



Australian Government

Department of Immigration
and Border Protection

Planning the 2016–17 Migration Programme

Discussion Paper

November 2015

Released by DIBP under the
Freedom of Information Act 1982

Table of Contents

Introduction	3
Consultation process.....	4
Permanent migration	4
The policy intent of the migration programme.....	4
The migration programme.....	5
The size of the migration programme.....	5
The Skill stream.....	6
The Family stream.....	7
The composition of the migration programme.....	8
Transition from temporary to permanent residence	8
Key policy debates and emerging themes	9
Net impacts of migration.....	9
Economic Analysis	9
Employment Projections	10
Demographic considerations.....	11
NOM forecasts for states/territories.....	12
Globalisation.....	13
Conclusion	13

Introduction

Australian immigration policy centres on managed migration, meaning that the government determines the number and characteristics of people who may enter and stay in Australia.

Migration is managed through both temporary and permanent visa categories, which together provide a comprehensive range of options for who may enter and stay, and on what basis. Skilled migration categories target high quality migrants whose skills and attributes contribute directly to Australia's economic well-being. Family migration categories address a social objective by enabling Australian residents to reunite with close family members from overseas.

The wider global economic climate, as well as Australia's own economic and social climates, are crucial considerations when setting the size and composition of the permanent migration programme (the migration programme). Planning the migration programme — both the Skill and Family streams — is a process that remains focused on Australia's national interest and the longer term benefits of migration. Key questions include:

- How can the government ensure migration programme settings are responsive to changing economic environments in Australia and overseas and the future demand for labour?
- How can we ensure migrants make a strong contribution to Australia's economic prosperity?
- What key social factors should we consider when considering the size and composition of the migration programme?
- Does the current size and balance of the programme reflect the true economic and family reunion needs of Australians?
- How can the government help states, territories and regions to meet their skill needs and other considerations regarding migration?
- What considerations are important in planning the migration programme with the increasing number of temporary entrants in Australia?
- Can the current approach to planning the migration programme be improved?

Temporary migrants are not included in the migration programme. Given the growing number of temporary migrants who subsequently become permanent residents, and the positive impact they have on Australia's economy, temporary migrants are however a factor for consideration when planning the migration programme.

Note: Please keep in mind that the resettlement of refugee and humanitarian entrants is not included in this discussion paper. The size and composition of the Humanitarian Programme is decided through a separate process.

Consultation process

We seek your views on the size, balance and composition of the 2016–17 Migration Programme and the factors that should be taken into consideration in planning Australia's future migration intakes, including longer term indicators.

We hope to stimulate your thoughts around the planning for and management of the programme to best meet Australia's economic and social needs in view of the changing nature of migration in Australia and overseas.

Your views will be considered in the department's advice to government on the 2016–17 Migration Programme and will inform the size, balance and composition of Australia's future migration intakes.

Permanent migration

The policy intent of the migration programme

Australia's approach to migration policy settings have traditionally focussed on a citizenship-centric permanent migration programme. People have historically moved along a continuum or spectrum of migration, from initial temporary visits, to study or work, possibly through a provisional visa stage, to permanent migration and settlement, and eventually to citizenship.

Moving from temporary to permanent migration is an important step for settlement, and stringent (health and character) checks are undertaken to mitigate the risks (both integrity and fiscal) of the increased availability for migrants to the benefits of calling Australia 'home'.

- These benefits range from access to education and health services, welfare and support payments, and the ability to own property or businesses in Australia, to the right to vote and travel on an Australian passport.
- The presumption is that these services and rights are valued by migrants to such a degree that they are willing to commit themselves to Australia's future to achieve them. Despite the more temporary nature of global mobility, there is still a high demand for citizenship and for many, it forms an integral part of settlement and building community.
 - In 2013–14, a record 163,017 people were conferred Australian citizenship – up 32.1 per cent on the previous year and 20.5 per cent on the previous peak in 2006–07 of 135,256 conferrals.

