

12 July 2022

Australia's arrivals and departures June: visitor flows begin to normalise

Arrivals: 736.7k, +86.2k mth, +634.2k yr

Departures: 885.3k, +225.4k mth, +786.9k yr

The June preliminary estimate for overseas travel has revealed a temporary divergence in the pace of growth. Overseas arrivals into Australia are estimated to have risen from 650.5k in May to 736.7k in June, a similar growth rate to last month. Meanwhile, overseas departures posted a much stronger lift, up from 659.9k in May to 885.3k in June.

Both components are still making steady progress with arrivals and departures now around 40% and 50% of their respective pre-pandemic levels. Another 5-8 months of gains at this current 3-month average pace (121k and 183k respectively) would see a full return to pre-pandemic levels.

The category of movement breakdown (available for May but not June) provide further insights. The return of Australian residents from short-term trips continued to dominate the gains in arrivals in May, lifting roughly 27% to be at 361k. In contrast, short-term visitor arrivals were broadly unchanged at 231k in May from 235k in April, explaining the slower pace of total arrivals gains in May. The flat result is a little disappointing although the June preliminary numbers for total arrivals suggest the next update will show a renewed gain in this segment. Arrivals on a permanent/long-term basis are consolidating just short of pre-pandemic levels although they remain a small part of overall flows, accounting for 5% of total overseas arrivals.

Concerning the estimated strength of June's departures, the bulk of visitors over recent months have reported an intention to stay for less than two months. Given that short-term visitor arrivals have been consistently higher than departures, the lift in departures in June likely reflects some normalisation as these recent short-term visitor arrivals cycle out as departures.

Permanent/long-term departures have also been relatively high – well above their pre-pandemic levels – suggesting there has been little net change to this component of Australia's population base so far. To date, there look to be as many Australians and foreign expatriates leaving as there are Australians returning and permanent migrants arriving.

Regarding the visa detail, temporary work arrivals continued to post gains, lifting from 40k in May to 43k in June. Student arrivals also rose from 25k to 30k, but remain at a subdued level. Both components are gradually returning to pre-pandemic levels, but so too are visa departures with no sign yet of a decisive shift towards net positive arrivals for both segments.

However, data from the Department of Home Affairs indicates that a significant lift in inflows might just be around the corner. The three-month rolling average of student visa applications has continued to run well above pre-pandemic levels. July is also a typically strong month for student arrivals given the beginning of second semester at university. So long as grants continue to flow at a strong pace, a near-term boost in student arrivals should be anticipated, alongside sustained growth over the next year. This is in addition to substantial growth in working holiday maker grants, currently at around 75% of pre-pandemic levels.

With Australia's labour market expected to tighten further of this year, the eventual pick-up in visa arrivals will play a crucial role in alleviating the issue of labour undersupply.

Ryan Wells, Economist

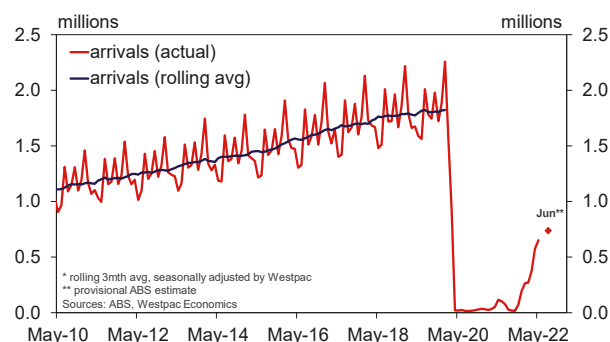
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Overseas arrivals and departures – June

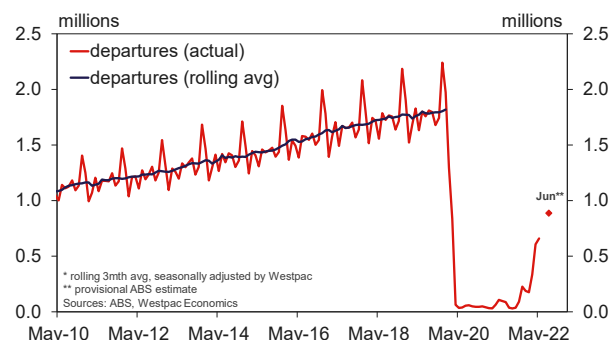
'000s	May-22	Jun-22 ^p	Month Chg	Annual Chg
Arrivals	650.5	736.7	86.2	634.2
Permanent	65.6	63.8	-1.8	54.7
Student	24.8	29.9	5.1	29.4
Temp Work	39.6	42.7	3.1	37.3
NZ	71.9	78.5	6.6	35.5
Departures	659.9	885.3	225.4	786.9
Permanent	58.7	76.4	17.7	70.5
Student	12.0	25.1	13.1	21.9
Temp Work	35.3	41.6	6.3	34.2
NZ	69.0	78.6	9.6	39.8

