

13 September 2022

Australia's arrivals and departures

August: strong underlying trend conceals seasonal dip

Arrivals: 1029.2k, -52.4k mth, +1002.2k yr

Departures: 947.0k, -21.5k mth, +909.8k yr

Over recent months it has been encouraging to see overseas travel return to more typical seasonal trends, indicating a normalisation of travel patterns from the pandemic era. While this contributed to the surge in mid-year travel over June/July, it is also the main reason for the estimated dip in August, arrivals and departures falling -52.4k and -21.5k respectively.

By way of context, during the pre-pandemic years, arrivals typically saw a gain of around 35% in the July months and a decline of around 15% in the August months (in original terms). But this year, we saw an incredible 50% lift in July followed by a modest 5% decline in August. The August update should be viewed as a favourable outcome, implying a solid 'underlying' up-trend once regular seasonal variations are stripped out (something the ABS is not currently able to do with precision).

At 60% and 55% of their respective pre-pandemic levels, both arrivals and departures still have plenty of capacity for growth. As the recovery pushes past the 'bursts' associated with the border reopening and mid-year travel, it is likely that seasonal volatility will begin to have a bigger influence on month-to-month moves. While the backdrop will likely continue to show a strong underlying uptrend, monthly moves will need to be interpreted carefully, particularly around the end of year peak season.

The category of movement breakdown (available for July but not August) confirms the seasonal drivers for July. Indeed, the ~350k increase in July's arrivals was largely comprised of residents returning from short-term trips (~280k) and a solid lift in visitor arrivals too, both for short-term (~50k) and long-term (~20k) trips. Based on this, it's likely that August's dip in arrivals will reflect a cooling from mid-year holiday travel, with fewer residents returning and visitors arriving for short-term trips.

Before turning to the visa detail, it is worth noting some recent developments on the processing and policy front. At the Jobs and Skills Summit earlier in September, the Federal government committed to investing \$36.1 million in order to reduce the considerable backlog of visa applications. This should show some material effect on the number of arrivals on temporary visas near term. The government also pledged to increasing the permanent migration program from 180k to 195k. However, this tends to be filled by existing residents switching from temporary visas to permanent residency rather than from new migrant arrivals – as such its likely to have a slower effect over the longer-term.

The lack of net positive visa arrivals has been a key issue underlying the historically tight labour market and shortage of labour. As such, it is promising to see the 'temporary work' group of visa arrivals post a solid gain in August (+11.4k), while growth in departures was only modest (+1.1k).

While student arrivals retreated from the July peak associated with the beginning of Semester 2, net arrivals remained at a very positive level (+27k). This aligns with Department of Home Affairs data which shows a surge in student visa grants in July. Although many more applications may be stuck in processing backlogs, ongoing strength in grant flows should eventually flow through to stronger net visa arrivals and go some way towards alleviating Australia's labour supply constraints.

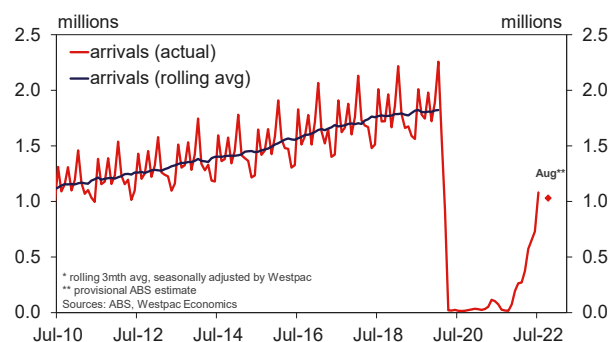
Ryan Wells, Economist

Overseas arrivals and departures – August

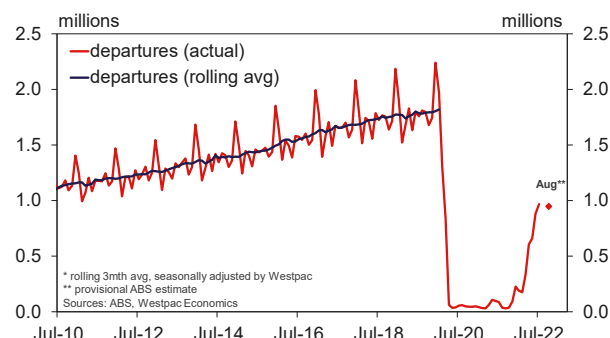
'000s	Jul-22	Aug-22 ^p	Month Chg	Annual Chg
Arrivals	1081.6	1029.2	-52.4	1002.2
Permanent	84.1	80.6	-3.5	75.3
Student	71.2	41.1	-30.1	40.8
Temp Work	44.8	56.2	11.4	51.9
NZ	108.9	102.6	-6.3	98.6
Departures	968.5	947.0	-21.5	909.8
Permanent	78.1	68.3	-9.8	63.7
Student	17.8	14.1	-3.7	11.8
Temp Work	43.0	44.1	1.1	38.4
NZ	104.6	102.8	-1.8	102.1

