

12 September 2023

Australia's overseas arrivals and departures

August: long-term travel picks up as holiday travel unwinds

Arrivals: 1547.2k, +519.5k yr

Departures: 1524.0k, +581.7k yr

The ABS estimates that overseas arrivals moderated in August, down -196.2k to 1.55mn, while overseas departures are estimated to have risen by a modest +29.5k to 1.52mn, both of these figures being non-seasonally adjusted.

As we foreshadowed last month, these headline figures are capturing the volatility in short-term travel flows over the mid-year holiday season, with July's burst in resident returns, and to a lesser extent visitor arrivals, seemingly unwinding in August.

While this data is certainly relevant to the recovery in tourism – albeit limited in its implications to actual spending volumes in tourism-related areas – other key sub-components are also providing key insights into the progress being made regarding overseas migration flows.

In particular, the permanent and long-term (P<) category – covering those who migrating and those intending to travel to Australia for more than twelve months – is continuing to exhibit clear strength. In the ten years before the pandemic, net P< inflows tracked an average monthly gain of around 23k/mth. Currently, with the strength in arrivals more than outstripping that of departures, P< net inflows are tracking a robust pace of 39.3k/mth – the highest level we have seen so far for this indicator, providing a clear signal of the strength in the migration-driven population growth recovery (based on Westpac's provisional seasonally adjusted estimates).

The breakdown by visa category also remains constructive on the migration outlook, but there have been some key developments recently. Of note, net arrivals from 'temporary workers' (i.e. skilled, working and other visas) are tracking a three-month average pace of +4.8k/mth, down from the peak of +15.7k/mth in April, and before that, +18.2k/mth in November.

This moderation in pace – which seems to be led by working holiday makers – is broadly in line with recent evidence from the Department of Home Affairs, which has shown that the stock of individuals on this visa in Australia has not grown materially of late, holding around 138k over the three months to June – broadly in line with the stock observed before the pandemic.

That said, students have consistently been exhibiting strength through this period. At a three-month average pace of +19.1k/mth, student net arrivals are holding up well above pre-pandemic levels and are yet to show a convincing evidence of an emerging downtrend.

Later this week, the ABS will publish official estimates of population growth for Q1 2023. Overwhelmingly, the data-flow has pointed to an unwavering strength in net migration so far this year. This is not only evident from overseas arrivals and departures data, but also in estimates of the working age population from the Labour Force Survey – currently growing at 2.8%yr as of July. Net migration is therefore likely post another sizeable lift in Q1 – possibly somewhere in the realm of +150k.

Overall, the evidence suggests that net migration's recovery seems unlikely to let up to a significant degree any time soon.

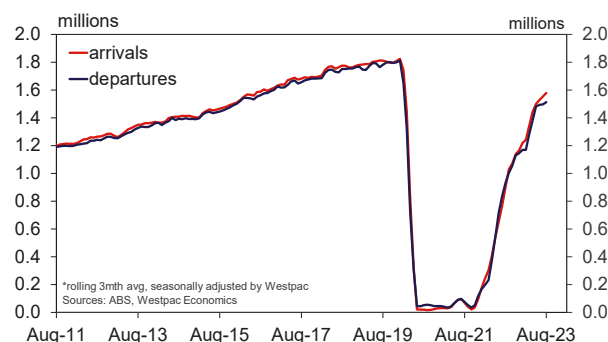
Ryan Wells, Economist

Overseas arrivals and departures, by visa class – August 2023

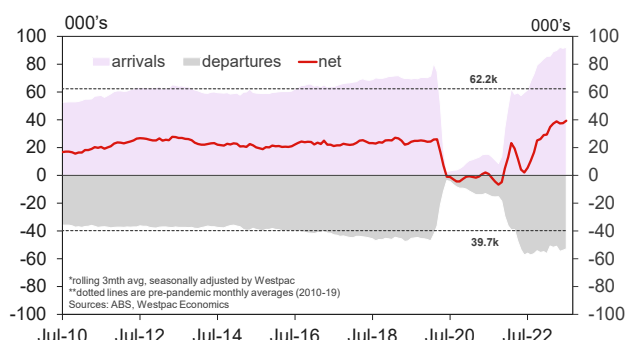
'000s	Jul-23	Aug-23 ^p	Month Chg	Annual Chg
Arrivals	1743.4	1547.2	-196.2	519.5
Permanent	113.6	103.9	-9.7	23.6
Temporary	946.2	999.6	53.4	380.8
Student	134.7	50.6	-84.1	10.0
Work [^]	325.2	417.0	91.8	233.0
NZ	144.1	137.7	-6.4	-46.3
Australians	683.6	443.7	-239.9	115.0
Departures	1494.5	1524.0	29.5	581.7
Permanent	97.7	95.8	-1.9	27.5
Temporary	588.8	669.0	80.2	322.1
Student	37.7	28.6	-9.1	14.5
Work [^]	76.7	79.0	2.3	39.1
NZ	141.7	134.2	-7.5	30.4
Australians	808.0	759.2	-48.8	232.1

* based on non-seasonally adjusted data; p provisional;
[^] temporary skilled, temporary working & other temporary visas
 Source: ABS, Westpac Economics.

