



12 February 2026

Committee Secretary

Senate Legal and Constitutional Affairs Committee

PO Box 6100

Parliament House

Canberra ACT 2600

Submission to the inquiry into offshore processing and resettlement arrangements

Dear Committee Secretary,

The Refugee Action Campaign Canberra (RAC Canberra) welcomes the opportunity to provide a submission to the Inquiry into Offshore Processing and Resettlement Arrangements.

The Refugee Action Campaign Canberra (RAC Canberra) is part of a national network of concerned Australians calling for more humane treatment of refugees and people seeking asylum. RAC Canberra has a current network of approximately 5000 people, comprising individuals with a broad range of backgrounds from across the ACT and surrounding rural and regional areas. RAC Canberra is not associated with any political party.

We strongly oppose the current offshore processing and resettlement arrangements, which continue to punish refugees and people seeking asylum. We have serious concerns about the astronomical financial costs, the lack of transparency, and the ongoing human rights ramifications of these policies.

The following submission will explore the reasons for this opposition, beginning with the staggering fiscal impact of the current system. Since 2012, Australia has spent \$13.35 billion on an offshore processing system originally marketed as a temporary measure (Refugee Council of Australia, 2025a). Despite Australia's offshore cohort in Nauru being approximately 100, the 2024-25 budget still requires \$604 million and 2025-26 requires \$581 million. This translates to an astronomical cost of roughly \$5.8 million per person, per year.

The economics and accountability of offshore processing

The following data shows a critical fiscal imbalance: the Australian government is currently spending 'detention-level' billions on a population smaller than a single primary school. In

Nauru specifically, the combination of the operating budget and upfront Memorandum of Understanding (MOU) payments results in Australia spending nearly \$1 billion in a single year for just 100 people.

Feature	Nauru (Active)	PNG (Residual/New Deal)
Number of People	~100	~40
Primary Operator	MTC Australia (Contracted until 2027)	PNG Immigration (Funded by Australia via the new deal)
Current Budget	Operational budget: \$581 Million (2025-26) + Nauru NZYQ Deal: \$408 Million (Upfront treaty payment) then \$ 70 Million per year	Undisclosed / Confidential
Contract Value	\$787 Million (Total MTC contract value as of Oct 2025)	\$2.5 Billion (Total 30-year commitment to PNG/Nauru for removals)
Legal Standing	UN ruled 'Effective Control' (Jan 2026)	UN ruled 'Effective Control' (Jan 2026)

As shown above, Australia spends **\$4.15 million** (at minimum) per person in Nauru, compared to the **\$43,100** per person for community-based settlement in Australia. This 100-fold increase in cost provides no measurable increase in 'security,' as arrivals are driven by global conflicts, not these payments.

The \$2.5 billion 30-year commitment shows that the government is locking future generations of taxpayers into a multi-billion-dollar debt through a MoU that was signed without a public debate on its long-term cost implications.

In late 2025, the government finalised a 'closure' payment to local entities in PNG to manage the remaining ~40 people. The PNG payments were made through 'opaque' administrative arrangements. Unlike Nauru's centralised contract with MTC, the late-2025 PNG arrangements lack a clear primary contractor, making it nearly impossible for taxpayers to track the flow of funds (Kaldor Centre for International Refugee Law, 2024).

While the government uses the 'sovereign nation' argument to avoid transparency (claiming it's PNG's or Nauru's responsibility), the January 2026 UN ruling confirms that because Australia provides the \$13.35 billion, Australia has 'effective control' (United Nations Committee against Torture, 2026).

The UN found that Australia’s funding, management, and contracting of services establish direct jurisdiction, making Australia legally liable for the documented torture and ill-treatment of individuals in these facilities.

This confirms that the current expenditure represents a profound ‘**fiscal failure**’ where the cost per individual is decoupled from any logical service delivery or legal standard.

Recommendation:

RAC Canberra recommends the immediate cessation of offshore processing and the redirection of these billions toward sustainable, community-based settlement programs.

The MTC Australia contract and the ‘Readiness’ model

Since 2022, the contract with **MTC Australia** for Nauru has undergone several significant amendments. The data below tracks the value of this contract against the fluctuating detainee population to illustrate the ‘readiness’ cost model.

