Australian Government

Department of Home Affairs

Australia's Migration Trends 2017–18 Highlights

Australia's Migration Trends was prepared by:

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Overview

In the 2017–18 financial year, 178,667 permanent places, and almost 8.7 million temporary visas, were granted (Table 1). This was a 13.8 per cent fall and 3.4 per cent increase respectively, on the previous financial year.

Table 1: Key statistics for 2017–18

Migration	Grants
Permanent migrants	**178,667**
Migration Program outcome	159,067
Skill stream places	*111,099*
Family stream places	*47,732*
Special Eligibility stream places	*236*
Child Program outcome	3,350
Humanitarian Program visas granted	16,250
Temporary visas granted	**8,694,048**
Visitor visas granted	5,639,167
New Zealand citizen Special Category visas granted	1,856,614
Student visas granted	378,292
Working Holiday Maker visas granted	210,456
Temporary Resident (Skilled) visas granted	64,470
Other temporary visas granted	545,049
Citizenship	**Conferrals**
Conferrals of Australian citizenship	**80,562**

Source data: Department of Home Affairs

Permanent migration

Permanent migration outcome

The permanent migration outcome for 2017–18, was 162,417 places—down 11.5 per cent on 2016–17. This was comprised of:

- 159,067 places under the managed Migration Program of which there were:
  - 111,099 Skill stream places
  - 47,732 Family stream places
  - 236 Special Eligibility places.
- 3350 places under the Child Program.

In 2017–18, the top three countries of citizenship granted a permanent migration place were India (33,310 places), the People's Republic of China (25,145 places) and the United Kingdom (13,654 places), all with slightly fewer places than in 2016–17.

Slightly more than half (53.4 per cent) of migrants that obtained a permanent place in 2017–18, were new arrivals to Australia, with the remaining 46.6 per cent of places going to people already in Australia on a temporary visa.[1] Of these former temporary visa holders, almost three-quarters (73.9 per cent) were granted a Skill stream visa—the majority of these (61.0 per cent) moved directly from a Temporary Work (Skilled) visa (subclass 457).

During the period 2008–09 to 2017–18, Australia's permanent migration outcome fell by 5.2 per cent, of which:

- Skill stream visas fell by 3.2 per cent, with:
  - Points tested visas—down 1.5 per cent
  - Employer Sponsored visas—down 6.6 per cent
  - Business Innovation and Investment visas—down 1.9 per cent.
- Family and Child stream visas fell by 9.4 per cent, with:
  - Partner visas—down 5.5 per cent
  - Parent visas—down 13.3 per cent
  - Child visas—up 3.5 per cent
  - Other Family visas—down 77.8 per cent.

[1] This is commensurate with the last five years—50.4 per cent of the 2012–13 to 2016–17 permanent migration places went to people already in Australia. When analysing migration data, care needs to be taken to not double count these migrants into Australia's annual intake of immigrants.

Skill stream visas

In 2017–18, there were 111,099 Skill stream places, 12,468 fewer places than in 2016–17. Nationals of India (28,680 places), People's Republic of China (15,876 places), United Kingdom (9998 places) and the Philippines (6857 places) collectively accounted for more than half (55.3 per cent) of all Skill stream places.

In 2017–18, the Skill stream was comprised of:

- 68,111 points tested places
- 35,528 Employer Sponsored places
- 7260 Business Innovation and Investment places
- 200 Distinguished Talent places.

In 2017–18, the Skill stream comprised 67.3 per cent of Australia's permanent migration outcome. This proportion has remained relatively constant for the past 12 years, since 2005–06—apart from a modest fall, to 64.0 per cent, in 2009–10, coinciding with the global financial crisis.

The Skill stream is comprised of primary applicants (the main visa holder who satisfies the primary criteria for the grant of a visa) and their accompanying family unit (secondary applicants), such as spouses and children. In 2017–18, the Skill stream totalled 111,099 places. Of these, less than half (45.0 per cent) were Skill stream primary applicants, which comprised less than one-third (30.8 per cent) of the total permanent migration outcome.

Points tested skilled migration visas

Despite the number of places within the Skill stream falling in 2017–18, the points tested component grew, marginally (0.4 per cent), from 67,857 places in 2016–17, to 68,111 places in 2017–18.

Collectively, the top three nationalities accounted for more than half (52.9 per cent) of all points tested visa places in 2017–18, these were nationals of India (34.4 per cent), the People's Republic of China (11.8 per cent) and New Zealand (6.6 per cent). Indian nationals have been the main contributor of points tested skilled visas since 2007–08, when they surpassed the United Kingdom and peaked in 2012–13, with 24,812 places, 5.5 per cent above the 23,450 places contributed by this cohort in 2017–18.

The largest falls in 2017–18, amongst the top 10 citizenship countries, were for the United Kingdom (down 746 places), Malaysia (down 427 places) and South Africa (down 374 places). In contrast, in 2017–18, points tested visa places increased for nationals of India (up 489 places).

For points tested visas, in 2017–18:

- Skilled Independent visas (39,137 places) fell 7.7 per cent on 2016–17, with the share of points tested visas being 57.5 per cent—just below the average of 59.9 per cent for this category since 2008–09
- State/Territory Nominated visas (27,400 places) increased 15.3 per cent on the 23,765 places in 2016–17, with the share of points tested visas being 40.2 per cent—well above the average of 31.7 per cent for this category since 2008–09
- Skilled Regional visas (1574 places) fell 5.7 per cent on the 1670 places in 2016–17, with the share of points tested visas being 2.3 per cent—well below the average of 8.5 per cent for this category since 2008–09.

Employer Sponsored visas

In 2017–18, there were 35,528 permanent Employer Sponsored places delivered, a decrease of 26.4 per cent on the 48,250 places in 2016–17. The main nationalities that obtained a place in 2017–18, were of the United Kingdom (6335 places), India (5148 places) and the Philippines (3474 places).

There were significant falls among the main nationalities that obtained an Employer Sponsored visa in 2017–18, compared with 2016–17. In particular, there were falls for nationals of:

- India—down 4725 places (47.9 per cent)
- United Kingdom—down 1620 places (20.4 per cent)
- People's Republic of China—down 1484 places (35.4 per cent).

The number of Employer Sponsored places for 2017–18, was comprised of:

- 29,307 Employer Nomination Scheme places
- 6221 Regional Sponsored Migration Scheme places.

Over the 10 years, from 2008–09, Employer Sponsored visas fell by 4.2 per cent, with:

- Employer Nomination Scheme—up 7.9 per cent
- Regional Sponsored Migration Scheme—down 29.4 per cent.

Business Innovation and Investment visas

In 2017–18, there were 7260 Business Innovation and Investment (BIIP) visa places, the same number delivered each year since 2015–16. By stream, this was mainly comprised of:

- 4538 Business Innovation places—62.5 per cent share of BIIP
- 1021 Significant Business History places—14.1 per cent share of BIIP
- 955 Investor places—13.2 per cent share of BIIP
- 576 Significant Investor places—7.9 per cent share of BIIP.

