

## Australia

# Australia flies back stranded citizens as border controls throttle economy

Restrictions spark debate over how migrant-dependent country rebuilds after Covid-19



Passengers from New Zealand, one of the places where travellers are allowed to enter Australia, arrive in Sydney. Canberra has imposed some of the strictest border controls in the world due to the Covid-19 pandemic © David Gray/AFP via Getty

**Jamie Smyth** in Sydney 10 HOURS AGO

A new wave of repatriation flights for Australians stranded abroad will begin from the UK and India on Thursday, as the government responds to intense [criticism](#) of some of the world's toughest Covid-19 travel restrictions.

Canberra has barred most foreign residents from entering Australia and imposed strict caps on the number of international arrivals, with only passengers from New Zealand and experts granted special exemptions to enter the country.

The tough measures have caused airlines to cancel flights and raise ticket prices, making it exceptionally difficult for Australian citizens to return home during the pandemic.

Yet even as Canberra has organised the repatriation flights, it is resisting pressure from business to reopen its border to migrants — a policy that reduces the risk of importing Covid-19 but which will deliver an \$18.5bn [economic hit](#) this year.

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“This [border closure] is having a big impact on the economy because population growth is such a large driver of economic growth and most of the population growth in Australia happens through immigration,” said Anna Boucher, an associate professor at the University of Sydney.

The coronavirus pandemic has killed more than 1m people across the globe. But could it have been averted? A unique FT investigation examines what went wrong — and right — as Covid-19 spread across the world

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pre-Covid-19 levels until 2023-24.

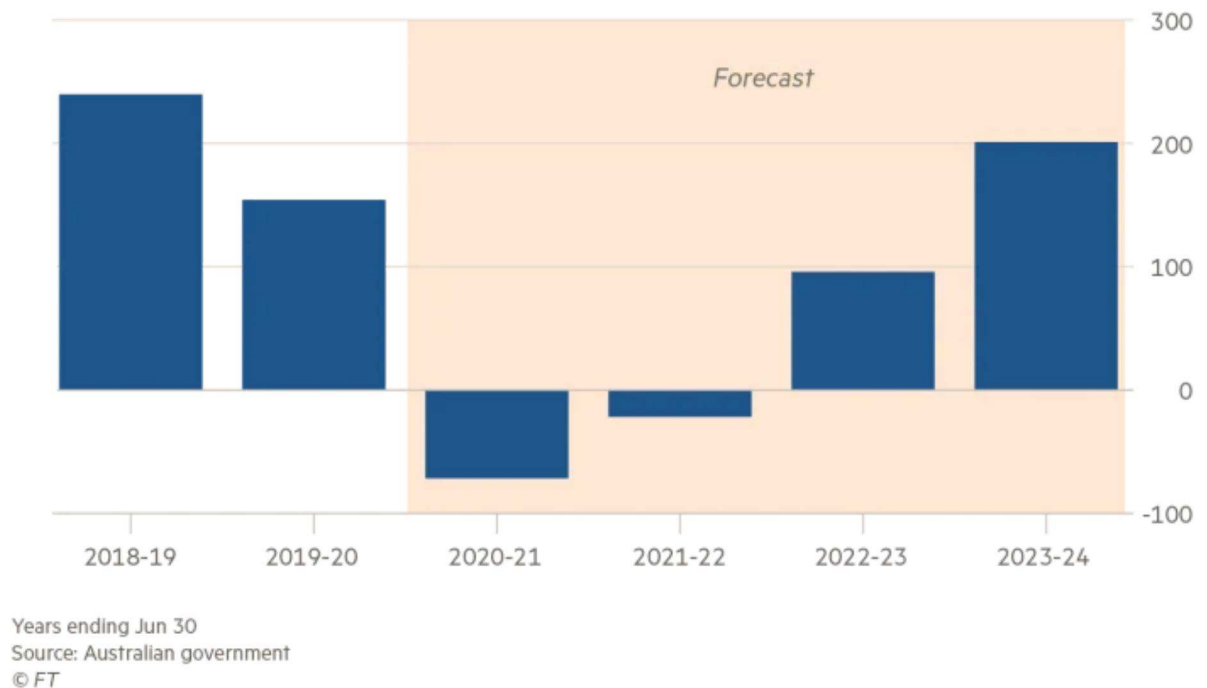
“This will really impact household consumption, demand for services, housing and international education. The government should look at scaling up the quarantine systems it is currently deploying to help citizens return and to allow some migrants to arrive, to support the economy.”

Australia is not the only nation experiencing a fall in net migration. The pandemic has brought a decade-long growth in global migration to a shuddering halt, according to the OECD. But Canberra relies on one of the [highest](#) rates of net migration in the developed world to sustain growth, leaving its economy more exposed than most.

Australia's population will be 26m people at the end of 2022, about 1m lower than it would have been if Australia's borders had not been closed due to Covid-19, according to government forecasts that assume borders will reopen by late 2021. Net migration will fall to minus 71,600 in 2020-21, down from 154,100 a year earlier, and is not expected to return to

## Australian migration slumps due to Covid-19

Net overseas migration ('000)



Gross domestic product in 2021 is forecast to be 1.4 percentage points lower than previously expected owing to the fall in net migration, according to economists. A smaller population will also act as a drag on growth in the long term, even when net migration returns to pre-pandemic levels, they add.

Fewer people will also mean lower demand for housing — a sector that has enjoyed a quarter century of price growth and investment that helped Australia to avoid recession for almost three decades.

“Immigration has been the major driver of growth in the ‘underlying’ demand for housing in Australia for the last 25 years,” said Saul Eslake, an economist.

Mr Eslake said the absence of immigrants would also damp business investment and could undermine the rationale for some of the government’s big-ticket transport projects as part of an A\$107bn (\$76bn) infrastructure splurge aimed at fuelling a post-pandemic recovery.

Other industries are also suffering. The university sector, which relies heavily on overseas students, faces a A\$16bn hit to its finances over four years, as the number of fee-paying foreign students enrolled at colleges falls by as much as half from pre-pandemic levels of more than 400,000 people.

Andrew Norton, an expert on higher education policy at The Australian National University, said the government was considering allowing foreign students to fly into Australia, so long as their hotel quarantine costs were covered. But he added that a pilot project was delayed owing to a political backlash over concerns that the more than 30,000 Australians stranded overseas be given priority to return.

Scott Morrison, Australia's prime minister, has said it would take time to get back to some form of "Covid-normal" with international students.

"We are not going to put the recovery at risk by acting with undue haste in those areas and not protecting against the potential health impacts that could come," he said.

There is also no guarantee immigration will return to pre-Covid-19 levels. The government slashed net migration before the pandemic stuck by slowing the granting of visas, arguing this would relieve pressure on infrastructure.

However, many economists believe the nature of Australia's skills-based migration programme means new arrivals tend to create more jobs than they take from Australian-born residents.

"Migrants not only add to economic growth but I would argue they add to per capital growth," said Mr Eslake. "However, for as long as unemployment remains above what the government regards as 'full employment', I suspect that it will be reluctant to allow the permanent migration intake to return to its pre-pandemic level."

## Latest coronavirus news

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