BULLETIN

14 June 2023

Australia's overseas arrivals and departures May: China to provide further scope for recovery Arrivals: 1300.1k, +649.6k yr Departures: 1366.7k, +706.9k yr

In May, overseas arrivals and departures were little-changed, easing only modestly to 1.30mn and 1.37mn respectively. These overarching categories of travel have been broadly steady over the last three-to-four months, holding around 20-25% below pre-pandemic levels.

However, the above figures largely capture the stagnation in short-term travel (i.e. intending to stay/leave for less than 12 months), which constitutes roughly 90-95% of total travel. While certainly relevant to the recovery in tourism, other key sub-components are providing key insights into the progress being made regarding overseas migration flows.

In particular, the permanent and long-term (P&LT) category of travel is continuing to exhibit clear strength. In the bottom-right chart on this page, we can see that P&LT flows are sustaining a growth pace that exceeds pre-pandemic averages; and within that context, arrivals are outstripping departures, seeing P&LT net arrivals hold at +35k/mth according to Westpac's seasonally adjusted estimates.

The breakdown by visa category also remains constructive on the migration outlook. Despite having moderated slightly from their respective peaks, net arrivals amongst 'students' and 'temporary workers' (i.e. skilled, working and other temporary visas) are tracking three-month average paces of +14.1k/mth and +18.0k/mth respectively, both well above pre-pandemic levels and yet to show any convincing signs of a sustained downtrend.

In summary, not only has longer-term and visa travel already made a strong recovery from the pandemic, but it also looks to be contributing to a net growth in stock of individuals that are planning to stay in Australia for an extended period.

Another dynamic that will remain at play over the coming year is the recovery in travel from China since their reopening from COVID-19. There is some evidence that momentum is beginning to gather, as evinced by the lift total arrivals from China, up from +50.8k/mth in April to +56.8k/mth in May on a seasonally adjusted three-month average basis.

Interestingly, the proportion of Chinese arrivals identified as short-term visitors is much lower versus history, currently at 58% as of April compared to a pre-pandemic average of around 80%. Regarding the tourism outlook noted earlier, the ongoing recovery in short-term visitor arrivals from China offers further scope for support on this front, but at least for now, progress on this front is certainly lagging the broader recovery to date.

Tomorrow (June 15), the ABS will release its first estimate of Australia's residential population as of Q4 2022, including an official figure on net migration flows over that period. For 2022, net migration has printed +100.9k in Q1; +63.8k in Q2 and +106.2k in Q3, a record year-to-date profile.

Insights from data on arrivals/departures and visa grant flows suggests that not only is the Q4 2022 estimate very likely to confirm a historic year for net migration, but also that this strength has likely carried through to 2023.

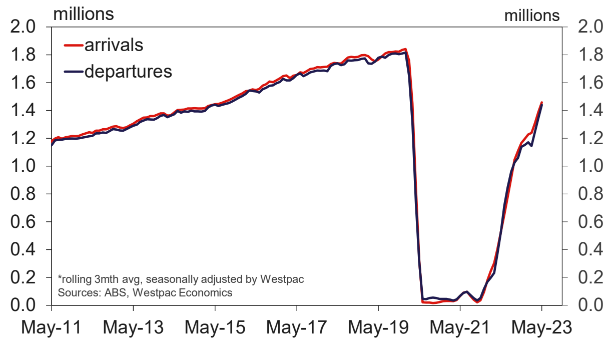
Ryan Wells, Economist

Overseas arrivals and departures – May

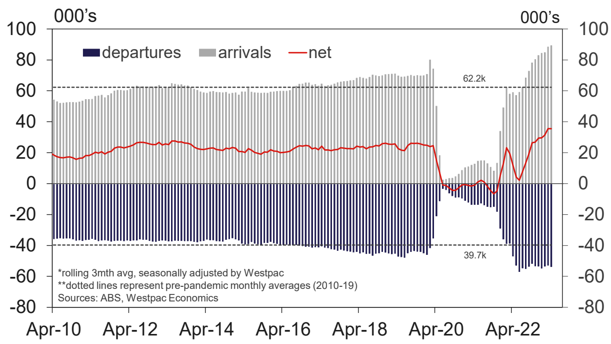
'000s	Apr-23	May-23p	Month Chg	Annual Chg
Arrivals	**1370.5**	**1300.1**	**-70.4**	**649.6**
Permanent	110.9	100.8	-10.1	35.2
Student	42.8	44.3	1.5	19.5
Temp Work	71.9	76.2	4.3	36.6
NZ	141.0	126.9	-14.1	54.9
Departures	**1425.2**	**1366.7**	**-58.4**	**706.9**
Permanent	107.8	97.3	-10.5	38.6
Student	30.5	32.1	1.6	20.1
Temp Work	67.5	72.7	5.2	37.4
NZ	138.7	124.1	-14.6	55.1

