



**Parliament of Australia**  
**Parliamentary Budget Office**

**Phil Bowen PSM FCPA**  
**Parliamentary Budget Officer**

Senator Richard Di Natale  
Leader  
Australian Greens  
Parliament House  
CANBERRA ACT 2600

Dear Senator Di Natale

Please find attached a response to your costing request, *Close offshore detention and build safer pathways* (letter of 27 June 2016).

The response to this request will be released on the PBO website ([www.pbo.gov.au](http://www.pbo.gov.au)).

If you have any queries about this costing, please contact Colin Brown on (02) 6277 9530.

Yours sincerely

Phil Bowen

29 June 2016



## Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	Close offshore detention and build safer pathways
Summary of proposal:	<p>This proposal contains five components:</p> <p><u>Component 1: End offshore detention</u></p> <p>This component would:</p> <ul style="list-style-type: none"><li>• Abolish Australian-funded offshore detention centres, honouring all contractual commitments in place at 1 January 2017.</li><li>• Establish a 30-day time limit on onshore immigration detention on Christmas Island and the Australian mainland.</li><li>• Accommodate the majority of asylum seekers in community detention or general society while claims are processed.</li></ul> <p><u>Component 2: Increase Australia’s humanitarian intake</u></p> <p>This component would increase Australia’s annual humanitarian intake to 40,000 places per year. Australia’s humanitarian intake would be:</p> <ul style="list-style-type: none"><li>• 2016-17: 30,000</li><li>• 2017-18: 35,000</li><li>• 2018-19: 40,000</li><li>• 2019-20: 40,000</li><li>• Beyond the 2016-17 Budget forward estimates period Australia’s humanitarian intake would revert to current policy settings.</li></ul> <p><u>Component 3: Refugee skilled visa places</u></p> <p>This component would reserve 10,000 places for refugees within the existing skilled migration visa program.</p> <p><u>Component 4: UNHCR funding</u></p> <p>This component would provide additional funding of \$500 million to the United Nations High Commissioner for Refugees (UNHCR) over the 2016-17 Budget forward estimates period.</p>

	<p><u>Component 5: Immigration administration</u></p> <p>This component would:</p> <ul style="list-style-type: none"> <li>• Abolish the Australian Border Force (ABF) and restore immigration administration to the Department of Immigration and Border Protection (DIBP).</li> <li>• Abolish temporary protection visas (TPVs).</li> </ul> <p>This proposal would commence from 1 January 2017.</p>
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	7 June 2016 <a href="http://greens.org.au/sites/greens.org.au/files/20160607_A%20Better%20Way%20for%20People%20Seeking%20Asylum_1.pdf">http://greens.org.au/sites/greens.org.au/files/20160607_A%20Better%20Way%20for%20People%20Seeking%20Asylum_1.pdf</a>
Date costing request received:	27 June 2016
Date costing completed:	29 June 2016
Expiry date for the costing:	Release of the next economic and fiscal outlook report

## Costing overview

This proposal would be expected to increase the fiscal balance by \$1,232.6 million and the underlying cash balance by \$1,234.4 million over the 2016-17 Budget forward estimates period. In fiscal balance terms, this impact reflects a decrease in administered expenses of \$990.5 million, an increase in revenue of \$304.4 million and a decrease in capital expenses of \$2.8 million. This would be partially offset by an increase in departmental expenses of \$65.0 million.

The proposal would be expected to have a different impact on the fiscal and underlying cash balances due to a lag between when services are provided and when payments are made under a range of programs.

Components 1 and 2 of this proposal would have impacts beyond the 2016-17 Budget forward estimates period. Components 3, 4 and 5 would not be expected to have impacts beyond the 2016-17 Budget forward estimates period. A breakdown of the financial impacts of the components of this proposal over the period 2016-17 to 2026-27 has been provided at [Attachment A](#).

