

## Immigration is this week's hot topic

### Immigration policy is back on the radar

**Update:** The charge of the small-Australia brigade gained momentum last week with former NSW Premier, Bob Carr, using it as a deflection from the lack of investment in NSW over many decades.

The latest update from the ABS on population via the Australian Demographic Statistics for the September 2017 quarter will be released this week.

**Insight:** Despite the six month lag to the update, this will be a timely release in light of recent events. The release will include an update on net overseas migration (NOM).

Immigration can be an emotionally charged topic of debate. Last week we saw the latest debate unfold. This included a number of advocates for the restriction of immigration numbers, delivering in a familiar, one-dimensional and simplistic narrative.

Australia needs a strong immigration policy. Now that Australia's mini natural population boom (inspired initially by the Howard Government's baby bonus of the 2000's) is ending, the focus needs to turn to the ageing population and the crucial role that NOM has to play in the years and decades ahead. Australia's future prosperity is indelibly linked to the economy's ability to attract skilled migrants of working age.

One of a number of fundamental flaws in the 'shut the gate' side of the immigration fence is the lack of explanation as to what the driver/s of the nation's future economic prosperity will be in the absence of a strong and flexible immigration policy.

The 2015 Intergenerational Report (IGR) highlighted the acceleration in the ageing of Australia's population which will occur in the years ahead. This report projected that the population of Australia aged over 65 years old will increase from 3.6 million people in 2014/15 to 8.9 million people in 2054/55. Based on the IGR figures the share of over 65's in the total population will increase from 15.0 per cent to 22.6 per cent mid-century.

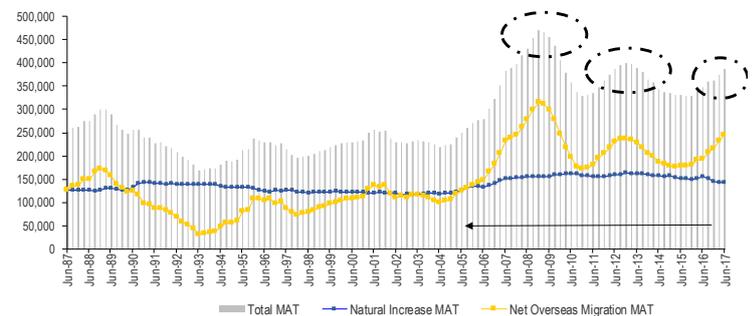
Against this backdrop there needs to be a credible plan and workable strategy to grow Australians' standard of living while restricting NOM. If somebody has an answer to that conundrum then they're keeping it very secret.

Policies that restrict NOM run the risk of harming Australia's future economic prosperity and the standard of living of future generations of Australians.

### Top of the charts: The upswing continues?

When the ABS releases the latest demographic statistics on Thursday 22<sup>nd</sup> March we will likely see a continuation of the trend below – a cyclical upswing in NOM.

Australia's Population Growth by Component  
Source: ABS 3101.0



Over the last decade NOM has been driven by the effects of the GFC and by government policy.

Now it is the relative attractiveness of Australia as a migrant destination and government policy settings. In terms of this latter driver a prominent requirement is – don't put a number on immigration.

A policy to restrict NOM implies putting a number on immigration. We don't need to do that. We need to ensure policy settings and flexibility that encourage skilled migrants of working age to Australia, to contribute to a supportive base for our ageing population.

It's not us, but our children and grandchildren who will suffer if we don't.

### Consumer sentiment is ticking along ...

**Update:** ... in rather unspectacular fashion.

The Westpac-Melbourne Institute Index of Consumer Sentiment inched up by 0.2 per cent in March to 102.7, signalling that optimists marginally outweigh pessimists.

**Insight:** Sentiment is a good indicator to watch. It's not going to rally in a hurry, but we want to avoid a re-emergence of negative confidence within the household sector. What happens to consumer spending is a crucial unanswered question for Australia's economic outlook in 2018. Nobody knows when wages growth is going to reaccelerate.

Along the uncharted journey it wouldn't be a good signal if a downward trend in consumer sentiment emerged.

