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Te Pokapū a Mahi me Te Manene Rangahau

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Permanent and Long Term Migration: The Big Picture



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EXECUTIVE SUMMARY

The monthly release of New Zealand's permanent and long term migration figures typically attracts intense public interest – the focus usually being on the flow of New Zealanders to Australia. The purpose of this paper is to give the broader context in which migration takes place and identifies two aspects that are crucial to the discussion of New Zealand's migration flows. First, permanent and long term migration to and from New Zealand has followed a cyclical pattern over the last 60 years and current patterns are consistent with the long term trends. Second, New Zealand's population growth provides context to the relative size of migration flows to and from New Zealand but is often overlooked. This paper shows that when population size is considered, Trans-Tasman departures relative to New Zealand's population are lower now than they were in the 1970s.

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PERMANENT AND LONG TERM MIGRATION

Introduction

New Zealand's population size is affected by migration flows, including the arrival and departure of New Zealand and Australian citizens and residents; temporary migrants on visitor, work, and student visas; and permanent residents. The departure of New Zealanders, particularly to Australia, is one of the main drivers of New Zealand's migration patterns. The net migration gain or loss is the difference between the number of permanent and long term (PLT) arrivals and the number of PLT departures.²

Many factors affect migration flows, such as earnings relativities and economic opportunities. The Trans-Tasman Travel agreement, introduced in 1973, allows for the free movement of New Zealand and Australian citizens between the two countries.³ This ability to live, work, and move freely between countries makes it relatively easy for New Zealand citizens to seek opportunities in Australia.

New Zealand's diaspora is significant and our expatriate community is seen as an important contributor to New Zealand's economic prosperity.⁴ The number of New Zealanders living overseas is estimated to be in the range of 700,000 to 1 million, of whom 495,000 are living in Australia.⁵ The latter figure equates to greater than one in ten New Zealanders living in Australia.

Migration figures to and from New Zealand are released monthly – one of the only economic indicators reported with such frequency. The ensuing focus of public debate is often on the latest direction in the movement of New Zealanders to Australia, even though PLT migration is only a small fraction of total trans-Tasman population movements. The attention given to the most immediate trend also tends to ignore the history of PLT migration between New Zealand and Australia and aspects of population change that help put migration in context. The purpose of this paper is to give the broader context in which migration takes place.

Permanent and long term migration follows a regular pattern...

The total number of people migrating to and from New Zealand fluctuates greatly from year to year, and cyclical patterns emerge over time. Figure 1 shows the changes in PLT arrivals and departures for the years ended June since 1947 and the fluctuations in net migration levels. The historical series shows a period of sustained net migration from the end of World War II until the late 1960s, followed by more cyclic periods of net gains and net losses. Since the 1960s, there has been a pattern

² An arrival or departure is permanent and long term if the intended length of stay or absence is 12 months or more.

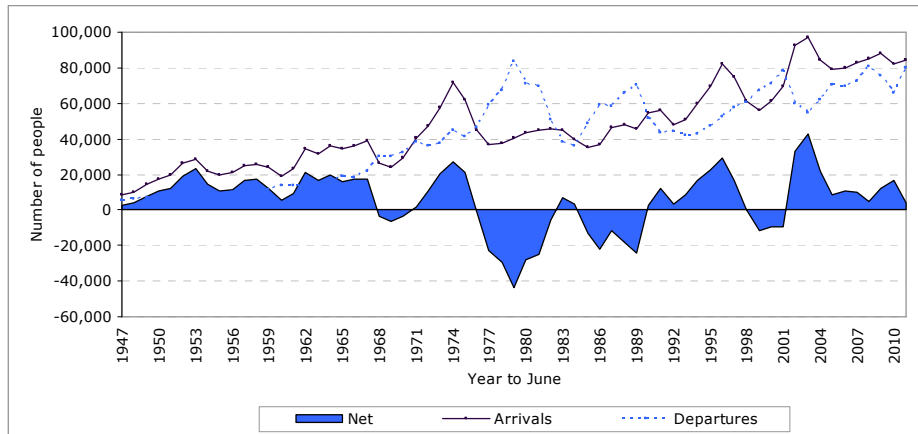
³ In New Zealand, the visa waiver also applies to holders of an Australian residence visa.