The annual migration programme is the only path to permanency, apart from the Humanitarian Programme which resettles refugees and displaced persons. The migration programme has two main streams – Skill and Family – which offer different benefits for Australia in the economic and social spheres as well as a smaller Special Eligibility stream.

Each stream has a different purpose. The Skill stream aims to manage economic and labour market needs. The Family stream reunites Australians with their immediate family members from overseas. The Special Eligibility stream allows previous permanent residents who have maintained close ties with Australia to return permanently.

Recent global research found that Australia remains a highly desirable work location, with 11.3 per cent of all the searches for jobs in Australia coming from overseas, with the most common countries of origin being the US, the UK, India and Canada. However, the research also showed that 24.9 per cent of Australian workers were searching for overseas roles, compared with a global average of about 10 per cent.

More information on planning of the migration programme is available in Fact Sheet 20: <http://www.border.gov.au/about/corporate/information/fact-sheets/20planning>

The migration programme

There is up to 190,000 permanent migration places available in 2015–16 consisting of the Skill, Family and Special Eligibility streams and Child visa places which from 2015–16, are available outside the managed migration programme.

The migration programme is currently planned and managed on an annual basis, and announced as part of the annual federal Budget in May each year. The size and composition of the programme is determined by a range of factors, including:

- feedback from the Australian community and from industry and business bodies;
- social, economic and labour market advice and analysis from other government agencies including state and territory governments;
- short and long-term social, demographic and economic trends and government policies;
- expected demand for skilled labour in key occupations and industries (including in regional Australia) over the medium to long-term, as well as the identified need to address critical labour force skill shortages that are unable to be met by the domestic labour market or training schemes;
- estimated demand for family migration places; and
- the economic and social contributions of migrants and implications for population growth.

The size of the migration programme

Following a government decision in 2014, the Child visa programme will transition to a fully demand driven programme by 2019–20. From 2015–16, Child visas (excluding Orphan Relative visas) are not counted under the managed migration programme, and additional Child visa places may be available as required over the next four years. Removing Child visas from the managed migration programme will ensure planning levels do not act as a barrier or delay to inter-country adoption (or uniting other children with their Australian families).

Orphan Relative visas continue to be part of the managed migration programme under the Other Family category.

Table 1 lists the 2015–16 Migration Programme planning levels by stream and category.

Table 1: The 2015–16 Migration Programme

	2014–15 Planning Level	2015–16 Planning Level
SKILL STREAM		
Employer Sponsored	48,250	48,250
Skilled Independent	43,990	43,990
State/Territory and Regional Nominated	28,850	28,850
Business Innovation and Investment Programme	7,260	7,260
Distinguished Talent	200	200
Total Skill	128,550	128,550
Skill % of programme	67.7%	68.9%
FAMILY STREAM		
Partner	47,825	47,825
Child	3,885	n/a
Parent (including Contributory)	8,675	8,675
Total Other Family	500	900
Other Family	500	500
Orphan Relative	n/a	400
Total Family	60,885	57,400
Family % of programme	32.0%	30.8%
SPECIAL ELIGIBILITY STREAM	565	565
Total managed Migration Programme	190,000	186,515
Child (outside the managed Migration Programme)	n/a	3,485
Total permanent migration places	190,000	190,000

The Skill stream

There are five categories within the Skill stream:

- Employer Sponsored
- Skilled Independent
- State/Territory and Regional Nominated
- Business Innovation and Investment Programme
- Distinguished Talent.

The Skill stream allows for the entry of skilled workers who are sponsored by employers in Australia as well as skilled workers who qualify independently based on their skills and other attributes.

The intent of the Skill stream is to complement the Australian workforce and fill skills gaps within the labour market contributing to productivity and economic growth. Research has shown that primary applicants who come through the Skill stream generally have superior labour market outcomes when compared to the Australian average (Continuous Survey of Australia's Migrants).

