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Understanding Australian Migration 2024

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Understanding Australian Migration 2024

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Key takeaways:

- ⇒ **Recognising Differences in Temporary vs. Permanent Migration:** Urges better classification of resident populations to understand migration impacts.
- ⇒ **Migration Program Rationales:** Highlights goals of mitigating population ageing and addressing skilled labour shortages.
- ⇒ **Post-Pandemic Surge:** 2022-23 saw a temporary migration surge driven by returning students and working holiday makers due to lifted COVID-19 restrictions.
- ⇒ **Permanent Migration Focus:** Advocates retaining the policy focus on permanent immigration and adjusting visa policy to ensure permanent migration continues to drive net migration.
- ⇒ **Recommendations:** Recommends maintaining a stable permanent migration program, limiting visa hopping, closing illegitimate schools, no student caps, and increase temporary skilled migration.

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Introduction¹

The sudden rise of net overseas migration in Australia to over half a million in 2022-23 has given rise to a much broader debate on the benefits of immigration and to the likelihood that immigration will be an issue in the next Federal election. It is timely therefore to review how the massive increase in net overseas migration occurred and what is its likely future pathway. Both major political parties and electors consider that net migration should not continue at this very high level and both parties have plans to bring the level down rapidly. This paper aims to provide an understanding of how the rise in net migration occurred and, hence, how net migration can be brought down to an acceptable level most effectively.

The paper provides a discussion of the rationales of the Australian migration program and stresses the importance of drawing a distinction between temporary and permanent migration. This distinction and its implications would be much clearer if the Australian Bureau of Statistics divided the Estimated Resident Population into the permanent population (Australian citizens and permanent residents and New Zealand citizens) and the temporary population.

The rationales of the Australian migration program

While not often stated, mitigating population ageing is one of the two main rationales of the Australian Migration Program. The other rationale is the filling of skilled labour shortages.

Applying immigration to mitigate population ageing became recognised policy in Australia from the early 2000s. Having been previously hesitant about larger scale migration, the Howard Government substantially increased the size of the program. Ministers Costello and Ruddock had been persuaded by a cabinet brief prepared by Abul Rizvi, the chief policy officer at the time in the Department of Immigration. In turn, Rizvi had been convinced by modelling work prepared for the Department by the ANU demographers, McDonald and Kippen (Rizvi 2021). Interestingly, there is almost no reference to mitigation of population ageing as a rationale for migration in the recent Parkinson Review of Australia's migration system (Parkinson et al. 2023). That review focusses heavily on the second rationale, adding to Australia's skilled work force.

For 19 successive budgets including the 2024-25 budget, under seven different Prime Ministers beginning with Howard, the Australian Migration Program has been set within the narrow range of 160,000 to 195,000 per annum. The Humanitarian Program has added another 10-25,000 each year. This has been successful bipartisan policy.

In 2009, Peter McDonald and Jeromey Temple were asked by the then Department of Immigration and Citizenship to estimate the level of net overseas migration that would optimise the growth rate of GDP per capita through its impact on population ageing (McDonald and Temple 2010).

The result provided was in the form of a range: 160,000 to 220,000 per annum, thus confirming the level that had been applied by successive governments. Importantly, McDonald and Temple demonstrated that there were diminishing returns to scale – as the level of migration increased, its relative impact on the growth rate of GDP per capita fell. Above 220,000, net migration served to increase the population while doing little to mitigate population ageing. As stated above, successive governments have maintained the size of the permanent migration program within this range, and it seems that they have been satisfied that the skilled shortage rationale has been fulfilled adequately by applying the 160,000 to 220,000 range.

In recent quarters, GDP per capita has fallen giving rise to the notion of a 'per capita recession'. GDP per capita is the product of three quantities: the employment to population ratio (the number of employed persons per capita), the number of hours worked per worker, and labour productivity (product per hour worked). I have calculated

¹ Suggested citation: 'McDonald, P. 2024. Understanding Australian Migration 2024. ANU Migration Hub Insights No. 24/1. Canberra: The Australian National University.' A draft version of this paper was presented to the Policy Dialogue: Migration and Ageing in a Multicultural Australia, Crawford School of Public Policy, Australian National University, 20 May 2024.



these quantities for two years, 2019 and 2023 (taken as the average of the four quarters in those years). The years are chosen to avoid the impacts of COVID. GDP per capita increased between 2019 and 2023 by an unimpressive 2.8 per cent which was due entirely to the increase in the employment to population ratio.

Recent changes in the employment to population ratio have been due very largely to migration (McDonald 2017). In other words, without migration, there would have been almost no increase in GDP per capita in this four-year period. Also, the recent falls in GDP per capita would have been larger without migration. This is not to justify a net migration of over half a million in a year; the impact of immigration on GDP per capita in 2023 would have been much the same with half the level of migration. In the end, growth in GDP per capita is dependent primarily upon growth in labour productivity but, among other factors, this has been constrained by rises in interest rates.

How migration affects the age structure of the population

Migration changes the age structure of the population in two ways. First, the migrants themselves are much younger on average than the non-migrant population. Second, because migrants are very young and have generally not commenced their childbearing at the time of migration, migrant women add to the childbearing population. While Australia's fertility rate of 1.6 births per woman is well below the level that replaces the population, migrants increase the size of the potential childbearing population, and this is sufficient to offset the potential deficit of births. With migration set in the policy range, there will be more births than deaths until the 2050s. With zero migration, there would be more deaths than births in about a decade from now (ABS 2023).

While you may hear it said that migrants don't mitigate population ageing because migrants themselves eventually grow old, migrants have their children and their grandchildren before they reach the ages of greatest dependency, and these children contribute to the slowing of population ageing. In the past 20 years, migration along with increasing older age employment has maintained Australia's employment to population ratio at a relatively high level (McDonald 2017). Other economic outcomes of the migration program are reviewed in Coates et al. (2021) and Varela and Breunig (2024).

Relationship between net overseas migration and the size of the permanent migration program

The McDonald-Temple modelling was based on levels of net overseas migration, and you may say correctly that net overseas migration is not the same thing as the level of the government's migration program. However, as Figure 1 shows most of the time, there is a relatively close association.

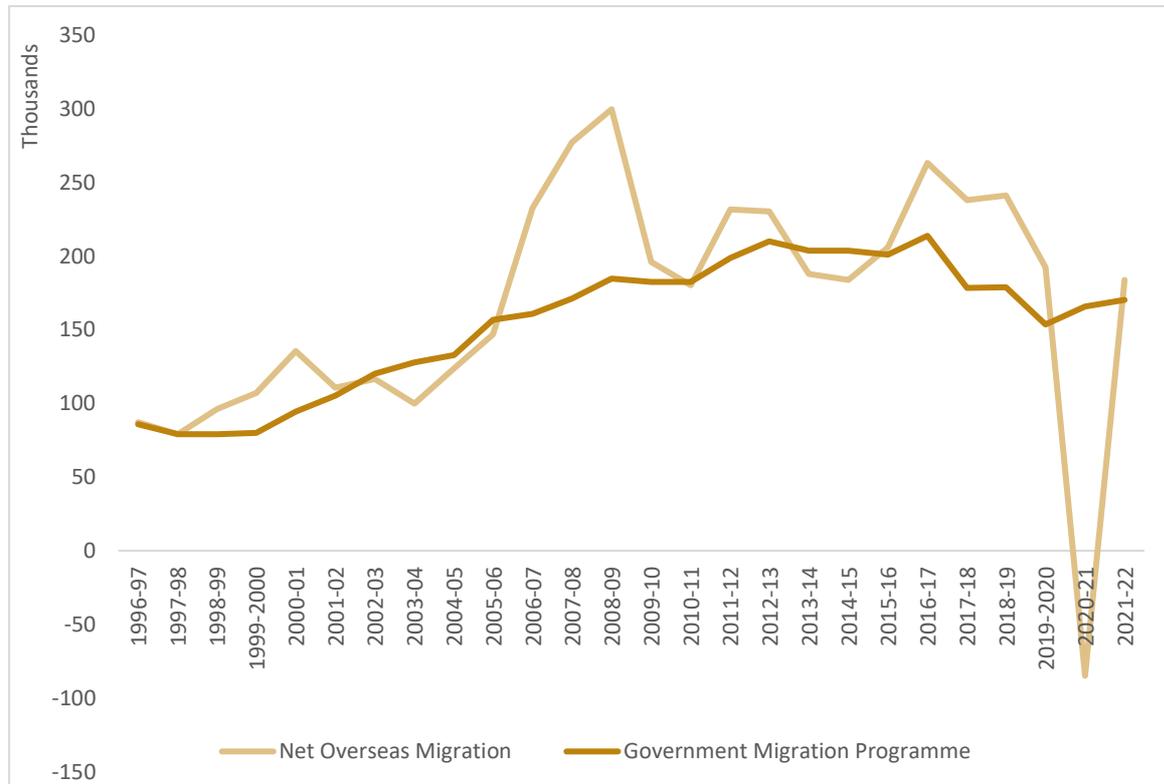
Net overseas migration (NOM) was well above the program level from 2006 to 2009 when there was a large influx of students taking short courses, especially cooking and hairdressing, because these occupations were on the Migration Occupations in Demand List (MODL). The movement ceased immediately when, in February 2010, the Minister for Immigration removed these occupations from MODL. NOM once more exceeded the program level from 2016 to 2019 caused, in part, by the failure of the Department to reach the target number that had been specified by Cabinet. This occurred despite the numbers on bridging visas awaiting a decision on their skilled migration application rising during this period to unprecedentedly high levels.