⁴ Kea New Zealand. 2011. *Foreign Investment from Kiwis: The potential for New Zealand's diaspora to invest in our productive economy*. Available at http://www.keanewzealand.com/sites/default/files/kea-investment-report-final-7nov_0.pdf

⁵ Population and Sustainable Development. No date. *Population FAQ*. Available at <http://www.population.govt.nz/population-faq.aspx>.

of peak net losses recorded at the end of each decade. The highest net losses occurred over the period 1976-1982 and again at the end of the 1980s. The period from 1990 onwards has been characterised by net gains rather than losses, although there was an end-of-decade net loss between 1999 and 2001, and since 2002 net migration has been positive.

Figure 1 Annual permanent and long term migration, 1947–2011 (June years)

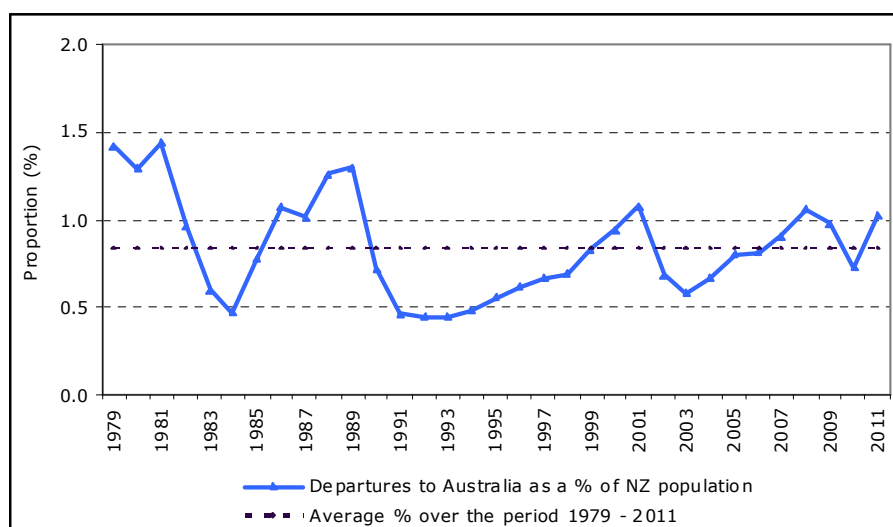


Source: Statistics New Zealand.

... and population growth affects the relative size of PLT migration flows

The size of New Zealand’s population, and how it has increased over time, is of crucial importance to the migration context yet it is often overlooked. When population growth is taken into account, we could expect the number of annual departures to increase as well. Figure 2 shows the PLT departures to Australia as a proportion of New Zealand’s estimated resident population. The size of migration flows to Australia relative to New Zealand’s population is cyclical, but has decreased since the 1970s.

Figure 2 PLT Trans-Tasman departures as a percentage of the New Zealand population, 1979-2011 (June years)



Source: Statistics New Zealand

Total PLT departures to Australia in the year to June 2011 were 44,900, or around 1 percent of New Zealand’s population. At the end of the 1970s, departures to Australia were as high in numerical terms, but were much higher relative to the size of New Zealand’s population - total PLT departures to Australia in 1979 were 44,100, or 1.4 percent of the population.

Recent trends show we are at a low point in the PLT migration cycle...

Table 1 shows the annual PLT migration data for the June years 2008– 2011. The recent data highlights the volatility in the series, particularly in the departure of New Zealand citizens. In the year to June 2011, the net gain from PLT migration was 3,900 people, the lowest over the last decade.

Table 1 Annual permanent and long term migration, 2008-2011 (June years)

PLT migration flows	Year to June	Arrivals	Departures	Net migration
New Zealand citizens	2009	24,800	52,500	-27,700
	2010	26,200	40,400	-14,200
	2011	23,800	53,700	-29,900
Non-New Zealand citizens	2009	63,400	23,300	40,100
	2010	56,100	25,400	30,700
	2011	60,200	26,400	33,800
Total	2009	88,300	75,700	12,500
	2010	82,300	65,800	16,500
	2011	84,000	80,100	3,900

Note: Figures may not sum due to rounding. Source: Statistics New Zealand.

...the recession and Canterbury earthquakes had an impact on migration..