Date	Phase / Event	Contract value	Duration	Detainee population	Notes
Sept 2022	Initial ‘Letter of Intent’	\$47 million	2 Months	~100	Awarded via limited tender to replace Canstruct.
Dec 2022	First amendment	\$69 million	+2 Months	~100	Short-term extension while negotiations continued.
Jan 2023	Official multi-year award	\$422 million	3 Years	~60-70	Initial ‘long-term’ deal through Sept 2025.
Dec 2024	Onshore expansion	\$2.3 billion	5 Years		MTC also awarded the onshore detention contract.
Oct 2025	The ‘Quiet expansion’	\$787 million	+2 Years	~105 people	Value increased by \$365M ; extended to Sept 2027.
Jan 2026	Current standing	\$787 million	Ongoing	~100 people	Value is now 16 times the original 2022 amount.

While the company began with a short-term, low-cost ‘Letter of intent,’ its role has expanded into a multi-billion-dollar operation covering both offshore and onshore immigration detention (Refugee Council of Australia, 2025a).

Notice that between January 2023 and October 2025, the population only grew by about 35 people, yet the contract value nearly **doubled** (from \$422M to \$787M). This proves that payments are for ‘readiness’ rather than actual service delivery (Refugee Council of Australia, 2025b).

Also note that, in June 2023, the population briefly hit zero before new transfers began in September. During that ‘zero’ period, MTC was still being paid at the full contract rate, illustrating the lack of fiscal flexibility (Refugee Council of Australia, 2025c).

It is noted that data following 31 August 2024 is sourced from Senate Estimates and is only intermittently reported, leading to minor discrepancies in monthly reporting (Refugee Council of Australia, 2025c). However, the underlying fiscal trend remains clear: payments are decoupled from the number of individuals actually held in the facility.

The ‘readiness’ model creates an incentive for private contractors to maintain permanent infrastructure regardless of need.

Recommendations:

RAC Canberra recommends that an independent audit of all detention contracts is conducted and that contract arrangements move toward a flexible, ‘pay-per-service’ model based in the Australian community.

Furthermore, a full transition from offshore processing to onshore, community-based arrangements mentioned above commences immediately.

The NZYQ cohort and the two-tiered justice system

In late 2025, Australia signed a new \$1.6 billion deal with Nauru to potentially resettle up to 354 former detainees (the ‘NZYQ cohort’) who have no legal right to stay in Australia (Asylum Insight, 2025).

- Most members of the cohort (estimates suggest over 80-90%) had their visas cancelled on ‘character grounds’ because they had committed crimes and were sentenced to 12 months or more in prison.
- Statistics from the Department of Home Affairs in 2025 indicated that within the group, there were individuals convicted of very serious crimes, including murder or attempted murder (13 people), sex-based offences (~95 people), and violent offences such as assault or armed robbery (133 people).
- Crucially, a small portion of the group has no criminal history or was convicted of only low-level, non-violent crimes (such as historical cannabis use). This includes people who were refused a visa but cannot be deported because they are recognised as refugees or are stateless.

Although these people have **already served their full prison sentences** as determined by Australian courts, after their prison sentences ended, they were moved to immigration detention. Under Australian law at the time, they were held there indefinitely because they had no visa, but they could not be deported (often because they were stateless or faced persecution in their home countries, or the governments in their home countries will not accept forced returnees).

In November 2023 the High Court ruled that keeping people in indefinite immigration detention, with no prospect of deportation to their country of origin, amounted to unconstitutional punishment by the government.

The government's response has been to frame the group as 'dangerous criminals' to justify the strict monitoring (including ankle bracelets/curfews) and the \$2.5 billion Nauru deal.

While the total cohort released from detention following the High Court ruling reached **358 people** by late 2025, the Australian government's Memorandum of Understanding (MoU) with Nauru specifically targets roughly **280 individuals** for resettlement.

- Nauru issues a 30-year resettlement visa to a member of the cohort.
- Once a third-country visa is granted, the individual is no longer considered 'indefinitely detained' in Australia because there is now a 'real prospect' of removal.
- This allows Australian authorities to re-detain the individuals in Australia until they can be flown to Nauru.