During the COVID years, the level of the program was near-constant while net migration plummeted to well below zero. The program level was maintained largely by clearing the backlog in partner applications in the Family Stream. The backlog had accumulated over several years as successive governments, contrary to the Migration Act, placed a cap on the number of permanent residence places allocated to partners of Australian citizens. This practice has now ended.

In the most recent year on the chart, 2022-23, NOM is massive compared with the program level. In 2022-23, net temporary migration was 477,000, ten times the level of net permanent migration including the movements of Australian and New Zealand citizens (ABS 2024). Given present interest, I shall return to the 2022-23 outcomes later.



Figure 1: Net overseas migration versus permanent migration program outcomes (including humanitarian)



Source: Author calculations from various Department of Home Affairs sources.

But the vital point to emphasise is that it is **permanent** migration that is more important for the two rationales of Australian migration policy, both mitigating population ageing and improving the skills of the workforce. Despite what is often said, temporary migration is temporary.

The myth of permanently temporary migration

The myth of a permanently temporary population was promoted in the recent Parkinson review of migration policy. To quote (Parkinson et al. 2023): ‘The Panel is concerned by the emergence of ‘permanently temporary’ migrants in Australia’ (p.96) AND ‘The Panel is firmly of the view that the migration system needs to ensure Australia does not continue to allow cohorts of permanently temporary migrants to emerge’ (p.102) AND, absurdly: ‘Over the past decade, Australia has built an economy based on temporary migrants (p.97).

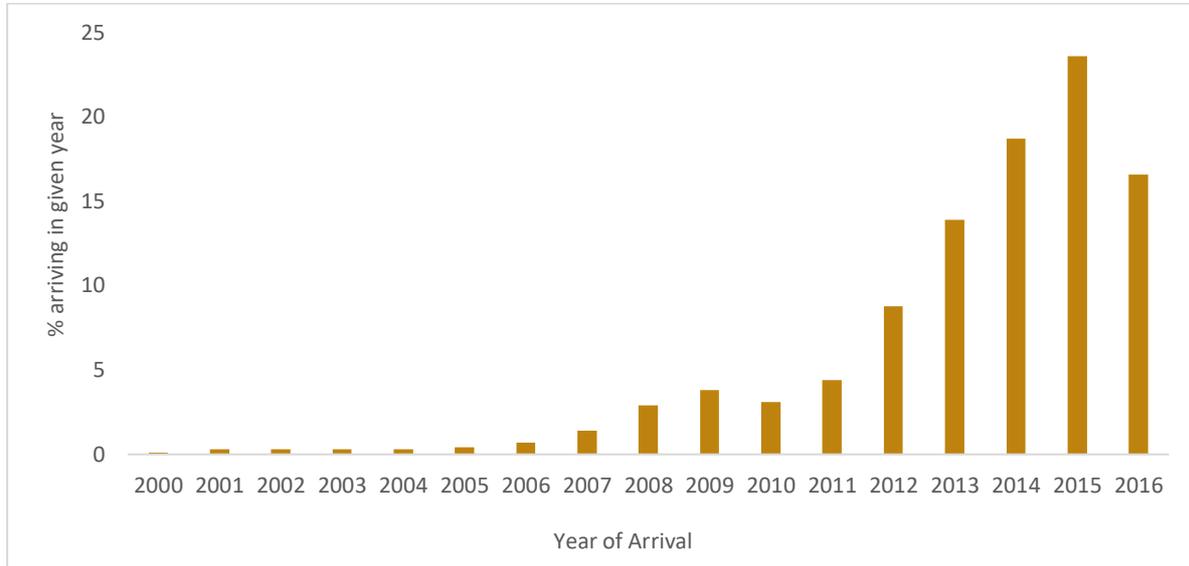
In contrast, Figure 2 derived from the 2016 Census shows no evidence of a permanently temporary population. Eighty-four per cent of temporary entrants had been resident for less than five years and almost none had been in Australia for more than ten years. If we were able to make the same chart for today’s population, it would show bigger numbers in the 5-10 years durations, but not more than 10 years. The bigger numbers, however, are the result of the policies of successive governments that have allowed temporary residents to jump from one temporary visa to another (discussed at length below).

As its only empirical evidence to support its claims about a permanently temporary population, the Migration Review report published a similar graph purporting to tell a different story (Figure 3). The graph is accompanied by the statement: ‘There is a larger group of migrants who have been in Australia longer than 5 years than under 3 years’ (page 99). This statement is extremely misleading for two reasons. First, the chart shows only three categories of temporary residents as at the end of December 2022. The three visa categories shown are all visas that in most cases are issued onshore to people who are already in Australia on another temporary visa. Second,



the statement does not point out that the under three years' duration group coincides with the COVID border closures.

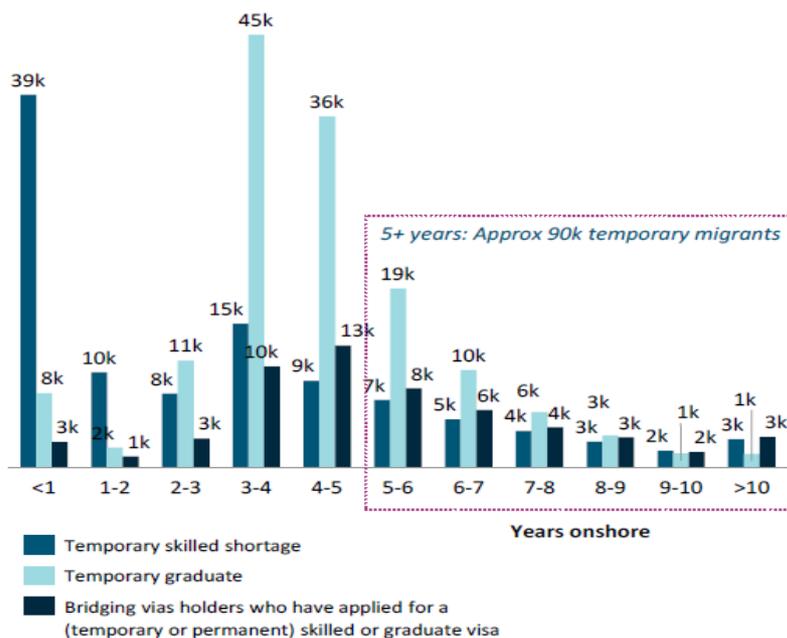
Figure 2: Distribution (%) of the years of arrival of temporary entrants (2016 Census)



Note: Excludes short-term visitor visas, crew and transit visas and New Zealand citizens. Source: Derived from Australian Bureau of Statistics. 2016 Census. [Microdata, TableBuilder: Temporary visa holders in Australia | Australian Bureau of Statistics \(abs.gov.au\)](#)

The creation of a myth of a 'permanently temporary' population led the Parkinson Review to recommend that the annual migration policy setting should be based upon net overseas migration not on the size of the permanent program. This would be a big mistake. To adjust the level of permanent migration every year to compensate for inevitable fluctuations in temporary arrivals and departures would be chaotic. Temporary migration movements can be managed well and should be managed well.

Figure 3: Labour migrants in Australia, 31 Dec 2022 by number of years onshore



Source: Reproduction of Figure 31 from Parkinson et al. (2023). Department of Home Affairs. Note: days spent offshore removed.



Net migration in 2022-23 was extremely high partly because the numbers on temporary visas expanded dramatically due to government policies that have facilitated visa hopping onshore. The correct policy response to this is to address the operation of temporary visas, not to create a myth about all temporary residents.