This decrease from a net gain of 16,500 people in the year to June 2010 to 3,900 in the year to June 2011 was mainly due to a large increase in the number of departing New Zealand citizens. This increase followed a sharp drop in New Zealanders heading across the ditch during the recession. The drop in departures was most pronounced in 2009 and reflected New Zealanders deferring their plans in a climate of economic uncertainty. The more recent increase in Trans-Tasman migration indicates this was a temporary phenomenon as departures of New Zealand citizens increased in 2011 towards pre-recession levels.

Seasonally adjusted monthly net PLT migration has been negative since March 2011, partly reflecting an increase in departures from Christchurch following the 22 February earthquake and aftershocks. PLT departures from Christchurch between the months of March and May 2011 were almost double those in the same months in 2010.⁶

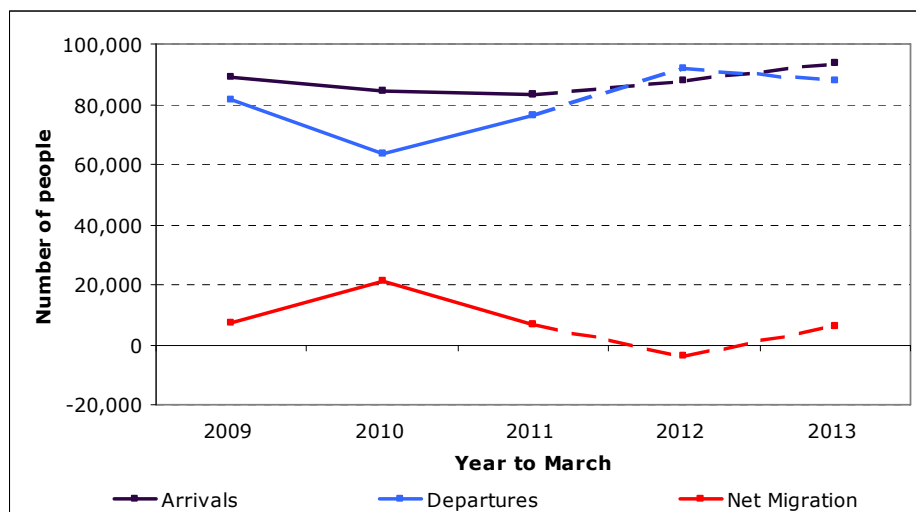
...but PLT migration is forecast to return to a net gain by 2013

Department of Labour PLT migration forecasts show departures to Australia will increase over the next year due to the lagged effects of the recent strength in the Australian labour market. However, the Australian labour market is showing signs of

⁶ Statistics New Zealand. 2011. *International Travel and Migration: June 2011*. Available at http://www.stats.govt.nz/browse_for_stats/population/Migration/IntTravelAndMigration_HOTPJun11.aspx.

slowing⁷, and as employment prospects in New Zealand improve, departures to Australia are forecast to ease in the latter part of 2012. Arrivals from the rest of the world (excluding Australia) are also forecast to increase over the next year, but at a slower rate than the increase in departures to Australia, resulting in an accumulated net loss over the short term of almost 4000, with a return to a net gain of about 6,000 during 2013.

Figure 3 Actual and forecast annual PLT migration, 2009 – 2013 (March years)



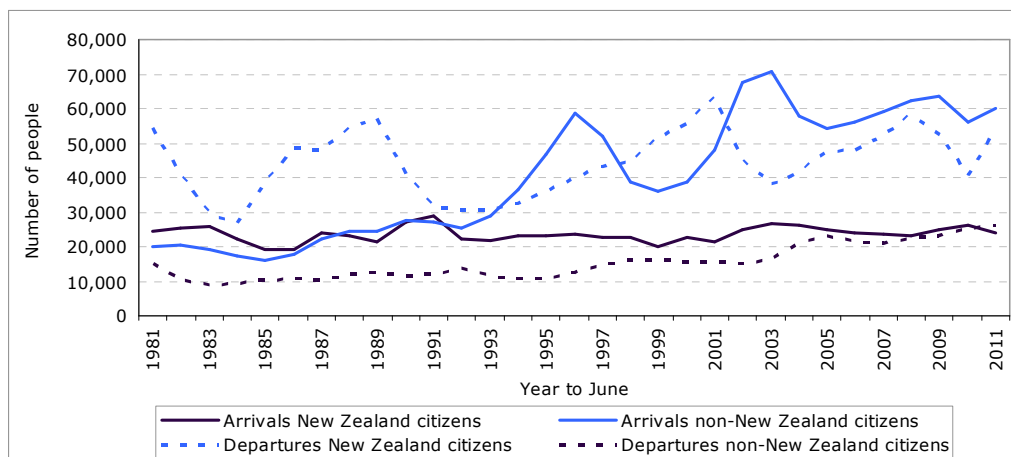
Source: Department of Labour.

