Parliamentary Budget Office

Abolish TPVs and SHEVs and create a new permanent visa	
Party:	Australian Labor Party

Summary of proposal:

This proposal would abolish the Temporary Protection Visa (TPV) and Safe Haven Enterprise Visa (SHEV). Specifically, this proposal would:

- close TPV and SHEV to new applications from the start date
- establish a new permanent visa category, under which visa holders would receive similar benefits as TPV or SHEV holders and would be eligible to apply for citizenship. Current TPV or SHEV holders would automatically be granted this visa on the start date
- finish assessing all TPV and SHEV applications that were lodged before the start date but were still under review by 1 January 2023, with applicants who are assessed eligible for a TPV or SHEV to instead be granted the newly established visa
- repatriate all TPV and SHEV applicants who were deemed unsuccessful.

This proposal is ongoing with a start date of 1 January 2023.

Costing overview

This proposal would be expected to decrease the fiscal balance by around $405 million and the underlying cash balance by around $407 million over the 2022-23 Budget forward estimates period. In fiscal terms, this represents an increase of around $67 million in revenue and an increase of around $472 million in expenses.

This proposal would have an ongoing impact beyond the 2022-23 Budget forward estimates period. A breakdown of the financial implications (including separate public debt interest (PDI) tables) over the period to 2032-33 is provided at Attachment A.

The departmental expenses of this proposal are immaterial and would be able to be absorbed by the relevant departments, as they would reallocate existing resources.

The differences between the fiscal and underlying cash balance impacts reflect timing differences between when goods and services taxes (GST) are recognised and collected and when welfare and income support payments are recognised and paid.

Uncertainty

The costing estimates for this proposal are particularly sensitive to the projection of TPV and SHEV applications lodged over the period to 2032-33. This projection is uncertain and may change if the number of individuals seeking protection increases, or if the Australian border were to close due to COVID-19.

Table 1: Financial implications ($m)[(a)(b)]

	2022-23	2023-24	2024-25	2025-26	**Total to 2025-26**
Fiscal balance	-40.0	-47.0	-128.0	-190.0	**-405.0**
Underlying cash balance	-39.0	-48.0	-129.0	-191.0	**-407.0**

(a) A positive number represents an increase in the relevant budget balance; a negative number represents a decrease.
(b) PDI impacts are not included in the totals.

Key assumptions

The Parliamentary Budget Office (PBO) has made the following assumptions in costing this proposal.

- Under the proposal, all future first-time TPV and SHEV applicants would instead apply for Permanent Protection Visa (PPV).
- All visa holders would be granted their visa and arrive in Australia in the same financial year that their application was lodged. Specifically, visa holders are assumed to arrive in Australia on 1 July of the year that they applied and leave Australia on 30 June of the year that their visa would expire.
- In the absence of the proposal, TPV and SHEV holders would remain in Australia for the full length of their visa.
- In the absence of the proposal, current TPV and SHEV holders on 30 June 2022 would leave Australia at an even rate (i.e., the same number of visas would expire each year).
- Eligible visa holders would access the Adult Migrant English Program (AMEP) and would receive Settlement Services support for the first three years in Australia.
- TPV and SHEV holders and new visa holders would access Special Benefit payments for their first year in Australia.
- All new visa holders would apply for citizenship as soon as they are eligible.

Methodology

Changes in the composition of migrants and citizens in Australia

- The change in the number of citizens in Australia was based on the number of new visa holders who become eligible for citizenship after holding a permanent visa for 1 year and living in Australia for 4 years.
- The change in the number of new visa holders was based on the number of new visa holders and the period over which a visa holder would have to be a permanent visa holder before becoming eligible for citizenship.
- The change in the number of permanent residents is based on the number of future first-time TPV and SHEV applicants who apply for and are granted a PPV.
- The change in the number of residents in Australia (i.e., citizens and migrants in Australia either temporarily or permanently) is based on the following three affected cohorts:
  - Current TPV and SHEV holders who would be granted the new permanent visa on the start date under the proposal
  - Future applicants who would have applied for a TPV or SHEV in the absence of the proposal after 1 January 2023, and would now either be granted a PPV or would be repatriated

- Successful TPV and SHEV applicants whose visas are currently being processed and would receive the new permanent visa instead of a TPV or SHEV by 1 January 2023.

Visa Application Charge (VAC) revenue

The financial impact of VAC revenue represents an increase in VAC revenue of PPV, partially offset by the foregone VAC revenue of TPV and SHEV.

- The increase in VAC revenue from PPV was calculated by multiplying the price of a PPV by the estimated number of first-time TPV and SHEV applicants who would instead apply for a PPV as result of the proposal each year.
- The foregone VAC revenue of TPV and SHEV was calculated by multiplying the estimated number of future TPV and SHEV applications there would be in the absence of the proposal each year by their respective visa prices.

Personal income tax and indirect tax revenue

The financial impact of the increase in the personal income tax and indirect tax revenue was calculated by multiplying the estimated number of residents in Australia by the average amount of income tax, superannuation contributions tax, GST, customs, and excise paid by humanitarian migrants.

- The increase in GST revenue would be offset by an equivalent increase in GST payments to the states and territories.

Welfare and income support payments

The financial impact of the increase in welfare and income support payments mainly reflects an increase in the number of PPV holders and citizens in Australia as result of the proposal. This impact was calculated by multiplying the average level of transfer payments made to humanitarian migrants by the estimated number of recipients in each year. The estimated number of recipients was based on the proportion of new PPV holders and citizens who would be eligible for each transfer payment and the number of years over which they would receive each payment.

