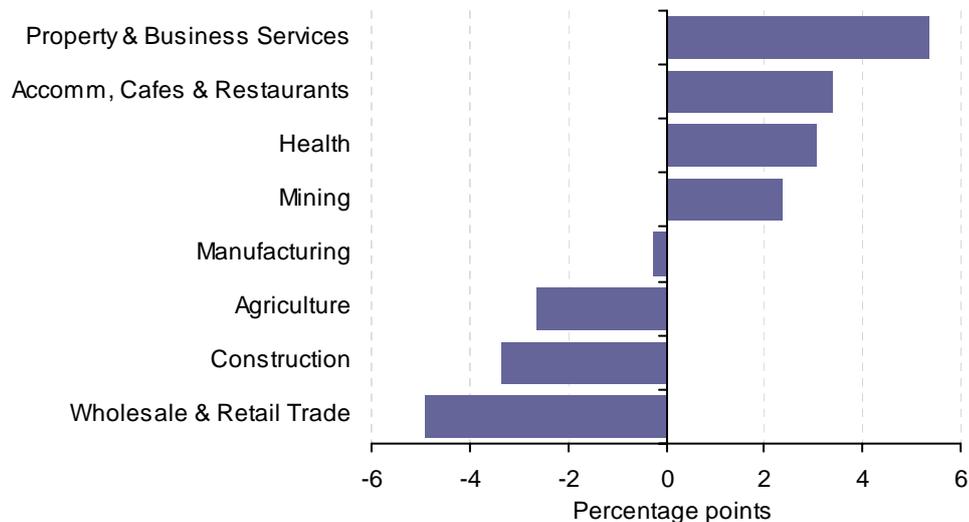


Source: ABS (unpublished data).

### Industry

At the time of writing this paper, the available data on permanent arrivals by industry were somewhat dated. 2001 Census data show that relative to the structure of the total Western Australian labour market, the overseas migration intake in Western Australia was skewed towards the business (i.e. Property and Business Services), hospitality (Accommodation, Cafes & Restaurants), health and mining sectors. By contrast, overseas migrants were least likely to be employed in retail trade, construction and agricultural sectors (in relative terms).

**Figure 5.14 Employment distribution of permanent arrivals in Western Australia**  
Deviation from the composition of the total labour force, selected industries, 2001



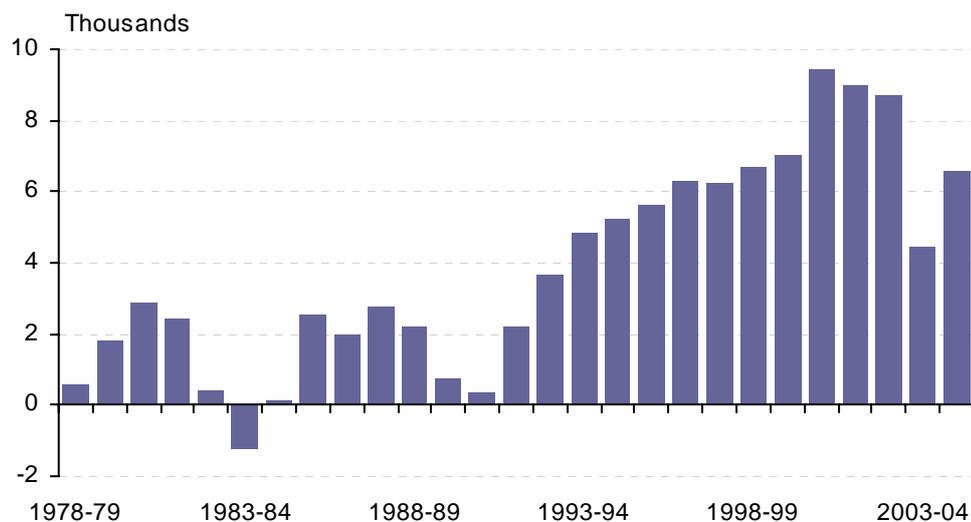
Source: 2001 Census data (unpublished), ABS cat. no. 6291.0.55.001.