The main recipients of BIIP visa places in 2017–18, were nationals of the People's Republic of China (5087 places), Vietnam (426 places), Hong Kong (362 places), Malaysia (344 places) and Iran (321 places).

Chinese nationals have been the main recipients of BIIP visas since 2003–04, and their share of each year's total relatively unchanged for the past five years, since 2012–13, averaging 70.6 per cent. This was significantly more than any other nationality, and in 2017–18, was mainly comprised of:

- 3305 Business Innovation stream places
- 765 Significant Business History stream places
- 484 Investor stream places
- 426 Significant Investor stream places.

The Business Innovation and Investment Program superseded the Business Skills program on 1 July 2012. Since its introduction—after a short transition period—the Business Innovation and Investment (Provisional/Permanent) visa has been the main source of BIIP visas, with an average of 85.1 per cent since 2014–15.

Family and Child stream visas

In 2017–18, the Family and Child stream outcome was 51,082 places—down 14.3 per cent on 2016–17. This was comprised of:

- 47,732 places under the Family stream of which there were:
  - 39,799 Partner places
  - 7371 Parent places
  - 562 Other Family places.
- 3350 places under the Child stream, of which there were:
  - 3228 Child places
  - 122 Adoption places.

In 2017–18, the top three nationalities that obtained a Family or Child place were:

- People's Republic of China (9262 places)—down 1387 places on the 10,649 in 2016–17
- India (4625 places)—down 1318 places on the 5943 places in 2016–17
- Philippines (3732)—down 121 places on the 3853 places in 2016–17.

Partner visas

In 2017–18, there were 39,799 Partner places—down 16.8 per cent on the 47,825 places in 2016–17. This was comprised of:

- 36,767 Partner places
- 3032 Prospective Marriage places.

The main nationalities that obtained a Partner place in 2017–18, were from the People's Republic of China (4249 places), India (3625 places), United Kingdom (3175 places) and the Philippines (3160 places). Falls were recorded by most of the top 10 nationalities, with nationals of India, China and the United Kingdom down 27.1 per cent, 24.6 per cent and 21.9 per cent respectively. Solid growth in Partner visas was recorded for nationals of Afghanistan—up 43.2 per cent from 1536 places in 2016–17, to 2200 places in 2017–18.

Until 2008–09, the United Kingdom was the main source country for Partner visas. Since then, with the exception of Indian nationals in 2012–13, the main source of Partner visa migrants has been the People's Republic of China.

Parent visas

In 2017–18, there were 7371 Parent visa places—down 2.5 per cent on the 7563 places in 2016–17. This was comprised of:

- 6015 Contributory Parent places
- 1356 non-contributory Parent places.

Collectively, the top three nationalities, in 2017–18, accounted for more than three-quarters (75.2 per cent) of places in this category, namely:

- People's Republic of China—60.9 per cent
- India—7.4 per cent
- Vietnam—6.9 per cent.

Chinese nationals have continued to be the main recipient of Parent visas since 2008–09, mainly with Contributory Parent visas. Contributory Parent visas were introduced in 2003–04. In 2010–11, corresponding to a rise in the Chinese middle class, there was a sudden and sustained increase in the share of Contributory Parent visas, compared to non-contributory Parent visas, granted to Chinese nationals. The increased share went from 72.2 per cent in 2009–10, to 89.5 per cent in 2010–11, and then averaged at 84.5 per cent to 2017–18. In contrast to this growth was the fall in Parent visas to nationals of the United Kingdom, such that in 2017–18, it was one-sixth (320 places) its peak in 2008–09 (1902 places).

Other Family visas

In 2017–18, there were 562 Other Family visa places—down 32.5 per cent on the 832 places in 2016–17. This was mainly comprised of:

- 370 Carer places
- 133 Orphan Relative places.

More than one-third of Other Family visas were to nationals of:

- Philippines—11.9 per cent
- Vietnam—10.3 per cent
- Afghanistan—7.3 per cent
- Lebanon—6.4 per cent.

Child visas

In 2017–18, there were 3350 Child visa places—down 1.5 per cent on the 3400 places in 2016–17.

Almost half (48.8 per cent) of Child visa places went to the four main nationalities in 2017–18:

- People's Republic of China—14.5 per cent
- Philippines—14.1 per cent
- India—12.6 per cent
- Thailand—7.6 per cent.

There was marginal growth in Child visas among most of the top 10 nationalities in 2017–18, compared to the previous year. In contrast, there were relatively large falls over this period to nationals of the United Kingdom (down 28.4 per cent) and Malaysia (down 25.0 per cent).

Special Eligibility visas

In 2017–18, there were 236 Special Eligibility places—down 43.9 per cent on the previous year. Collectively, the top six nationalities comprised more than half (51.7 per cent) of all Special Eligibility places in 2017–18. These were: Egypt (34 places), United Kingdom (34 places), Philippines (21 places), South Africa (12 places), Fiji (11 places), and Lebanon (10 places).

Humanitarian Program

In 2017–18, 16,250 visas were granted under the Humanitarian Program. This included 14,825 visas granted under the offshore (resettlement) component of the program to people affected by humanitarian crises around the world, and 1425 visas granted under the onshore (protection) component of the program.

The number of visas granted in 2017–18, under the offshore resettlement component of the program represented 91.2 per cent of all places. This was comprised of:

- 7909 Refugee visas granted (53.3 per cent)
- 6916 Special Humanitarian visas granted (46.7 per cent).

The top three countries of birth for people granted offshore visas in 2017–18, were Iraq (4630), Syria (3227) and Myanmar (2043).

In addition to the 1425 Permanent Protection visas granted under the onshore component in 2017–18, there were:

- 4170 Safe Haven Enterprise visas granted—a five-year temporary visa
- 875 Temporary Protection visas granted—a three-year temporary visa.

Temporary visa grants

In 2017–18, almost 8.7 million temporary visas were granted, an increase of 3.4 per cent on the 8.4 million visas granted the previous year. Of these, 64.9 per cent were to people granted a Visitor visa, followed by 21.4 per cent to New Zealand citizens granted a Special Category visa.

Over the 10 years to 2017–18, the number of temporary visas granted has increased by almost 3.0 million, with Visitor visas accounting for three-quarters (75.6 per cent) of the total growth.

Visitor visa grants

In 2017–18, more than 5.6 million Visitor visas were granted, an increase of 5.5 per cent on the 5.3 million visas granted in 2016–17. Tourists accounted for 91.4 per cent of Visitor visas, and business visitors 8.6 per cent. The top three nationalities granted a Visitor visa in 2017–18, were the People's Republic of China (954,264), the United Kingdom (630,763) and the United States of America (564,874).

The growth in Visitor visas in 2017–18, was predominantly driven by nationals of the following countries, which also exhibited sustained growth over the past decade, since 2008–09:

- People's Republic of China—up 65,683 grants (308.9 per cent growth over the decade)
- India—up 47,242 grants (189.1 per cent growth over the decade)
- United States of America—up 38,269 grants (49.7 per cent growth over the decade)
- Republic of Korea—up 25,214 grants (80.9 per cent growth over the decade)
- Hong Kong (SAR of China)—up 21,505 grants (152.7 per cent growth over the decade).

