

15 March 2023

Australia's overseas arrivals and departures February: nascent strength from China

Arrivals: 1376.3k, +1105.1k yr

Departures: 1075.9k, +899.7k yr

International travel to and from Australia consolidated in February after a strong holiday season. In original terms, overseas arrivals into Australia are estimated to have fallen by 231.7k to 1.38mn, while overseas departures declined 301.0k to 1.076mn. Despite the monthly declines, the net inflow actually widened between January and February, from 231k to 300k – something that has not happened since the early 2000s.

Additionally, our seasonally adjusted estimates – something the ABS is not currently able to produce with precision – suggests that arrivals and departures are continuing to track underlying gains, with both series now inching above 70% of their respective pre-pandemic levels, although the pace of growth has slowed compared to H1 2022.

The key focus of this month's data was on the return of international students, with February typically being the month where the bulk of student arrivals is recorded, and the emerging patterns of travel from China, given the recent removal of COVID-zero restrictions.

In original terms, the net inflow of international students printed a robust +120k in February, to be roughly on par than the five-year pre-pandemic February average of +114k. Recall that earlier this year, the Chinese Government announced that Chinese students are required to return to in-person learning in order for their qualifications to be recognised locally. It is therefore interesting that February did not show a 'burst' in student arrivals so much as a strong, ongoing recovery to levels comparable to pre-pandemic trends.

That said, data from the Department of Home Affairs still indicates that offshore student visa application and grant flows are continuing to track multi-month historic highs, running at three-month average paces of 39k and 33k respectively as of January. Strength is clearly emerging from China, so it may be the case that this will materialise as a robust pace of improvement over the near-term, rather than an outright 'burst' of arrivals in any single month.

It is also worthy to note that arrivals from China – which have lagged the broader recovery to date – doubled in February, from 35k to 70k, signalling that the easing of restrictions is already beginning to have a material impact on travel flows.

Overall, this month's data revealed an expected seasonal consolidation in overall travel flows while highlighting the bounce in student arrivals and nascent strength in Chinese arrivals. We will need to gauge the data flow over the next few months in order to better understand these emerging trends and its implications for net migration over the course of 2023.

Tomorrow (March 16) we will receive an estimate of Australia's residential population in Q3 2022, including official figures on net migration flows over the period. As noted in prior releases, the surge in net visitor arrivals over H2 2022, alongside other evidence on temporary visa arrivals, suggests that a historic print for net overseas migration is likely in 2022, and the Q3 estimate will provide crucial insight on this. We are anticipating net migration to print +400k in 2022.

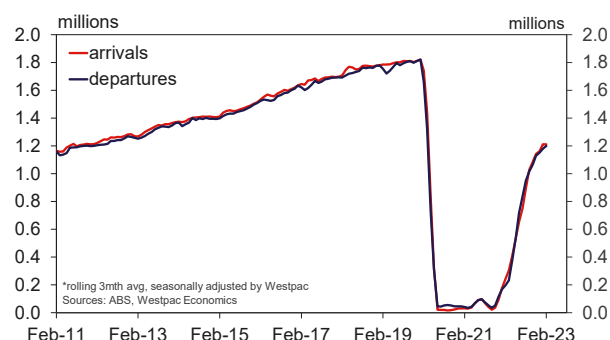
Ryan Wells, Economist

Overseas arrivals and departures – February

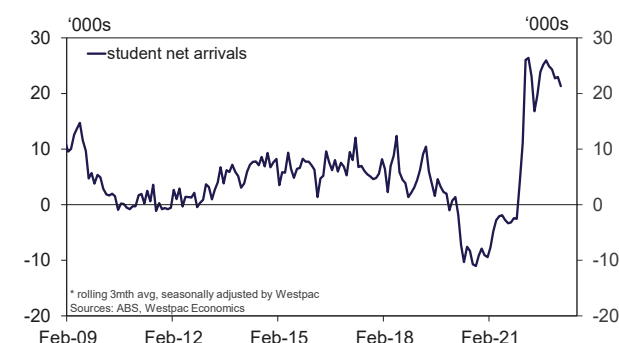
'000s	Jan-22	Feb-23 ^p	Month Chg	Annual Chg
Arrivals	1608.0	1376.3	-231.7	1105.1
Permanent	143.4	98.8	-44.6	64.2
Student	59.2	143.0	83.8	93.7
Temp Work	90.5	87.8	-2.7	69.1
NZ	129.5	108.8	-20.7	99.0
Departures	1376.9	1075.9	-301.0	899.7
Permanent	89.3	70.6	-18.7	46.0
Student	42.1	23.2	-18.9	15.2
Temp Work	67.6	62.3	-5.3	47.0
NZ	121.8	98.7	-23.1	94.0