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

Australia: total overseas arrivals

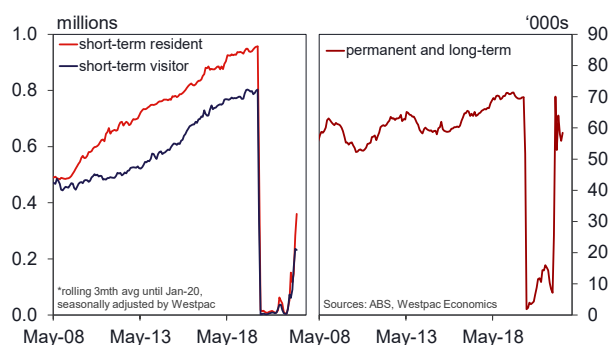


Australia: total overseas departures

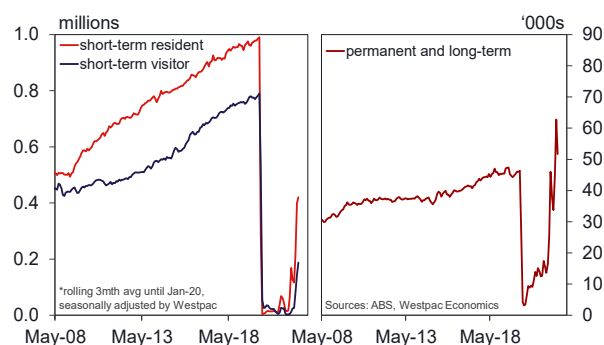


12 June 2022

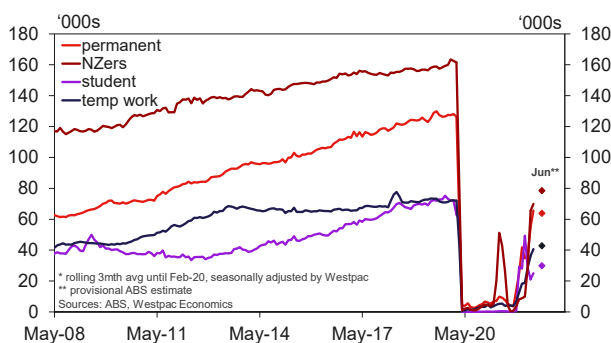
Overseas arrivals by category of travel



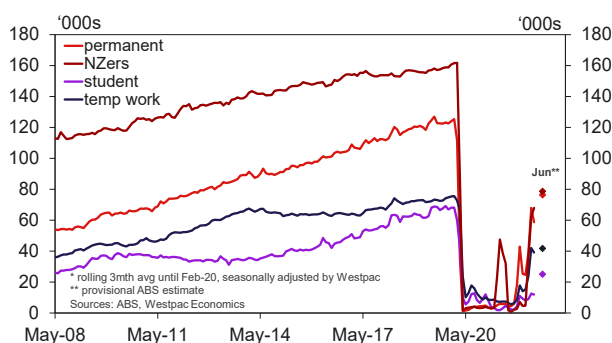
Overseas departures by category of travel



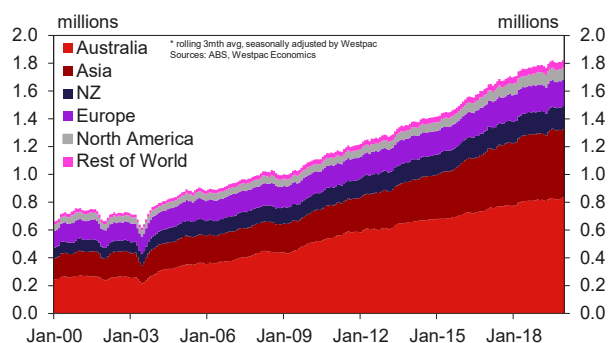
Overseas arrivals by visa class



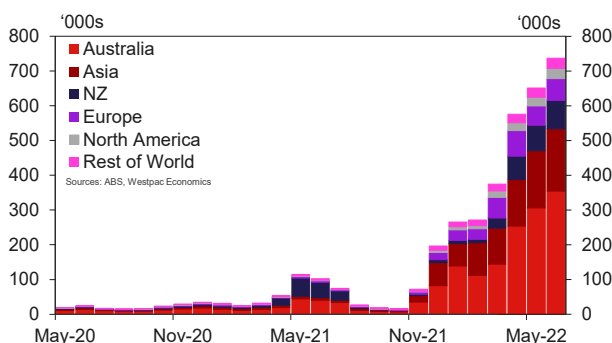
Overseas departures by visa class



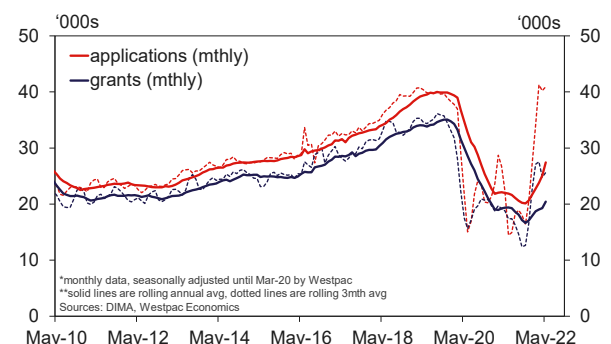
Pre-COVID: arrivals by country of citizenship



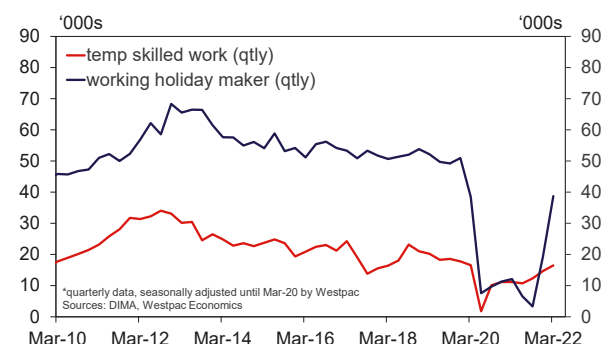
Post-COVID: arrivals by country of citizenship



Student visas: grants and applications



Temp work visas: grants



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