



# MONTHLY MIGRATION TRENDS

## JULY 2009



# MIGRATION TRENDS KEY INDICATORS REPORT: JULY 2009

## **Purpose**

This report provides a brief summary of migration trends for the 2009/10 financial year to date. This report is for July 2009 and focuses on three key areas: the New Zealand Residence Programme, permanent skilled migration, and temporary entry. Included is an update on employment and business confidence in New Zealand. All immigration data is sourced from the Department of Labour and, unless otherwise stated, is reported as a count of individual people rather than the number of applications.<sup>§</sup>

## **Summary of key points**

- The number of unemployed people is at its highest level since 1999. The unemployment rate is 6.0% and predicted to rise further in 2009 and 2010.
- Business confidence has rebounded from low levels and an increasing number of firms are expecting their activity to improve in the year ahead.
- Residence approval numbers in July 2009 were down on July 2008, but with the exception of that year, the approval numbers were similar to previous years.
- 84% of Skilled Migrant Category (SMC) principal migrants were approved with a skilled job or offer of employment.
- Around 70% of SMC work to residence approvals transition to permanent residence
- Work approval numbers have been falling for the last four months relative to the numbers in the previous year, a result of falling demand for migrant workers through Essential Skills policy and relatively high decline rates for applicants.
- International student numbers continue to show a general upward trend. The decreasing number of students from North Asia continues, while numbers from India and Fiji are increasing.
- International visitor numbers from Europe and Asia are well down as tourism continues to feel the brunt of the economic downturn and the influenza pandemic. The growing number of visitors from Australia is offsetting the falls from other regions.

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<sup>§</sup> *The reporting method used in this report is consistent with the annual Migration Trends and Outlook report. The purpose of reporting counts of individuals is to show the number of people who enter New Zealand rather than the number of permits they were granted. In practice, counting individual people typically gives lower numbers for temporary workers and students than when reporting the number of applications decided, as some individuals make more than one application in a reporting period. The Department of Labour also reports counts of temporary work and student applications, which are higher than the number of individuals reported here (see the statistics at [www.immigration.govt.nz/statistics](http://www.immigration.govt.nz/statistics)). Permanent residence statistics are uniform across the Department of Labour.*

## 1. Unemployment and business confidence update

- The unemployment rate rose from 5.0% to 6.0% in the June 2009 quarter, marking the sixth consecutive rise in unemployment. The 1.0 percentage point increase over the quarter was the largest since 1988. The number unemployed is at its highest level since 1999 (now 138,000 people) and there was a 37% rise in the number of people on the unemployment benefit between March and June 2009.<sup>1</sup> The NZIER consensus forecasts indicate that the worst is yet to come for New Zealand households, predicting unemployment to reach 7.2% in 2010.<sup>2</sup>
- New Zealand's unemployment rate remains relatively low compared with other OECD countries. New Zealand is currently the ninth lowest in the OECD. The average unemployment rate in the OECD reached 8.3% (in June 2009) compared with 5.8% one year earlier. Australia's unemployment rate is 5.8%.
- While the short term outlook for the labour market remains weak there are some positive signs emerging for the economy more generally. The National Bank's survey of business confidence showed that in July 2009, a net<sup>3</sup> 19% of respondents expected general business conditions to improve over the next 12 months, which was 13 percentage points higher than the previous month.<sup>4</sup> This is the highest level of business confidence since March 2002. Firms' expectations of their activity was also positive with a net 13% (up from a net 8% in June) expecting improvements in the year ahead.
- The survey also showed improvements in other key indicators (investment, employment, and profit) although respondents were still more pessimistic than optimistic on these measures. For example, a net 14% of firms expect lower profits over the next 12 months, and many firms were still expecting to reduce staff. A net 7% of firms were expecting to hire fewer staff over the next year and the majority of firms (74%) expected the unemployment rate to rise.

## 2. New Zealand Residence Programme (NZRP)

The NZRP planning level is 45,000 - 50,000 permanent residence approvals for the 2009/10 financial year. This range is unchanged from 2008/09.

### 2.1 Residence approvals

- 3,376 people were approved residence in July 2009 compared with 4,442 in July 2008. With the exception of last year, the July approval numbers are similar to previous years (3,233 in July 2007 and 3,642 in July 2006). Table 1 shows the breakdown of approvals by stream in July 2008 and July 2009.

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<sup>1</sup>All labour market data sourced from Department of Labour (2009): Labour Market Update – August 2009.

<sup>2</sup> [http://www.nzier.org.nz/Site/Publications/Consensus\\_forecasts.aspx](http://www.nzier.org.nz/Site/Publications/Consensus_forecasts.aspx) (accessed 5 August 2009). The predicted range is between 6.4% and 7.8% unemployment.

<sup>3</sup> The percent expecting an improvement minus the percent expecting a worsening.