The Employer Sponsored category is closely attuned to economic cycles and helps address immediate to medium term skills shortages. The Skilled Independent category, with its human capital focus, is designed to address medium to long term skills shortages, noting future skill needs are not possible to forecast with great accuracy. Australia's immediate skills needs are also met by migrant workers on the Temporary Work (skilled) visa (subclass 457). Low to medium skills needs are also met, in part, by other temporary visa holders, including Student and Working Holiday Maker visa holders.

Entrepreneurs, investors and innovators are attracted through the Business Innovation and Investment Programme, and the Distinguished Talent category facilitates migration of talented individuals to Australia.

More information on the Skill stream is available in Fact Sheet 24 and on SkillSelect at: <http://www.border.gov.au/about/corporate/information/fact-sheets/24overview-skilled>
<http://www.border.gov.au/Trav/Work/Skil>

The Family stream

The Family stream of the managed migration programme facilitates the reunion of Australian citizens, permanent residents or eligible New Zealand citizens with their immediate family members from overseas.

The Family stream plays an important social role, highlighted by recent research commissioned by the department¹. Family migration is intended to promote social cohesion through the reunification of families, with emphasis on and priority given to the most immediate family members. Due to increasing waiting times for non-immediate family reunification visas, temporary visa arrangements are increasingly being utilised, for example, through generous Visitor visa provisions for Parent visa applicants.

The Family stream has three main categories: Partner, Parent and Other Family. While the primary focus of the Family stream is the social benefit of a united family, there is strong evidence that there are wider benefits of family migration, including contribution to the Australian economy through employment and to the population through births. For example, family migration further improves the age demographics of Australia, through younger migrants entering the country.

The focus of recent changes to family migration has been on the closest family members — partners and children. As of 2015–16, the Child category is no longer being counted as part of the managed migration programme and will transition to a fully demand driven programme by 2019–20.

Demand for places in the Family stream continues to be higher than the places available.

More information on the Family stream is available in Fact Sheet 29:
<http://www.border.gov.au/about/corporate/information/fact-sheets/29overview-family>

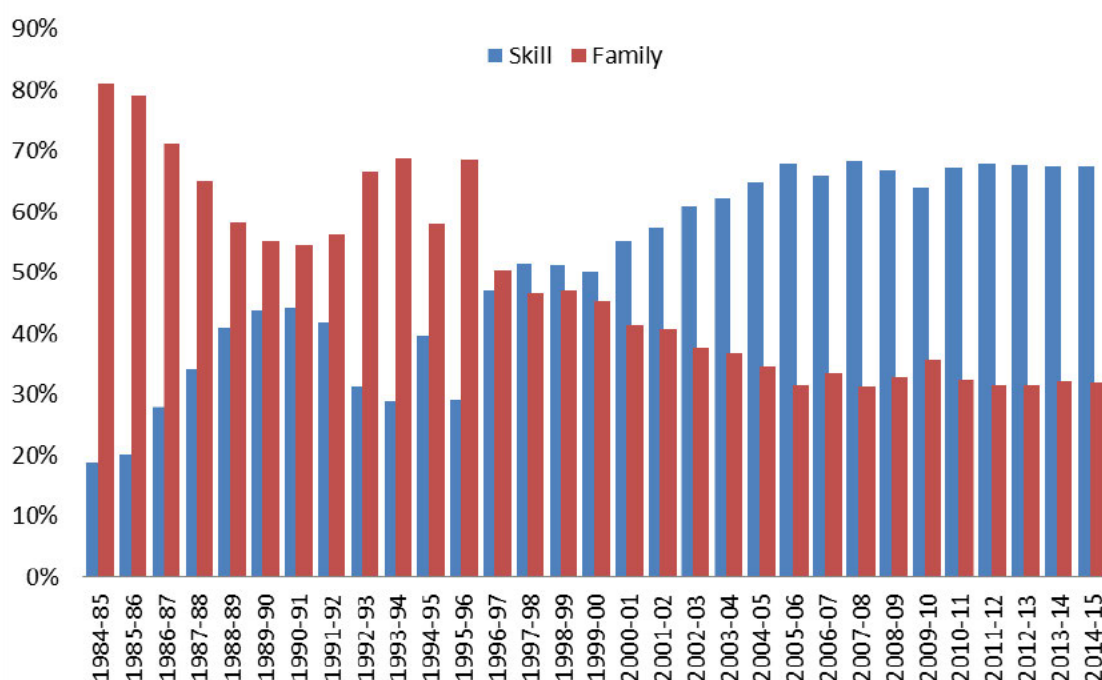
¹ <http://www.border.gov.au/ReportsandPublications/Documents/research/family-migration-contribution-january-2014.pdf#search='Contribution%20of%20family%20migration%20to%20Australia'>