PLT migration patterns differ by citizenship...

Figure 4 shows the patterns of migration flows for New Zealand and non-New Zealand citizens. Over the last two decades, the most volatile series have been the departures of New Zealand citizens and the arrival of non-New Zealand citizens. The number of New Zealand citizens returning after being away for 12 months or more is relatively constant in absolute terms, and the departure of non-New Zealand citizens shows a pattern of steady growth over time. The latter trend reflects the growth in temporary workers and international students since the late 90s and the subsequent departure of these temporary migrants.

⁷ Department of Education, Employment and Workplace Relations. 2011. *Survey of Employers' Recruitment Experiences: Combined Results for All Regions 12 months to June 2011*. Australian Government. Available at <http://www.deewr.gov.au/Employment/LMI/RegionalReports/AUS/Documents/Combined-Report-12-months-to-June-2011.pdf>.

Figure 4 Annual permanent and long term migration, by citizenship, 1981–2011 (June years)



Source: Statistics New Zealand.

...but Trans-Tasman migration is the most dominant migration pattern...

Migration between Australia and New Zealand has a long history, going back to 19th century colonial days.⁸ Since the late 1960s, there has been a strong, but cyclical, increase in the number of New Zealanders living in Australia, not matched by equal growth in the number of Australians living in New Zealand.⁹

Under the Trans-Tasman Travel Agreement (TTTA), introduced in 1973, citizens of Australia and New Zealand may freely live and work in each other’s country. Trans-Tasman migration accounts for well over half of New Zealand’s international migration – over the last decade, 64 percent of New Zealand citizen departures have been to Australia.¹⁰ Given the volatility in the flow of New Zealand citizens to Australia on a month by month basis, or annually, changes in the net losses should be considered within the broader context of long term migration trends.

...with fewer New Zealanders leaving to other countries

Table 2 compares the total flows over the last two full migration cycles, 1997-2003 and 2004-2010. Overall, it shows quite similar results with overall net gains over both periods (62,000 and 85,000). It also shows that although the number of New Zealanders departing for Australia was greater over 2004-2010 than 1997-2003, there was a significant decrease (84 percent) in the net number of New Zealanders leaving for countries other than Australia. This points to a significant narrowing and concentration of New Zealand’s diaspora to Australia. The net effect is that fewer New Zealanders departed the country between 2004-2010 than over the seven years between 1997-2003.

⁸ Ibid. p. 2.

⁹ Poot, J. 2009. *Trans-Tasman Migration, Transnationalism and Economic Development in Australia*. Motu Working Paper 09-05 Motu Economic and Public Policy Research.

¹⁰ Statistics New Zealand. 2011. *International Travel and Migration: June 2011. Hot Off the Press*. Wellington: Statistics New Zealand. Available at http://www.stats.govt.nz/browse_for_stats/population/Migration/IntTravelAndMigration_HOTJun11.aspx.

Table 2 Immigrants and emigrants 1997-2003 compared to 2004-2010 (June years)

	Arrivals	Departures	Net
New Zealanders to and from Australia			
1997-2003	52,300	187,900	-135,600
2004-2010	62,200	221,900	-159,700
New Zealanders to and from rest of the world			
1997-2003	108,400	153,300	-44,900
2004-2010	110,700	117,700	-7,000
Net PLT migration of New Zealanders			
1997-2003	160,700	341,200	-180,500
2004-2010	172,900	339,600	-166,700
Migration by other citizens			
1997-2003	352,000	109,300	242,700
2004-2010	409,100	157,200	251,900
Total PLT migration			
1997-2003	512,700	450,500	62,200
2004-2010	582,000	496,900	85,100

Source: Statistics New Zealand

Migration is driven by a range of factors...