<sup>4</sup> <http://www.nbnz.co.nz/economics/outlook/090729/default.aspx> (accessed 30 July 2009).

**Table 1: Residence approvals by stream**

<b>Stream</b>	<b>July 2008</b>	<b>July 2009</b>	<b>% Change</b>
Business / Skilled	2,568	1,881	-27
Uncapped Family Sponsored Stream	817	771	-6
Parent Sibling Adult Child Stream	760	489	-36
International / Humanitarian	297	235	-21
<b>Total</b>	<b>4,442</b>	<b>3,376</b>	<b>-24</b>

- The top 5 source countries were the UK (17%), China (13%), South Africa (11%), the Philippines and Fiji (8% each).
- Analysis of residence applications accepted shows a trend of decreasing skilled applications from the UK and China for at least the last two years (longer for the UK), and growing demand for skilled residence from South Africa. Demand from the Philippines is increasing through the Uncapped Family Sponsored Stream.

## **2.2 Skilled Migrant Category (SMC)**

- The number of people approved for residence through the SMC in July 2009 was down 28% on July 2008 (1,724 compared with 2,411).
- The top five source countries were the UK (20%), South Africa (19%), the Philippines (11%), China (10%), and Fiji (8%).
- 84% of SMC principal applicants had a job or offer (unchanged from July 2008) and 70% gained points for recognised work experience compared with 61% last July.
- Most SMC principal applicants were approved onshore (89%), of whom 87% had a job or offer. Of the 11% approved offshore, 58% had a job or offer.
- Around 60 SMC principal applicants have been approved an SMC work to residence permit per month since April 2007 and their transition rate to permanent residence is approximately 65%.<sup>5</sup> The transition rate for all work to residence permit holders (since 2003) is approximately 70%.<sup>6</sup>

## **3. Temporary migration**

### **3.1 Workers**

- The number of people approved to work in July 2009 was 12,128, which was 7% lower than in July 2008. Work approval numbers have been falling for the last four months relative to the numbers in the previous year. The decreasing number of temporary workers is a reversal of the trend in recent years.
- Decreasing work approval numbers is being driven by falling demand for migrant workers through Essential Skills policy, together with relatively high decline rates for applicants.
- Currently, the main nationalities of temporary workers are the UK, India, and China. The main trends show a decreasing number of temporary workers coming from the UK and China and growing numbers from India. In the case of India, the number of

<sup>5</sup> Since April 2007, SMC work to residence permits have been issued for 9 months.

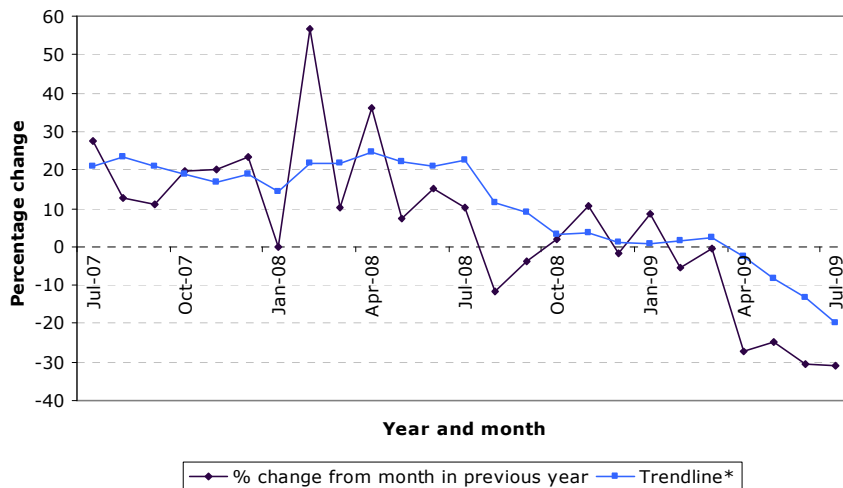
<sup>6</sup> Excluding people approved an SMC work to residence permit less than nine months before July 2009.

international students taking up the 'study to work' permits has grown steadily over the last 6 months.

### 3.2 Essential Skills and Horticulture/Viticulture policies<sup>7</sup>

- The demand for Essential Skills and Horticulture/Viticulture workers has been decreasing since October 2008 and approval numbers have subsequently dropped. Figure 1 shows the trend in the number of workers approved through these policies over the last two years. It tracks the percentage change between any given month in one year with the same month in the previous year – for example, this July compared with last July.
- The number of people approved through Essential Skills and Horticulture/Viticulture policies has been dropping for six consecutive months relative to last year. Since April 2009, the number of people approved has been tracking at around 25-30% lower than in the previous year.