Visitor visas are comprised of three subclasses and are further defined by visa stream for the purposes of tourism and short-term business activity. Analysis of this identifies that over the 10 years to 2017–18:

- Tourist visas grew 70.6 per cent, as a result of:
  - eVisitor – Tourist—up 299.3 per cent
  - Tourist stream—up 187.4 per cent
  - Sponsored Family stream—up 35.1 per cent
  - ETA – Tourist—up 17.0 per cent.
- Business visas grew 35.4 per cent, as a result of:
  - eVisitor – Business—up 273.5 per cent
  - Business Visitor—up 44.6 per cent
  - ETA – Business—falling 0.7 per cent.

Special Category visa grants to New Zealand citizens

In 2017–18, 1,856,614 Special Category visas were granted to New Zealand citizens—down 64,947 grants (3.4 per cent) on the previous year. During the 10 years, from 2008–09 to 2017–18, grants to New Zealand citizens on this visa have grown steadily and are up 28.8 per cent on the 1,441,125 grants in 2008–09.

Almost twice as many (1.7 times in 2017–18) New Zealand citizens enter Australia through a Special Category visa than any other single nationality entering on a temporary visa. Of these, not all settle permanently in Australia, and in 2017–18, 14,137 New Zealand citizens who arrived in Australia on a Special Category visa indicated on their traveller's passenger card an intention to settle permanently in Australia.

Working Holiday Maker visa grants

In 2017–18, 210,456 Working Holiday Maker visas were granted, a decrease of 0.3 per cent on the 211,011 granted in 2016–17. This was the fifth consecutive decrease since the program peaked in 2012–13, with 258,248 visas granted. The top three nationalities granted a Working Holiday Maker visa in 2017–18, were: United Kingdom (37,752 grants), Germany (23,867 grants), and France (23,217 grants).

The program is comprised of two visas, namely, the Working Holiday visa (subclass 417) and the Work and Holiday visa (subclass 462). In 2017–18:

- 185,450 Working Holiday visas were granted, a fall of 3.4 per cent on the 191,955 granted in 2016–17.
- 25,006 Work and Holiday visa were granted, an increase of 31.2 per cent on the 19,056 granted the previous year. This was largely due to increases in the program caps for some nationalities, new Work and Holiday agreements coming into effect during this period, and more people choosing to extend their stay with a second Work and Holiday visa.

Over the last 10 years, from 2008–09, Working Holiday Maker visas grew 8.3 per cent with:

- Working Holiday visas falling 1.3 per cent; a combination of:
  - initial visa—down 8.1 per cent or 13,509 grants
  - second visa—up 50.8 per cent or 11,053 grants.
- Work and Holiday visas grew 290.2 per cent; a combination of:
  - initial visa—up 238.1 per cent or 15,258 grants
  - second visa—with 3748 visas granted in the two years since their introduction in 2016–17.

Student visa grants

In 2017–18, a record 378,292 Student visas were granted, an increase of 10.3 per cent (35,257 grants) on the 343,035 visas granted in 2016–17. Nationals of the People's Republic of China (87,731 grants) were the largest source of Student visa grants, followed by nationals of India (49,469 grants) and Nepal (26,579 grants).

The majority of Student visas (61.9 per cent) were granted to applicants from outside Australia. Most of the growth in Student visa grants for 2017–18, was driven by increases in international students studying in Higher Education (up 13.2 per cent) and Vocational Education and Training (up 18.4 per cent).

Over the last 10 years, from 2008–09, the annual number of Student visas granted grew 18.4 per cent. The main categories that stood out, based on their rate of growth, were:

- Foreign Affairs or Defence—up 54.0 per cent
- Higher Education—up 48.7 per cent
- Postgraduate Research—up 31.6 per cent.

In contrast to this growth, Schools and Vocational Education and Training fell over this period, and were down 16.2 percent and 12.6 per cent respectively.

Student visa pathways

Post study work—Temporary Graduate visa (subclass 485) grants

In 2017–18, 51,656 Temporary Graduate visas were granted.[2] This was an increase of 24.8 per cent on the 41,387 visas granted the previous year, and the highest number granted to date. Of particular note were grants to nationals of India (14,026 grants), which were up 40.0 per cent on the previous year, and for the first time, since 2012–13, surpassed nationals of the People's Republic of China (11,978 grants) as the number one source of subclass 485 visa grants.

Of the 51,656 visas granted in 2017–18, 43,507 were in the Post-Study Work stream and 8142 were in the Graduate Work stream. The Post-Study work stream has seen strong growth since 2015–16, whereas the Graduate Work stream has been falling each year.

[2] A temporary visa (only available to recently graduated international students) that includes work rights.

Students moving onto permanent residence whilst in Australia

Despite the number of grants in the Student visa program increasing each year since 2010–11, in 2017–18, the number of permanent places obtained by former international students in Australia (13,138) fell 23.2 per cent—a trend that has continued since peaking in 2012–13, at 30,170 places. For 2017–18, the top three nationalities that transitioned directly from a Student visa to a permanent visa were:

1. People's Republic of China—2836 places (21.6 per cent)
2. India—1372 places (10.4 per cent)
3. Vietnam—996 places (7.6 per cent).

Almost nine-in-ten (88.2 per cent) of these former international students obtained a points tested visa (45.4 per cent) or a Partner visa (42.8 per cent). The only category that grew in 2017–18, was State/Territory Nominated (up 11.7 per cent). Of note is the fall in the number of places under the Regional Sponsored Migration Scheme—down by more than 1000 places on the 1840 places in 2016–17.

Temporary Resident (Skilled) visa grants

In 2017–18, there were 64,470 Temporary Resident (Skilled) visas granted, a decrease of 26.4 per cent on the 87,580 granted in 2016–17. This was comprised of:

- 58,900 Temporary Work (Skilled) visa (subclass 457) grants
- 5570 Temporary Skill Shortage visa (subclass 482) grants.

Of these, just over half (53.4 per cent) were granted to primary applicants, and almost six-in-ten (58.2 per cent) were granted to applicants from outside Australia.

Over the 10 years to 2017–18, the number of grants of Temporary Resident (Skilled) visas fell 35.2 per cent with falls of:

- 32.4 per cent for applicants granted a visa while in Australia
- 38.9 per cent for applicants granted a visa while outside Australia.

Primary Temporary Resident (Skilled) visa grants

In 2017–18, there were 34,446 visas granted to primary applicants, a fall of 12,034 grants on the 46,480 granted in 2016–17. More than half (52.4 per cent) the number of primary visas granted went to nationals of India (7916 grants), the United Kingdom (5852 grants), the Philippines (2524 grants) and the United States of America (1764 grants). This was comprised of:

- 31,851 Temporary Work (Skilled) visa grants
- 2595 Temporary Skill Shortage visa grants.