Total overseas arrivals and departures



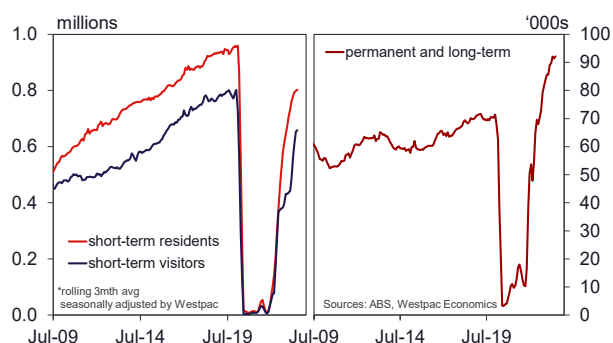
Permanent & long-term travel



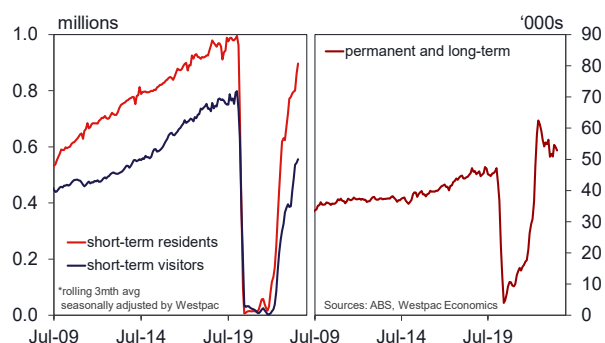
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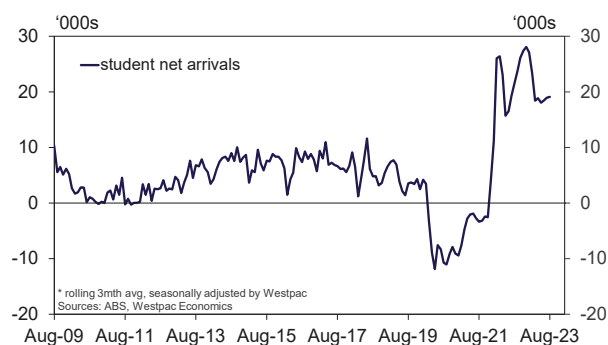
Overseas arrivals by category of travel



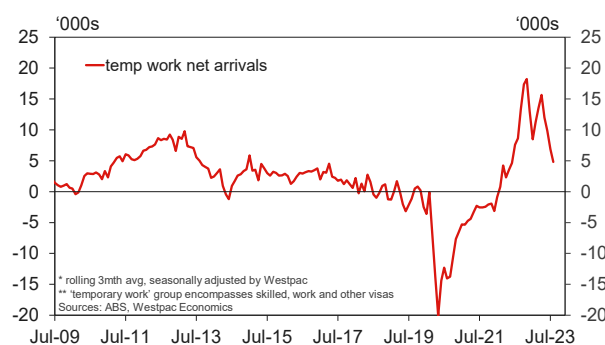
Overseas departures by category of travel



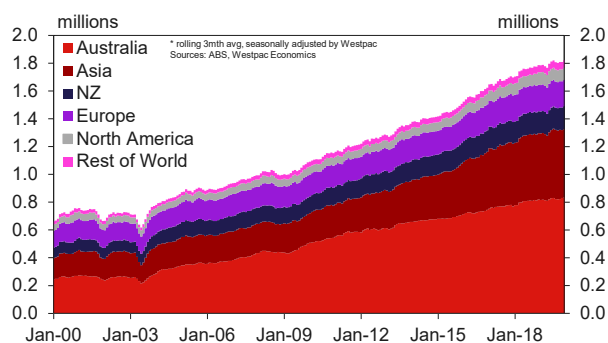
Net arrivals: student visas



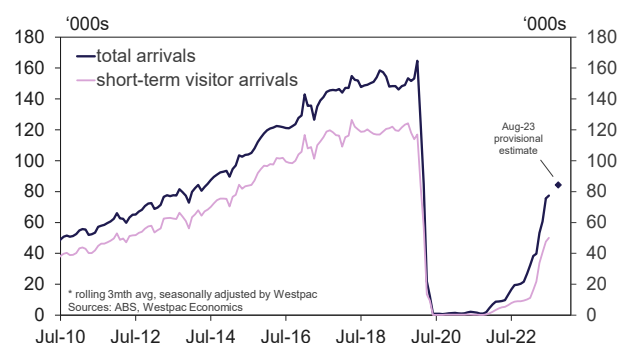
Net arrivals: temporary work visas



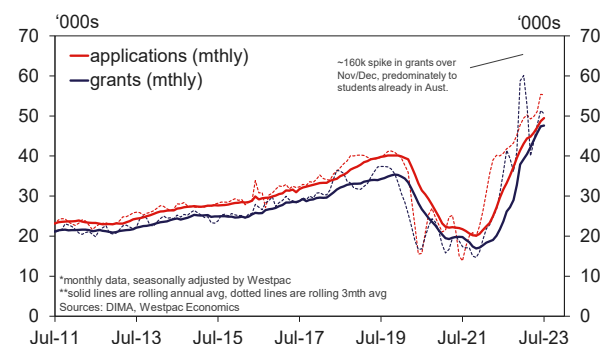
Pre-COVID: arrivals by country of citizenship



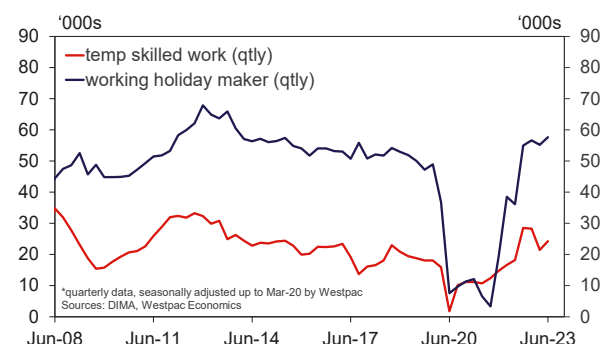
China: recovery in travel flows will take time



Student visas: continuing to trend higher



Temp work visas: grants



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