It seems likely that the allocation of settlers will have changed significantly since 2001, particularly in relation to construction workers. Western Australia's Gross State Product (GSP) contracted slightly in 2000-01, with investment in the resources industry having declined and the construction industry suffering a downturn in activity. This may well have contributed to the relatively low intake of construction workers during this period. The rapid expansion of the mining and construction industries, and more recent data on permanent arrivals by occupation (see [Table 5.2](#)), suggest that these sectors will have accounted for an increasing share of the total immigration intake since 2001.

### 5.3 Long-term migration in Western Australia

Like the rest of Australia, Western Australia has experienced a very large rise in the number of long-term visitors over the past decade. This reflects a policy change at the national level, which has resulted in a substantial increase in student visas. The number of long stay business migrants has also increased sharply.

**Figure 5.15 Net long-term migration in Western Australia<sup>(a)</sup>**  
1978-79 to 2004-05



(a) Caution should be exercised in interpreting these data. Figures from 1978-79 to 2000-01 are unadjusted for changes in traveller intention and multiple movement error. These data also overstate the true level of net long-term migration in Western Australia to the extent long-term arrivals convert to permanent status. For more information see [Appendix A](#) and [Box 4.1](#).

Source: ABS *Australian Historical Population Statistics* 3105.0.65.001, *Australian Demographic Statistics* 3101.0 (various issues).

As noted previously (section 4.1), the apparent shift in Australia's migration entry has important implications for projecting population growth. If the number of temporary migrants does not increase continuously, and to the extent that these migrants do not convert to permanent residency, the ABS measure on net long-term migration should return eventually to zero. Holding all other factors constant, this will call cause net overseas migration in Western Australia to trend lower in coming years.

Population projections that simply assume that a recent historical average of net overseas migration will continue in future years (such as those published by the ABS) will tend to overestimate future population growth. This is because there is an implicit assumption that historical levels of net overseas migration represent permanent migration only, whereas in recent times, around half of state and national net overseas migration has comprised temporary migration.

## **6. Summary**

Migration has a large and wide-ranging influence on Western Australia's community. It frequently surpasses natural increase as the main component of population growth, and plays a key role in driving demand for public services and shaping trends in the broader economy. As migration is also a rather volatile component of population change, it follows that understanding the evolution of these flows is important from a public policy perspective.

Western Australia is one of only two States in Australia with a long-term average of positive net interstate migration. Although the annual contribution of interstate migration to total population growth is often modest, the cyclical nature of these flows means that the medium-term cumulative impact on demand for public services and the economy can be significant.

There is some empirical support for the proposition that relative employment opportunities have influenced Western Australia's internal migration flows. For instance, the State's long-term trend of positive net interstate migration has occurred against a backdrop of a generally more favourable labour market than the rest of Australia. Until recently, the extent to which Western Australia has enjoyed better employment prospects than other States has deteriorated, which may also partly explain a continued decline in the propensity of residents in other States and Territories to settle in the West.

One of the more conspicuous features of recent internal migration data has been a rise in the outflow of young Western Australia business professionals to larger commercial centres in New South Wales and Victoria. However, this is not a cause for alarm, as it simply reflects the comparative advantage enjoyed by these States in the finance and business services sectors. This outflow is also very small compared with the size of the total labour market, and it is more than compensated by a net inflow of workers in this sector from overseas.

Compared with internal migration, overseas migration is generally a much larger contributor to population growth in Western Australia. Over the period from 1978-79 to 1993-94, it was also a particularly volatile component of population growth, accounting for between 25% and 54% of the total annual change in the State's population. The evolution of these flows can be traced to broad swings in economic activity, and an active Australian Government immigration policy response to these conditions. In Western Australia, these cycles were also compounded by local factors, including the State's unique industrial structure and strong export orientation, with migration flows in Western Australia appearing to be more sensitive to international economic fluctuations than in other States.

Since 1994-95, net overseas migration has become a more stable contributor to Western Australia's population growth. This reflects a reduction in the volatility of economic growth both domestically and overseas, which has accommodated a more stable approach to the national Migration Program.

