

17 January 2023

Australia's overseas arrivals and departures

December: year-end holiday travel kicks off

Arrivals: 1269.2k, +79.2k mth, +1073.0k yr

Departures: 1523.1k, +345.6k mth, +1295.8k yr

The preliminary estimates for overseas travel in December highlight a strong end to a year of impressive recovery. In original terms, arrivals posted a robust monthly increase of 79.2k. Meanwhile, departures rose strongly once again, up 345.6k in December to be up over 500k in the last two months.

Looking at the progress made over the course of last year, there are two key observations that are worth discussing.

Firstly, the recovery in overseas travel forged ahead at an unexpectedly strong pace. In the six months following the full international border reopening in February, both arrivals and departures surpassed 50% of their respective pre-COVID levels.

As illustrated by the two charts at the top of the next page, the strength in the headline arrivals/departures figures this year has been underpinned by an up-trend in short-term travel by Australian residents, which as of November has reached 70% of its pre-pandemic levels.

However, it is also worth mentioning the strong progress in short-term visitor flows as well. Constructive for the outlook, our estimates suggest that within this category, the seasonally adjusted three-month average growth rate for arrivals (11.4%) is well above that of departures (6.5%).

By way of context, the Government's official forecast for net overseas migration assumes a return to pre-pandemic levels of 235,000 for in 2022/23. So far in that period, we have already seen seasonally adjusted short-term visitor arrivals hold at an average of 65k/mth above departures. While that covers tourism as well as longer term migration flows, the evidence so far suggests there may be some upside risk to the Government's net overseas migration forecast.

Secondly, net arrivals among key visa categories have swung from a sustained period of net outflows to a historic recovery. This was most evident among the 'temporary work' category (including skilled, working and other temporary visas) and student visas, which were both heavily impacted by the intense backlog of visa applications through the middle of this year.

Net arrivals among 'temporary workers' and students are holding in substantial net positive territory, at an average of +12.4k/mth and +17.1k/mth respectively. This not only further emphasises the upside risk to the Government's net overseas migration forecast, but it also represents important progress in the alleviation of labour supply constraints which featured prominently in 2022. Indeed, with the ABS noting that growth in the working age population surpassed pre-pandemic rates due to the pick-up in immigration, it is encouraging to see this progress already having a material impact.

Looking forward, 2023 is shaping up to be an important year of continued recovery in immigration and travel. Once the December/January travel period is accounted for, it will be important to gauge the extent to which momentum can be sustained over H1 2023, and hence where exactly net overseas migration will land for FY23.

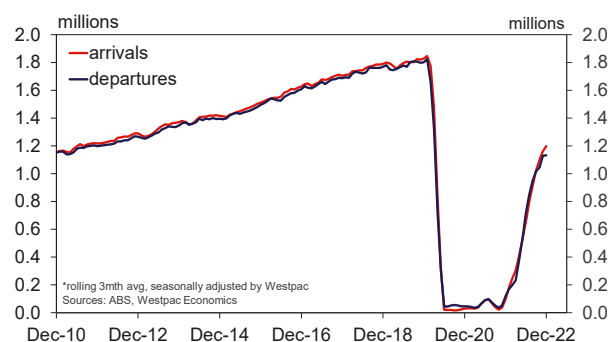
Ryan Wells, Economist

Overseas arrivals and departures – December

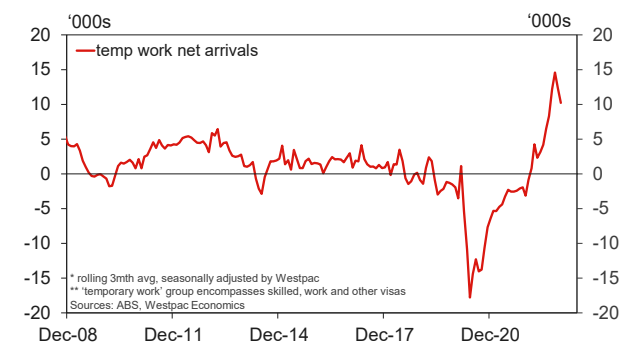
'000s	Nov-22	Dec-22 ^p	Month Chg	Annual Chg
Arrivals	1189.9	1269.2	79.2	1073.0
Permanent	78.0	72.7	-5.3	47.6
Student	33.9	36.8	2.9	7.6
Temp Work	73.5	61.5	-12.0	48.8
NZ	118.7	119.0	0.3	110.9
Departures	1177.4	1523.1	345.6	1295.8
Permanent	80.1	136.2	56.1	93.3
Student	42.8	53.4	10.6	42.4
Temp Work	60.6	84.2	23.6	66.4
NZ	123.6	135.8	12.2	128.7