The costs associated with the proposed increase in the humanitarian intake (Component 2) would have an increasing negative impact on the budget over the 2016-17 forward estimates period and a diminishing negative impact on the budget beyond the 2016-17 Budget forward estimates period. This reflects the temporary nature of the increase in the humanitarian intake as well as financial impacts which extend beyond the year of arrival, such as costs of education.

This costing is considered to be of low reliability due to the considerable uncertainty around the magnitude of the potential behavioural responses, particularly the number of boat arrival asylum seekers.

This analysis does not include any potential impact of the proposal on the numbers of asylum seekers, as it is not able to be determined with any accuracy. Any change in arrival rates as result of this proposal could significantly alter its financial impact.

**Table 1: Financial implications (outturn prices)<sup>(a)</sup>**

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	430.6	668.5	256.4	-122.9	<b>1,232.6</b>
Underlying cash balance	430.7	668.7	257.1	-122.1	<b>1,234.4</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.

## Key assumptions

In costing this proposal it has been assumed that:

- Contracts related to offshore immigration detention are of a short-term nature, based on DIBP advice.
- There would be sufficient capacity in current on-shore detention facilities to accommodate those persons who would be transferred from offshore detention. Accordingly, the costing provides no additional capital expenditure as a result of this proposal.
- The age breakdown of the humanitarian intake from the Department of Education and Training could be applied to all other agency models in which age disaggregation was necessary.
- The humanitarian intake associated with the 2015-16 Mid-year Economic and Fiscal Outlook (MYEFO) measure, Syrian and Iraqi humanitarian crisis would occur over two years (2015-16 to 2016-17) with the assumed profile based on advice from DIBP.
- The proposal to restore ABF functions to DIBP would not have a material impact on the functions being performed or the departmental costs associated with performing these functions.
- Existing holders of TPVs are transferred to Permanent Protection Visas upon abolition of TPVs with no material impact on costs.
- There would be no departmental costs associated with increasing Australia’s contribution to the UNHCR.
- The proposal to reserve 10,000 places for refugees within the existing skilled migration visa program would have no financial impact based on advice from DIBP and the requirements for the granting of skilled migrant visas would be unchanged and the visas granted would be skilled migrant visas.

## Methodology

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

Costing the changes to onshore and offshore detention arrangements relied on extended onshore and offshore detention costing models provided by DIBP. This framework was augmented to incorporate information on existing contracts associated with offshore detention provided by the DIBP.

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

Costing the increase to the humanitarian intake was based on a number of agency costing models associated with the 2015-16 MYEFO measure, *Syrian and Iraqi humanitarian crisis*. The intake from this measure over the 2016-17 Budget forward estimates period has been estimated based on advice from DIBP.

### **Component 3: Refugee skilled visa places**

This component would have no financial impact (see Key assumptions).

### **Component 4: UNHCR funding**

Increasing Australia's funding to the UNHCR was based on the specified amounts and profile across the 2016-17 Budget forward estimates. This component of the proposal would not have any material impact on departmental costs.

### **Component 5: Immigration administration**

This component would have no financial impact (see Key assumptions).

## Data sources

Departmental costing models for the humanitarian intake associated with the 2015-16 MYEFO measure, *Syrian and Iraqi humanitarian crisis* from the:

- Australian Tax Office
- Department of Education and Training
- Department of Employment
- Department of Health
- Department of Human Services
- Department of Immigration and Border Protection
- Department of Social Services
- Department of the Treasury.

DIBP also supplied details of existing contracts associated with offshore detention as well as onshore and offshore detention costing models. Additionally, DIBP provided asylum seeker flow numbers as at 2016-17 Budget.

The Department of Finance provided indexation and efficiency dividend parameters.

