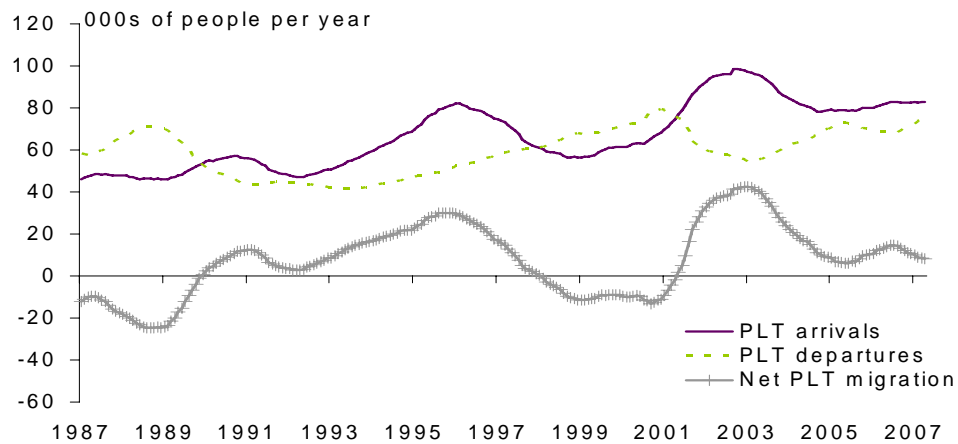




Migration at a glance

- There was a net migration inflow of 8,300 in the year to September 2007, down from 13,200 a year earlier.
- Annual net migration gains have fallen over the last ten months from a recent peak of 14,800 in November 2006.
- The recent decrease in net migration has been driven by growing departures of New Zealand citizens, as well as fewer New Zealand citizens returning from overseas.
- This has been partially offset by an increase in arrivals of non-New Zealander over the same period.

PLT total arrivals, departures, and net migration, 1987-2007



Source: External Migration, Statistics New Zealand

- Departures of New Zealand citizens to Australia have risen in the last year, and are up nearly 70% over the last four years.
- We expect that net migration will continue to decline in the short-term as underlying factors driving departures are unlikely to change.
- A special topic on the trends and drivers of New Zealanders migrating to Australia is included in September's Quarterly Migration Update.



QUARTERLY MIGRATION UPDATE - SEPTEMBER 2007

Introduction

This report examines trends in permanent and long-term (PLT) migration using data collected by Statistics New Zealand from arrival and departure cards. These data cover migrants intending to stay or leave for a year or more.

Moderate decline in net migration inflows

Net migration for the year to September 2007 has declined to 8,300, after reaching a peak of 14,800 in the year to November 2006. This figure is also lower than net migration figures a year ago of 13,200.

The decrease in annual net migration inflows over the last 12 months primarily resulted from more departures of New Zealanders¹ (up 6,100), and fewer arrivals of returning New Zealanders (down 800).

The recent decrease in net migration has most notably been driven by growing departures of New Zealanders to Australia (up 5,500). This growth has been partially off-set by an increase in arrivals of non-New Zealanders. The trends and drivers of the migration of New Zealanders to Australia are further explored below in the section 'Trends and drivers of New Zealanders migrating to Australia'.

Net migration inflows have decreased in each of the last ten months, following a gradual rise in the 13 months prior to that. As net migration inflows are influenced by volatile trends in arrivals and departures, they can fluctuate considerably and tend to have long cycles.

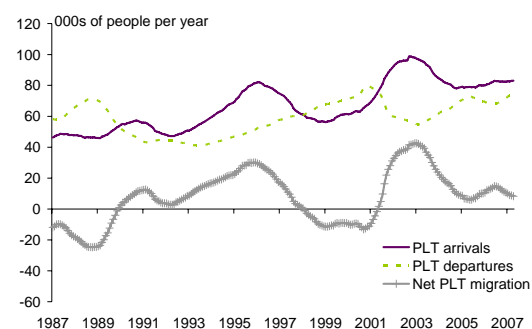
Net migration has now been below the long-term average of about 10,000 for the past three months. The underlying factors driving increased departures, particularly to Australia, are likely to persist in the coming months. Therefore it is likely that net migration will continue to decline in the short-term.