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

Total overseas arrivals and departures

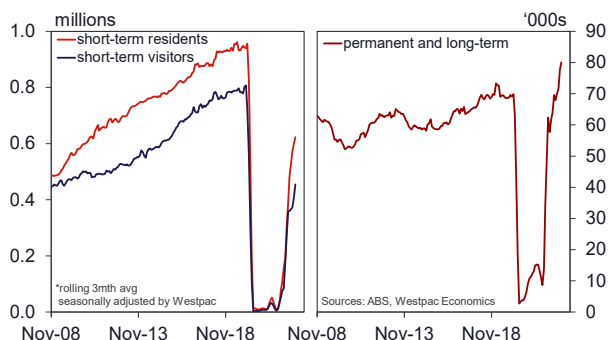


Net arrivals: temporary work visas

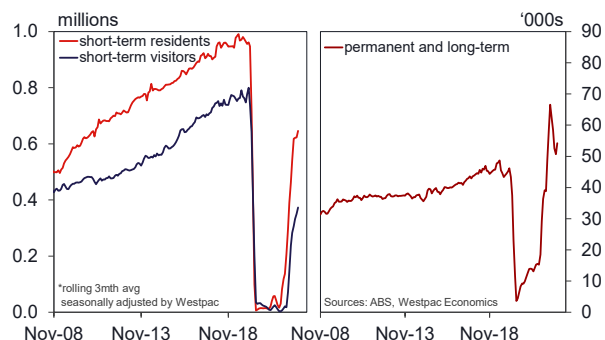


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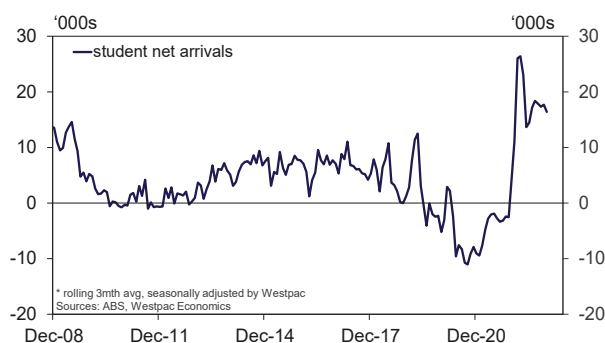
Overseas arrivals by category of travel



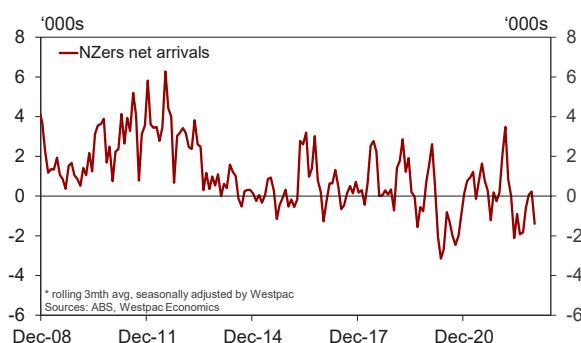
Overseas departures by category of travel



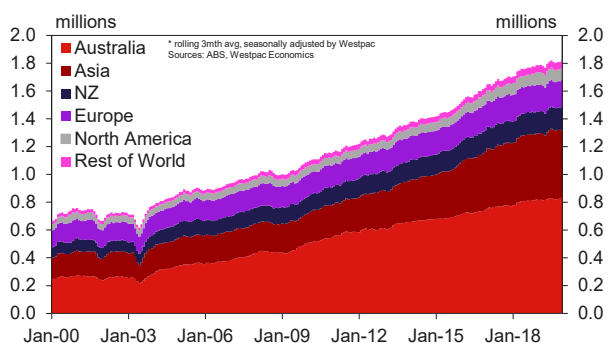
Net arrivals: student visas



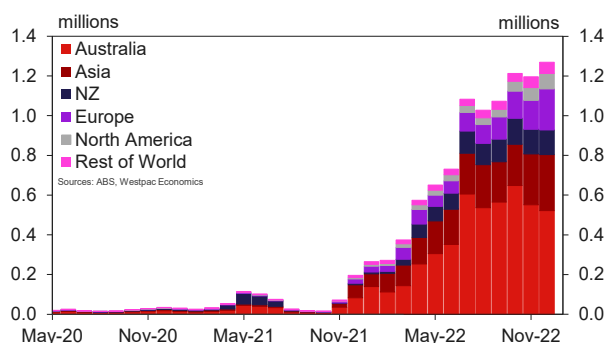
Net arrivals: New Zealanders



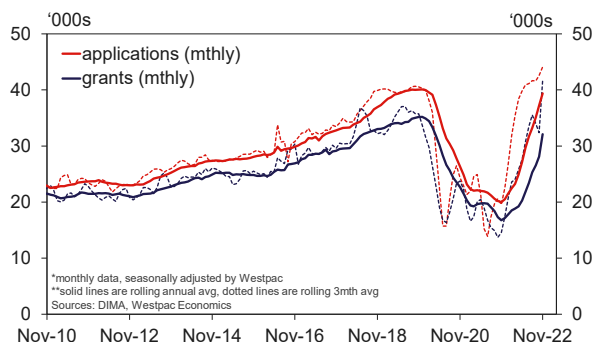
Pre-COVID: arrivals by country of citizenship



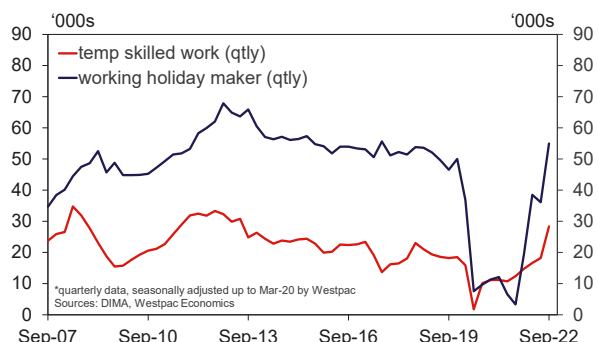
Post-COVID: arrivals by country of citizenship



Student visas: grants and applications



Temp work visas: grants



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