

26th April 2021

Migration Matters - Immigration and the Australian Economy

A new research paper titled “**Migration Matters – Immigration and the economy**” - commissioned by the Urban Taskforce and prepared by BIS Oxford Economics – was released today and can be found at the following link: <http://www.urbantaskforce.com.au/urbanideas/april-2021/migration-matters>

It focuses on the significant contribution of migrants to the ‘*three Ps*’ of Australia’s economic growth over the past 20 years – **Population** growth, **Participation** rate and **Productivity** increases. It also highlights the potential consequences of failing to restore our immigration levels to pre-COVID levels once it is safe to do so.

Key findings of the report include:

- In the 20 years prior to COVID-19, Net Overseas Migration accounted for, on average, **57% of Australia’s annual population growth**
- In the same 20-year period, new migrants were responsible for **more than 20% of the increase in the economy’s productive capacity** – conservatively estimated at **\$172 billion in additional output**
- Skilled migrants are the largest component of permanent arrivals **comprising 50%**, followed by family and humanitarian migration. They are typically relatively young (under 40), highly skilled workers earning above average salaries, paying above average income tax and requiring below average levels of government support
- Skilled permanent residents have an **employment participation rate of 92%**, compared with 66% for the overall Australian working-age population
- International student revenues are estimated to have supported **more than 240,000 local jobs in FY2019** – almost 2% of jobs in our economy
- Treasury previously estimated that permanent migrants and temporary workers who arrived in FY15 will contribute **a combined \$9.7 billion to the Government’s fiscal position** over the 50 years following their arrival in Australia. It recently identified the loss of migrants over the COVID-19 pandemic as a key reason for the structural gap between expenditure and revenue now present in government finances.
- Under the Government’s current projections, the Report finds that the cumulative loss of migrants as a result of COVID-19 is the main component of a projected **loss of 1.1 million people in our population over the next decade**, relative to pre-COVID projections. This will result in a smaller workforce – estimated at 822,000 by 2024 (financial year). This, in turn, slows economic growth – estimated to be by a cumulative 4% by 2025 – reducing the size of the Australian economy by \$80 billion !

Tom Forrest, Urban Taskforce CEO, provided the following analysis of the research:

“Migrants create jobs – they don’t take them. Migrants generate more tax revenue because of their high levels of tertiary education, income, skills and relatively low age. We need more migrants to improve the ratio of taxpayers to non-taxpayers, which is in long term decline across Australia.

“Price rises for new homes have been driven by low planning approval numbers and the resultant low levels of supply. Some local councils in Greater Sydney, with an eye on the upcoming local government elections in September 2021, have used the reduced immigration during the COVID-19 period to further reduce planning targets for more housing. It is this politically expedient myopia which has created the dangerous price bubble we see today.

“A reduction in the future pipeline for housing is a double whammy for the NSW and Australian economy. Lower supply will mean reduced affordability while reducing the economic growth potential for the nation.

“The policy imperative must be reversed. Change the planning system to build in flexibility to cater for a rapid return of migrants to our economy, thus giving us some chance to raise the revenue needed to pay off the COVID related government debt and fund the full range of services to ensure the baby boomer generation is properly cared for as they approach their senior years.

“The key is to return to the pre-COVID-19 levels of temporary and skilled migration numbers as soon as safely possible. The economic imperative is so great, pro-active measures should be considered to safely restore migration numbers.”

This research document will be formally launched at a function on 19 May by the Minister for Immigration, Hon Alex Hawke MHR; Australia’s most successful migrant property developer, Harry Triguboff AO; and BIS Oxford Economics Chief Economist, Sarah Hunter.

*The **Urban Taskforce Australia** is a property development industry group, representing Australia’s most prominent property developers and equity financiers.*

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