



## Policy costing

### Increase Australia's humanitarian intake to 50,000 places a year, and related measures

Party:

Australian Greens

Summary of proposal:

This proposal has four components.

- Component 1: End offshore detention
  - This component would commence on 1 July 2019 and would:
    - ◆ abolish Australian funding for offshore detention centres, honouring all contractual commitments in place as at 1 March 2019
    - ◆ abolish the practice of removing unauthorised maritime arrivals in suspected illegal entry vessels from Australian waters ('boat turnbacks')
    - ◆ continue Navy operations and the current criminal penalties for operators of boats used for people smuggling
    - ◆ continue the defence in-depth operations to deter and disrupt people smuggling operations in neighbouring jurisdictions in the region, the strategic messaging campaigns, and the co-operative diplomatic dialogue and support
    - ◆ use existing onshore detention facilities and, if required, set up new facilities in, or near, domestic regional centres
    - ◆ establish a seven-day time limit on onshore immigration detention, contingent on the completion of health, character and security checks
    - ◆ preliminary checks would be completed in seven days, and within current budgets
    - ◆ for cases where red flags were raised through a preliminary check, or where the preliminary checks could not be completed within a week, a seven-day extension could be sought from the courts
    - ◆ deploy a robust independent inspectorate for all of Australia's detention centres
    - ◆ accommodate the majority of asylum seekers arriving by boat in community detention while claims are processed
    - ◆ abolish temporary protection visas.
- Component 2: Increase Australia's humanitarian intake
  - This component would increase Australia's annual humanitarian program to 50,000 places per year from 1 July 2019, exclusive of the quota for Community Support Program places. There would be no priorities or sub-quotas for applications from boat arrivals or offshore humanitarian migrants. If the annual quota was reached, people arriving by boat would be held in Australian immigration onshore detention facilities and processed in the following year.

- In addition, up to 10,000 additional places would be created under the Community Support Program, with the following arrangements.
  - ◆ The Commonwealth Government would cover visa processing costs.
  - ◆ The sponsor would provide travel and accommodation costs, food and living expenses, and would assist with employment opportunities. This employment assistance would replace any Commonwealth Government assistance.
  - ◆ The refugee would have access to the same services as entrants under the humanitarian intake, with these costs covered by the sponsor.
- The Humanitarian Settlement Services Program would be restored, replacing the existing Humanitarian Settlement Program.
  - ◆ The Humanitarian Settlement Program replaced the Humanitarian Settlement Services Program on 30 October 2017.
- Ensure adequate and appropriate training would be provided to departmental staff so they are equipped to appropriately assess applications from lesbian, gay, bisexual, transgender/gender diverse, intersex and queer (LGBTIQ+) people seeking asylum, and adequate training and guidelines would be provided to the Refugee Review Tribunal.
- Component 3: Additional funding to the United Nations High Commissioner for Refugees (UNHCR)
  - This component would provide \$500 million in funding to UNHCR offices in Indonesia and Malaysia, evenly distributed over four years from 1 July 2020, with the strategic aim of supporting multilateral efforts to stop boat departures and encourage asylum seekers to use existing UNHCR resettlement channels, in light of the increased humanitarian intake.
- Component 4: Royal Commission into the immigration detention system
  - This component would provide \$60 million in 2020-21 for a one-year Royal Commission into the immigration detention system.

## Costing overview

This proposal would be expected to decrease both the fiscal and underlying cash balances by \$14,215 million over the 2019-20 Budget forward estimates period. This impact reflects an increase in administered expenses of \$11,232 million and an increase in departmental expenses of \$3,383 million, partially offset by an increase in revenue of \$400 million relating to the increased humanitarian intake.

Components 1 and 2 of this proposal would have ongoing financial implications beyond the 2019-20 Budget forward estimates period. Component 3 would only have financial implications over the period from 2020-21 to 2023-24, and Component 4 would have financial implications in 2020-21 only.

A breakdown of the financial impacts of the proposal over the period from 2019-20 to 2029-30 is provided at [Attachment A](#).

**Table 1: Financial implications (\$m)<sup>(a)(b)</sup>**

	2019–20	2020–21	2021–22	2022–23	<b>Total to 2022–23</b>
Fiscal balance	-1,110	-2,395	-4,365	-6,335	<b>-14,215</b>
Underlying cash balance	-1,110	-2,395	-4,365	-6,335	<b>-14,215</b>

(a) A positive number represents an increase in the relevant budget balance; a negative number represents a decrease.