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

Total overseas arrivals and departures



Permanent & long-term travel



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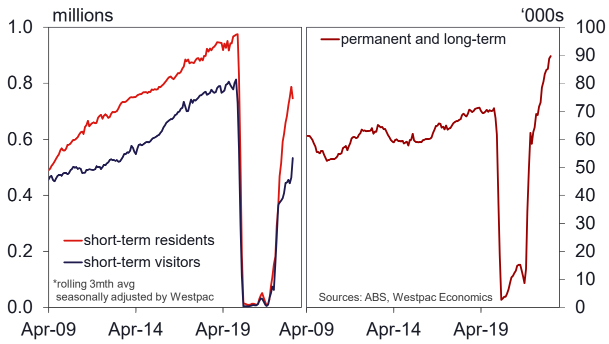
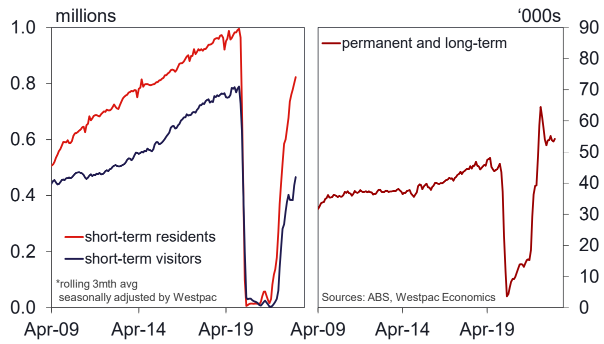
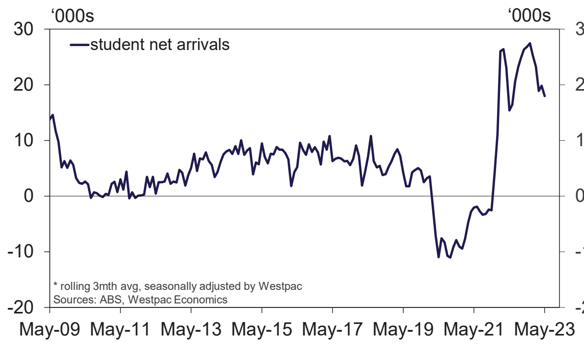
Overseas arrivals by category of travel



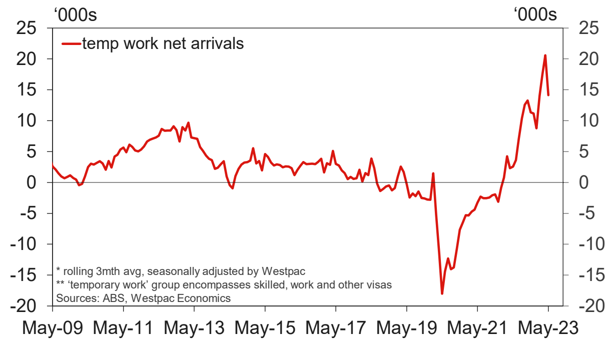
Overseas departures by category of travel



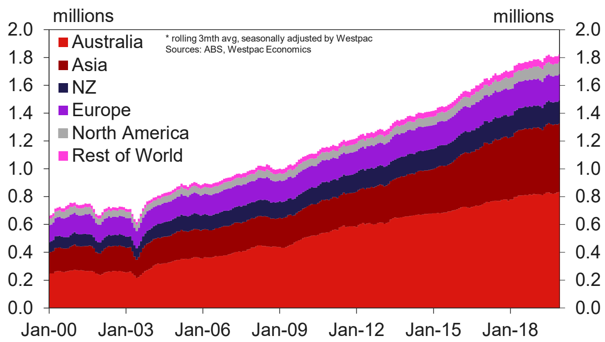
Net arrivals: student visas



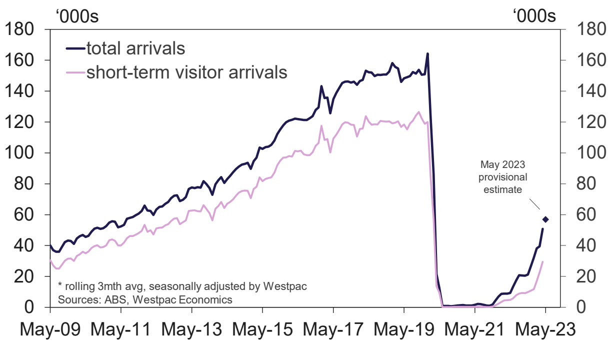
Net arrivals: temporary work visas



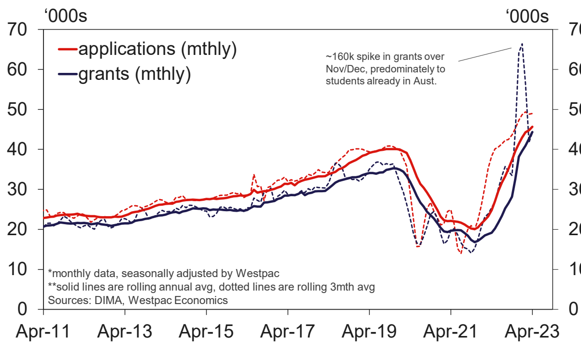
Pre-COVID: arrivals by country of citizenship



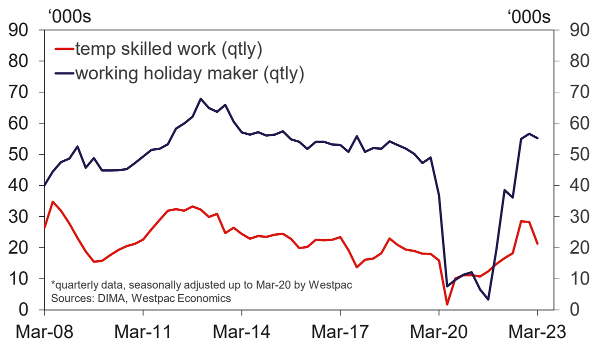
China: recovery in travel flows will take time



Student visas: grants and applications



Temp work visas: grants



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