Some reflections on permanent migration

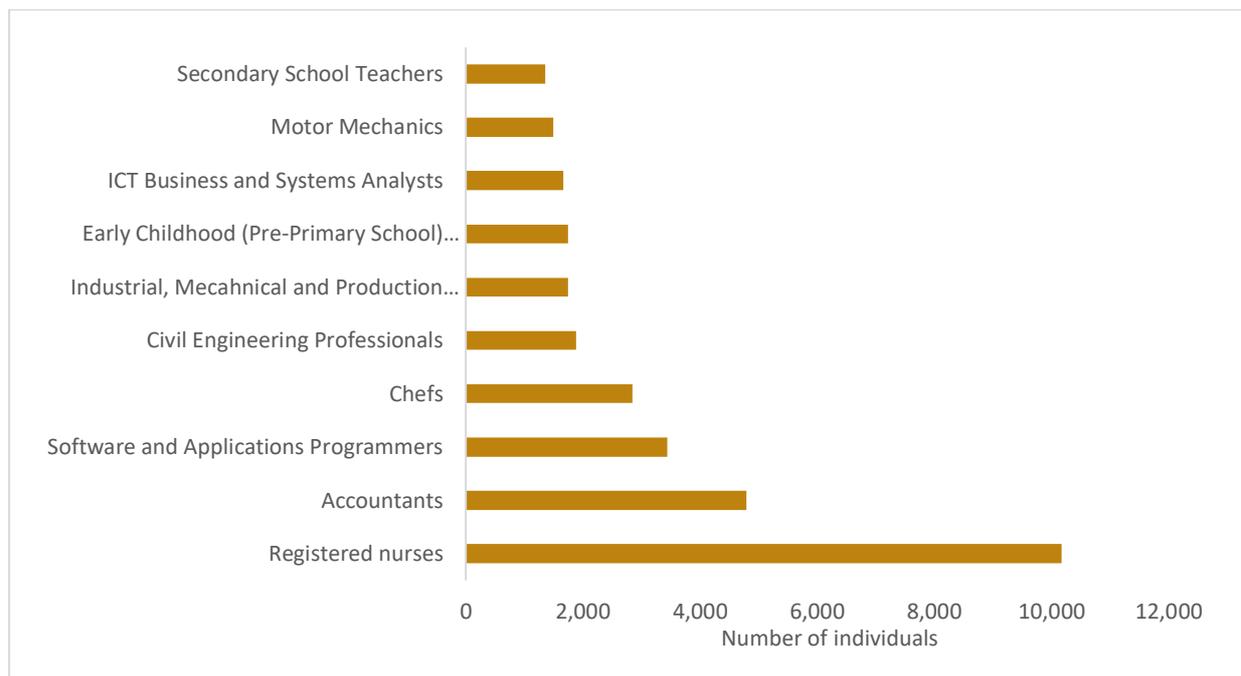
Before examining the detail of why net migration was so high in 2022-23, I have some comments on permanent skilled migration.

Skills

While it is commonly believed that our permanent migration is a skilled program, only about one third of new permanent residents are selected even partly based on their skills. And less than 10% are primary applicants in the Skilled Independent category. By far the largest category of new permanent residents, about 100,000 per annum are partners – partners of skilled immigrants in the Skilled Stream and partners of Australian citizens and permanent residents in the Family Stream, who are not tested for their skills (Department of Home Affairs 2023).

Figure 4 shows the top ten skills for the permanent program in 2022-23: nurses, accountants, IT specialists, engineers, teachers, and chefs. Nurses and teachers were priorities for the new Labor Government, nurses particularly in the context of new aged care policy. Note that most of these occupations are not high-income occupations that would draw high salaries.

Figure 4: Migration program outcomes: Top 10 ANZSCO occupation unit groups, skill stream (primary applicants, 2022-23)



Source: Department of Home Affairs 2023. 2022-23 Migration Program Report, page 38. Canberra: Department of Home Affairs. [2022-23 Migration Program Report \(homeaffairs.gov.au\)](https://www.homeaffairs.gov.au/2022-23-migration-program-report)

Recently, Jobs and Skills Australia has produced a draft list of skilled occupations that could underpin the selection of new skilled migrants. The list has been rightly criticised because it largely excludes skilled tradespeople and includes some odd lifestyle categories. For the past 30 years, a list of skilled occupations in demand has been used for the selection of skilled migrants but the formulation of this list has always been problematic: the list was subject to political influence; new occupations were not considered; definitions of occupations were fluid; and the list became out of date rapidly.



Policy debate today is focused very heavily on reform of how we select the less than 70,000 primary applicants in the Skilled Stream (Coates et al 2021; Parkinson et al. 2023). Do we use a list of eligible occupations, or do we use a salary level? The salary level approach says: so long as they are skilled, it doesn't matter what their skill is. What is important is high quality and salary is a good indicator of quality. The eligible occupations approach which we have used for 30 years says we should be targeting occupations in short supply that require long-term training and experience. The present government appears to be heading for a hybrid of these approaches.

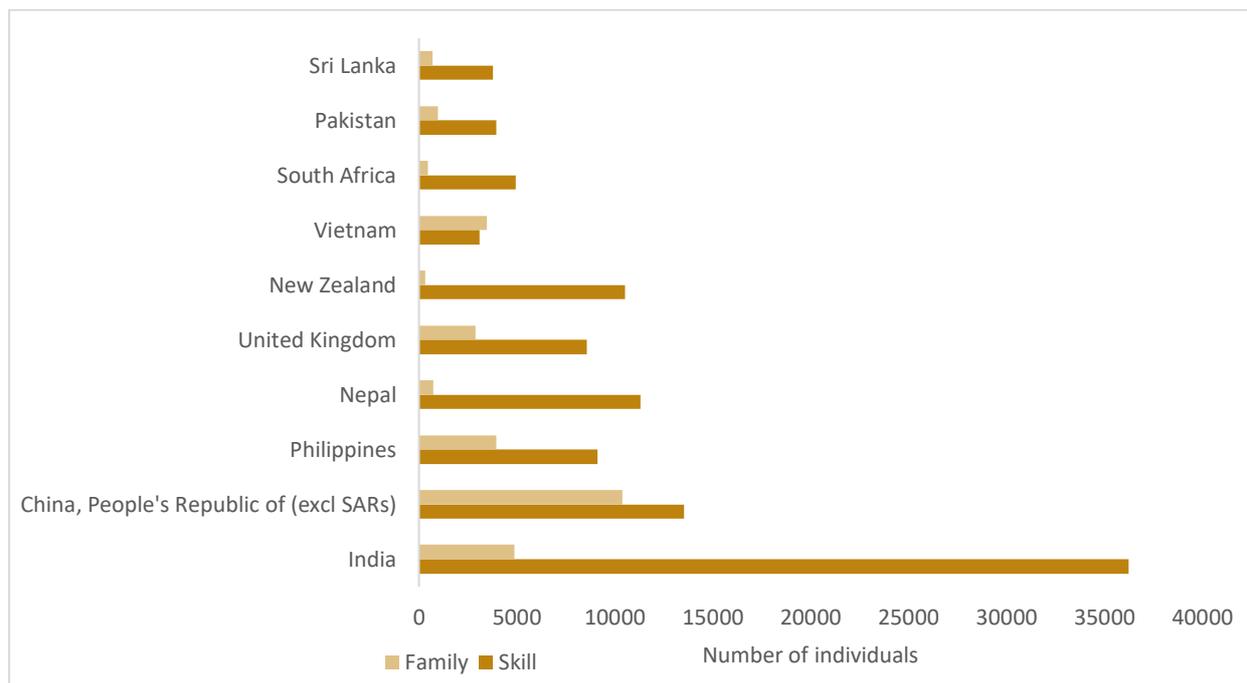
Demographers and economists are not eligible on the present permanent migration list, but if the Australian National University sponsored a demographer or an economist for permanent residence, they would be accepted because these would be people who entered on a temporary skilled visa and were then employer-sponsored.

The previous government allowed the temporary skilled migration stream to languish even though research continually shows better outcomes for temporary skilled migrants who convert to permanency (Gregory 2015, Varela and Breunig 2024). This has meant that Australia has become overly dependent on international students as the source of new skilled immigrants. In the context of today's discussion, temporary skilled immigrants come from a much wider range of countries than do students.

Countries of Origin

Figure 5 shows the citizenship distribution of the 2022-23 permanent intake, including the family stream. South Asian countries and China dominate the skilled stream reflecting their domination of the international student intake.

Figure 5: Top 10 countries of citizenship, skill and family streams, 2022-23



Source: Department of Home Affairs 2023. 2022-23 Migration Program Report, page 28. Canberra: Department of Home Affairs. [2022-23 Migration Program Report \(homeaffairs.gov.au\)](https://www.homeaffairs.gov.au)

The large family stream component for China consists very largely of parents entering through the Contributory Parent scheme. Under this scheme, you can buy permanent residence for your parent for \$48,000. (Capped and queued – 12 years waiting time at present). In 2022-23, almost two thirds of all visas issued to parents were to Chinese nationals. As our previous research indicates that older Chinese have poor English skills, this will emerge as



a challenge for aged care policy in the not-too-distant future (McDonald et al. 2019). But these are mainly people who live with their children and live in well to do suburbs.

Skill stream: potential directions

In relation to skilled migration, we should be involving employers in the process to a much greater extent than has been the case. This means revitalising the temporary skilled intake. We should also be trying harder to link persons on graduate visas with appropriate employers, again with a view to transition to permanency. We could, for example, provide a two-year extension to the graduate visa based on employer nomination.