(b) Figures may not sum to totals due to rounding.

The estimated financial implications for Component 1 are extremely sensitive to the assumptions around the number and costs relating to prospective asylum seekers arriving by boat. There is extremely high uncertainty around the number of asylum seekers arriving by boat under this proposal. For the purposes of estimating the financial implications of the policy, the Parliamentary Budget Office (PBO) estimated these numbers and the costs based on historical data, but the actual response could vary widely depending on domestic and international circumstances, which are either unforeseeable or extremely difficult to predict and incorporate into a policy costing. Historical data on asylum seekers arriving by boat may not provide an adequate guide on levels, trends and characteristics of potential asylum seekers arriving by boat in the future under this proposal, and the resources required for health and security vetting, in particular, are highly uncertain.

The estimated financial implications for Component 1 are highly sensitive to the assumption that the release of the bulk of detainees within seven days is feasible. If the annual number of asylum seekers arriving by boat were to be double the previous peak, for example, and the vast majority of these asylum seekers were to be held in detention for more than a week, the estimated financial implications of this proposal would more than double because this would require the construction of new detention facilities and a longer duration of detention.

The estimated financial implications of Component 1 are also sensitive to the costs of Australia's immigration detention policy under the baseline. In particular, the cost of offshore detention, and therefore some savings associated with the proposal, depends on the number of people in offshore detention. The fewer people there are in offshore detention under the baseline, the lower the saving from abolishing offshore detention, increasing the cost of this proposal, other things being equal.

The estimates for Component 2 are particularly sensitive to the use of relevant government services and welfare programs by the humanitarian migrants under this proposal. This is, in turn, sensitive to the assumption that the demographic and economic characteristics of people arriving by boat have similar characteristics to recent humanitarian migrants.

## Key assumptions

The PBO has made the following assumptions in costing this proposal.

- Required legislation would be passed by the Parliament prior to the proposed start dates.

### Component 1: End offshore detention

- Under the baseline, no asylum seekers would arrive in Australia by boat and Australia's offshore detention centres would remain open over the period to 2029-30 with their current level of detainees.

- After the abolition of offshore detention and boat turnbacks, additional asylum seekers would arrive in Australia by boat.
  - The number of arrivals would be about half the previous historical peak of around 25,000 in the first year and would plateau at its previous peak from the second year.
  - Asylum seekers arriving by boat would be evenly distributed over the year.
- With some enhancements, current onshore detention facilities would have capacity to accommodate transferees from offshore detention and potential asylum seekers arriving by boat for the maximum specified onshore detention time of seven days.
  - About one-tenth of the detainees would be held for more than seven days for the completion of health, character or security checks.
  - Assuming the flow of boat arrivals would be evenly distributed over the year implies that there would be less than 2,000 arrivals in any week. This weekly flow is within the capacity of existing detention centres once their capacity is enhanced, so new facilities would not be required.
- The average administered cost per detainee would grow in line with wage cost index 5.
- Existing holders of temporary protection visas would be transferred to permanent protection visas upon abolition of temporary protection visas, with a minimal impact on the cost of the proposal.
  - This would result in an abolition of the Status Resolution Support Services program.
- The abolition of offshore detention and boat turnbacks under this proposal would not alter the need for, and associated expenses of, maritime surveillance of the Australian coastal waters, which would continue as per the specification.
- Existing funds would be redirected to support and enhance the function of the independent inspectorate.
  - The inspection of detention facilities is currently performed by the Commonwealth Ombudsman and potential additional costs for the enhancement of this function would not be material relative to the overall cost of the proposal.

## **Component 2: Increase Australia's humanitarian intake**

- Under the baseline, Australia's Commonwealth Government-supported humanitarian intake would remain constant at 17,750 people per year.
- Under the baseline and the proposal, the average age profile of the annual humanitarian migrant intake would not change over the costing horizon.
- The proposed annual humanitarian intake of 50,000 people per year would be fully taken up.
- Additional community-sponsored places would have no material impact on the Commonwealth Government budget.
  - Fewer than half of the 1,000 places per year in the current Community Support Program were taken up in 2017-18.
- Additional asylum seekers arriving by boat would not exceed the annual humanitarian intake of 50,000 people per year under the policy.
- All of the people receiving status resolution support services would be granted permanent protection visas.
  - These cases would be absorbed within the annual humanitarian intake of 50,000 people.