It cannot be emphasised strongly enough that these individuals have 'served their time' and that treating them differently from citizens who commit the same crimes creates a 'two-tiered' justice system.

Moreover, the cost of this detention is very high if you compare it with the cost of supporting a person to live in the Australian community.

Location / Program	Cost (Per year)	Notes
Community (Bridging Visa)	\$2,575 – \$4,429 (per person)	Covers basic processing and minimal administrative oversight. Supported in the community with work rights.
Community (Electronic monitoring)	\$16,801– \$35,000+ (per person)	The base cost of support plus GPS hardware, 24/7 monitoring staff, and compliance teams.
Immigration detention (Australia)	~\$550,040 (per person)	Average annual cost to hold one person in an Australian detention centre.
The Nauru NZYQ deal (Year 1)	\$408 million (Total)	Upfront cost for the first year of the 30-year deal.
Nauru NZYQ Deal (Ongoing)	~\$70 million (total per year)	Based on a \$2.5 billion total cost for a cohort of approximately 350 people. Over the 30-year life of the deal, the total expenditure averages to more than \$7 million per person for the ~354-person cohort.

Attempting to bypass High Court rulings through costly offshore resettlement deals is unconstitutional in spirit and fiscally irresponsible.

Recommendation:

RAC Canberra recommends that all individuals who have served their sentences be managed within the Australian legal system using existing community monitoring frameworks.

Transparency, legal liability, and the ‘Effective control’ ruling

The outcome of the 2025 payments in PNG was a cessation of basic services during the contract transition, demonstrating that the money spent failed to achieve the stated aim of ‘dignity and respect.’

The UN Committee against Torture ruled in January 2026 that Australia's ‘funding and contracting’ in PNG, even late into 2025, establishes ‘effective control.’ This means Australia remains legally liable for the documented instances of torture and systemic oversight failures.

The UN ruling proved that substantial funding to private contractors did not result in the protection of individuals. This confirms that the massive expenditure has failed to meet its most basic international legal obligations.

While the government has allocated \$581 million for offshore processing for just ~140 people in 2025-26, it has allocated only \$20.2 million for the Status Resolution Support Service (SRSS) which supports people in the Australian community.

Since 2015-16, funding for asylum seeker support (SRSS) has been **slashed by 93%** (from \$300 million to \$20.2 million).

As shown above, it costs 100 times more to detain one person offshore than it does to settle one person through the normal humanitarian program. There is no economic or security logic that justifies a \$4.1 million per person price tag for a system that has been ruled to have failed its duty of care.

The reason the offshore cost is so high is that the Australian government pays for the entire infrastructure of the centres, security, empty beds, and private contractor fees (like those to MTC Australia), regardless of whether there are 10 people or 1,000.

For the cost of detaining just 140 people offshore, Australia could nearly double its entire humanitarian intake or provide comprehensive social support to thousands of refugees already living in our community.

Australia cannot outsource its legal or moral obligations.

Recommendation:

RAC Canberra recommends the immediate restoration of SRSS funding to 2015 levels and the adoption of transparent, publicly accountable reporting for all migration-related spending.

Conclusion

Since 1953, historical data shows that Australia has received an average of 20,000 asylum seekers annually (including those on boats). This is a stable, manageable number that aligns with our humanitarian visa capacity. It does not constitute a ‘national security emergency’ that justifies the suspension of fiscal integrity or international law.

The government’s ‘deterrence’ narrative, which has cost taxpayers \$13.35 billion, is contradicted by geopolitical reality. Fluctuations in boat arrivals correspond to global conflicts (such as the end of the war in Afghanistan) rather than local ‘brutal’ policies.

By maintaining a permanent infrastructure of deterrence for a manageable population, the government has locked taxpayers into a cycle of waste. Spending \$5.8 million per person on Nauru while ignoring the \$4,429 cost of community-based processing is a profound betrayal of the government’s duty to provide Value for Money.

Australia must end the cycle of waste and return to the proven, cost-effective model of community-based processing. The offshore system has failed its duty of care and its fiscal responsibility. The infrastructure of deterrence should be dismantled in favour of a system that doubles the humanitarian intake for the same cost currently spent on detaining 140 people.

References

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