



Net Overseas Migration: A Very Slippery Concept

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Key takeaways:

- ⇒ The definition of a ‘migrant’ varies considerably from country to country and from time to time. This highlights that ‘a migrant’ is a slippery concept.
- ⇒ Australia has used four very different definitions of a ‘migrant’ in the past 40 years. Therefore, the number of migrants cannot be compared across these 40 years.
- ⇒ Only New Zealand uses the same definition of a migrant that Australia currently uses, and this definition is very different from the United Nations’ definition of a migrant.
- ⇒ The final estimates of the numbers of Australia’s migrants are not published until 18 months after a year has ended.
- ⇒ Preliminary estimates of migration are published six months after a year has ended, but they can be inaccurate, and the method of calculation is changed very frequently.
- ⇒ Net Overseas Migration is not the ‘number of migrants coming into Australia’. It is the balance of estimated arrivals over estimated departures. Currently Australia has a ‘departures’ problem, not an ‘arrivals’ problem.
- ⇒ Recommendations: Net Overseas Migration should not be and cannot be the basis of migration policy. Continue to focus migration policy on the integrity of the permanent program.

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Introduction¹

Too many migrants? What definition of a migrant are we using? As demonstrated here, a 'migrant' is a very fluid concept that is subject to the definition of the day or the place to which the definition is applied.

A migrant in the definition of the population

In Australia, a migrant is defined as a mover who is counted into or out of the population at the national, state, territory or local levels. We need to measure population because:

- Population is used in several ways by the Commonwealth Grants Commission to distribute monies to states and territories and monies are also distributed to local governments partly on the basis of population.
- The Commonwealth Electoral Commission allocates the number of federal electorates to states primarily on the basis of population.
- Aside from these legislative functions, of course, population is required for planning purposes at every geographic level in every area of planning: public and private.

The changing definition of a migrant

Until 1982, anyone present in Australia (or in any geographic part of Australia) at a point in time was counted into its population (a *de facto* count). For people crossing borders, this definition took no account of how long they stayed in the location to which they had moved. International migration was measured using data on arrivals and departures. Any arrival to or departure from Australia was a migrant.

By this definition, 2,362,340 migrants entered Australia in 1981-82, the last year of the old system. Using the same definition, 20,063,050 migrants entered Australia in 2023-24. Little wonder, this system was changed. Furthermore, measured at 30 June each year, the *de facto* count tended to favour Queensland with many southerners temporarily seeking the northern sun. Finally, it was impossible to implement the arrivals and departures approach at any geographic level lower than Australia, so there was an inconsistency between the national and regional levels. For the *de facto* counts, particularly at the local level, there was a reliance on the accuracy of the census.

In 1982, Australia changed to a **usual resident** definition of population (*de jure*). A usual resident was defined as a person who spent 12 or more months in a location. International movers were asked to state on arrival and departure cards how long they intended to stay in or out of Australia. If the time was 12 months or more, then the person was defined as a migrant. The problem was that lots of people changed their stated intention, and so ABS had to invent a method of measuring these 'category jumpers'. By the year 2000, the estimated number of category jumpers had risen to such a level that it exceeded Net Overseas Migration (NOM) leading to the collapse of the system of measurement. No estimation of category jumping was made from 2000 to 2005. Intentions stated on the cards were taken as fact.

Following a thorough research exercise, in 2006, ABS shifted to a 12/16-month residence rule. From 2006 onwards, a usual resident has been defined as a person who spends 12 out of any 16-month period in Australia. A migrant arrival is a person who arrives in Australia and then spends 12 out of the

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next 16 months in Australia. And vice versa for migrant departures. With the cooperation of the Department of Home Affairs, this is measured using passport movements. Compared to the estimates of migration made in other countries, it is highly accurate. Very small numbers leave without ever entering or return after never leaving.

Why 12 out of 16 months? The aim was to ensure that **long-term** temporary residents were included in the population (they are often out of Australia for short periods that would exclude them if a continuous 12-month definition is used). Application of the new rule to the years 2004 and 2005 showed that the new method led to an increase in NOM, but this was at a time when temporary migration was comparatively low. If the old 2000-05 method of measurement was being used today, NOM would be substantially lower because a very large number of temporary movers would not be counted as migrants.

