

15 June 2022

## Australia's arrivals and departures

### May: slower pace but strong underlying detail

**Arrivals: 651.1k, +77.2k mth, +536.5k yr**  
**Departures: 664.0k, +57.3k mth, +556.7k yr**

The headline pace of growth in overseas travel pulled back slightly in May, but the detail suggests there is still substantial underlying strength. Overseas arrivals into Australia are estimated to have risen from 573.9k in April to 651.1k in May. Similarly, overseas departures are estimated to have lifted from 606.7k in April to 664.0k in May. Both components are now sitting above a third of their pre-pandemic levels; at this current 3-monthly average pace (127k and 163k respectively), a return to pre-pandemic levels could be achieved in 7-9 months.

The category of movement breakdown (available for April but not May) can provide insights into the strength of the demand base in Australia. The return of Australian residents from short-term trips dominated the gains in April, nearly doubling to be at roughly 283k, while short-term visitor arrivals also rose strongly, to around 235k. The latter was accompanied by favourable data in [Australia's trade account](#), reporting a 27% lift in tourism-related services exports in April. This is a promising signal that the pick-up in overseas arrivals we have been observing since March is starting to have a material impact on the Australian economy, especially in tourism-related areas which still have a capacity for strong growth over this year. Arrivals on a permanent/long-term basis are consolidating at a level just short of their pre-pandemic average, albeit they only comprise roughly 5% of total overseas arrivals.

On the flip side, many Australians are enacting their planned and paid for trips, with roughly 400k residents departing for short-term trips in April. Despite significant downward revisions, the number of Australians departing for a long-term trip remain at twice its pre-pandemic level, likely reflecting the pent-up demand, particularly among young Australians, to travel and/or work overseas on a longer-term basis.

Turning to the visa detail, temporary work arrivals continued to post gains, lifting from 36k in April to 41k in May. Student arrivals rose from 21k to 25k, but they remain at a subdued level, well off the February peak associated with the beginning of the first semester of university. However, data from the Department of Home Affairs indicates that a significant lift in inflows may be just around the corner. The three-month rolling average of student visa applications soared in March/April to be above pre-pandemic levels. If grants continue to flow at this pace, this should translate to significant growth in student arrivals over the year. This is in addition to the substantial growth in working holiday maker grants over Q1 this year, now sitting at 75% of pre-COVID levels.

With the Australian labour market expected to tighten further this year, the gradual pick-up in visa arrivals will play a crucial role in alleviating the issue of labour undersupply. Ultimately, the broader net migration picture will play a critical role in supporting the long-term health of the Australian economy.

Although May's headline figures slightly disappointed, the detail confirms that the recovery in overseas travel is building strength and there is plenty more to come as the year unfolds.

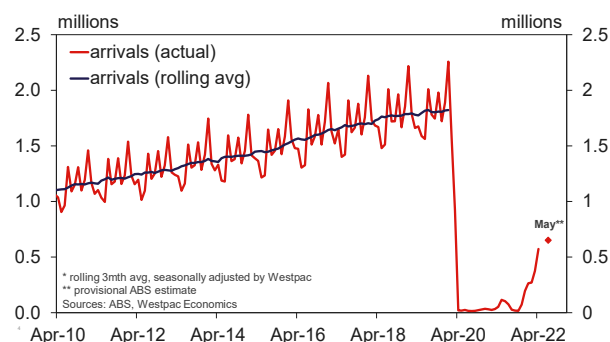
**Ryan Wells**, Economist

### Overseas arrivals and departures – May

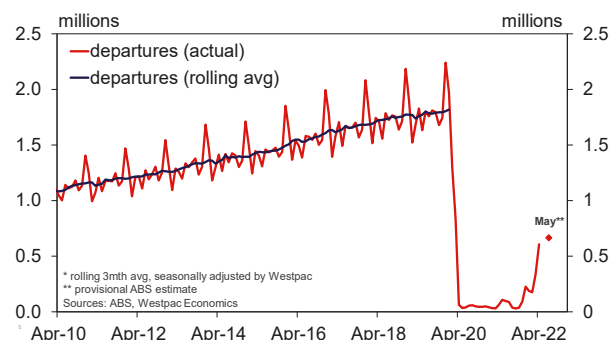
'000s	Apr-22	May-22 <sup>p</sup>	Month Chg	Annual Chg
<b>Arrivals</b>	<b>573.9</b>	<b>651.1</b>	<b>77.2</b>	<b>536.5</b>
Permanent	54.9	65.6	10.7	55.7
Student	21.1	25.0	3.9	24.7
Temp Work	36.3	40.7	4.4	35.4
NZ	65.4	69.9	4.5	18.7
<b>Departures</b>	<b>606.7</b>	<b>664.0</b>	<b>57.3</b>	<b>556.7</b>
Permanent	67.9	58.7	-9.2	52.7
Student	12.4	12.0	-0.4	10.1
Temp Work	41.8	39.1	-2.7	31.8
NZ	62.3	67.9	5.6	20.4

\* based on non-seasonally adjusted data; p provisional.  
 Source: ABS, Westpac Economics.