Continued increase in arrivals of non-New Zealanders

Compared to other OECD countries, New Zealand's migration trends are characterised by large volumes of departures (notably of New Zealanders) and arrivals (notably of non-New Zealanders).

In the year to September 2007, there was a net outflow of 30,500 New Zealanders, which was offset by a net inflow of 38,800 non-New Zealanders.

Figure 1: PLT total arrivals, departures, and net migration, 1987-2007



Source: External Migration, Statistics New Zealand

¹ In this report 'New Zealanders' refers to New Zealand citizens, regardless of the country of birth.



The number of returning New Zealanders has been fairly steady over time. However, it fell slightly to 23,200 in the year to September 2007, from 24,100 in the year before. These flows were offset by more arrivals of non-New Zealanders (up 2,200) over the same period.

The increase in non-New Zealand citizen arrivals has been due mainly to increased arrivals from Asia. In particular, such arrivals from South-East Asia continue to be strong, rising by 41% to 7,100 in the year to September 2007.

Increase in departures of New Zealanders to Australia

Departures of New Zealanders to Australia and the United Kingdom/Ireland constitute 71% of total departures in the year to September 2007. Departures of New Zealanders to Australia increased sharply to 35,300 in the year to September 2007, up from 29,900 a year earlier. Departures of New Zealanders to the United Kingdom/Ireland also increased slightly to 9,000 in the year to September 2007, up from 8,800 a year before.

Departures of non-New Zealand citizens have remained relatively steady over the past year. A 10% fall in departures to North-East Asia over the year to September 2007 has been offset by an 11% increase in departures to Australia.

Trends and drivers of New Zealanders migrating to Australia

Departures of New Zealand citizens to Australia are a key driver of overall migration patterns but are volatile over time. Of the 53,700 departures of New Zealanders in the year to September 2007, 35,300, or two-thirds, emigrated to Australia. While the outflows of New Zealanders to other destinations tend to be more than offset by corresponding migrant inflows, net migration with Australia is persistently and notably negative.

Australia is a popular destination for New Zealanders for a range of reasons. Some of these factors such as higher relative wages and a shared labour market can be influenced by policy settings. However other factors that can not be influenced by policy drivers including Australia's warmer climate, close proximity and similarity in culture also contribute to the large number of departures to Australia.

The number of New Zealand citizens departing for Australia has risen strongly over the past four years from 20,500 in the year to September 2003 to 35,300 in the year to September 2007. According to Australian Settlers statistics for the period 2006-2007, New Zealand overtook the United Kingdom as the largest source country for permanent migrants to Australia.

While departures of New Zealand citizens are volatile over time, the returning number of New Zealand citizens from Australia has remained relatively static over the past four years. Around 8,700 New Zealanders migrated back to New Zealand from Australia annually.

According to the Australian 2006 Census, 9% of all Australian residents born overseas were born in New Zealand. This was the second most prevalent country of birth for those born overseas, after the United Kingdom (which made up 24%). Most New Zealanders migrated to Queensland (47%), followed by New South Wales (22%) in the 2006-2007 period.



Table 1: Proportion of departures in the year to September 2007, by skill level

	Departures in year to September 2007		New Zealand Labour Force
	To Australia	To other countries	
Highly-skilled	28%	50%	29%
Skilled	26%	23%	23%
Semi-skilled/Elementary	46%	26%	48%