**Figure 1: Monthly percentage change in the number of Essential Skills and Horticulture/Viticulture workers approved.**



### 3.3 Essential Skills policy decisions<sup>8</sup>

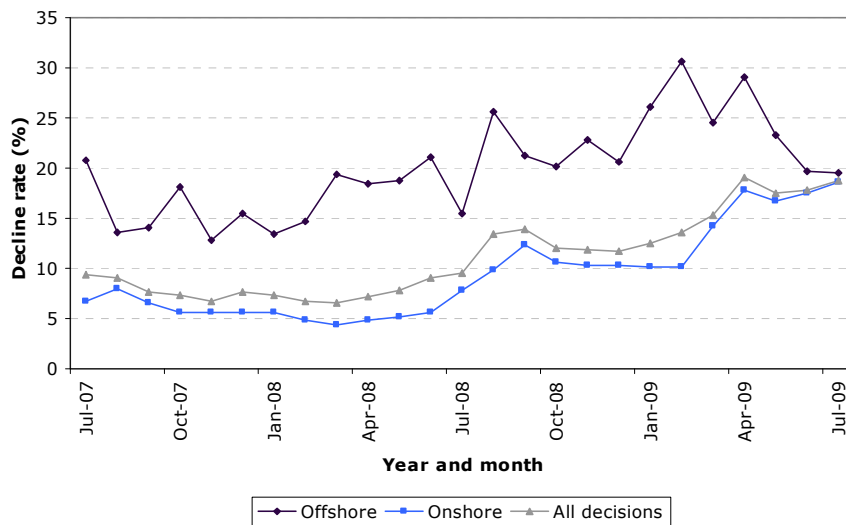
- The Essential Skills decline rate increased throughout 2008/09 and was particularly high for offshore decisions (although the bulk of decisions were made onshore). The overall rate peaked at 19% in April 2009. Figure 2 shows that decline rates have converged for offshore and onshore decisions and have averaged around 18% over the last four months.

<sup>7</sup> Includes the following policies: Approved in Principle, Essential Skills, Essential Skills - Skill Level 1, General, Specialist skills, Recognised Seasonal Employer, Transitional Recognised Seasonal Employer, and WHS Extension.

\*The trendline is the rolling average percentage change over the last six months.

<sup>8</sup> Includes all decisions on the following policy types: Approved in Principle, Essential Skills, Essential Skills - Skill Level 1, General, Specialist skills.

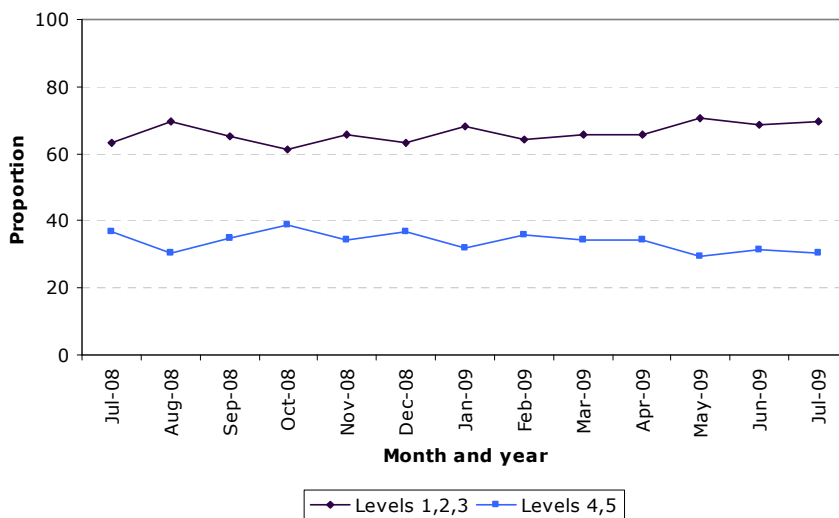
**Figure 2: Decline rate for Essential Skills applications by branch location.**



### 3.4 Occupational skill level of Essential Skills policy approvals

- Figure 3 shows that the proportion of Essential Skills workers with a skilled job<sup>9</sup> is tracking at around 70%, a fairly consistent level over the last 12 months.