Of the 34,446 visas granted to primary applicants in 2017–18, 15,601 (45.3 per cent) were granted to a person in Australia. Almost three-in-ten (28.8 per cent) of these visas granted in Australia were to primary applicants who had last held a Temporary Resident (Skilled) visa in Australia. This was followed by those who last held a:

- Working Holiday Maker visa (24.5 per cent).
- Student visa (22.6 per cent)
- Visitor visa (10.7 per cent).

Visa non-compliance

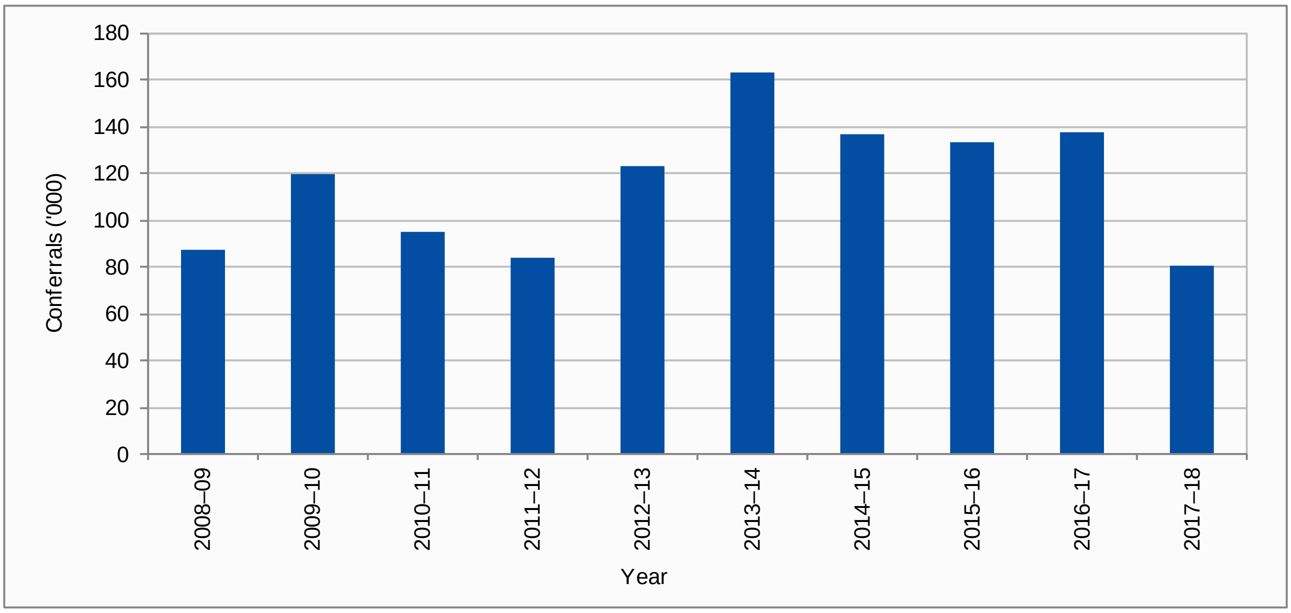
Australia's Unlawful Non-Citizen (UNC) population was approximately 62,900 people at 30 June 2018—an accumulated estimate of almost 70 years of regulated migration.[3] Since 30 June 2015, Nationals of Malaysia have continued to feature prominently, with a UNC population estimated at 10,510 people or 16.7 per cent. This was followed by those from the People's Republic of China (9.6 per cent) and the United States of America (8.2 per cent).

In 2017–18, there were 57,440 visa cancellations, an increase of 0.5 per cent on the previous year.[4] Non-citizens who do not hold a valid visa and do not make arrangements to depart Australia are subject to removal. There were 13,940 departures (returns and removals) from Australia in 2017–18—down 4.5 per cent on 2016–17.[5]

Australian citizenship

In 2017–18, there were 80,562 people conferred Australian citizenship, a fall of 41.5 per cent on the 137,750 conferrals in 2016–17. Strengthened identity and integrity measures have contributed to the variability in conferrals across program years (Figure 1).

Figure 1: Conferrals of Australian citizenship, 2008–09 to 2017–18



Source data: Department of Home Affairs

[3] Most UNCs—people at a given point in time who remain in Australia after their visa has expired or been cancelled—only overstay their visa for a short period before departing voluntarily. There is constant movement into and out of the UNC pool as people overstay their visas and as peoples' status is resolved, for example through departure or removal.

[4] A large proportion of visa cancellations are voluntary, with non-citizens requesting cancellation of their temporary visa. Examples include, when a person holding a Temporary Work visa has departed Australia at the end of their contract and no longer requires their visa, or is seeking to access their superannuation entitlements accrued while working in Australia.

[5] Figures may differ from those previously published as they are revised at the commencement of the program year.

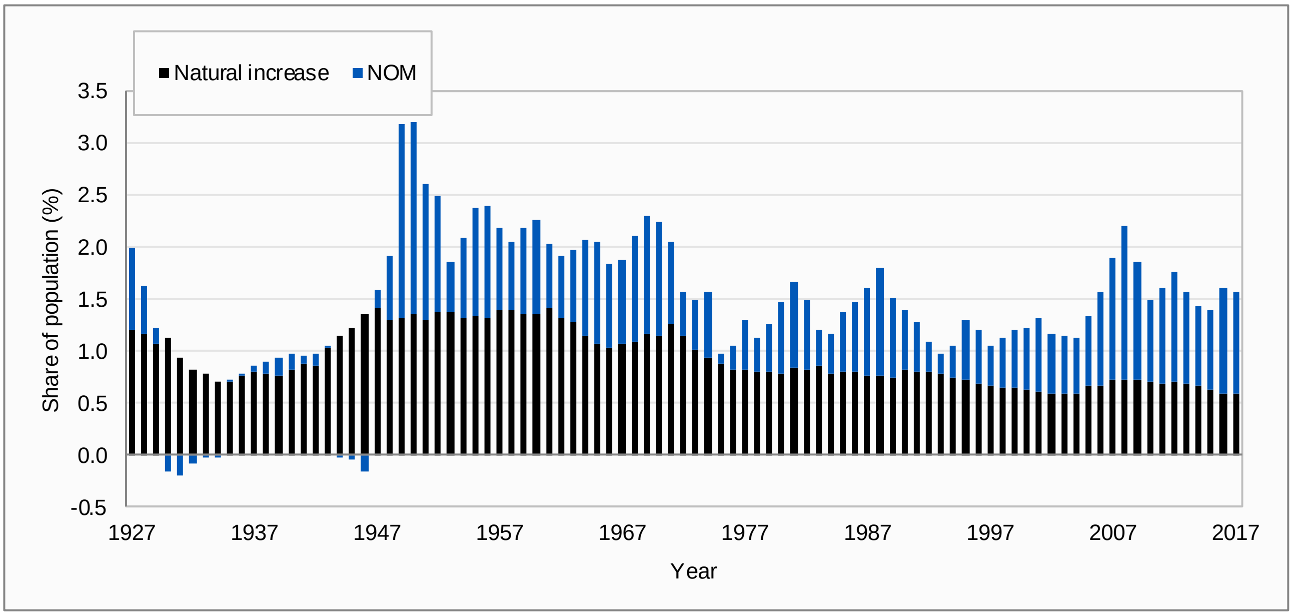
Net overseas migration and population growth

Population growth in Australia is driven by two components: natural increase and net overseas migration (NOM). Natural increase measures the excess of births over deaths. NOM is a measure of the net gain or loss of population through migration into and from Australia.[6] NOM is primarily determined by Australia's migration programs for permanent residence together with the annual changes in arrivals and departures of migrants on temporary visas.