Finally, no consideration is given to the skills and employment of the 100,000 partners in the intake. There are various options. We should be more active in assisting them to find employment that matches their skills. Thinking laterally, we could also have a new category in the Skill Stream which consists of skilled couples with selection based on their joint skills.

Current debate on the level of the permanent migration program

In the almost 80 years of Australia's post-war migration program, the size of the permanent migration program has never been an election issue. Bipartisanship has been one of the key elements in the success of the program. On 16 May 2024, with no reference to the impact of immigration on population ageing, Peter Dutton became the first Federal leader in the 80 years of the post-war migration policy to turn the size of the permanent program into an election issue. Dutton called for the level of the permanent program to be reduced from 185,000 as had been specified in the 2024-25 budget to 140,000 to relieve the pressure on housing demand.

In fact, the effect of this reduction would be relatively small as more than 50 per cent of new permanent residents are onshore and already occupying housing; about 50 percent of the Skill stream are family members of the primary applicant; almost all the Family stream (spouses, dependent children and parents of Australian citizens) will live with their Australian citizen nominator. Thus, the cut in the permanent program proposed by Mr Dutton would reduce the number of new permanent immigrants looking for housing to well under 10,000 migrant families or individuals.

This represents a rapid change in Mr Dutton's view. In September 2022, when asked by a journalist to comment on the government's announcement that the permanent program would be increased for one year to 195,000, Mr Dutton said:²

Peter Dutton: A final point is that the government's made an announcement in relation to the migration program. It's too little, too late. This is a decision that should have been made 100 days ago when the government was elected, but of course they didn't do that. They waited for this union summit, and we do need an increase in the migration numbers, but we'll see what the government actually delivers because this can be many, many months, if not a couple of years in the pipeline....

Journalist: On that migration cap, would you support increasing it to 200,000 a year, and if not what do you think is a sensible figure?

Peter Dutton: We don't have the benefit of the analysis from Treasury or from the Department of Home Affairs, so the government's proposed this figure, it's their figure. We're not a government in exile, but it's clear that the number needs to be higher. They just need to calibrate the number because over the next couple of years we are going to see a tightening within some sectors.

In the end, cuts to permanent skilled migration may be only cosmetic as there is nothing to prevent employers from recruiting the skilled workers they need from New Zealand or as temporary skilled migrants. Nurses and teachers, two of the major occupations in skilled migration at present, are mainly recruited by state and territory governments. Faced with being unable to recruit from overseas, these governments are likely to engage in bidding

² Source: [Leader of the Opposition – Transcript – Doorstop with Ms Angie Bell MP, Gold Coast – Peter Dutton MP](#).



wars for nurses and teachers that the more powerful states will win. This will disadvantage health systems already struggling in the losing states.

Explanation of the extreme level of net overseas migration in 2022-23

I am going to conclude with a discussion of the huge level of net overseas migration in 2022-23. Net migration over 500,000 is totally unprecedented.

The number, net overseas migration (NOM), is published by ABS on a quarterly basis. It is obtained through monitoring of passport movements using data supplied by the Department of Home Affairs. A person is counted into the population if they arrive and then spend 12 out of the next 16 months in Australia. Conversely, they are counted out of the population if they leave and spend 12 out of 16 months out of Australia.

The NOM count is highly accurate after the 16 months have elapsed, but the ABS applies a determination from the date that the person enters or leaves Australia, that is, 16 months before the actual result is known. To do this, ABS uses a predictive algorithm that uses various characteristics of the mover including the visa on which they enter or leave. The estimates have been out by as much as 20,000 but are generally accurate enough for the purpose, particularly in recent years.

However, for 2022-23, the difference in NOM between the first published numbers for each quarter and the most recently published numbers (13 June 2024) is 60,000, consisting of 33,000 more arrivals and 27,000 fewer departures. These numbers indicate that it would be impractical to base Australia's annual migration program on a targeted number for NOM (as recommended by the Parkinson Review) because the implementation would have to change with each new ABS quarterly publication.

Table 1 shows net overseas migration for the past five years. COVID clearly had a massive impact. The second column shows that, even including the massive number in 2022-23, average annual net migration was **lower** in the four years to 2022-23 than it had been in the last pre-COVID financial year (2018-19).

In other words, if COVID had not occurred and the 2018-19 movement had continued unchanged, there would have been **more** migrants (112,000 more) in the past four years than there actually were. But the number in 2022-23 is still enormous and requires explanation. Putting aside the pandemic years and comparing only with 2018-19, the large NOM in 2022-23 was due mainly to a surge in arrivals but, to a lesser degree, a fall in departures (Table 1).

Table 1: Migration movements, Australia, 2018-19, 2022-23 and average annual for 2019-2023 (thousands)

	2018-19	2019-23 (Annual Average)	2022-23
Arrivals	550	456	743
Departures	309	243	204
Net overseas migration	241	213	538

Note: NOM for 2022-23 varies across ABS publications because, as described in the text, preliminary numbers are updated each quarter. The numbers reported in this table are financial years. Source: Australian Bureau of Statistics 2024. National, State and Territory Population, December 2023 (released 13 June 2024). [National, state and territory population, December 2023 | Australian Bureau of Statistics \(abs.gov.au\)](https://www.abs.gov.au/national-state-and-territory-population-december-2023). The numbers in the table for 2022-23 are not final and will change again with later publications in this ABS series.

The most important point to be made is that the large NOM in 2022-23 was due entirely to movements of temporary residents (Table 2). The net permanent movement (including Australian and New Zealand citizens) was lower in 2022-23 than it had been in 2018-19 or in the average for the four years, 2019-20 to 2022-23. In contrast, net temporary migration was massively greater in 2022-23 than in the previous years, being ten times the net permanent movement. These numbers call into question the need to reduce permanent migration. In 2022-23, around 90,000 Australian citizens left Australia on a long-term basis and, at the very least, these people need to be replaced.



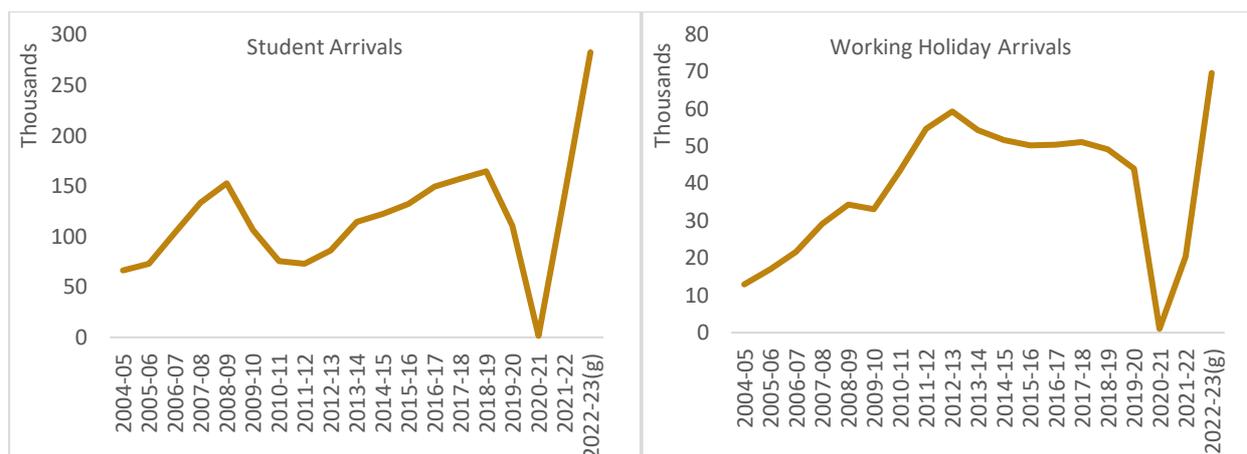
Table 2: Net overseas migration split into movements of the temporary and permanent populations, 2018-19, 2022-23 and average annual for 2019-2023 (thousands)

Visa (type of movement)	2018-19	2019-23 (Annual Average)	2022-23
NOM permanent (including Australian and New Zealand citizens)	65	52	47
NOM Temporary	182	161	477

Note: The numbers in this table differ in total from those in Table 1 because they are preliminary to the numbers in Table 1 and because cases with visa type unknown are excluded from this table. Source: Australian Bureau of Statistics 2023. Overseas Migration, Time Series Spreadsheet No. 4. <https://www.abs.gov.au/statistics/people/population/overseas-migration/2022-23-financial-year>

The explanation of the burst of temporary arrivals in 2022-23 is simple. When the border was closed in 2020, a large number of enrolled students were still overseas (especially Chinese students who had returned home for the Chinese New Year) who could not return to Australia. In addition, many enrolled students left Australia during COVID. Most of these enrolled students returned in 2022-23 in part stimulated by the Government of China forbidding internationally enrolled students to study on-line from China. In addition, in 2020 and 2021, the usual new intakes of students and working holiday makers were unable to enter the country. Many of those who had intended entering in 2020 and 2021 then did so in 2022 along with the usual new intake for 2022.