This impact includes:

- Age Pension
- Carer Payment
- Disability Support Pension
- Family Tax Benefit
- Jobseeker Payment.

Other government payments

Other government payments were based on the average level of expenditure for each recipient, the increase in the number of eligible recipients as a result of the proposal and the number of years over which each payment is received. These payments include funding for the following programs:

- Adult Migrant English Program (AMEP)
- Settlement Services
- Schools
- Child Care Subsidy

- Child Dental Benefits Scheme
- Pharmaceutical Benefits Scheme
- Public Hospitals
- Hearing Services
- Program of Assistance for Survivors of Torture and Trauma.

Repatriation of unsuccessful visa applicants

The financial impact of repatriating unsuccessful visa applicants has not been estimated, as agencies would already be funded for these activities. This impact is already included in the baseline.

Financial implications were rounded consistent with the PBO's rounding rules as outlined on the PBO Costings and budget information webpage.[1]

Data sources

The Department of Home Affairs provided the relevant data for estimating VAC revenue and AMEP and Settlement Services payments for PPV, TPV and SHEV holders.

The Department of Social Services provided data on the expenditure and take-up of transfer payments.

The Department of Finance provided relevant agency specific expenditure models for the humanitarian program delivered by the following agencies.

- The Department of Education, Skills and Employment
- The Department of Health
- Services Australia.

The Department of the Treasury provided data on the level of taxes paid by humanitarian migrants.

[1] https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Budget_Office/Costings_and_budget_information

Attachment A – Abolish TPVs and SHEVs and create a new permanent visa – financial implications

Table A1: Abolish TPVs and SHEVs and create a new permanent visa – Fiscal balance ($m)[(a)]

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	Total to 2025-26	Total to 2032-33
Revenue													
Administered revenue	*-4.0*	*8.0*	*21.0*	*42.0*	*49.0*	*91.0*	*99.0*	*107.0*	*116.0*	*126.0*	*136.0*	***67.0***	***791.0***
Total – revenue	**-4.0**	**8.0**	**21.0**	**42.0**	**49.0**	**91.0**	**99.0**	**107.0**	**116.0**	**126.0**	**136.0**	**67.0**	**791.0**
Expenses													
Administered													
Administered expenses	*-36.0*	*-55.0*	*-149.0*	*-232.0*	*-355.0*	*-443.0*	*-405.0*	*-361.0*	*-330.0*	*-290.0*	*-236.0*	***-472.0***	***-2,892.0***
Total – expenses	**-36.0**	**-55.0**	**-149.0**	**-232.0**	**-355.0**	**-443.0**	**-405.0**	**-361.0**	**-330.0**	**-290.0**	**-236.0**	**-472.0**	**-2,892.0**
Total (excluding PDI)	**-40.0**	**-47.0**	**-128.0**	**-190.0**	**-306.0**	**-352.0**	**-306.0**	**-254.0**	**-214.0**	**-164.0**	**-100.0**	**-405.0**	**-2,101.0**

(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.

Table A2: Abolish TPVs and SHEVs and create a new permanent visa – Underlying cash balance ($m)[(a)]

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	Total to 2025-26	Total to 2032-33
Receipts													
Administered revenue	*-4.0*	*7.0*	*20.0*	*41.0*	*48.0*	*88.0*	*98.0*	*107.0*	*116.0*	*125.0*	*135.0*	***64.0***	***781.0***
Total – receipts	**-4.0**	**7.0**	**20.0**	**41.0**	**48.0**	**88.0**	**98.0**	**107.0**	**116.0**	**125.0**	**135.0**	**64.0**	**781.0**
Payments													
Administered													
Administered expenses	*-35.0*	*-55.0*	*-149.0*	*-232.0*	*-355.0*	*-443.0*	*-405.0*	*-361.0*	*-330.0*	*-290.0*	*-236.0*	***-471.0***	***-2,891.0***
Total – payments	**-35.0**	**-55.0**	**-149.0**	**-232.0**	**-355.0**	**-443.0**	**-405.0**	**-361.0**	**-330.0**	**-290.0**	**-236.0**	**-471.0**	**-2,891.0**
Total (excluding PDI)	**-39.0**	**-48.0**	**-129.0**	**-191.0**	**-307.0**	**-355.0**	**-307.0**	**-254.0**	**-214.0**	**-165.0**	**-101.0**	**-407.0**	**-2,110.0**

(a) 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.

Table A3: Abolish TPVs and SHEVs and create a new permanent visa – Memorandum item: Public Debt Interest (PDI) impacts – Fiscal and underlying cash balances ($m)[(a)(b)]

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	**Total to 2025-26**	**Total to 2032-33**
Fiscal balance	*-0.4*	*-1.5*	*-3.5*	*-7.2*	*-13.3*	*-22.2*	*-31.9*	*-41.1*	*-49.8*	*-57.9*	*-64.9*	***-12.6***	***-293.7***
Underlying cash balance	*-0.4*	*-1.3*	*-3.2*	*-6.8*	*-12.6*	*-21.1*	*-30.7*	*-40.0*	*-48.8*	*-56.9*	*-64.1*	***-11.7***	***-285.9***

(a) As this table is presented as a memorandum item, these figures are not reflected in the totals in the tables above. This is consistent with the approach taken in the budget where the budget impact of most measures is presented excluding the impact on PDI. If the reader would like a complete picture of the total aggregate, then these figures would need to be added to the figures above. For further information on government borrowing and financing please refer to the PBO's online budget glossary[2].

(b) 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.

[2] Online budget glossary – Parliament of Australia (aph.gov.au)