Since 2001–02, NOM accounted for more than half the increase in population each year (Figure 2). In 2016–17, NOM rose 27.2 per cent on the previous year, to 262,500 people—accounting for 64.6 per cent of the increase in the population that year. In the decade to June 2017, NOM accounted for 58.4 per cent of the 3.8 million increase to 24.6 million people. Consequently, the share of overseas-born people rose from 25.1 per cent to 28.5 per cent over the period.[7]

The level of the permanent migration program has been relatively constant since 2011–12. As such, changes in NOM levels since then have been driven mainly by rapid increases in international student numbers—the international education sector being Australia's largest services export and third largest export industry.[8] The net annual changes in other temporary visa classes has seen an overall increase in Visitors, and decreases in Working Holiday Makers, temporary skilled workers and New Zealanders.

Figure 2: Components of Australia's population growth as a share of population, 1927 to 2017



Source data: Australian Bureau of Statistics (ABS), 2014, Australian Historical Population Statistics, cat. no. 3105.0.65.001 and ABS, 2017, Australian Demographic Statistics, cat. no. 3101.0

[6] NOM is based on an international traveller's duration of stay (this includes Australian citizens, permanent residents and long-term visitors). Specifically, those international travellers who have been in Australia for at least 12 months out of the past 16 months. The requirement for migrants counted under NOM to have resided in (or been absent from) Australia for a certain length of time enables NOM to form part of annual estimates of population—officially measured as the 'estimated resident population' by the Australian Bureau of Statistics.

[7] Latest Data available at time of this report is, as at June 2017: ABS, Migration, Australia, (cat. no. 3412.0).

[8] Based on Department of Education and Training Annual Report 2017–18, see: https://www.education.gov.au/annual-reports.

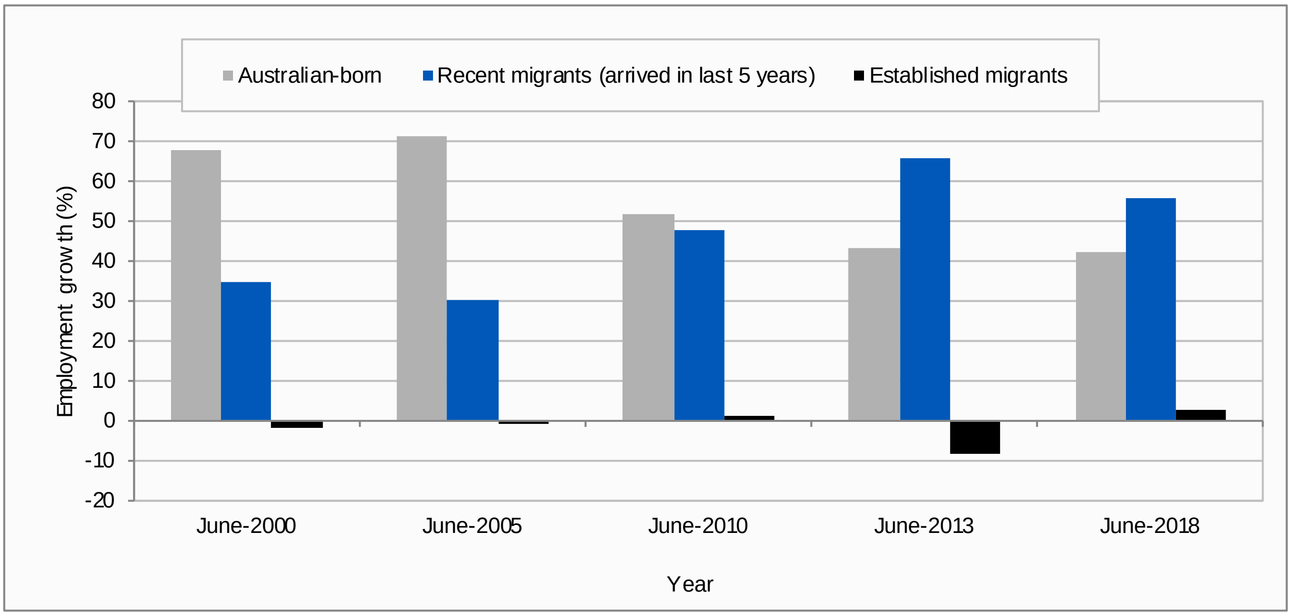
Labour market outcomes

The importance of migration in our labour market

In the 12 months to June 2018, Australia has experienced solid employment growth, while unemployment trended down to a six-year low of 5.5 per cent, and migration is an important component to these changes.[9]

New migrants are the main contributors to employment growth in the Australian workforce. At June 2018, Australia's workforce stood at 12.6 million, which was 9.6 per cent more than five years ago in June 2013. New migrants (those who arrived in the preceding five years) accounted for 55.4 per cent of these additional jobs, Australian-born accounted for 42.2 per cent and established migrants accounted for 2.4 per cent (Figure 3).

Figure 3: Contribution of migration to employment growth, June 2000 to June 2018



Source data: ABS, July 2018, Labour Force, cat no. 6291.0.55.001, LM7 cube

One of the main reasons new migrants make a strong contribution to workforce growth is their overall numbers entering the workforce. In absolute terms, the effect of aging on the Australian-born population means that, on average, their numbers entering the workforce decreased over the past decade, to June 2018, whereas conversely, it increased for recent migrants.