The composition of the migration programme

Since 1997, the balance of the migration programme has shifted steadily towards the Skill stream, and towards more targeted skilled migrants within the Skill stream, in response to increasing labour market demands. At present, the government is committed to a programme where at least two thirds of Australia's permanent migrants enter through the Skill stream. In recent years there has been bipartisan support for this composition.

While 128,550 places are allocated to the Skill stream in 2015–16, only a proportion of these will be primary skilled applicants because their accompanying dependants are also counted in the Skill stream.

Figure 1: Share of Skill and Family streams: 1984–85 to 2014–15



Source: Internal DIBP data

Transition from temporary to permanent residence

Most temporary visa holders, including subclass 457 visa holders and students, are able to apply for permanent residence while they are (legally) in Australia — meaning that temporary residence can be a pathway to permanent residence through various programmes and arrangements which do not require initial labour market testing or other consideration of genuine workforce needs.

The large number of temporary migrants with work rights means a direct injection to the labour market, but also poses challenges for infrastructure and potentially unemployment if not well managed. While 457 visa holders are sponsored directly into skilled employment, other visas holders, such as working holiday makers and students tend to be employed in lower skilled occupations.

At any one time, there are around 1.8 million people in Australia on a temporary visa. Analysis of these temporary entrants and their possible implications for future migration programmes is crucial due to the increasing propensity in recent years of temporary entrants to transition to permanent residence while in Australia.

The proportion of migration programme places filled by people on a temporary visa in Australia has increased from around 30 per cent in 2004–05 to 48 per cent in 2014–15. This trend is particularly pronounced in the Skill stream where the proportion of onshore visa grants has increased from 37 per cent in 2004–05 to 55.4 per cent in 2014–15. Onshore transition to family visas has also increased during this time, albeit at a slower rate, from 25 per cent in 2004–05 to 34 per cent in 2014–15.

The increasing proportion of the migration programme filled by people who previously held a temporary visa in Australia is a positive trend. These people have been living, studying or working in Australia prior to making an application for permanent residence, which suggests they have skills or qualities that make them valuable to Australia's labour market as well as a genuine commitment to, and understanding of, Australian values. This is a positive factor for their settlement and integration.

Key policy debates and emerging themes

In a softened global economy, particularly in most OECD countries – traditional migrant destinations – unemployment remains high, however migration still has a major role to play in contributing to continuing economic growth. Migrants can contribute towards satisfying short-term labour needs and provide long-term demographic dividends and labour force increases. There may also be wider economic development objectives in areas like investment and trade, innovation and productivity where migrants can contribute. While the role of labour migration varies across countries, there is a shared aspiration to create conditions for acceptable labour migration against a backdrop of close public scrutiny, particularly regarding migrant integration and social cohesion in the receiving society.

Net impacts of migration

Economic Analysis

The Government's 2015–16 Budget papers noted that the Australian economy is entering its 25th year of economic growth. This is the second longest continuous period of growth of any advanced economy in the world, and it is expected that growth will continue even as we adjust to the end of the unprecedented boom in resources investment.

