

16 August 2022

## Australia's arrivals and departures

### Strong month but driven by seasonal mid-year holiday travel

**Arrivals: 1083.2k, +352.8k mth, +1008.4k yr**

**Departures: 972.6k, +91.7k mth, +885.6k yr**

The recovery in overseas travel continued to forge ahead in July, reflecting seasonal strength associated with mid-year holiday travel. Overseas arrivals into Australia posted their largest monthly gain since the border reopening, estimated to have lifted nearly 50% from 730.4k in June to 1.08mn in July. Meanwhile, overseas departures are estimated to have risen by a more modest 91.7k, from 880.9k in June to 972.6k in July.

Healthy progress is being made, with arrivals and departures now around 60% and 55% of their respective pre-pandemic levels. Given the average monthly growth pace since the March border reopening (162k and 159k respectively), a full return to pre-pandemic levels could be achieved within 4-5 months.

The dynamics observed in June and expected for July are a product of typical seasonal strength associated with mid-year travel. This can be split into two parts. Firstly, in June, we typically observe a lift in Australian residents departing for short-term trips. Then, in July, those residents return from their trips, and we also receive an influx of visitors arriving on both a short-term and a long-term basis.

The category of movement breakdown (available for June but not July) confirms the first part of this dynamic. Of the 220k lift in departures in June, around 200k is attributed to Australian residents departing for short-term trips. As a matter of perspective, in original terms, this reading is the largest increase in residential departures across all prior June observations, reflecting the high degree of pent-up demand for overseas travel by Australians. Extrapolating this to July's arrivals (which recorded a ~350k increase), roughly 200k should represent Australians returning from short-term trips, with the remaining 150k likely reflecting the seasonal lift in (predominately) short-term and (partly) long-term visitors.

Turning to the visa detail, student arrivals posted an expected strong gain, lifting to 72k in July as the second semester of university begins, although this is still short of the stronger seasonal lifts observed in the pre-pandemic period. Progress in the 'temporary work' group of visa categories continues to be sluggish, this group covering skilled work and working holiday maker visas. Since the border reopening, no substantive evidence of a positive net inflow of temporary workers into Australia has been observed.

This underlying weakness in net visa arrivals looks to be hard-going for the near-term. Although data from the Department of Home Affairs indicates that visa grants are rising for both student and temporary work visa groups, they are still yet to recover to pre-pandemic levels. This is not due to a lack of foreign demand for Australian education or temporary work, clearly evinced by the strength in application numbers. Rather, substantial delays are impacting the processing of visas, resulting in a notable lag in the return of temporary workers.

With Australia's labour market expected to tighten further over this year, the underlying dynamics in net visa arrivals will play a crucial role in alleviating the issue of labour undersupply. Nevertheless, it is promising to see headline figures for overseas travel continue to make a strong recovery.

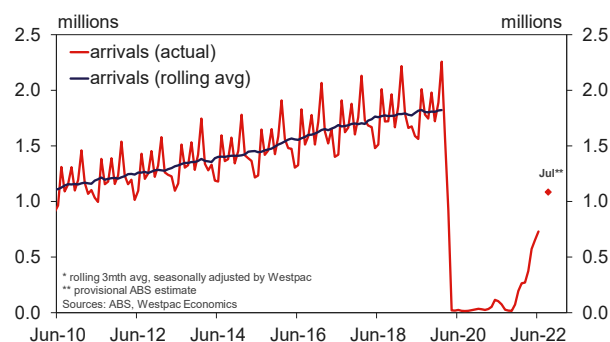
**Ryan Wells**, Economist

### Overseas arrivals and departures – July

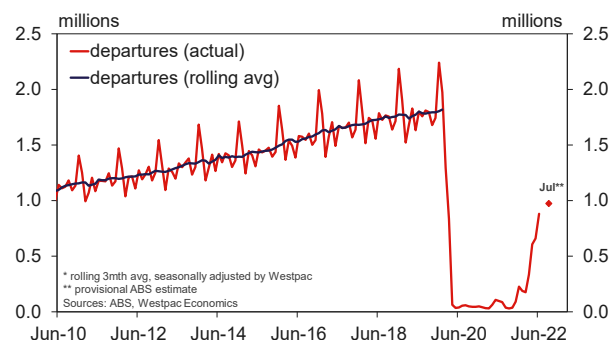
'000s	Jun-22	Jul-22 <sup>P</sup>	Month Chg	Annual Chg
<b>Arrivals</b>	<b>730.4</b>	<b>1083.2</b>	<b>352.8</b>	<b>1008.4</b>
Permanent	62.9	84.4	21.5	76.7
Student	29.5	72.1	42.6	71.5
Temp Work	41.3	45.9	4.6	42.0
NZ	80.2	105.7	25.5	79.2
<b>Departures</b>	<b>880.9</b>	<b>972.6</b>	<b>91.7</b>	<b>885.6</b>
Permanent	76.4	78.1	1.7	72.5
Student	25.1	17.7	-7.4	13.1
Temp Work	37.7	46.8	9.1	39.4
NZ	79.6	103.5	23.9	71.3

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

### Australia: total overseas arrivals



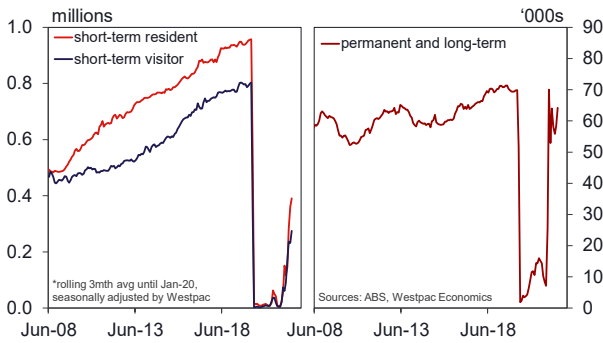
### Australia: total overseas departures