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

Australia: total overseas arrivals



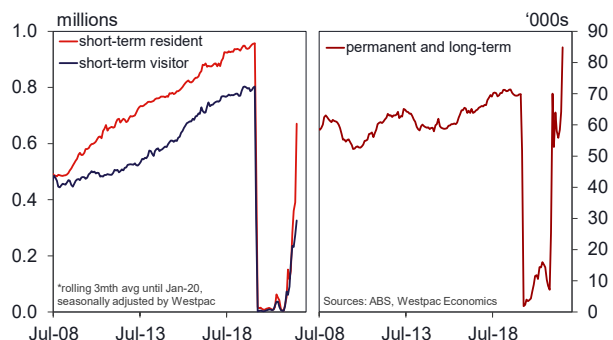
Australia: total overseas departures



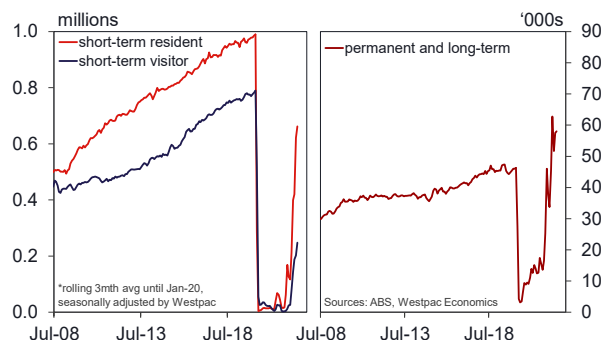
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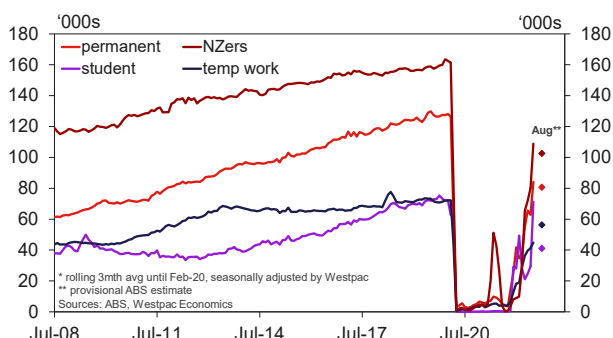
Overseas arrivals by category of travel



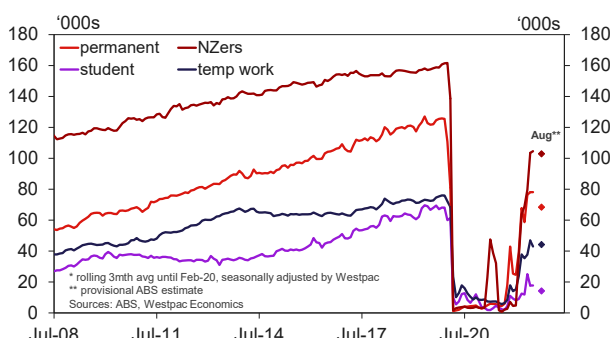
Overseas departures by category of travel



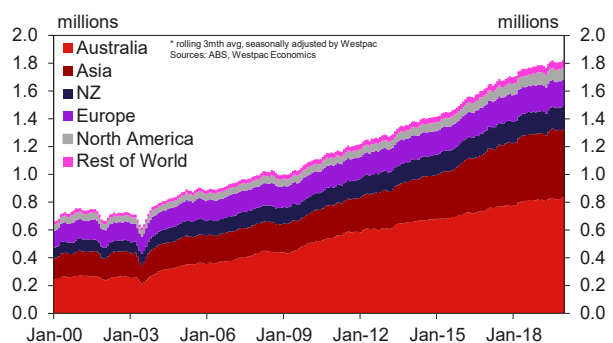
Overseas arrivals by visa class



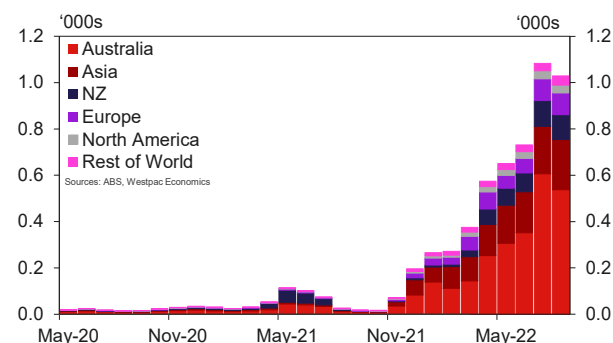
Overseas departures by visa class



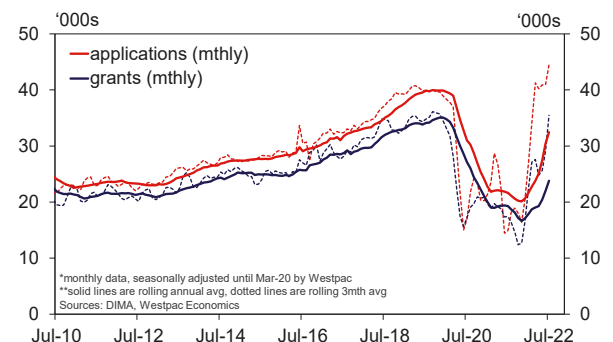
Pre-COVID: arrivals by country of citizenship



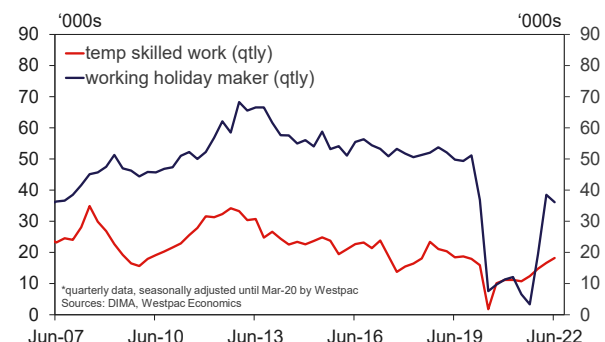
Post-COVID: arrivals by country of citizenship



Student visas: grants and applications



Temp work visas: grants



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