Issues of consistency

The 12/16 rule is used by New Zealand but no other country.

The United Nations defines a migrant as a person who moves and spends at least 6 months in the new location. If this definition were to be applied to Australia, the numbers of migrant arrivals and departures would be considerably larger than under the 12/16 rule.

The 12/16 rule is not used in the census. The census defines an Overseas Visitor (that is, a non-resident) as someone who usually lives in another country and is in Australia for less than one year, still consistent with the definition used from 1982 to 2005. Finally, it is impossible to apply the 12/16 rule for movements within Australia.

Preliminary estimates of NOM using the 12/16-month rule

While the final estimates of movement (after 16 months have elapsed) are highly accurate, the ABS in calculating the Estimated Resident Population (ERP) must determine the usual residence status of a mover **at the time they enter or leave the country**, not 16 months later.

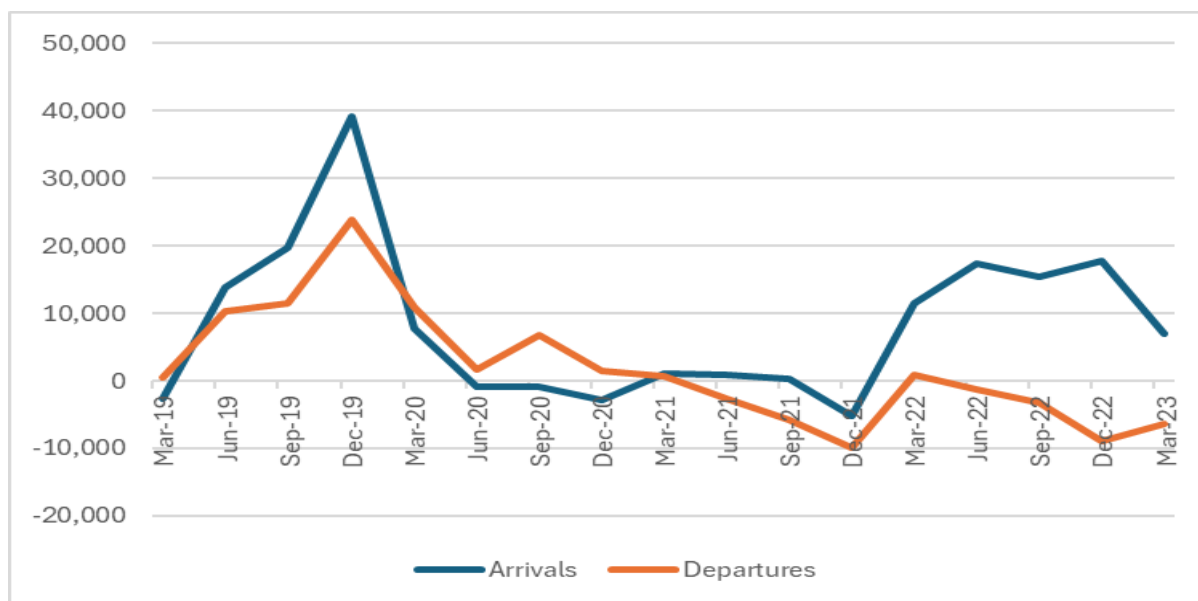
ABS does this by making **preliminary estimates** using statistical models that predict whether a person newly arriving or departing will have satisfied the 12/16-month rule 16 months later. The models are based on the characteristics of the mover. ABS changes the parameters of these models very frequently as new experience is obtained. At present, the parameters are being changed every year based on the experience of the previous year.

Preliminary estimates of arrivals, departures and net overseas migration are published each quarter in the ABS publication, *National, state and territory population*. The final estimates are published 18 months after the quarter has ended. So, for example, the final estimates for the financial year, 2023-24, will not be published until December 2025. The preliminary estimates for the same year will be published on 12 December 2024.

These delays would not be a problem if the preliminary estimates were close to the final estimates, but this is not necessarily the case as shown in Figure 1. The figure shows, separately for Arrivals and Departures, the numerical difference between the first published preliminary estimate for a quarter and the final estimate. For the December Quarter of 2019, these differences were 40,000 for Arrivals and 24,000 for Departures, very large numbers relative to the final NOM for the same quarter of 166,000.