Moving into 2015–16, growth will be further supported by historically low interest rates, the recent depreciation of the Australian dollar and lower energy prices. The outlook globally is brighter with major advanced economies including the United States, the euro area and Japan all expected to strengthen.

Australia's real GDP is expected to grow by 2³/₄ per cent in 2015–16. This is one quarter of a percentage point slower than expected 12 months ago in the 2014–15 Budget, as a sustained recovery in non-mining business investment is taking longer than expected. However, stronger non-mining business investment is expected to drive an increase in growth to 3¹/₄ per cent in 2016–17.

The labour market has proven more resilient than previously forecast, in recent months. Employment growth has picked up, supported by wage restraint across the economy.

Exports and dwelling investment have been growing strongly and there are tentative signs of recovery elsewhere. The depreciation of the Australian dollar and recently signed free trade agreements are improving prospects for trade exposed sectors of the economy.

	Outcomes	Forecasts		
	2013–14	2014–15	2015–16	2016–17
Real GDP	2.5	2 ¹ / ₂	2 ³ / ₄	3 ¹ / ₄
Employment	0.7	1 ¹ / ₂	1 ¹ / ₂	2
Unemployment rate	5.9	6 ¹ / ₄	6 ¹ / ₂	6 ¹ / ₄
Consumer price index	3.0	1 ³ / ₄	2 ¹ / ₂	2 ¹ / ₂

2015–16 Budget Paper 1 Economic Outlook

Employment Projections

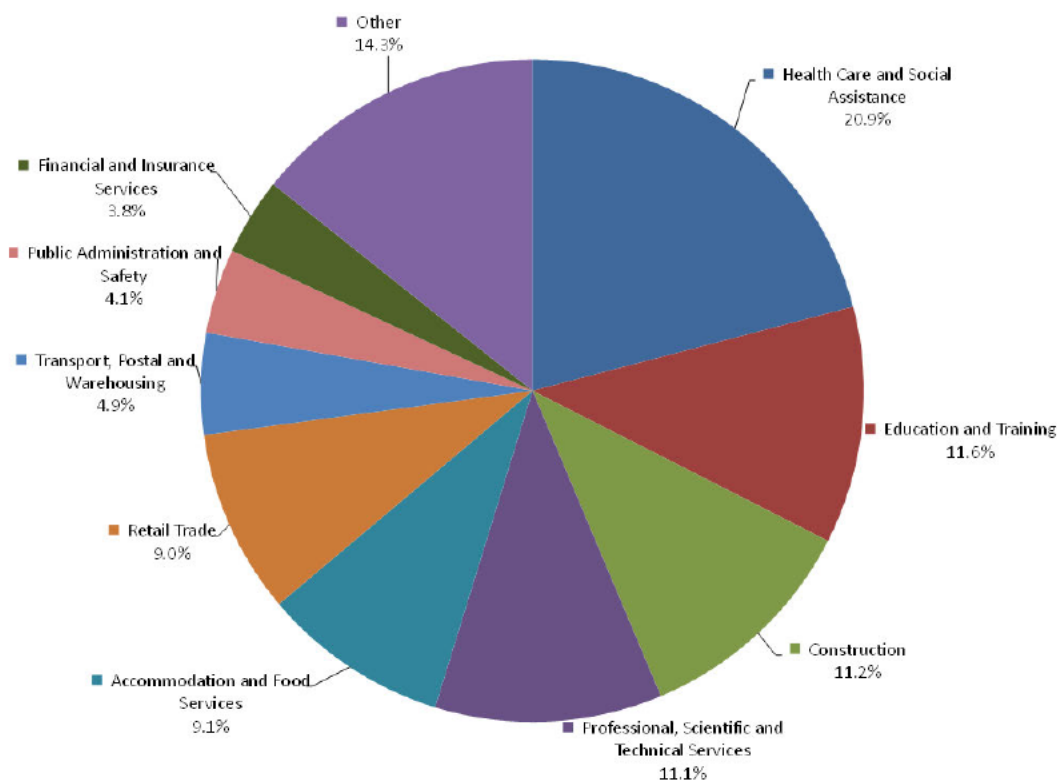
This positive economic forecast is reflected in the outlook for employment growth, which remains strong. While the end of the mining boom has signalled slow-downs across some industries and regions, overall total employment growth is expected to continue at a good pace over the next few years.

