



14 March 2006

## QUARTERLY MIGRATION UPDATE - DECEMBER 2005

### Background

- 1 This report examines trends in permanent and long-term migration using data collected by Statistics New Zealand from arrival and departure cards. The analysis is supported by data from the Department of Labour based on immigration approvals.

### Executive Summary

- 2 The New Zealand population made a moderate net gain of 7,000 permanent and long-term migrants in 2005.
- 3 Net migration gains have levelled out and recovered slightly over the past six months, following a sharp decline in the previous two years.
- 4 Arrivals to New Zealand have recently stabilised. Falling arrivals from Asia were balanced by more arrivals from other areas. These changes are in line with an increase in residence approvals and work permits, and a large fall in student permits from Asia.
- 5 Net migration is expected to be fairly steady around current levels over the next year.
- 6 However, there are early signs that departures may have peaked after two years of strong growth. Net migration could rise quite sharply if departures stay as subdued as they were in late 2005 and early 2006.

Table 1: Key migration statistics

December years	2004	2005
PLT arrivals	80,479	78,963
PLT departures	65,371	71,992
Net PLT migration	15,108	6,971

Source: Statistics New Zealand

**Disclaimer:** The Department of Labour has made every effort to ensure that the information contained in this report is reliable, but makes no guarantee of its accuracy or completeness and does not accept any liability for any errors. The information and opinions contained in this report are not intended to be used as a basis for commercial decisions and the Department accepts no liability for any decisions made in reliance on them. The Department may change, add to, delete from, or otherwise amend the contents of this report at any time without notice. The material contained in this report is subject to Crown copyright protection unless otherwise indicated. The Crown copyright protected material may be reproduced free of charge in any format or media without requiring specific permission. This is subject to the material being reproduced accurately and not being used in a derogatory manner or in a misleading context. Where the material is being published or issued to others, the source and copyright status should be acknowledged. The permission to reproduce Crown copyright protected material does not extend to any material in this report that is identified as being the copyright of a third party. Authorisation to reproduce such material should be obtained from the copyright holders.

## Introduction

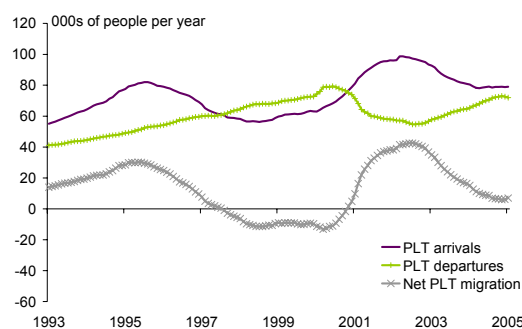
- 7 This report examines two datasets: External Migration data from Statistics New Zealand on permanent and long-term (PLT) migrants collected from arrival and departure cards; and administrative data from the Department of Labour's immigration database.
- 8 All External Migration data in this report are on a PLT basis, which covers migrants intending to stay or leave for a year or more. This includes people approved for residence, people on work or student permits, and New Zealand citizens leaving or returning. Data on immigration approvals cover temporary and permanent immigrants.

## Key points

### Net migration stabilises at a moderate 7,000 in the year 2005...

- 9 Net migration gains recovered slightly to 7,000 in the December 2005 year after a rapid fall from 42,500 in the June 2003 year to 6,000 in the year to October 2005 (*Figure 1*). Net migration to New Zealand is volatile because arrivals and departures can change quickly and often in opposite directions.

*Figure 1: PLT arrivals, PLT departures and net PLT migration, 1993-2005*



Source: External Migration, Statistics New Zealand

- 10 Arrivals have been fairly steady over the past year, falling by only 1.9% to 79,000 in the year to December 2005:
- Arrivals of non-New Zealanders/Australians were down 0.6% over the year to December 2005. However, they bottomed out in the first half of 2005 and have risen slightly as falling arrivals from Asia were offset by more arrivals from other areas such as the United Kingdom/Ireland.
  - These changes have been broadly in line with an increase in residence approvals (up 31% in the second half of 2005 compared to the same period a year earlier) and work permits (up 16% in the second half of 2005). The shift away from Asia can be seen in a 16% fall in student permits during the second half of 2005 compared to the same period a year earlier, especially from China.
  - The number of New Zealanders coming home fell 3.6% in 2005 after a 9.5% fall in 2004. The number of Kiwis coming home has stabilised at around 24,000-25,000 per annum.

### ...thanks partly to a fall in departures at the end of 2005

- 11 Departures rose by 10.1% to 72,000 in the year to December 2005. This rise was mainly caused by more New Zealanders moving to Australia (up 20.4%).

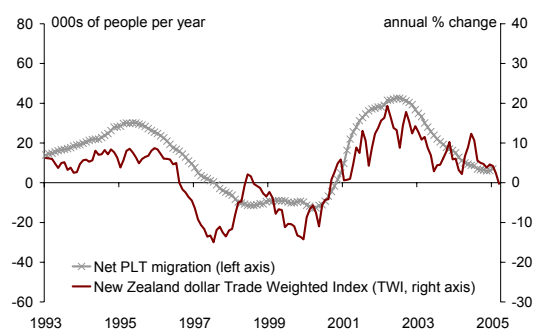
- 12 The annual comparison, however, hides a more recent fall in departures in the last two months of 2005 and the first month of 2006:
- Departures of students and other young people (0-24 year olds) to Asia fell 31% between the December 2004 and 2005 quarter. This may be a lagged effect of the fall in arrivals since 2003.
  - Non-New Zealand/Australian citizens may have been encouraged to stay longer than 1-2 years with strong growth in residence approvals, including movement from short-term permits: 87% of principal applicants approved for residence in the second half of 2005 had previously held a work, student, or visitor permit.
  - High growth in New Zealand citizen departures since mid-2003 came to an end in the last two months of 2005. This easing of departures of New Zealanders could be temporary. However, it could be due to a slight weakening of the Australian labour market or security issues, which may be keeping more New Zealanders at home.