Figure 6: Temporary arrivals by visa on arrival, 2004-05 to 2022-23 (stayed at least 12 of the next 16 months)



Source: Same as Table 2.

The results of these disruptions to temporary arrivals are shown in Figure 6 which displays the surge of arrivals in 2022-23. Australia is not unique in this regard; the same surge occurred in the United Kingdom, Canada and the United States. Government in Australia severely underestimated this surge in student and working holiday arrivals although it was largely predictable. The surge of arrivals in 2022-23 cancelled out the arrivals shortfall during the pandemic.

Departures in 2022-23 were about 100,000 fewer than in 2018-19, the last pre-COVID year (Table 2). This was due primarily to a 2022-23 surge in visa-hopping among temporary residents which is described in the following section.

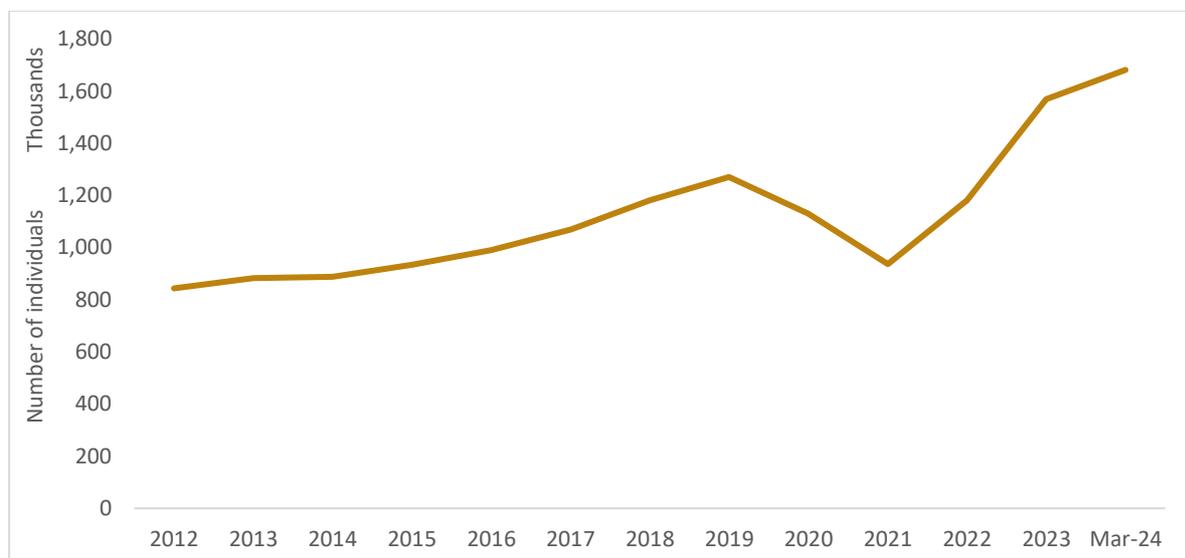
Temporary visa holders in Australia

The ABS data on border crossings by visa subclass are limited because, for arrivals, they refer to the visa subclass held at the arrival that was followed by 12 out of the next 16 months spent in Australia. Very often, people arrive initially in Australia on a 3-month visitor visa before taking up the temporary visa that allows them to remain in Australia longer term. This means that, in the ABS NOM arrivals data, the visitor visa subclass is second in number



only to student visa subclasses. In 2018-19, for example, 91,000 people whose visa on arrival was a 3-month visitor visa remained long enough to be counted into the population. This tells us nothing about the visa subclass that enabled them to remain in Australia. Later, many temporary residents change their visa type onshore meaning that people leave on a visa subclass that is different to the visa subclass on which they arrived. Thus, calculations of net temporary migration by visa subclass using ABS data are not useful.

Figure 7: Temporary visa holders in Australia (30 September) and 31 March 2024



Note: All temporary visas excluding Visitors and Crews and Transit. Also excluding New Zealand citizens. Source: Derived by the author from several Department of Home Affairs pivot tables, the most recent being [Temporary visa holders in Australia - BP0019 Number of Temporary visa holders in Australia at 2024-04-30 - data.gov.au](#)

This difficulty is overcome to a large extent through examination of changes over time in the number of persons present in Australia on each type of temporary visa. These data are published monthly by the Department of Home Affairs and are very up to date.³ The numbers can include people in Australia for less than 12 months, but for the visa types discussed here, most visa holders are in Australia for at least 12 months.

Total temporary visa holders in Australia

Figure 7 shows how the number of temporary visa holders in Australia fell during the COVID years but surged in the years after COVID to about 40,000 higher than the pre-COVID peak. This surge relates to the surge in arrivals already discussed but also to relatively low numbers of departures. In other words, this is a lag effect, and, without any policy action, we could expect this number to fall in the future as arrivals return to normal levels and departures pick up.

New Zealand citizens in Australia

Under the trans-Tasman Travel Agreement, New Zealand citizens have an automatic right of residence in Australia. Figure 8 shows that the number of New Zealand citizens (those who were not formal permanent residents or joint Australian citizens) is presently at an historically high level, being about 40,000 higher on 31 March 2024 than the pre-COVID peak.⁴ This probably understates recent movement from New Zealand as NZ citizens were given an

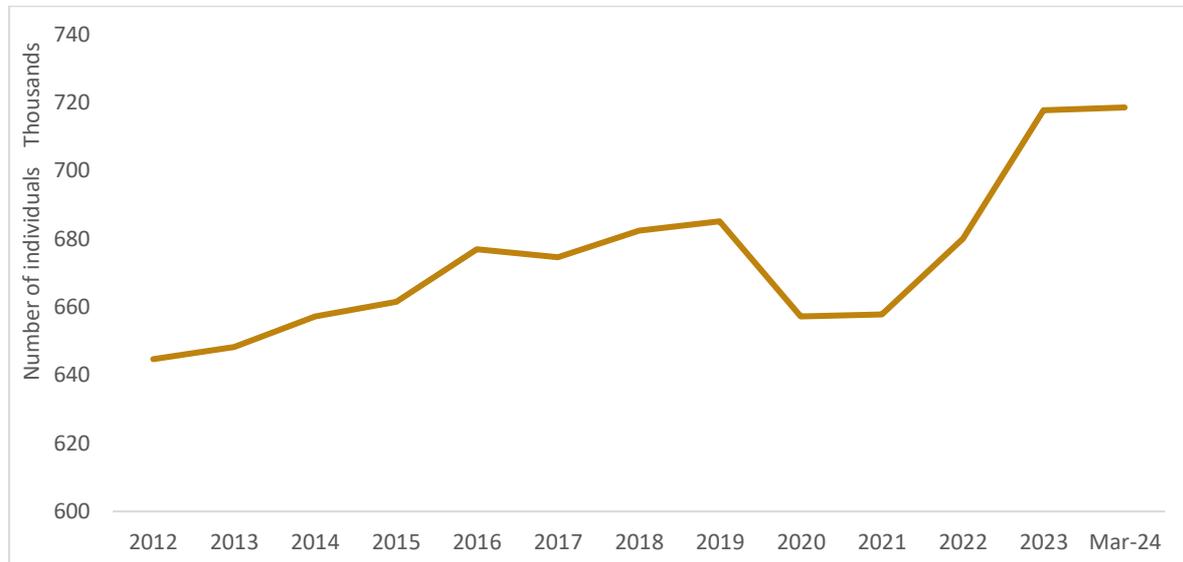
³ At the time of writing on 2 June 2024, data were available for 31 April 2024: [Temporary visa holders in Australia - BP0019 Number of Temporary visa holders in Australia at 2024-04-30 - data.gov.au](#)

⁴ These numbers can include New Zealanders who were visiting Australia for a short period but, at the same time, they exclude New Zealanders resident in Australia who were out of Australia for a short period on the date in question. On the weekend of



easier path to Australian citizenship from 1 July 2023 in which case they would not be included in this category. As more New Zealand citizens take up Australian citizenship, the numbers in this graph will fall. New Zealand statistics show that the net migration loss of New Zealand citizens to Australia in the year ended June 2023 was 21,460, having been only about 4,000 per annum in the five years preceding COVID.

Figure 8: New Zealand citizens in Australia (30 September) and 31 March 2024



Source: Same as Figure 7.

Bridging visas

Bridging visas are provided to people who have applied for another visa and are awaiting the outcome. Most have employment rights. This includes many who have applied for a permanent skilled visa, but also partner visas in the family stream and the very large cohort of bogus asylum seekers who arrived by air on a tourist visa and then claimed asylum. It is estimated that there are about 100,000 people, mainly from Malaysia and China, in the bogus asylum seeker cohort. Arriving from 2015 onwards, their cases have had a very low success rate (under 10 per cent) when heard by the Administrative Appeals Tribunal but they remain in the country (Rizvi 2022).