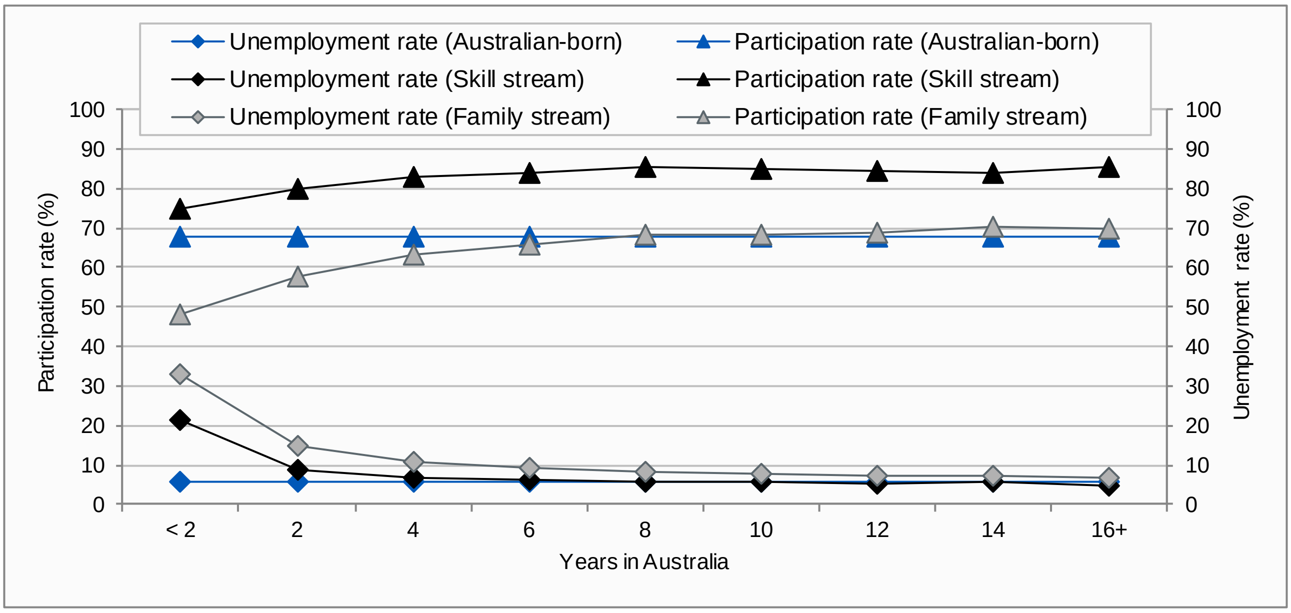
Another reason new migrants provide a strong contribution to workforce growth is their high rate of employment. This is despite the offsetting factor, that it takes some time to settle into the Australian labour market, such that the participation rate and unemployment rate of migrants improve with additional time in Australia.

[9] ABS, July 2018, Labour Force, cat no. 6291.0.55.001, LM7 cube, based on monthly averages.

These improvements are more pronounced for migrants who are selected on the basis of their skills and qualifications (Skill stream migrants as opposed to Family stream migrants) (Figure 4). Based on labour market outcomes at the time of the 2016 Census (of primary and secondary visa holders combined):

- The most recent of arrivals (those who arrived between 2015 and August 2016) had not yet adjusted to the labour market, and had a high unemployment rate of:
  - 21.3 per cent for Skill stream migrants
  - 32.8 per cent for Family stream migrants.
- Unemployment rates and participation rates improve rapidly in the first few years of living in Australia, and then more slowly:
  - Unemployment rate:
    - 14.5 percentage points for Skill stream migrants in the first 4 years, and a further 1.2 percentage points over the following 10 years
    - 22.1 percentage points for Family stream migrants in the first 4 years, and a further 3.6 percentage points in the following 10 years.
  - Participation rate:
    - 8.4 percentage points for Skill stream migrants in the first 4 years, and a further 0.9 percentage points over the following 10 years
    - 15.0 percentage points for Family stream migrants in the first 4 years, and a further 7.3 percentage points in the following 10 years.

Figure 4: Unemployment and participation rates at the time of the 2016 Census, by time in Australia



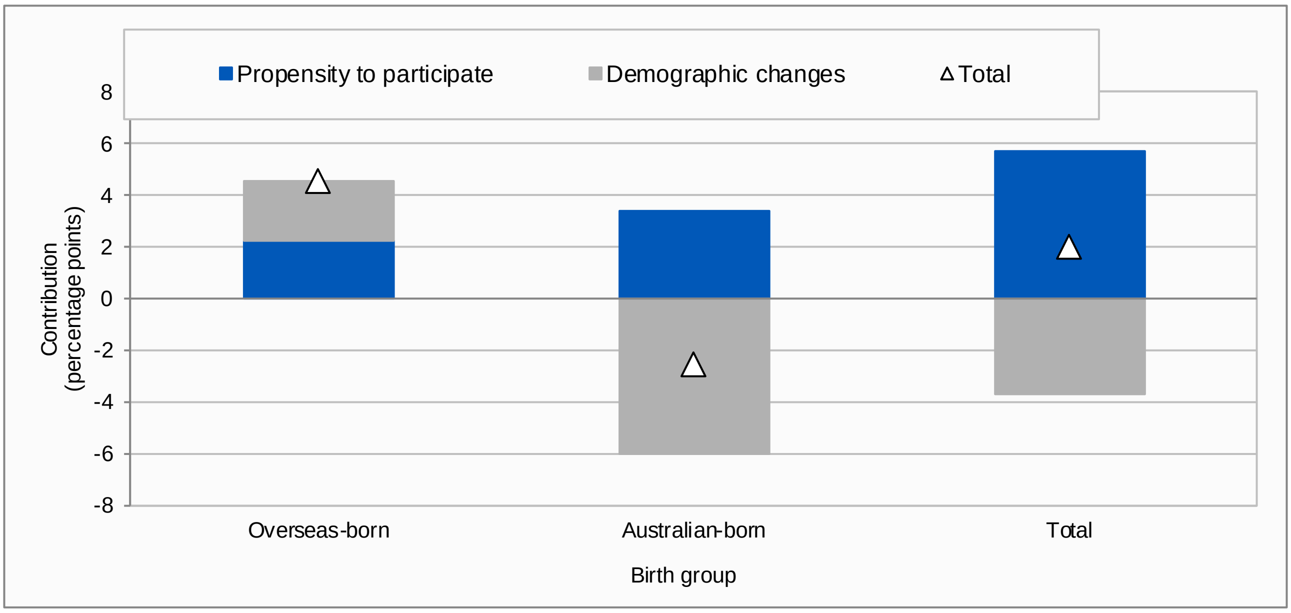
Source data: ABS, Australian Census and Migrants Integrated Dataset, 2016

Migration's impact on the Australian labour market is underpinned by its influence on the demographic composition of Australia, with changes in this composition largely reflected by the ageing of the population. For example, between 2000–01 and 2017–18, the annual average labour force participation rate for Australia increased by 2.0 percentage points as a result of a combination of the following (Figure 5):

- Migrants **added** 4.6 points—2.3 points added due to the effects of young migrants entering the workforce, and 2.3 points added due to an increase in propensity to work
- Australia-born **deducted** 2.6 points—6.0 points deducted due to the effects of an ageing population, and 3.4 points added due to an increase in propensity to work.

It can therefore be seen that migration bolstered Australia's labour force participation rate by new migrants quickly attaining rates well in excess of the resident population.

Figure 5: Contributions to change in the labour force participation rate, between 2000–01 and 2017–18



Source data: ABS, July 2018, Labour Force, cat no. 6291.0.55.001, LM5 cube

Outcomes of Australia's migrant population stock

The migrant unemployment rate for 2017–18, was 5.6 per cent, which was commensurate with the Australian-born rate of 5.4 per cent.[10] This was not especially unusual, as the rate of unemployment among migrants and Australian-born have been operating in close alignment since mid-2012 (Figure 6).

Figure 6 also shows that the labour force participation rate of Australia's migrants is consistently lower than that of the Australian-born, by an average of 5.8 percentage points in 2017–18 (62.4 per cent compared to 68.2 per cent). This difference is largely attributed to the impact of age on labour force participation, with the median age of Australia's migrant population being 10.3 years older (44.0 years compared to 33.7 years) as at June 2017.[11]

[10] ABS, July 2018, Labour Force, cat no. 6291.0.55.001, LM7 cube, based on monthly averages.