Based on the forecasts and projections published in the December 2014 Mid-Year Economic and Fiscal Outlook (MYEFO), the Department of Employment's *Employment Projections 2014* publication projects that total employment will increase by 1,166,400 (or 10 per cent) over the five years to November 2019.

In addition to the number of new jobs, it is important to be aware of the changing skill needs of the labour market when considering immigration policy and the levels of permanent migration, particularly skilled migration.

Employment is projected to increase in 17 of the 19 broad industries over the five years to November 2019, with declines in employment projected only for Mining and Manufacturing. Health Care and Social Assistance is projected to make the largest contribution to employment growth (increasing by 258,000), followed by Education and Training (142,700) and Construction (137,900).

Projected Employment Growth by Industry



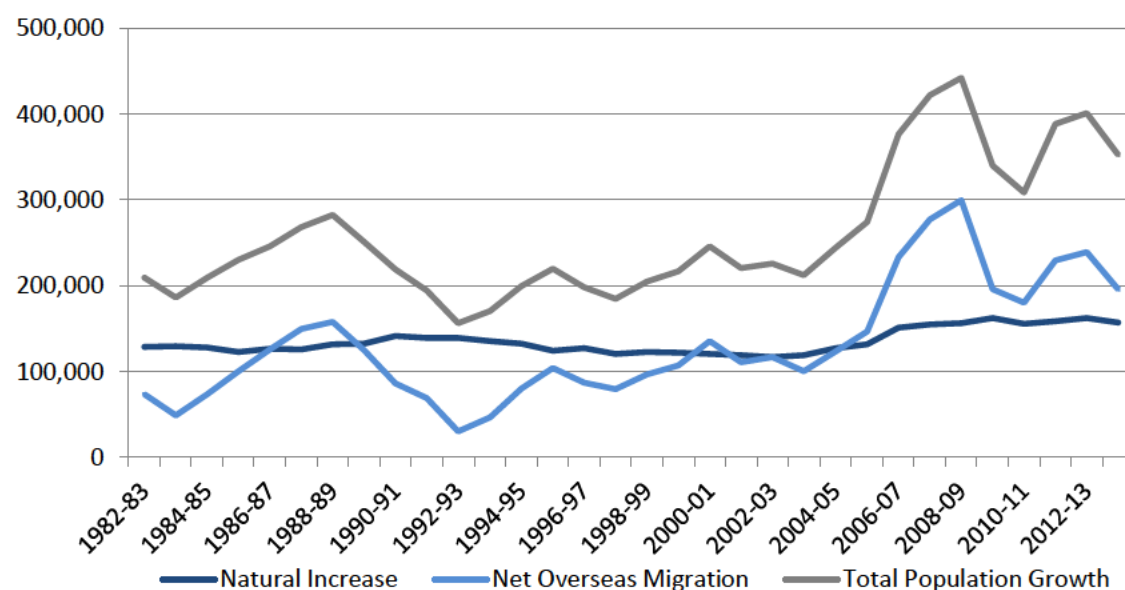
Source: Department of Employment, Employment Projections 2014

Demographic considerations

The impact of migration on Australia's population can be measured more accurately through an aggregate measure — net overseas migration (NOM), than by just looking at migration programme numbers. NOM measures the flow of people that remain in Australia for 12 months at a time (over a 16 month period) minus those who leave. NOM tends to align closely with the size of the migration programme over the medium to long term.