The former Coalition Government allowed the number of people on bridging visas to blow out to an historically extraordinary level, from 100,000 in 2014 to 370,000 in 2022. The reasons for this are not clear but it may have been strategic: if people were made to wait forever on a bridging visa, there is a good chance that they would leave. Whatever the reason, this is a pointer to the central problem that arose in the Australian skilled migration system over the past decade. Agents and visa holders learnt that the best approach to obtaining permanent residence is **persistence** – hanging on in Australia for as long as possible. This has involved hopping from one temporary visa type to another. Indeed, it could be said that, rather than skill, persistence became the main characteristic of success.

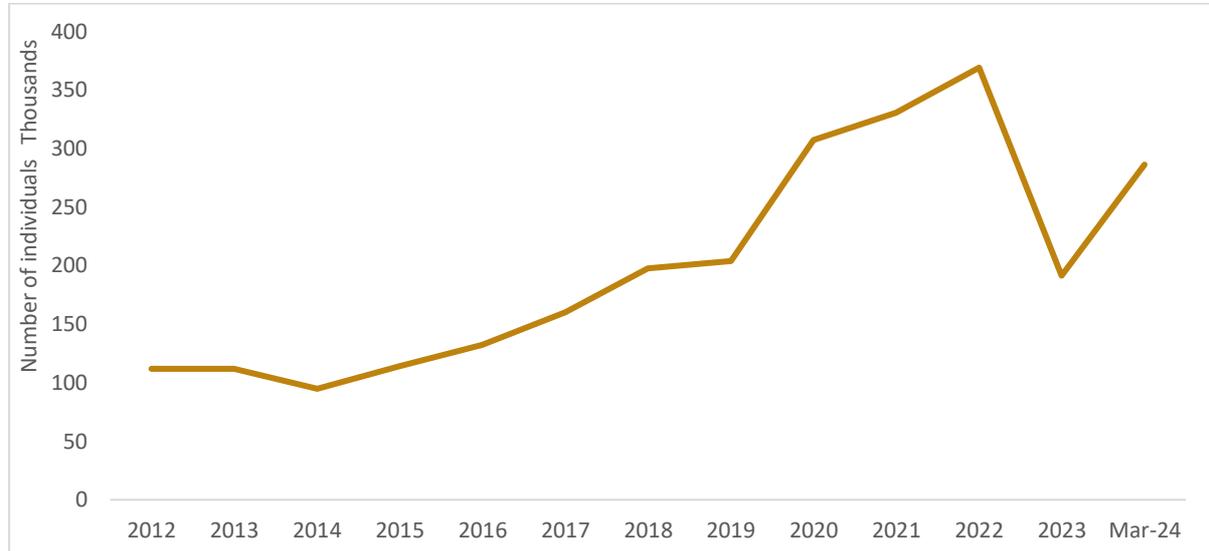
When Labor came to government, it set out to lower the numbers on bridging visas and hired more processing staff. This led to a huge drop of 180,000 in the bridging visa numbers and, to the extent that the visa application was successful, this would have added to the high net migration number in 2022-23 by reducing departures. In the past six months, however, the number on bridging visas has increased once again by about 100,000. The increases in the past six months are very large for the countries of South and Southeast Asia where students are prominent,

which 31 March 2024 was the Sunday, no New Zealand rugby or rugby league teams played in Australia. And, on a Sunday, there would have been fewer New Zealanders moving in Australia for short-term business purposes.



but, newly, also among the European and advanced East-Asian countries prominent in the Working Holiday visa program.

Figure 9: Bridging Visa Holders in Australia (30 September) and 31 March 2024

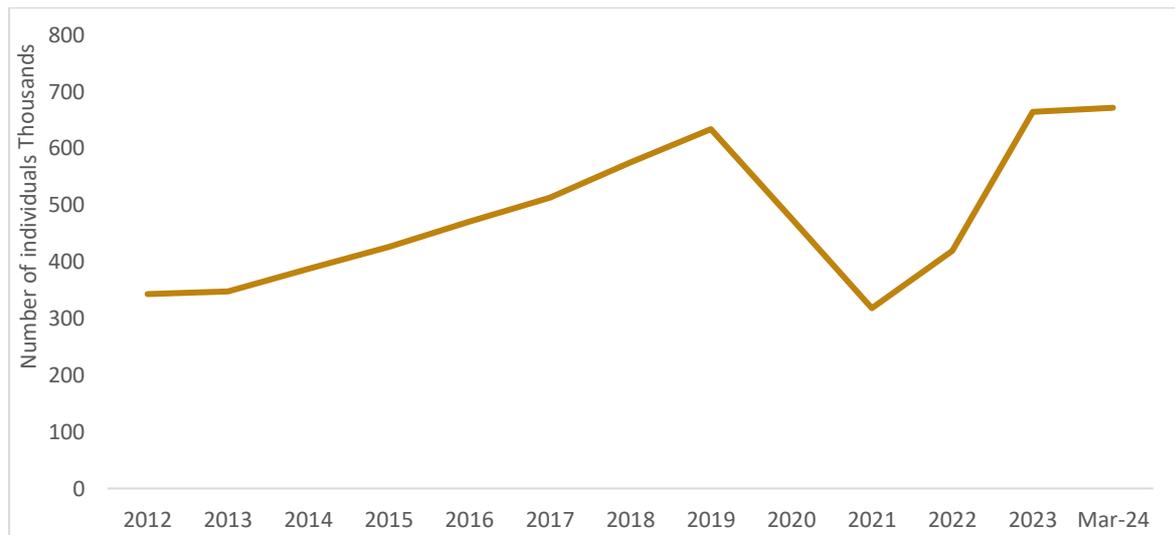


Source: Same as Figure 7

Students

The present government is desperately trying to reduce net overseas migration in advance of the next election. To do this, they are heavily hitting arrivals of international students or visa hopping by students in Australia (for example by introducing a ‘genuine student assessment’, increasing the required savings, increasing the required level of English language proficiency, introducing caps, targeting of shonky providers, and curtailing visa hopping). On this approach, the Opposition agrees.

Figure 10: Student visa holders in Australia (30 September) and 31 March 2024



Source: Same as Figure 7.

But as the chart shows, the number of students in the country at present is only marginally above the pre-pandemic level. Student arrivals are being targeted because this is the only movement large enough to bring down



NOM rapidly. But there is a risk of longer-term consequences – loss of market share and the creation of a roller coaster pattern for NOM as departures pick up while arrivals are low. In relation to long-term market share, Australia is protected to some extent by the fact that the United Kingdom and Canada are applying similar restrictions upon new student enrolments, but the United States has not put limits on its student surge.

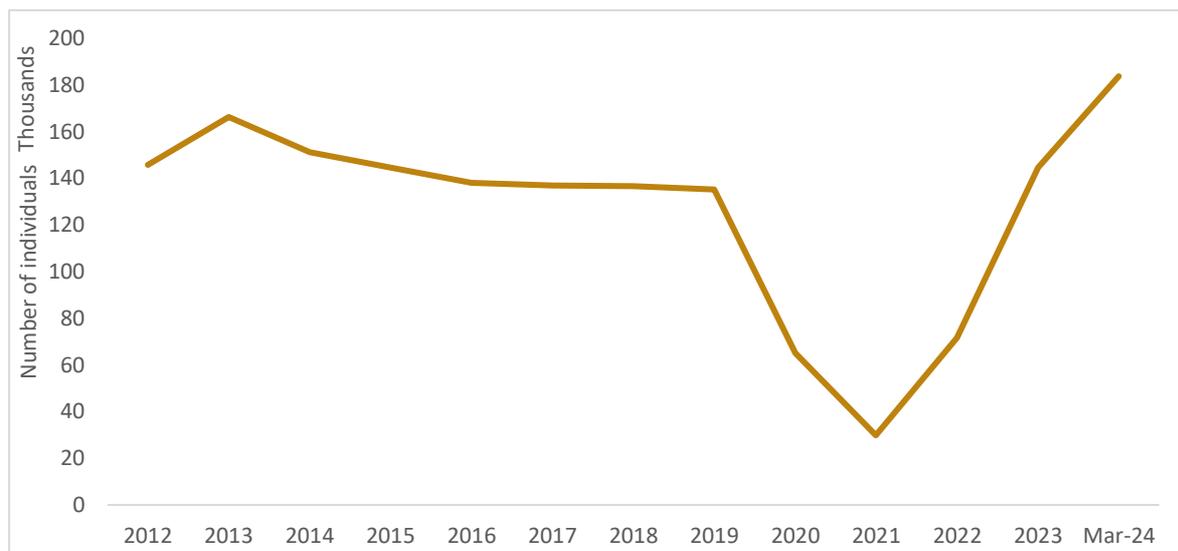
Working Holiday

Working holiday visas are the result of bilateral agreements with many countries by which Australian citizens under the age of 30 can spend time in the partner country while young people from the partner country can spend time in Australia. There are two visa subclasses. The visa subclass 417 is uncapped and relates to 14 European countries, 4 wealthy East Asian countries, and Canada. The visa subclass 462 is capped with varying allocations for the 29 countries covered by this agreement.