### Possible impacts of the New Zealand dollar on net migration

- 13 After being sustained at a high level for three years, the New Zealand dollar has recently begun falling. Net migration moves closely with changes in the exchange rate (*Figure 2*). Although the causes of this relationship are uncertain, we know that:

- The strong exchange rate was one of a number of negative influences on the number of international students, as it became more expensive to study in New Zealand. This negatively affected short-term and PLT arrivals.
- A weak exchange rate encourages people to earn overseas currencies, while a strong dollar encourages people to spend overseas. Therefore, a strong exchange rate may lower departures of young people relative to older people (who tend to have more wealth to spend and transfer).
- More New Zealanders holiday overseas when the exchange rate rises. There were 941,200 short-term departures of New Zealanders in the year to December 2005, up 44% from three years ago.
- A net migration gain generally means immigrants are bringing in more money (buying New Zealand currency) than emigrants are taking out (selling New Zealand currency), which puts upward pressure on the exchange rate.

*Figure 2: Net PLT migration and annual changes in the exchange rate, 1993-2005*



Source: Statistics New Zealand, Reserve Bank

**Net migration is expected to remain fairly steady in the coming year**

- 14 We expect net migration to remain at 7,000 in the year to March 2006 and then rise slightly to 8,000 in the year to March 2007. Latest data confirm this outlook, as the net migration inflow stayed at 7,000 over the year to January 2006. However, the net migration inflow could rise to 15,000 in the year to March 2007 if departures stay as low as they were in late-2005 and early-2006.
- 15 The key factors that drove net migration over the last two years were rising departures of New Zealanders to Australia and decreasing arrivals of people from Asia, including a large fall in international students. The main factors that are expected to affect net migration over the next year are:
  - a An increase in arrivals of non-New Zealand/Australian citizens. This is supported by the increase in residence approvals and work permits over the past year.
  - b Departures of students and other young people to Asia look likely to ease further in the future, although this flow is already small.
  - c Departures of New Zealanders are expected to start rising again, but not by as much as in 2004 and the first half of 2005. In broad terms, the overall net migration gain is expected to be fairly steady as more New Zealanders departing largely offsets more non-New Zealanders arriving.
- 16 Forecasts from other organisations also suggest that net migration is likely to be fairly steady or have an upward trend.

## APPENDIX: PLT MIGRATION DATA

Table 2: Permanent and long-term migration by region and country of last/next permanent residence (number of people)

Year to December	PLT arrivals		PLT departures		Net PLT migration	
	2004	2005	2004	2005	2004	2005
<b>Oceania</b>	<b>19,112</b>	<b>19,933</b>	<b>30,931</b>	<b>36,817</b>	<b>-11,819</b>	<b>-16,884</b>
Australia	14,216	13,389	28,938	34,766	-14,722	-21,377
Cook Islands	299	426	379	397	-80	29
Fiji	2,117	2,808	398	409	1,719	2,399
Samoa	1,093	1,720	432	535	661	1,185
Tonga	756	925	254	237	502	688
<b>Asia</b>	<b>21,287</b>	<b>17,706</b>	<b>11,500</b>	<b>10,886</b>	<b>9,787</b>	<b>6,820</b>
China	6,143	4,102	3,319	2,986	2,824	1,116
Hong Kong	704	569	480	482	224	87
India	3,052	2,569	603	622	2,449	1,947
Japan	3,802	3,471	1,836	1,826	1,966	1,645
Korea, Republic of	2,204	1,769	2,884	2,492	-680	-723
Malaysia	1,050	1,109	421	446	629	663
Philippines	597	844	138	127	459	717
Singapore	644	557	277	311	367	246
Taiwan	654	704	385	392	269	312
Thailand	619	585	427	394	192	191
<b>Europe</b>	<b>27,478</b>	<b>29,182</b>	<b>15,353</b>	<b>16,399</b>	<b>12,125</b>	<b>12,783</b>
France	640	687	456	508	184	179
Germany	1,562	2,080	584	653	978	1,427
Ireland	1,467	1,378	791	943	676	435
Netherlands	579	698	255	255	324	443
United Kingdom	20,981	22,013	11,962	12,430	9,019	9,583
<b>Americas</b>	<b>5,683</b>	<b>6,068</b>	<b>4,148</b>	<b>4,947</b>	<b>1,535</b>	<b>1,121</b>
Canada	1,505	1,521	1,247	1,485	258	36
United States	3,451	3,674	2,331	2,800	1,120	874
<b>Other<sup>a</sup></b>	<b>6,919</b>	<b>6,074</b>	<b>3,439</b>	<b>2,943</b>	<b>3,480</b>	<b>3,131</b>
South Africa	1,391	1,492	378	331	1,013	1,161
<b>Total</b>	<b>80,479</b>	<b>78,963</b>	<b>65,371</b>	<b>71,992</b>	<b>15,108</b>	<b>6,971</b>

Source: External Migration, Statistics New Zealand

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