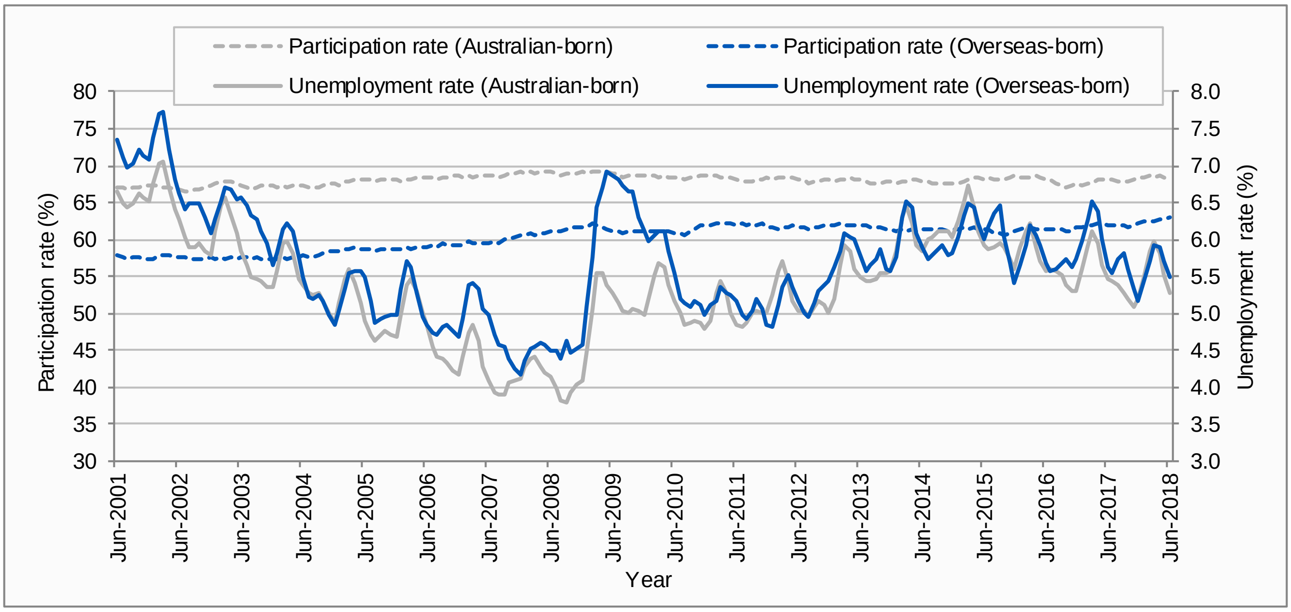
[11] ABS Migration Australia, cat.no. 3412.0

While this gap in labour force participation is substantial, new migrants are on average, younger than the Australian population, and arriving through either the Skill stream or temporary work visas—both of which have very high rates for participation in the labour force. This has had the combined effect of:

- reducing the proportion of migrants of retirement age, relative to that of the Australian-born population of retirement age
- increasing labour force participation among migrants.

For example, in 2007, 18.3 per cent of Australia's migrants were aged 65 years and over, compared with just 11.4 per cent of the Australian-born, a difference of 6.9 percentage points. By 2017, these proportions had converged to 19.9 per cent and 13.6 per cent respectively, a difference of 6.4 percentage points.

Figure 6: Unemployment and participations rates by birth group, June 2001 to June 2018



Source data: ABS, July 2017, Labour Force, Australia, cat no. 6291.0.55.001, LM7 cube (three-month averages)

Labour market outcomes of the children of migrants

The impacts of migration extend through to the next generation, and this is particularly pertinent to Australia, with 49.0 per cent of Australian's having an overseas-born parent. This section analyses some of the settlement outcomes of these 'children' (once they are of working age). The analysis uses data from the 2016 Census of Population and Housing to compare labour market performance and return to education for the following three groups of people:

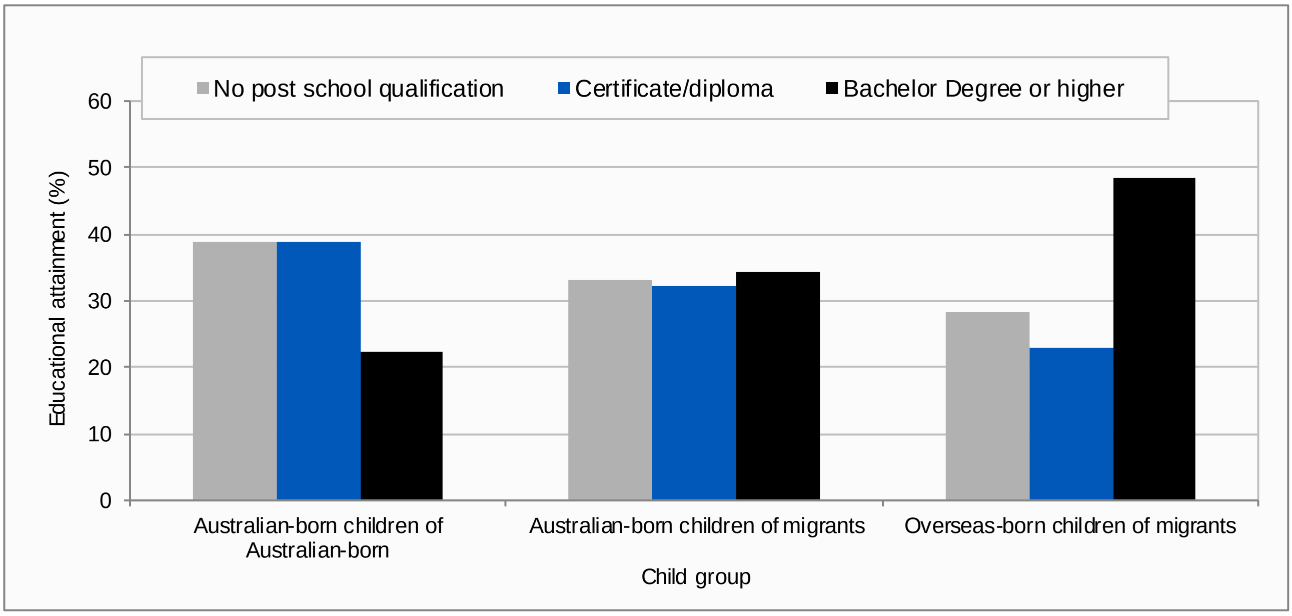
1. Australian-born children of Australian-born—people born in Australia with at least one Australian-born parent.
2. Australian-born children of migrants—people born in Australia with both parents born overseas.
3. Overseas-born children of migrants—people born overseas who arrived in Australia up to 15 years of age.

Only people between the ages of 15 and 34 years were selected. This was to focus the analysis on the effects of educational attainment on labour market outcomes. Also excluded are people who arrived in Australia after 15 years of age and those in full-time study.