Originally these visas were for a visit of up to 12 months but the need for temporary labour in the horticultural industry led to an extension of one year if the young person spent 88 days picking fruit or vegetables. More recently, the opportunity to stay for a third year was opened based on a further 88-day stint in the fields.

The number on a working holiday visa has increased proportionally more than the number on a student visa. The lead countries are the United Kingdom, Ireland, France, Italy, Germany, South Korea, Japan, Taiwan and Indonesia. From analysis of the countries of origin of people on other temporary visas, it seems that working holiday makers are now well into visa hopping onshore.

Figure 11: Working holiday visa holders in Australia (30 September) and 31 March 2024



Source: Same as Figure 7.

The Parkinson Review recommended that the duration of the Working Holiday visa be limited to 12 months (Parkinson et al. 2023, recommendation 23, page 9). The review committee considered that 12 months was sufficient for the young visitor to have an adequate cultural exchange, which the reviewers saw as the purpose of the visa. Interestingly, the Department of Home Affairs web site says nothing about this visa as stimulating cultural exchange, instead stating that the visa is for holiday and work.⁵ Government and Opposition are under considerable pressure from growers to keep the existing arrangements in place and, to this point, neither, as yet, has indicated any plan to restrict the number or duration of working holiday visas.

⁵ [Working Holiday visa \(subclass 417\) \(homeaffairs.gov.au\)](https://www.homeaffairs.gov.au/working-holiday-visa-subclass-417)



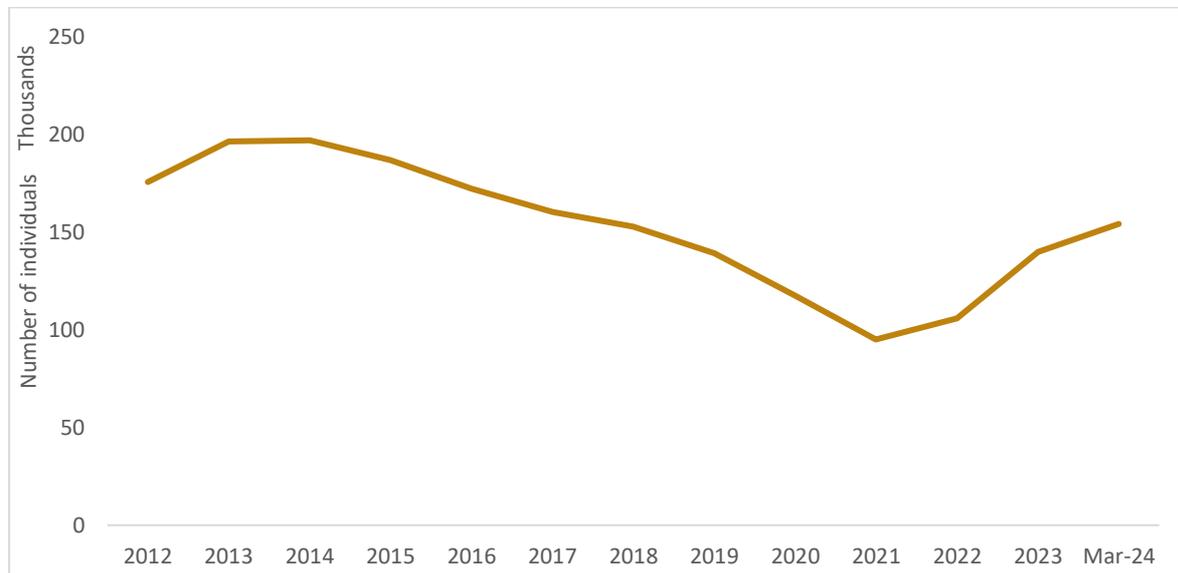
Temporary skilled

The number on the desirable temporary skilled visa remains well below its peak in 2014 (Figure 12) despite its proven value in the recruitment of skilled permanent residents. Although the number has been increasing recently. Neither of the two major political parties is proposing at present to limit the number of temporary skilled visa holders and a recent exchange indicates that both parties want to see more construction workers recruited on this visa (Brown 2024).

The big issue: onshore visa hopping

My two final charts indicate the principal reason that departures were abnormally low in 2022-23. The numbers in Australia for two categories, graduates and temporary other employment, expanded dramatically in 2022-23 by 221,000 in just one year.

Figure 12: Temporary skilled visa holders in Australia (30 September) and 31 March 2024



Source: Same as Figure 7. Note the numbers include family members of the principal applicant.

Graduates

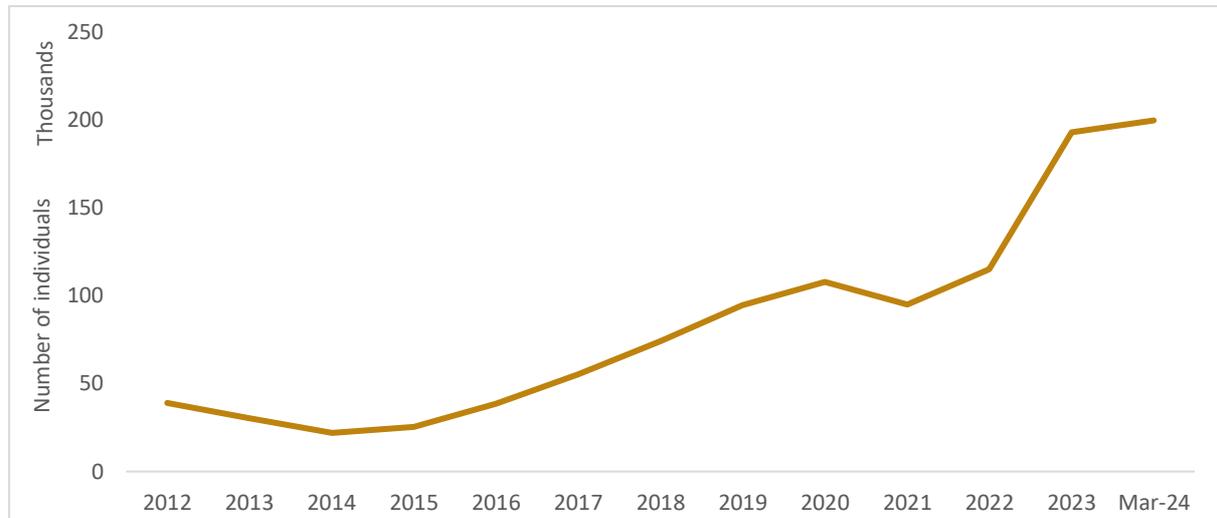
The sudden shift upwards in the long-term growth of the graduate visa (Figure 13: 95,000 in September 2021 to 193,000 in September 2023) was due to a massive clearing of the backlog in applications that took place in December 2022.⁶ Further increases were due to the new government extending the term of this visa from two years to four years for those with a bachelor’s degree. There was some justification of an extension of the graduate visa for graduates who were successfully employed in jobs commensurate with their qualification and on a pathway to permanent residence (a minority) but not for all graduates.

Looking for ways to bring down net migration as rapidly as possible, the present government reversed its previous decision and returned the graduate visa to a two-year visa, but many four-year visas had already been granted. As stated earlier, on a limited basis, there is a justification of a two-year extension to the graduate visa based on employer nomination. This would enhance the quality of new permanent residents in the skill stream.

⁶ Department of Home Affairs, 2023. Student visa and Temporary Graduate visa program report at 30 June 2023. <https://www.homeaffairs.gov.au/research-and-stats/files/student-temporary-grad-program-report-june-2023.pdf>.



Figure 13: Graduate visa holders in Australia (30 September) and 31 March 2024



Source: Same as Figure 7.

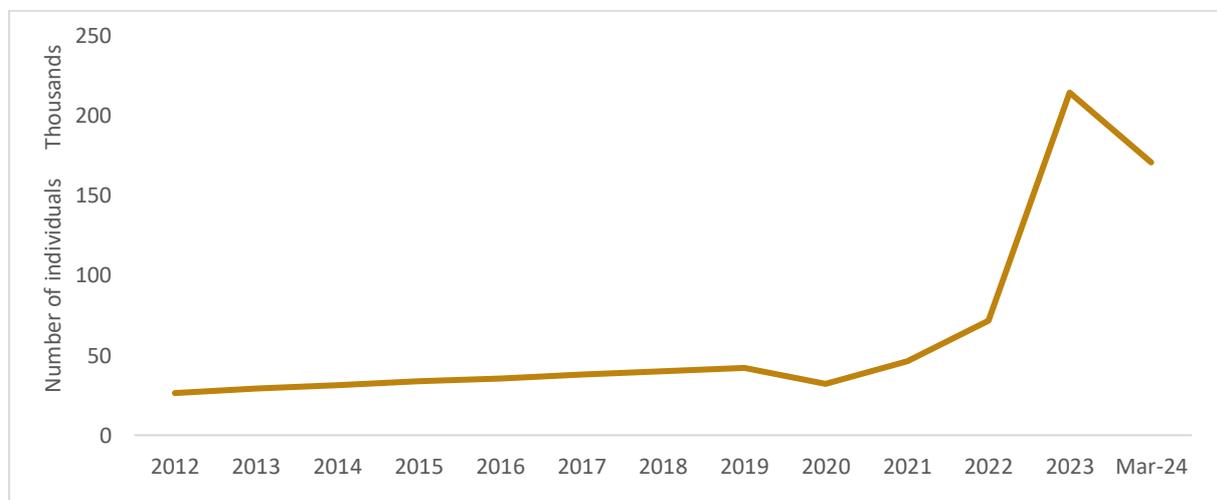
Temporary other employment

This category covers a range of visa subclasses, the principal ones being the 403 and 408 visa subclasses. The 403 subclass, Temporary Work (International Relations) includes the Pacific Australia Labour Mobility (PALM) program which has grown in recent years and largely relates to stays of under 12 months.