The fortnight ahead – key dates and releases (AEDST)

**Tuesday 20 March**

ABS Residential Property Price Index, December 2017, 11:30am

**Thursday 22 March**

HIA Kitchens and Bathrooms 2017/18 Report 11.00am

ABS Australian Demographic Statistics, September Qtr 2017 11.30am

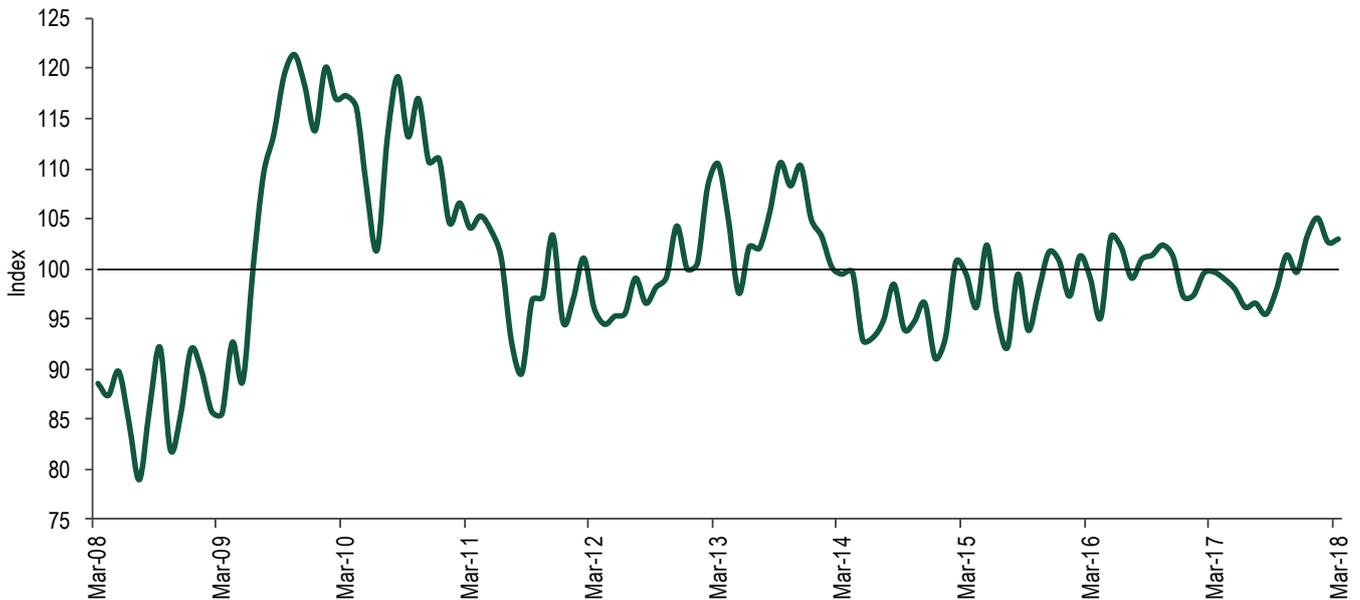
ABS Labour Force, Australia, February 2018 11.30am

**Tuesday 27 March**

HIA New Home Sales Report, February 2018, 11:00am

**Consumer Confidence**

Source: Westpac-Melbourne Institute



ACI offers tailored industry analysis, forecasts and research on emerging trends, at a national, state and even regional/local level. If you would like to speak to ACI about a potential research project please email [info@aciresearch.com.au](mailto:info@aciresearch.com.au)

For more information on the products and services of Australian Construction Insights (ACI) go to our website [aciresearch.com.au](http://aciresearch.com.au)



**AUSTRALIAN CONSTRUCTION INSIGHTS**  
Research powered by HIA Economics

**CONTRIBUTORS:**

**Harley Dale**

Chief Economist

*Disclaimer: This document is produced by ACI based on information available at the time of publishing. All opinions, conclusions or recommendations are reasonably held or made as at the time of its compilation, but no warranty is made as to accuracy, reliability or completeness. Neither HIA nor any of its subsidiaries accept liability to any person for loss or damage arising from the use of this report.*