Education levels

Based on the 2016 Census, overseas-born children who grew up in Australia had, on average, higher levels of educational attainment than people of a similar age who were born in Australia (Figure 7).

Figure 7: Educational attainment by child group (15-34 years of age), 2016



Source data: ABS, 2016 Census of Population and Housing
Note: Excludes not stated and inadequately described.

In particular the level of post school qualification were as follows:

- Australian-born children of Australian–born—61.1 per cent, comprised of 22.4 percentage points who were tertiary qualified
- Australian-born children of migrants—66.7 per cent, comprised of 34.5 percentage points who were tertiary qualified
- Overseas-born children of migrants—71.5 per cent, comprised of 48.5 percentage points who were tertiary qualified.

Overseas-born children of migrants not only had these higher levels of educational attainment, they were also 2.7 and 3.8 times more likely to have a postgraduate qualification, than children born in Australia to parents who are migrants or Australian-born, respectively.

Labour market outcomes and the returns on education level

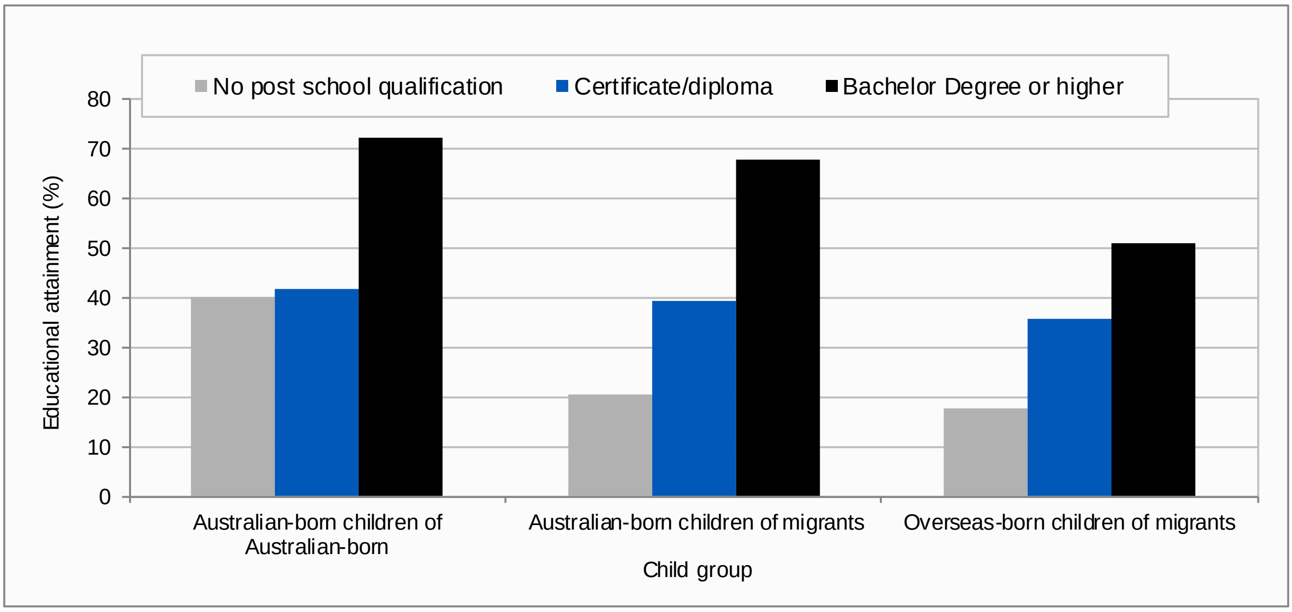
Despite children of migrants being more highly educated, the returns on this additional education, at first glance, are not particularly strong, as they have similar employment outcomes:

- Australian-born children of Australian-born:
  - employment to population rate of 79.8 per cent
  - unemployment rate of 6.6 per cent
  - participation rate of 86.4 per cent
- Australian-born children of migrants:
  - employment to population rate of 80.4 per cent
  - unemployment rate of 6.3 per cent
  - participation rate of 86.7 per cent
- Overseas-born children of migrants:
  - employment to population rate of 75.5 per cent
  - unemployment rate of 6.9 per cent
  - participation rate of 82.5 per cent.

However, stratifying outcomes by education levels shows that increased education delivers strong improvements across all three groups (Figure 8). For example, for Australian-born children of Australian-born, the proportion in skilled work was:

- 72.1 per cent for those with a tertiary qualification
- 41.9 per cent for those with a certificate/diploma qualification
- 40.0 per cent for those with no post school qualification.[12]

Figure 8: Skilled employment outcomes by child group (15-34 years of age) and educational attainment, 2016



Source data: ABS, 2016 Census of Population and Housing

[12] In this analysis skilled work is defined as working in one of the Major Group of occupations (managers, professionals, and technicians and trades workers) as classified in the Australian and New Zealand Standard Classification of Occupations.

In other words, within this group, a tertiary qualification lifts the rate of skilled employment 32.1 percentage points. The story for Australian-born children of migrants and for Overseas-born children of migrants is similar, with a tertiary qualification lifting the rate of skilled employment by 47.1 percentage points and 33.0 percentage points respectively.

Increased education delivers improvements against other measures as well, including:

- **Unemployment rates**—The unemployment rates for those with a tertiary qualification was significantly lower than it was for those without a post school qualification:
    - Australian-born children of Australian-born—10.4 percentage points lower (2.3 per cent compared to 12.7 per cent)
    - Australian-born children of migrants—8.6 percentage points lower (3.4 per cent compared to 12.0 per cent)
    - Overseas-born children of migrants—5.4 percentage points lower (7.0 per cent compared to 12.3 per cent).
- **Participation rates**—There were improvements in labour force participation rates for those with tertiary qualifications, compared to those without a post school qualification. Namely:
    - Australian-born children of Australian-born—17.0 percentage points higher (95.3 per cent compared to 78.3 per cent)
    - Australian-born children of migrants—17.2 percentage points higher (94.7 per cent compared to 77.5 per cent)
    - Overseas-born children of migrants—16.4 percentage points higher (87.6 per cent compared to 71.3 per cent).
- **Earnings**—Education level has a pronounced impact on the annual earnings of these groups. Those with a tertiary qualification, compared to those without a post school qualification, were more likely to be earning within the top quartile for the Australian workforce ($78,000 or more per year). Namely:
    - Australian-born children of Australian-born—27.8 percentage points higher (34.5 per cent compared to 6.7 per cent)
    - Australian-born children of migrants—25.1 percentage points higher (33.4 per cent compared to 8.3 per cent)
    - Overseas-born children of migrants—19.6 percentage points higher (26.3 per cent compared to 6.7 per cent).

Overall, this analysis shows that education is an important enabler of good labour market outcomes for the children of migrants. Children of migrants, particularly those born-overseas, have higher levels of educational attainment but lower returns on this education, than children of non-migrants. The net outcomes is that children of migrants, whether born in Australia or overseas, can have the same level of success in the labour market as a child of a non-migrant.