However, the 408 temporary employment visa subclass is by far the largest visa subclass in the category temporary other employment. Eligibility for the preexisting 408 temporary employment visa was extended by the Coalition Government during the pandemic to enable temporary visa holders who could not leave the country to obtain employment for their survival. But, as is evident from Figure 14, the uptake during COVID was not large.

After the pandemic, this visa was still in place and was used during 2022-23 as the main means of remaining in Australia. An astounding 192,000 holders of a student or graduate visa hopped to a 408 visa in 2022-23. There are also many former working holiday makers on this visa. In retrospect, Labor should have terminated access to this visa much earlier than it did. If these visa hoppers in 2022-23 had instead departed Australia, NOM would have been a much more reasonable number.

Figure 14: Temporary other employment visa holders in Australia (30 September) and 31 March 2024



Source: Same as Figure 7.



Conclusion

Policy debate regarding Australia's population including migration would be much better informed if the Australian Bureau of Statistics divided the Estimated Resident Population (ERP) into the permanent population and the temporary population as I have argued for the past five years.

There are around two million temporary residents in Australia at present. The temporary resident population does not age because it rolls over at the same ages as people arrive and leave. Temporary residents also do not have babies while in Australia. They are not eligible for most government services including Medicare, PBS, NDIS, state education, domestic tertiary fees, and many more. Temporary residents do not buy houses. While temporary residents are in the housing rental market, they are mainly in dedicated student or backpacker housing, or they live with a higher number of persons per dwelling than the permanent population (Soong and Mu 2024).

The difference between permanent and temporary residents is not considered in government planning such as budgets and intergenerational reports. It is primarily the permanent population that contributes to economic development and productivity. None of this has been considered in the recent debate on Australia's migration intake partly because ABS does not divide the Estimated Resident Population into its permanent and temporary components.

A central issue is visa hopping that promotes the culture that persistence through visa hopping is rewarded with permanent residence. This needs to be stopped in its tracks and the government has said that it will do this.⁷

For students, we could have a system where the only temporary visas that a graduating student could get are a graduate visa or another student visa for postgraduate study. Those on a graduate visa could be assisted through governmental processes to find employment commensurate with their skill level, with the involvement of all levels of government including local. The graduate visa could then be extended for up to a further two years if the student was employed in a position commensurate with their skill and if they were nominated by their employer. The student completing this path would then be eligible for permanent residence. Predictability, not persistence.

The number on student visas in Australia at the end of March 2024 was only marginally higher than the pre-COVID peak. And the present number is high because of the backlog of enrolments created by COVID border closures. Dealing with dodgy educational institutions that exploit international students is important as is the genuine student test introduced by Labor, but capping numbers attending respectable universities is unnecessary as the numbers will fall without the imposition of caps.

Both major political parties are targeting arrivals of international students because this is the fastest way to ensure that net overseas migration will fall to a much lower level, an imperative for the government in an election year. But there is a definite risk of over-shooting and the creation of a roller coaster pattern for NOM. Heavy restrictions on arrivals and the imposition of caps could have negative consequences such as staff reductions, the dropping of many courses and reduction of the level of university research. Unfortunately, in an election context, common sense and careful analysis of the numbers go out the door.

To conclude, the sensible directions for policy are:

1. Maintain the permanent migration program at its 18-year average level.
2. Severely curtail visa hopping onshore, including by working holiday makers.
3. Close dodgy educational institutions.
4. Do not cap international student numbers.
5. Temporary skilled visas should be encouraged, and
6. ABS must divide the Estimated Resident Population between its permanent and temporary components.

⁷ The Hon Clare O'Neil, Minister for Home Affairs, press release 12 June 2024

<https://minister.homeaffairs.gov.au/ClareONeil/Pages/ending-visa-hopping-migration-system.aspx>



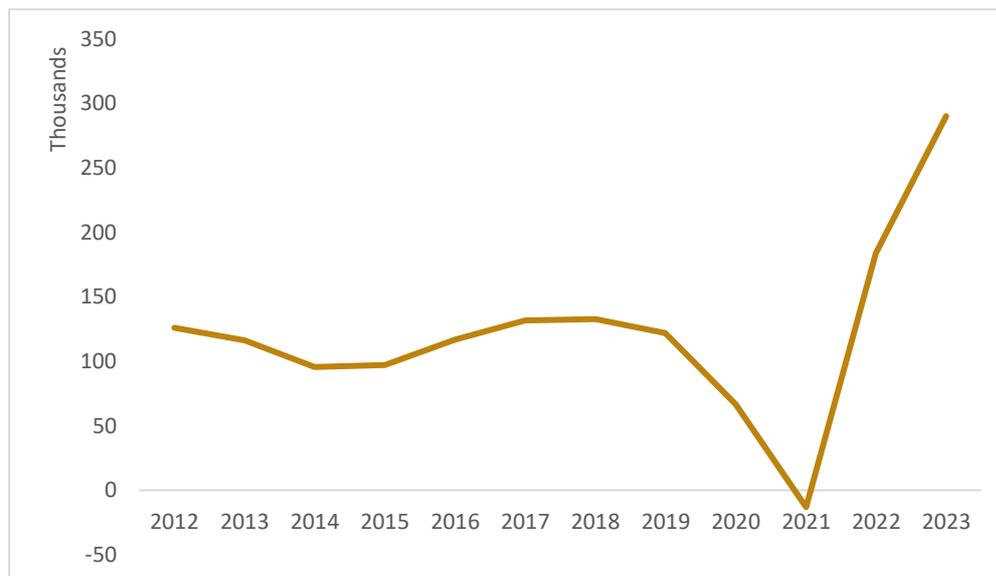
The ultimate aim of these recommendations is to ensure that the principal determinant of net overseas migration is the size of the government’s permanent migration program.

Postscript: Will the Treasury estimate of NOM for 2023-24 be met?

The Department of the Treasury has projected that Net Overseas Migration will fall to 390,000 for the current financial year, 2023-24. The ABS has published a preliminary NOM of 258,000 for the first six months of 2023-24. If the preliminary number is sustained in the final numbers, NOM for the six months 1 January to 30 June 2024 would have to be 132,000 to achieve 390,000 for the full financial year. Figure 15 shows the level of NOM for the six-month period, 1 January to 30 June for past years. The graph shows that NOM for this six-month period was considerably higher than 132,000 in the past two years, but the pre-COVID levels of NOM (2012 to 2018) are quite close to 132,000. Thus, the Treasury estimate can be achieved if migration behaviour returns to pre-COVID levels. This is possible or even likely given recent policy actions.

The current government has taken actions, consistent with the arguments in this paper, to curtail visa hopping.⁸ These policy changes will help to return NOM to its pre-COVID level. As an early indication of success in this regard, between 1 October 2023 and 30 March 2024, the number of people present in Australia on temporary visas (excluding visitors, ships’ crews and people transiting) increased by 110,000, less than half the equivalent increase of 228,000 between 1 October 2022 and 30 March 2023. This same number increased by only 14,000 in the month of April 2024.⁹

Figure 15. Net Overseas Migration, 1 January to 30 June, 2012-2023, Australia



Source: Australian Bureau of Statistics 2024. National, State and Territory Population, various issues. Latest National, state and territory population, December 2023 | Australian Bureau of Statistics (abs.gov.au) The final value of NOM for 2023-24 financial year will not be published by the ABS until mid-December 2024.

⁸ The Hon Clare O’Neil, Minister for Home Affairs, press release 12 June 2024 <https://minister.homeaffairs.gov.au/ClareONeil/Pages/ending-visa-hopping-migration-system.aspx>

⁹ Department of Home Affairs pivot table: [Temporary visa holders in Australia - BP0019 Number of Temporary visa holders in Australia at 2024-04-30 - data.gov.au](https://data.gov.au/dataset/temporary-visa-holders-in-australia-at-2024-04-30).



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