- This would have an immaterial financial impact relative to the overall cost of this proposal.
- The cost of the proposed training and guidelines on LGBTIQ+ asylum seekers for departmental staff and the Refugee Review Tribunal would be met from within the existing resources of the Department of Home Affairs and the Department of Social Services.
- The average age profile of the offshore humanitarian intake from 2013-14 to 2017-18 would be applicable to all expenditure and revenue estimations for which age disaggregation is necessary.
- Humanitarian visas would be granted evenly over each financial year.
- The take-up of welfare payments in each annual cohort of humanitarian migrants would decline gradually over time but would remain above the average take-up among the general Australian population.
  - The average take-up of welfare payments would gradually decline from nearly 100 per cent in the first year to around 60 per cent of the cohort after 10 years.
- Mortality rates of the humanitarian migrants would be similar to that of the general Australian population.

#### **Component 4: Royal Commission into the immigration detention system**

- Departmental expenses for the Royal Commission into the immigration detention system would be five per cent of the total funding, consistent with the funding profile of similar Royal Commissions.

## **Methodology**

### **Component 1: End offshore detention**

The financial implications of Component 1 were based on a combination of aggregate and unit costs for each key item of this component. These items are:

- ceasing some functions (about one-tenth) of Joint Agency Taskforce spending under Operation Sovereign Borders, with the vast majority of functions other than boat turnbacks to continue, as per the specification
- decommissioning offshore facilities
- transferring offshore detainees to Australia
- enhancing the operational capacity of onshore facilities
- operating onshore held and community detention.

Underlying estimates for each item under this component are PBO estimates derived from information provided by the Department of Home Affairs, and historical data on the number of asylum seekers arriving by boat and the costs associated with their management.

Behavioural responses resulting in an additional flow of asylum seekers arriving by boat under this proposal were modelled on the basis of historical data on asylum seekers arriving by boat prior to the introduction of the boat turnback policy. These estimates account for UNHCR information on the pool of potential asylum seekers and refugees in Australia's neighbouring regions.

## **Component 2: Increase Australia's humanitarian intake**

The financial implications of Component 2 were based on estimated average expenses and average revenue per person in the humanitarian program, and the proposed increase in the number of people in the humanitarian program.

Average per-person financial impacts are based on estimates of:

- the costs of Commonwealth Government services and transfers to which humanitarian migrants have access, such as welfare payments, Medicare benefits, pharmaceutical benefits, child care subsidies, schools, employment services, and settlement services
  - The impact of restoring the Humanitarian Settlement Services Program by replacing the existing Humanitarian Settlement Program have been incorporated by adjusting the per person costs of these programs. This reduces the gross cost of this component by \$80 million over the 2019-20 Budget forward estimates period and around \$20 million per year ongoing.
- the average expected taxation revenue comprising excise, customs, and good and services tax, and the personal income tax and superannuation contributions tax that would be paid by employed humanitarian migrants.

Where relevant, impacts over time for each annual cohort of humanitarian migrants have been estimated at the cohort level, adjusted for attrition due to mortality.

## **Component 3: Additional funding to the UNHCR**

The financial implications of providing UNHCR funding are the specified annual funding amounts. Departmental expenses associated with administering this funding are not expected to be material and have not been included.

## **Component 4: Royal Commission into the immigration detention system**

The financial implications of running a one-year Royal Commission in 2020-21 are the specified funding amount, split into administered and departmental expenses based on previous Royal Commissions.

## **All components**

Administered expenses for Component 1 and Component 2 and revenue for Component 2 are rounded to the nearest \$100 million. Departmental expenses for Component 1 and Component 2 are rounded to the nearest \$10 million. All other figures are rounded to the nearest \$1 million.

## **Data sources**

Commonwealth of Australia 2019, *2019-20 Budget*, Canberra: Commonwealth of Australia.

The Department of Finance provided indexation and efficiency dividend parameters as at the 2019 Pre-election Economic and Fiscal Outlook.

The Department of Home Affairs provided information on expenses relating to offshore and onshore detention of asylum seekers arriving by boat.

The Treasury provided information on revenue estimates for average humanitarian migrants.

The Department of Finance provided relevant agency specific expenditure and revenue models for the humanitarian program from:

- the Department of Education and Training
- the Department of Health
- the Department of Human Services
- the Department of Jobs and Small Business
- the Department of Social Services
- The Treasury.