### Australia: total overseas arrivals



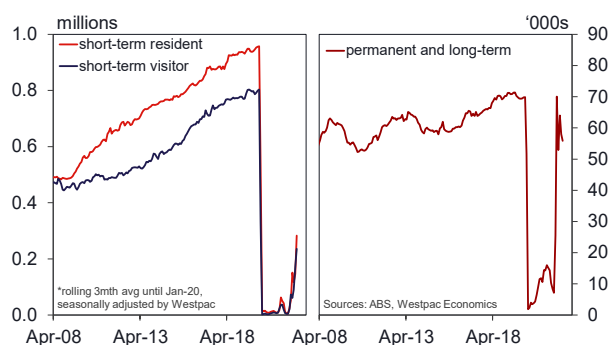
### Australia: total overseas departures



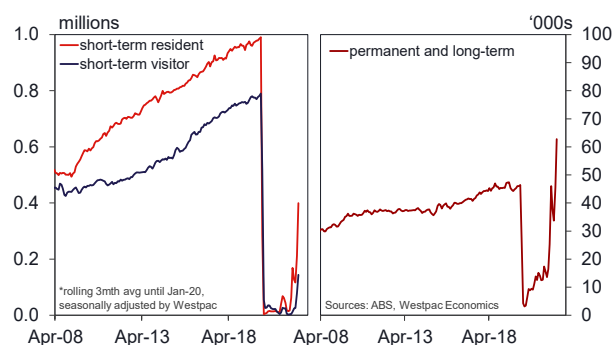
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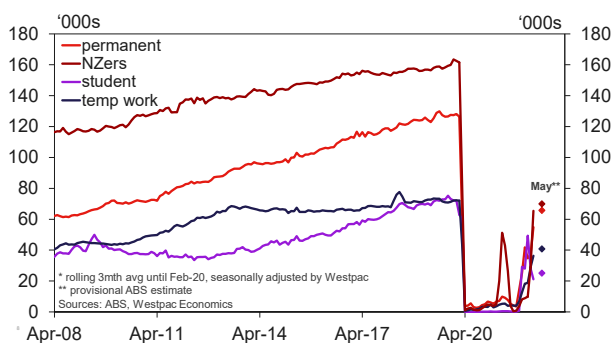
## Overseas arrivals by category of travel



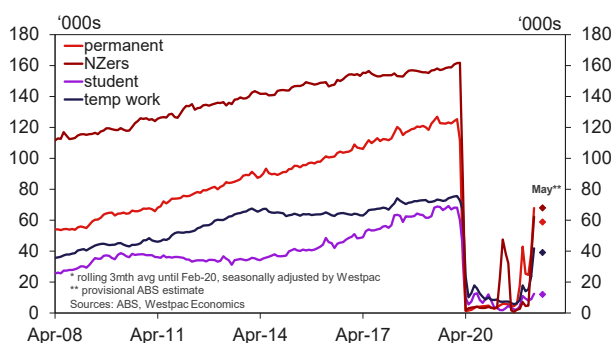
## Overseas departures by category of travel



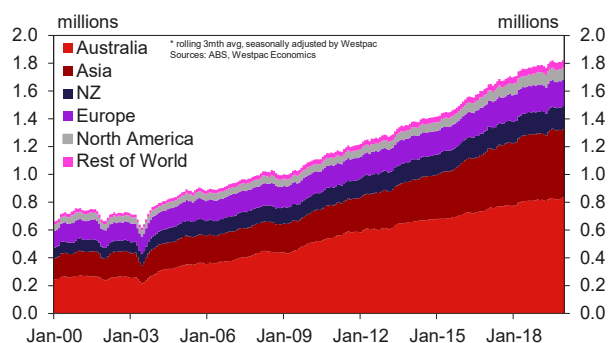
## Overseas arrivals by visa class



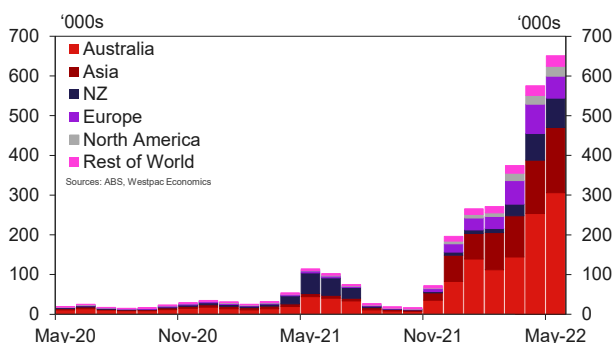
## Overseas departures by visa class



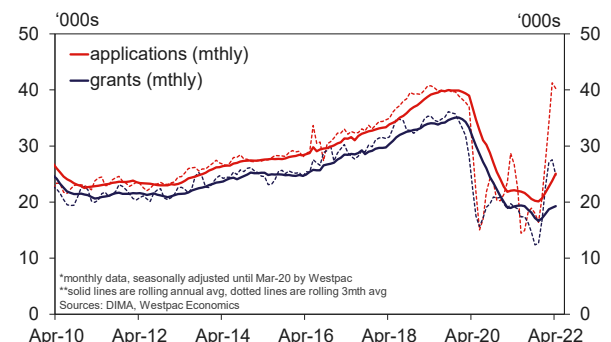
## Pre-COVID: arrivals by country of citizenship



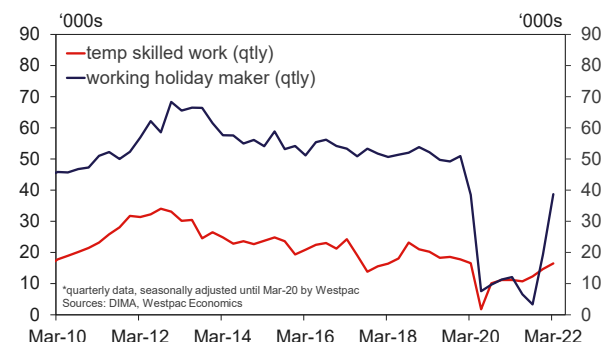
## Post-COVID: arrivals by country of citizenship



## Student visas: grants and applications



## Temp work visas: grants



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