A combination of factors is likely to explain the cyclical movement of New Zealanders to Australia, such as fluctuations in GDP growth rates, earnings relativity, employment and unemployment growth.¹¹ In addition, a change in Australia's social security policies in 2001 that removed New Zealander's entitlement to employment related benefits contributed towards a temporary change in patterns of migration losses.¹² Research by the Department of Labour and others provides context to the nature and composition of the migration flows described above.

...and four of every ten return

Considerable numbers of New Zealanders come back to New Zealand. Comparing the New Zealand and Australian Census 2006 results indicate that between 2001 and 2006 about four workers returned to New Zealand for every 10 going to Australia. This shows there is considerable Trans-Tasman 'churn' due to returning flows of New Zealanders.¹³

Research into New Zealand's expatriate community shows many stay connected with New Zealand and a high proportion (56 percent) plan to return within 5 years. It also shows those living in the UK and USA are more likely to plan to return to New Zealand, compared to those living in Australia.¹⁴

¹¹ For more detail on the drivers behind the distribution of population between Australia and New Zealand see Poot, J. 2009. *Trans-Tasman Migration, Transnationalism and Economic Development in Australia*. Motu Working Paper 09-05 Motu Economic and Public Policy Research.

¹² Haig, R. 2010. *Working Across the Ditch- New Zealanders Working in Australia*. Department of Labour. Wellington.

¹³ Ibid.

¹⁴ Kea New Zealand. 2011. *Every Kiwi Counts 2011: Research on New Zealanders living offshore*. Available at <http://www.keanewzealand.com/global/every-kiwi-counts>.

Kiwis working in Australia hold similar qualifications to those at home...

New Zealanders moving to Australia do not represent a 'brain drain'. New Zealand-born people in Australia have a similar skill profile to those in New Zealand.¹⁵ However, the inflow of overseas citizens to New Zealand is more highly skilled. In 2001, 32 percent of overseas-born who arrived in the previous five years had a degree or higher qualification – this increased to 38 percent in 2006. These figures compare to 12 percent of New Zealand citizens in 2001 and 17 percent in 2006. So while we are losing New Zealanders we are gaining migrants who have higher skill levels overall.

...they have a high rate of employment in Australia...

New Zealanders in Australia have high labour participation rates. New Zealanders in Australia are more likely to be working than the total Australian population. At ages 15–64, 83 percent of New Zealand-born men and 70 percent of New Zealand-born women worked, compared with 72 percent and 62 percent for the equivalent Australian groups.¹⁶

...and they earn more - especially the lower skilled

In Australia, wages are higher than in New Zealand (when adjusted for differences in living costs), but the size of the gap varies. For example, wages are 19 percent higher for the average worker in Australia compared with the same worker in New Zealand. However, there are important regional variations. Average wages in Wellington and Auckland are comparable with those of Adelaide and other lower-waged Australian locations. The income gap between New Zealand and Australia was highest in lower skilled jobs.¹⁷

The Big Picture

Public interest in PLT migration numbers is not surprising given these numbers are reported monthly, and are much more regular and immediate than other indicators that contribute to macroeconomic forecasting. This paper shows that monthly numbers need to be examined within the context of trends over a much longer period, especially given their volatility, even when seasonally adjusted.

PLT migration to and from New Zealand has followed a cyclical pattern over the last 60 years, and current patterns are very consistent with the long term trends. The recent decrease in net migration and increase in Trans-Tasman departures need to be viewed through this historical lens. A second point highlighted in paper relates to population growth – an aspect often overlooked in the commentary on New Zealand's migration flows. New Zealand's population growth has had the effect of *decreasing* the rate of Trans-Tasman PLT departures, such that Trans-Tasman departures relative to New Zealand population are lower now than they were in the late 1970s.

¹⁵ Ibid.

¹⁶ Haig, R. 2010. *Working Across the Ditch- New Zealanders Working in Australia*. Department of Labour. Wellington.

¹⁷ Stillman, S. 2010. *Immigration Selection and the Returns to Human Capital in Australia and New Zealand*. Department of Labour. Wellington.

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