

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

1 June – 3 June 2010

Question: BET 46

Topic: Intergenerational Report – Migration Figures

Hansard Page: E49 (02/06/2010)

Senator BERNARDI asked:

Senator BERNARDI—This is what I find interesting: you are making assumptions about changes to policy settings in the future, and yet the minister has said on a number of occasions that the *Intergenerational report* is based on a business as usual approach over the last 40 years. If we were going on business as usual, we would be on track for a 43.9 million population.

Mr Gallagher—It was also the case that if we had looked at the average for the last five or 10 years we would have arrived at a substantially lower net migration figure. If we had looked at the average for the previous five years, I think we would have come out with 180,000 anyway. So it was perfectly consistent. It is the normal thing when you are doing projections, which is that you do not project off the top of a cycle. You do not project off the peak. You assume some return to average levels for a long-term projection.

Senator BERNARDI—That would be assuming that there was a similar policy setting in place. There was a change in government, I am loath to remind you, Mr Gallagher, a couple of years ago!

Mr Gallagher—But the increases in net migration began occurring before the change in government. In 2005-06, on the ABS numbers, net migration was 146,750. In 2006-07, it had already risen to 232,824. Then in 2007-08—and the current government was not elected until November 2007, so it did not have much say in this—the number had already risen to 277,000. The rise was already on.

Senator BERNARDI—But you must have a figure for the average over the period of the previous government. The economic cycle was somewhat different to the one we have got now.

Senator Sherry—Before we go any further with the answer, that was off a figure in 1997-98, under the former government, of 79,200. So if you contrast the movement and in fact—

Senator BERNARDI—That would have been in the guts of ‘the recession we had to have’; is that right?

Senator Sherry—Can I finish my answer.

Senator BERNARDI—You are trying to be misleading.

Senator Sherry—I am entitled to contribute to answers, if I want, without being cut. In fact, I can give you all the figures from 1996-97 through to 2007-08. There is significant long-term growth, and the figures are significantly different from year to year; hence Minister Burke’s reference, which you referred to earlier, about the long-

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term historical average. You asked for an average, for example, over the last 40 years. I am sure we can—

Senator BERNARDI—No, I did not.

Senator Sherry—If we do not have the figure here now I am sure we can calculate it for you.

Senator Bernardi—I did not ask for an average over the last 40 years; I asked for an average over the life of the previous government.

Senator Sherry—I am sure we can give that to you as well. I am happy to take that on notice if we do not have an average figure here now.

Answer:

The annual average net overseas migration (NOM) under the Howard Government (1996-97 to 2006-07) was almost 121, 500.

In September 2006, the Australian Bureau of Statistics (ABS) introduced a new methodology for the estimation of NOM. The key change was:

- § the introduction of a '12/16 month rule' for determining whether a person is a usual resident of Australia, where the 12 months do not have to be continuous and are measured over a 16 month reference period.

The new methodology applies only to the final year in the 1996-97 to 2006-07 series. It is thought that the effect of the new methodology was to add around 30,000 people to NOM in that year.