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

Total overseas arrivals and departures



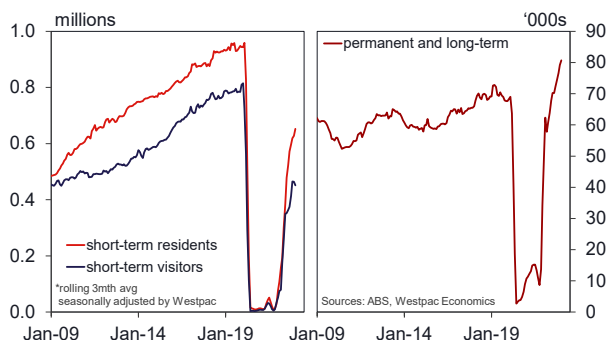
Net arrivals: student visas



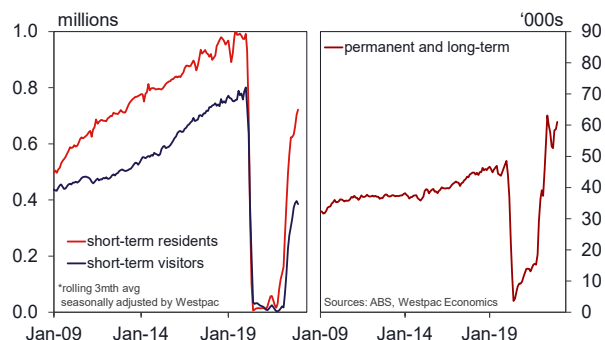
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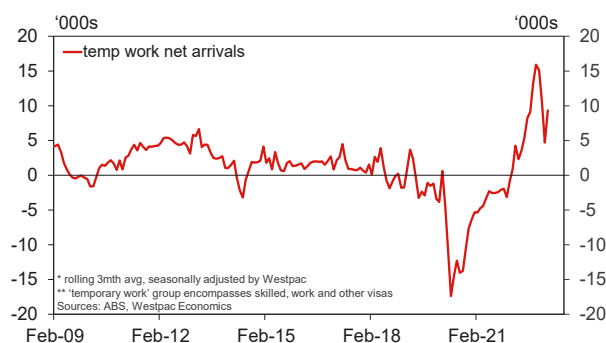
Overseas arrivals by category of travel



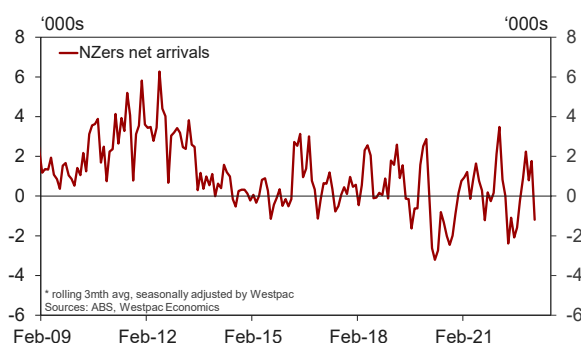
Overseas departures by category of travel



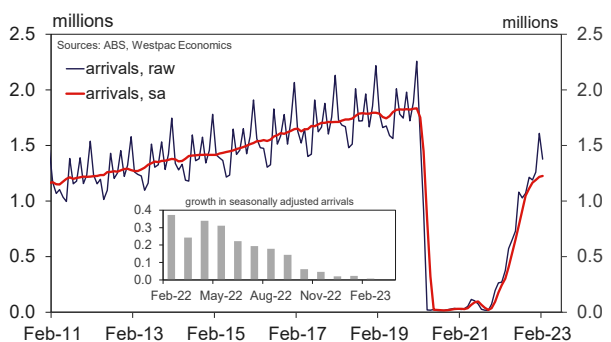
Net arrivals: temporary work visas



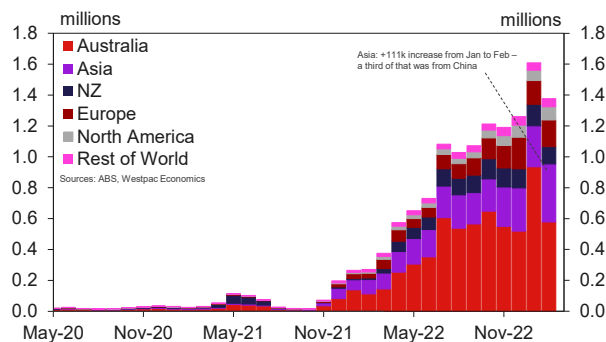
Net arrivals: New Zealanders



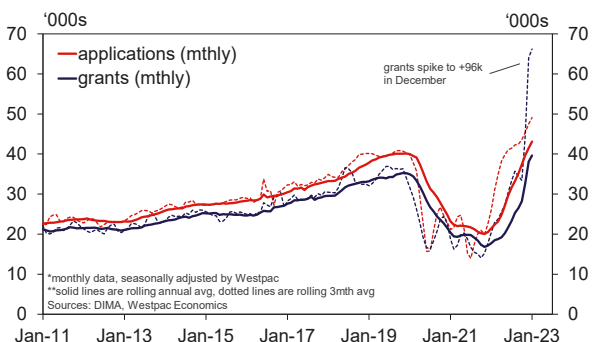
Total overseas arrivals: growth slowing



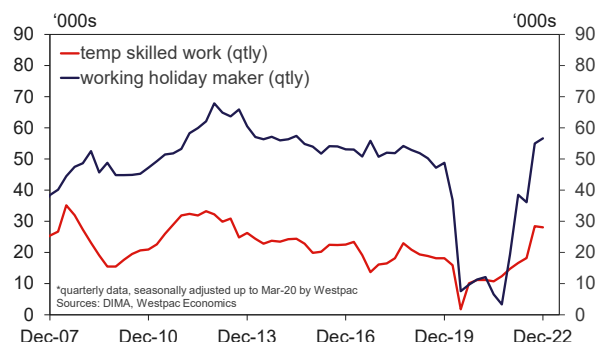
Post-COVID: arrivals by country of citizenship



Student visas: grants and applications



Temp work visas: grants



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