

WORKING TOGETHER

THE FACTS

MIGRATION

MIGRATION GENERATES SIGNIFICANT ECONOMIC BENEFITS

Australia's temporary and permanent migration programs are essential to helping us meet our ongoing labour force needs. Migration helps address skill shortages and contributes to balancing the negative impacts of our ageing society. Skilled migrants add diversity to our community and they help create jobs through their contribution to the economy and the skills they transfer.

The Migration Council of Australia¹ estimates that by 2050 migration will have added:

- 15.7% to our workforce participation rate;
- 21.9 % to after tax real wages for low skilled workers; and
- 5.9 % in GDP per capita growth.

Further, it is estimated that by 2050, the gain in employment of 45% outstrips the population gain of 37%. The direct influence of population growth on boosting our economic growth can be seen clearly in economic data. In the first quarter of 2018, real GDP per capita accelerated to 1.5% p.a., its best quarterly rate since 2011. The difference between this per capita GDP growth and the headline growth rate (3.1% p.a. in Q1 2018) represents the contribution of population growth to GDP, output and incomes. Population growth has averaged 1.6% p.a. in Australia over the past decade. (ABS data).

SKILLED MIGRANTS HAVE POSITIVE EMPLOYMENT OUTCOMES

The most recent *Continuous Survey of Australian Migrants*² found that:

- At the six-month stage of settlement, almost nine-in-ten Skilled Migrants were employed.
- More than 3/4 were in full-time jobs and more than six-in-ten were in highly skilled employment.
- Skilled Migrants significantly outperformed Australia's general population.
- Skilled Migrants also had higher earnings on average than the Australian population, but unemployment was slightly worse than the national average.

MIGRANTS DO NOT TAKE AUSTRALIAN JOBS

There are 1.4 million visa holders with working rights but most don't use those rights. Data from the ABS Survey of Qualifications and Work (2015-16), shows migrants on temporary visas accounted for just 1.9% of all employed people in Australia.

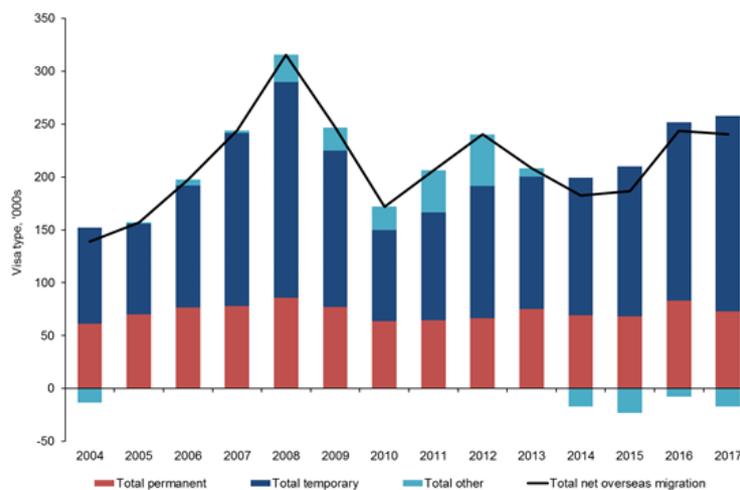
YOUNGER MIGRANTS SLOW IMPACTS OF AGEING SOCIETY

Immigration is a big positive in addressing the negative economic impacts of our ageing society. The Productivity Commission³ has found that if the same young age profile as the current intake continues as a counter to our ageing workforce then GDP per person will by 2060 increase by around 7 per cent (equivalent to around \$7,000 per person in 2013-14 dollars). RBA Governor Philip Lowe confirmed recently that the inflow of younger people through immigration has significantly reduced the rate of population ageing. Over the past five years, over 80% of net overseas migration has been accounted for by people aged under 35.⁴

IMMIGRATION IS NOT AT RECORD LEVELS

The latest Net Overseas Migration (NOM) figure is 262,000⁵ – about the same as it was 10 years ago. NOM is the net gain or loss of population through immigration to Australia and emigration from Australia. Most of the rise in recent years is due to more students arriving from overseas, particularly in higher education.

Chart 1: Net overseas migration – permanent, temporary and other migration



IMMIGRATION IS ESSENTIAL TO MEET SKILLS DEMAND

While our vocational education and training (VET) and higher education systems assist in meeting skill demands, our growing economy and workforce means we need immigration to assist us meet our skill needs. This will only intensify as large-scale infrastructure projects and defence spending ramp up.

PLANNING FOR HOUSING AND INFRASTRUCTURE

There is no question that we can do more in planning for and investing in housing and infrastructure to meet the needs of a growing population. In the past we have accommodated faster rates of population growth than is currently the case. The pressures felt in more recent times are the result of a fall in public sector investment and a lift in migration over the past decade, after a lower rate of migration inflow in the 1980s and 1990s. The faster pace of infrastructure investment and the very large increase in the housing stock in recent years is, in large part, a delayed reaction to an earlier failing of planning.

Information sources

- ¹ The Economic Impact of Migration – Migration Council of Australia, p.2.
- ² Cohort 3 Report – Introductory Survey 2015
- ³ Productivity Commission (PC) in its formal review of Australia’s migration program (April 2016).
- ⁴ Demographic Change and Recent Monetary Policy – Philip Lowe RBA Gov. 8 July 2018
- ⁵ ABS 3412.0 - Migration, Australia, 2016-17