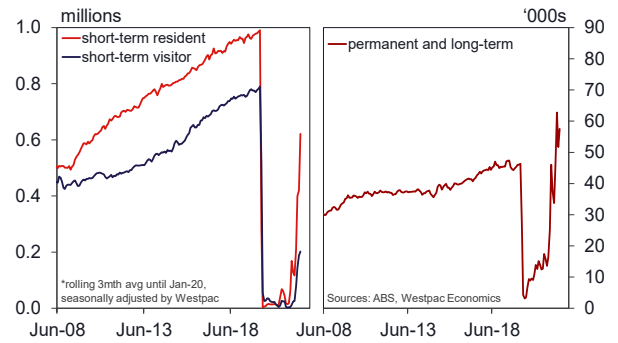
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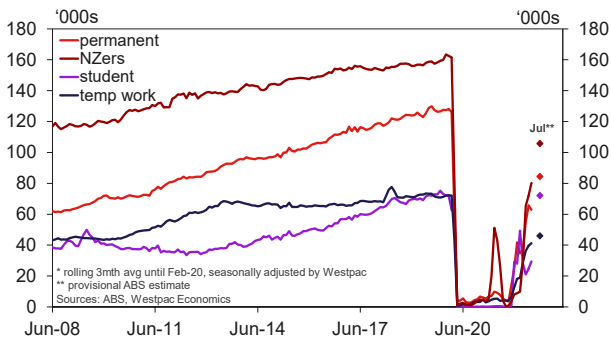
### Overseas arrivals by category of travel



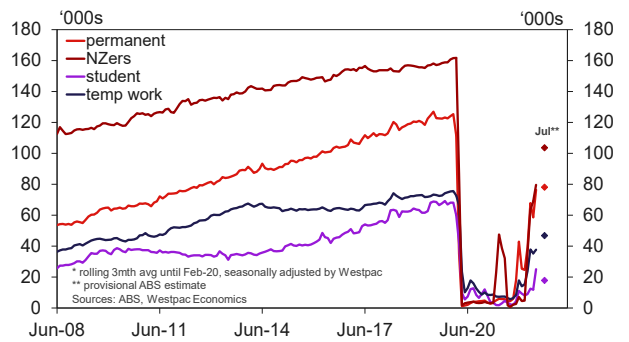
### Overseas departures by category of travel



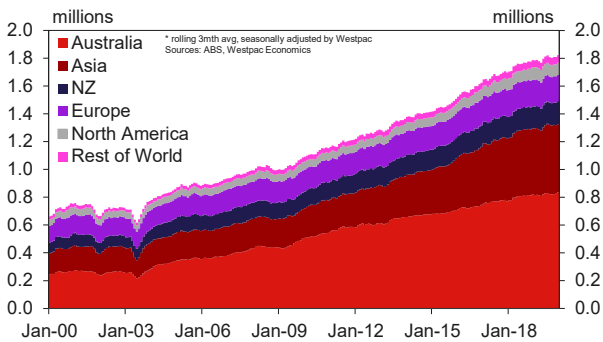
### Overseas arrivals by visa class



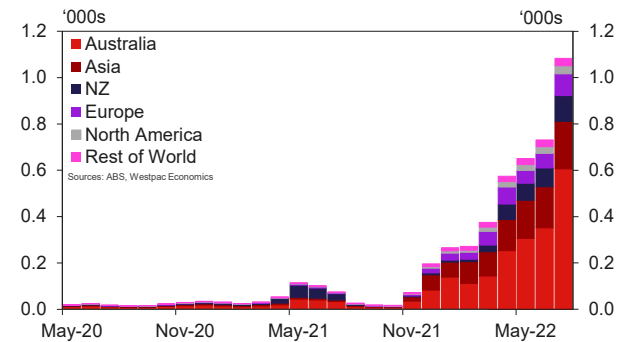
### Overseas departures by visa class



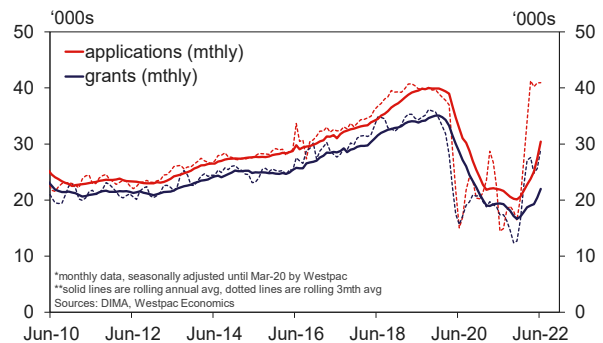
### Pre-COVID: arrivals by country of citizenship



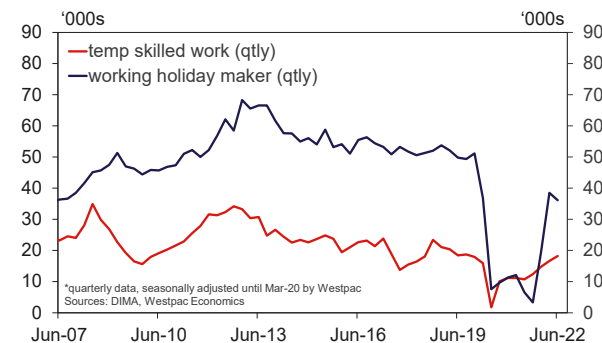
### Post-COVID: arrivals by country of citizenship



### Student visas: grants and applications



### Temp work visas: grants



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