NOM plays a key role in the overall rate of population growth, and can be relied on to ensure Australia's labour market does not shrink. A positive NOM also helps ameliorate the effects of Australia's ageing population.

Figure 2: Component of Australia's population growth



Source: Australian Bureau of Statistics and DIBP internal data

The latest NOM forecast from the Australian Bureau of Statistics (ABS) is 173 100 as at March 2015.

The department's forecasts indicate that NOM will reach 199,400 for the year ending June 2016 and then increase gradually to 246,500 by June 2019. Temporary entrants in Australia are a major contributor to current and forecast NOM levels. While NOM has decreased in recent years, the forecast NOM is slightly above the range that would provide the greatest economic benefit to Australia, but is still a positive force in the economy. For expert input, see:

<http://www.demographicinsight.com.au/other/McDonaldTemple%20-%20Web.pdf>

Table 2: Net Overseas Migration — year ending forecast

'000 of persons	2015 Dec	2016 Mar	2016 Jun	2017 Jun	2018 Jun	2019 Jun
NOM arrivals	466.4	469.8	467.8	482.2	502.9	525.5
NOM departures	267.2	268.0	268.4	272.8	275.1	279.0
Net NOM	199.3	201.8	199.4	209.4	227.8	246.5

More information on the latest NOM forecasts is available in the quarterly publication:

<http://www.border.gov.au/ReportsandPublications/Documents/statistics/nom-June-2015.pdf>

Note: these forecasts take into account policy changes announced as at mid July 2015.

NOM forecasts for states/territories

The department publishes data on NOM for states and territories and also forecasts NOM by capital city and balance of state/territory covering 15 regions. The states that contribute significantly to the Australian economy appear to attract a larger share of NOM (e.g. New South Wales and Victoria). Migration across all states is strongly skewed towards the state capitals rather than regional areas, with the exception of Queensland and Tasmania.

More information on regional NOM forecasts is available at:

<http://www.border.gov.au/ReportsandPublications/Documents/statistics/regional-nom-2004-05-2017-18.pdf#search=Regional%20Net%20Overseas%20Migration>

Globalisation

As a result of the increasingly global nature of migration, the number of people on temporary visas in Australia continues to rise. Global cities, such as Melbourne and Sydney, are hubs for the Pacific region, and inspire innovation, research, business investment and global best practice. Having significant numbers of migrants living and working in these hubs is necessary for Australia to achieve the benefits of a global hub.

Conclusion

Australia has been fundamentally transformed by a permanent migration programme that has become increasingly focussed on sourcing migrants through the Skill stream, and a temporary work programme, which is designed to support our labour market by addressing immediate labour market needs. Australia has also, over the course of the past two decades, thrown its doors open to visitors, who come here for holidays, tourism, recreation and to see family and friends. We have also welcomed students to study here in our tertiary and vocational centres of learning.

Over time, Australia has developed and refined highly managed 'citizenship-centric' permanent migration programmes. With the recent evolution of immigration towards transnationalism and increasing numbers of temporary migrants globally, Australia needs to prepare itself to meet the challenges of the increased global mobility of people and to capitalise on the opportunities these trends present in meeting ongoing and emerging economic, demographic and social needs. Managing immigration levels as a whole, both permanent and temporary, to achieve an optimal net flow of migrants and population range will maximise the economic and social benefits they offer and contribute to ensuring Australia's longer-term social and economic needs are met.

In planning the size, balance and composition of the 2016–17 Migration Programme, the department will need to be informed by careful consideration of these factors and trends as well as the views of the Australian public to ensure the programme delivers on what it is intended to—responding to Australia's longer-term economic and social needs.

Your views are important to us. We will be accepting written submissions on the size and composition of the 2016–17 Migration Programme, which will inform the department's advice to government.

Please email submissions to migration.submissions@border.gov.au by **18 December 2015**.