**Figure 3: Occupational skill level of Essential Skills workers by month.**



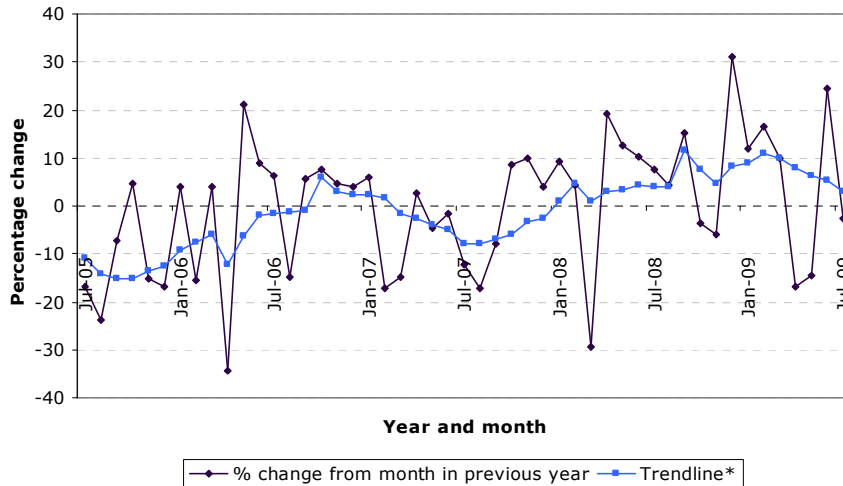
### 3.5 Students

- The number of people approved to study in July 2009 was 9,522, down slightly (3%) on last year. Figure 4 shows the general trend in student approvals over the last four years. It tracks the percentage change between any given month in one year with the same month in the previous year. Despite the fluctuations, the trend shows a positive growth in students approved over the last 18 months, although the rate of growth has slowed over the last 6 months.

<sup>9</sup> Defined as having a job with a skill classification of level 1, 2, or 3 using the Australian and New Zealand Standard Classification of Occupations (ANZSCO 2006).

\*The trendline is the rolling average percentage over the last six months.

**Figure 4: Monthly percentage change in the number of students approved.**



- Currently, the largest source countries of international students are China, India, South Korea, and Fiji. The general trend of decreasing numbers from North Asia continues, while numbers from India and Fiji continue to grow. India is currently the second largest source country in the 2009/10 financial year to date and the number of students approved in July 2009 was 13% higher than the same month last year.

### 3.6 Visitors

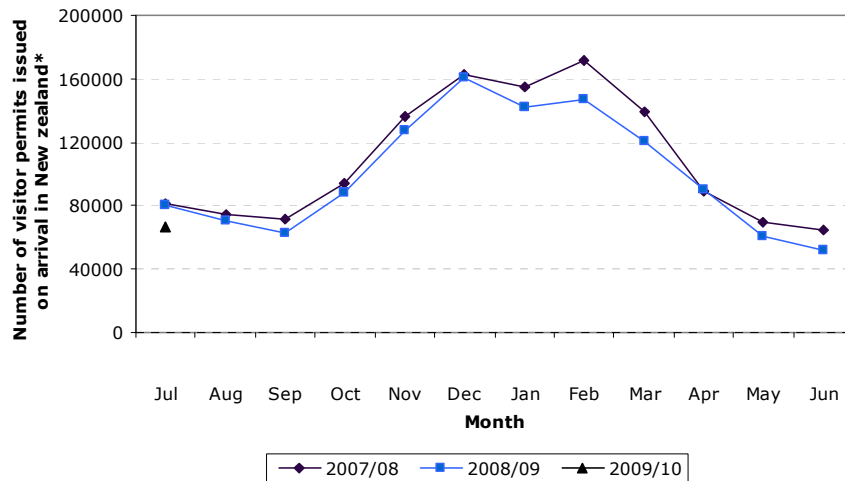
- The number of visitor permits issued at the border was down 18% in July 2009 compared to July 2008.<sup>10</sup> This continues a downward trend in tourism from Europe and Asia. The Ministry of Tourism reports that the impact of the Influenza A (H1N1) pandemic was significant for Asian markets, with large falls in the number of visitors from China, South Korea, Japan, and Taiwan earlier in 2009.<sup>11</sup>
- Visitor numbers from Australia continue to grow in spite of the recession, with a 16% increase in arrivals in the April-June 2009 period.<sup>12</sup> The increasing number of arrivals from Australia is offsetting the falls in tourism from long-haul markets.

<sup>10</sup> This includes all visa-free and visa-required travellers issued a visitor permit on arrival in New Zealand. It excludes Australian citizens and any other nationals exempt from holding a permit.

<sup>11</sup> Ministry of Tourism (2009). Tourism Leading Indicators Monitor (June 2009): Impact of the 2009 Influenza Pandemic on New Zealand’s Inbound Travel.

<sup>12</sup> Ministry of Tourism (2009). Tourism Leading Indicators Monitor (July 2009): Australian visitor arrivals defying recession in 2009.

**Figure 5: Number of visitor permits issued on arrival by month\***



\*Excludes Australian citizens and any other nationals exempt from holding a permit

- The Ministry of Tourism predicts strong growth in the number of visitors from Australia over the medium term (around 3% per annum). For China, the number of visitors is expected to rebound from 2010 onwards with an annual growth rate of around 7% per annum out to 2015.<sup>13</sup>

<sup>13</sup> <http://www.tourismresearch.govt.nz/Data-0-Analysis/Forecasts> (accessed 7 August 2009).