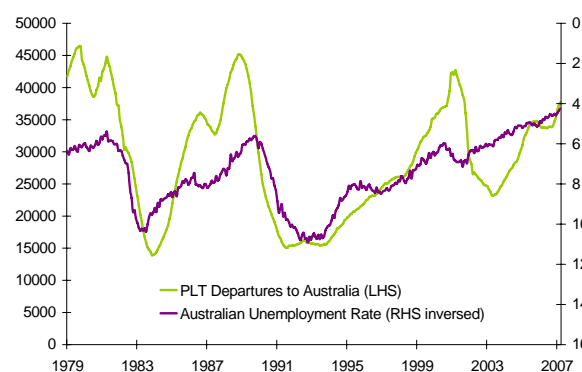
Source: Statistics NZ External Migration and Household Labour Force Survey 2007

As shown in Table 1, the skill level of New Zealanders departing to Australia is broadly representative of the New Zealand workforce. This is largely a result of the similar characteristics of the Australian and New Zealand labour markets and the ability of labour to move freely between both markets. New Zealanders departing to the rest of the world, however, tend to be more skilled than people departing to Australia. Nonetheless, the loss of New Zealanders overseas has been more than offset by arrivals of more highly skilled migrants. In the year to September 2007, there was an outflow of 14,500 New Zealanders employed in highly-skilled or skilled occupations groups, and 19,000 arrivals of people with similar skill levels. This means that, should current trends persist, migration may contribute to a rising of the average skill level of the labour force over time.

With the large outflow of New Zealanders to Australia, inward migration is increasingly vital to meeting New Zealand's skill and labour needs. Compared to other OECD countries such as Canada and Australia, New Zealand has significantly more permanent residence approvals per capita. This large volume of migrants emphasises the importance of policies which attract the right skills for New Zealand, as well as good risk management and settlement processes. Outflows of New Zealanders across a range of skill levels are leading to the increased use of temporary migration to meet both skill and labour shortages in New Zealand.

Departures of New Zealanders to Australia generally move in conjunction with the relative labour market and economic conditions in the two countries, particularly changes in the unemployment rate and real wages. Historically, departures of New Zealanders to Australia have had a strong inverse relationship with the unemployment rate in Australia (see Figure 2).

Figure 2: PLT departures to Australia and Australian unemployment rate, 1979-2007



Source: Statistics NZ and Australian Bureau of Statistics



APPENDIX: PLT MIGRATION DATA

Table 1: Permanent and long-term migration by region and country of last/next permanent residence (number of people)

Years to September	PLT arrivals		PLT departures		Net PLT migration	
	2006	2007	2006	2007	2006	2007
Oceania	19,452	19,520	35,697	41,506	-16,245	-21,986
Australia	13,268	13,579	33,866	39,773	-20,598	-26,194
Fiji	2,637	2,686	348	278	2,289	2,408
Samoa	1,598	1,494	428	476	1,170	1,018
Tonga	840	796	242	203	598	593
Asia	19,590	22,688	9,519	9,090	10,071	13,598
China, PR	4,123	4,046	2,582	2,420	1,541	1,626
India	2,763	3,905	605	622	2,158	3,283
Japan	3,222	2,756	1,474	1,393	1,748	1,363
Korea, Republic of	1,845	2,124	2,078	1,838	-233	286
Malaysia	1,360	1,547	419	483	941	1,064
Philippines	1,928	3,540	139	144	1,789	3,396
Singapore	625	617	341	419	284	198
Taiwan	820	920	357	293	463	627
Thailand	827	1,019	386	379	441	640
Europe	30,168	27,950	15,614	16,318	14,554	11,632
France	776	856	432	513	344	343
Germany	2,209	2,433	718	814	1,491	1,619
Ireland	1,188	1,190	1,022	868	166	322
United Kingdom	22,753	20,463	11,777	12,248	10,976	8,215
Americas	6,383	6,522	4,761	4,721	1,622	1,801
Canada	1,608	1,527	1,470	1,482	138	45
United States	3,636	3,621	2,611	2,524	1,025	1,097
Other^a	6,048	6,324	2,850	3,060	3,198	3,264
South Africa	1,739	2,098	382	344	1,357	1,754
Total	81,641	83,004	68,441	74,695	13,200	8,309

Source: External Migration, Statistics New Zealand

Notes: ^a includes those whose country of last/next permanent residence was not stated