Since the end of COVID border closures, the preliminary numbers have underestimated final Arrivals while overestimating final Departures. But, for Arrivals, the most recent estimates suggest that this situation will be reversed for the July and September quarters of 2023 when the final numbers are published. Errors in preliminary estimates are not systematic.

Figure 1. Final estimate minus first preliminary estimate, Arrivals and Departures, by Quarter, 2019-23, number of persons



Source: Various issues of ABS's *National, State and Territory Population*.

Interpreting Net Overseas Migration

On 12 December 2024, the ABS will publish **preliminary net** migration (NOM) for the year, 2023-24. This number will be interpreted by media and politicians as the '**number of migrants entering Australia**'. But as I have said, the number of migrants is subject to definition. The number would change if we used a 12/15-month or 12/17-month rule to define a migrant or if we used the UN definition. And the final number will differ from the preliminary number when it is published in December 2025.

More importantly, there is no such thing as a 'net migrant'. NOM must be considered in terms of actual movements, that is, arrivals and departures. We **must** interpret what is happening in terms of the numbers of arrivals and departures, not fictitious 'net migrants'. From this perspective, recent high levels of NOM are due substantially to the low number of departures, not the number of arrivals. Departure levels remain the same as they were when the border was closed (Figure 2). Counter to this fact, when the preliminary NOM number is published in a few weeks' time, politicians and others will call for reduction of the number of arrivals. They will have no strategy related to departures, the real issue. This is a point on which politicians of both sides must be challenged.

There are some 80,000 to -00,000 persons presently in Australia whose last resort to stay has elapsed. Many are from the cohort of bogus asylum seekers who entered during the term of the previous government.

There are no easy solutions to the departures issue. Rounding up 100,000 people who have no more options and putting them on four hundred 747s heading out of the country would be global news of the worst kind. Many people who have been in Australia for a long time, particularly children who have grown up in Australia, have local supporters and have good stories as to why they should remain. And the media loves these stories.

Figure 2. Number of departures by Quarter, March 2019 to March 2024



Source: Various issues of ABS's *National, State and Territory Population*.

Note: Final numbers except for March 2023 to March 2024 which are the latest available preliminary numbers.

Thus, NOM is a very slippery concept. It is highly subject to its definition and its definition has changed several times in recent decades. And preliminary NOM is even more slippery because ABS changes its estimation procedure roughly on an annual basis.

Net Overseas Migration is not a good basis for policy

Despite this, the Parkinson Review of Australia's migration system has recommended that Australia should plan migration based on net overseas migration rather than simply relying on permanent migration caps (Possible Reform Direction 6).

The question is: how would such an approach work?

The Review says: 'This likely means government would be attempting to manage NOM – which is the truer measure of migration's impact on population growth, communities and the economy.' The use of the word 'attempting' is noted. But as already explained, we could manage NOM by redefining it and ABS does manage preliminary NOM by changing the way that it is estimated on almost an annual basis.

But attempting to manipulate NOM in the year that it is happening is impractical. Suppose Cabinet were to specify the desired level of NOM for the coming year, 2025-26. The first available estimate of



NOM for the year, 2025-26, would be the **preliminary** estimate for the September quarter 2025 (July to September). This would be published around 20 March 2026 in *National, state and territory population*. First preliminary estimates for a quarter have had a low degree of reliability in recent years. By that time, only NOM for the remaining three months of 2025-26 could be influenced by change and, even then, most of the visa offers for the final quarter of the year would have already been made. Thus, it is impractical to think that NOM for a year can be modified based on trends in the year in which it is occurring.

The Review's emphasis on NOM undermines the significance of the permanent migration program. It is permanent migration that dominates the long-term social and economic impacts of migration. Temporary migration has temporary impacts.

Summary

To summarise, prioritise permanent migration and its components. Don't base long-term migration policy on a slippery concept. Don't allow short-term political considerations to ruin good permanent migration policy. Don't destroy valuable temporary visa programs by curtailing arrivals while not recognising that Australia has a significant problem with departures of temporary residents.

It would help planning enormously if the ABS produced annual estimates (by age and sex) that divide the resident population into permanent (Australian and New Zealand citizens and Australian permanent residents) and temporary residents.