The Department of Health provided the hospital funding model as at the 2019 Pre-election Economic and Fiscal Outlook.

The Department of Social Services provided the model for the 2018-19 Budget measure *New Disability Employment Services - transition assistance*.

The PBO consulted via telephone with Dr Violeta Moreno Lax, Queen Mary Law School, London on 09.01.2019 at the request of the Australian Greens.

- The PBO regularly consults with external experts in the course of preparing costing estimates and invites requesting parliamentarians to nominate experts, if desired. Discussions are acknowledged at the expert's request. As with all costing responses, the decisions on costing methodology and assumptions are the best professional judgement of the Parliamentary Budget Officer.

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Available at: [http://popstats.unhcr.org/en/time\\_series](http://popstats.unhcr.org/en/time_series) [Accessed 02.10.2018].

## Attachment A – Increase Australia's humanitarian intake to 50,000 places a year, and related measures – financial implications

**Table A1: Increase Australia's humanitarian intake to 50,000 places a year, and related measures – Fiscal and underlying cash balances (\$m)<sup>(a)(b)</sup>**

	2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	2027–28	2028–29	2029–30	Total to 2022–23	Total to 2029–30
<b>Revenue</b>													
<i>Component 2: Increase humanitarian intake</i>	..	100	100	200	200	300	400	500	500	600	700	400	3,600
<b>Total – revenue</b>	-	100	100	200	200	300	400	500	500	600	700	400	3,600
<b>Expenses</b>													
<i>Administered</i>													
<i>Component 1 : End offshore detention</i>	-300	-600	-1,500	-2,500	-2,500	-2,500	-2,600	-2,600	-2,700	-2,700	-2,800	-4,900	-23,300
<i>Component 2: Increase humanitarian intake</i>	-600	-1,200	-1,800	-2,300	-2,900	-3,400	-4,000	-4,500	-5,100	-5,400	-5,500	-5,900	-36,800
<i>Component 3: UNHCR funding</i>	-	-125	-125	-125	-125	-	-	-	-	-	-	-375	-500
<i>Component 4: Royal Commission</i>	-	-57	-	-	-	-	-	-	-	-	-	-57	-57
<b>Total – administered</b>	<b>-900</b>	<b>-1,982</b>	<b>-3,425</b>	<b>-4,925</b>	<b>-5,525</b>	<b>-5,900</b>	<b>-6,600</b>	<b>-7,100</b>	<b>-7,800</b>	<b>-8,100</b>	<b>-8,300</b>	<b>-11,232</b>	<b>-60,657</b>
<i>Departmental</i>													
<i>Component 1 : End offshore detention</i>	-160	-460	-980	-1,540	-1,570	-1,600	-1,630	-1,660	-1,680	-1,710	-1,740	-3,140	-14,740
<i>Component 2: Increase humanitarian intake</i>	-50	-50	-60	-70	-80	-80	-90	-90	-90	-90	-90	-240	-850
<i>Component 3: UNHCR funding</i>	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Component 4: Royal Commission</i>	-	-3	-	-	-	-	-	-	-	-	-	-3	-3
<b>Total – departmental</b>	<b>-210</b>	<b>-513</b>	<b>-1,040</b>	<b>-1,610</b>	<b>-1,650</b>	<b>-1,680</b>	<b>-1,720</b>	<b>-1,750</b>	<b>-1,770</b>	<b>-1,800</b>	<b>-1,830</b>	<b>-3,383</b>	<b>-15,593</b>
<b>Total – expenses</b>	<b>-1,110</b>	<b>-2,495</b>	<b>-4,465</b>	<b>-6,535</b>	<b>-7,175</b>	<b>-7,580</b>	<b>-8,320</b>	<b>-8,850</b>	<b>-9,570</b>	<b>-9,900</b>	<b>-10,130</b>	<b>-14,615</b>	<b>-76,250</b>
<b>Total</b>	<b>-1,110</b>	<b>-2,395</b>	<b>-4,365</b>	<b>-6,335</b>	<b>-6,975</b>	<b>-7,280</b>	<b>-7,920</b>	<b>-8,350</b>	<b>-9,070</b>	<b>-9,300</b>	<b>-9,430</b>	<b>-14,215</b>	<b>-72,650</b>

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

(b) Figures may not sum to totals due to rounding.

.. Not zero but rounded to zero.

- Indicates nil.