Although overseas migration flows have become less volatile over the past decade, there have been important compositional changes that may affect the outlook for net overseas migration in Western Australia. The first is a marked rise in emigration by Australian born residents, which has given rise to concerns that Australia is losing out in the international competition for skilled workers. While these concerns are generally overstated, as this outflow is more than offset by the inflow of skilled migrants, it is nevertheless an important factor to consider when forming a view on the outlook for population growth, and by extension, growth in the economy and demand for public services.

The past decade has also seen an increasing emphasis on skilled migration. Settlers under the Skills Stream now comprise around 70% of Migration Program in 2005-06, compared to less than 30% ten years ago. Western Australia has a successful track record in attracting these migrants, with much of this success stemming from its ability to capture a high percentage of tradespersons, professionals and managers and administrators. Although the State's share of these migrants has moderated somewhat over the past two decades, to the extent that the policy bias in favour skilled migration remains in place, Western Australia will continue to capture a disproportionate fraction of any increase in migrants under the national Migration Program.

Finally, there has been a striking shift in Western Australia's migration flows from permanent migration to temporary migration since the mid-1990s, with an increase in student visas being the main cause for this rise. In the absence of a continuous rise in these visas, and to the extent that temporary migrants do not become permanent residents, net long-term migration will eventually return to equilibrium. The implication is that, holding other factors constant, the Australian Government's Migration Program will need to increase over the medium term to maintain net overseas migration at close to current levels. Population forecasts constructed on the basis of historical levels of net overseas migration, and which do not distinguish between permanent and temporary migration, may also overstate future growth.

## **Appendix A**

### **Australia's Migration Statistics – measurement difficulties**

In measuring Australia's population, the ABS currently excludes all short-term movements into and out of Australia. Short-term is defined as a period of less than 12 months, and so overseas residents who stay in Australia for less than this period are excluded from the estimate of the Australian population, while Australian residents who travel overseas for less than 12 months continue to be counted as part of the Australian population. Conversely, any traveller movements of a duration exceeding 12 months, even if not on a permanent basis, are included in the estimate of Australia's population. This definition of the population is termed the Estimated Resident Population (ERP).

The use of this twelve-month criterion creates a problem because it is based upon traveller's stated intentions as they enter or leave the country. Many travellers subsequently change their intentions and stay for longer or shorter periods than they originally stated. For example, a visitor may state that their intention is to stay in Australia for more than 12 months, but later change their plans and depart the country after an actual duration of six months. In this instance, the person needs to be subtracted from the population estimate to satisfy the definition of the ERP. In the reverse situation, where a change of intention involves a person staying longer than 12 months when they had stated that they intended to stay for less than 12 months, the person should be added to the estimated Australian population.

As the ABS (2006a) notes, some of the differences between stated travel intentions and actual travel behaviour may also reflect short interruptions to longer periods of stay or absence. For instance, overseas students arriving in Australia might state they then intend to stay for a few years, but return home for brief periods during this time.

For population estimates over the period 1982-83 to 1996-97, adjustments made by the ABS reflect changes in traveller intention are known as 'category jumping.' The method used by the ABS to calculate category jumping was based on gross flows of movements rather than individual travellers and gave only a single adjustment figure for net overseas migration. Individual adjustments for the components of net overseas migration, e.g. long-term arrivals and long-term departures were not available.

As the number of international movements expanded over time, the ABS determined that the limitations of this methodology were such that it was no longer capable of providing acceptable estimates of changes in traveller intention. Given that category jumping constituted a relatively small fraction of ERP, and that estimates produced by the adjustment methodology appeared highly volatile, the ABS decided to set category jumping estimates to zero (i.e. no adjustment for changes in traveller intention) from the September quarter 1997 onwards until a better estimation technique was developed.

With the implementation of a new passenger card design and processing system by the Department for Immigration and Multicultural Affairs (DIMA), the ABS has been able to match individual traveller movements from 2001-02. As a result, the ABS can present both permanent movement and long-term movement on an adjusted basis. These changes are known as 'migration adjustments.'

In light of the various methodologies used by the ABS in calculating net overseas migration and its components, caution should be used when comparing these estimates over long time periods. For instance, adjustments made to long-term movement data from 2001-02 are particularly significant. The original estimate for long-term visitor arrivals in Australia in 2003-04 was 191,327. After adjusting for changes in traveller intention, this estimate was revised down by around 70% to 58,943.

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