## Attachment A: Close offshore detention and build safer pathways — financial implications

**Table A1: Close offshore detention and build safer pathways – Fiscal balance<sup>(a)(b)</sup>**

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Revenue	8.4	35.9	98.8	161.3	<b>304.4</b>	195.7	200.1	204.6	209.2	213.9	218.7	223.6	<b>1,770.1</b>
<b>Expenses</b>													
Administered	421.5	641.0	180.0	-252.0	<b>990.5</b>	-341.2	-240.4	-162.1	-18.8	177.6	281.4	356.4	<b>1,043.3</b>
Departmental	0.1	-9.4	-23.6	-32.1	<b>-65.0</b>	-8.9	-2.9	1.6	6.7	10.4	13.3	15.6	<b>-29.2</b>
Capital	0.5	1.0	1.3	-	<b>2.8</b>	-	-	-	-	-	-	-	<b>2.8</b>
Total expenses	422.1	632.6	157.6	-284.1	<b>928.3</b>	-350.1	-243.4	-160.5	-12.1	188.1	294.6	371.9	<b>1,016.9</b>
<b>Total</b>	<b>430.6</b>	<b>668.5</b>	<b>256.4</b>	<b>-122.9</b>	<b>1,232.6</b>	<b>-154.4</b>	<b>-43.3</b>	<b>44.1</b>	<b>197.1</b>	<b>402.0</b>	<b>513.3</b>	<b>595.5</b>	<b>2,787.0</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.

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

- Indicates nil.

**Table A2: Close offshore detention and build safer pathways – Underlying cash balance<sup>(a)(b)</sup>**

(\$m)	2016–17	2017–18	2018–19	2019–20	<b>Total to 2019–20</b>	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	<b>Total to 2026–27</b>
Revenue	8.4	35.9	98.8	161.3	<b>304.4</b>	195.7	200.1	204.6	209.2	213.9	218.7	223.6	<b>1,770.1</b>
<b>Expenses</b>													
Administered	421.7	641.2	180.6	-251.2	<b>992.2</b>	-340.3	-239.6	-161.1	-18.0	178.7	282.3	357.5	<b>1,051.8</b>
Departmental	0.1	-9.4	-23.6	-32.1	<b>-65.0</b>	-8.9	-2.9	1.6	6.7	10.4	13.3	15.6	<b>-29.2</b>
Capital	0.5	1.0	1.3	-	<b>2.8</b>	-	-	-	-	-	-	-	<b>2.8</b>
Total expenses	422.3	632.9	158.3	-283.3	<b>930.0</b>	-349.2	-242.5	-159.5	-11.2	189.1	295.6	373.0	<b>1,025.4</b>
<b>Total</b>	<b>430.7</b>	<b>668.7</b>	<b>257.1</b>	<b>-122.1</b>	<b>1,234.4</b>	<b>-153.5</b>	<b>-42.4</b>	<b>45.1</b>	<b>198.0</b>	<b>403.0</b>	<b>514.3</b>	<b>596.6</b>	<b>2,795.4</b>

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

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

- Indicates nil.



**Table A3: Component 1 - End offshore detention – Financial implications (outturn prices)<sup>(a)(b)</sup>**

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
<b>Impact on fiscal and underlying cash balances</b>													
<b>Offshore detention</b>													
Administered	409.9	784.3	758.9	747.3	<b>2,700.4</b>	756.6	752.0	754.6	763.0	773.3	773.3	773.3	<b>8,046.6</b>
Departmental	16.0	31.5	31.1	31.0	<b>109.7</b>	30.9	30.9	30.8	31.0	31.4	31.4	31.4	<b>327.3</b>
Capital	0.5	1.0	1.3	-	<b>2.8</b>	-	-	-	-	-	-	-	<b>2.8</b>
<b>Total offshore detention</b>	<b>426.4</b>	<b>816.8</b>	<b>791.3</b>	<b>778.3</b>	<b>2,812.8</b>	<b>787.5</b>	<b>782.9</b>	<b>785.4</b>	<b>794.1</b>	<b>804.7</b>	<b>804.7</b>	<b>804.7</b>	<b>8,376.7</b>
<b>Onshore detention<sup>(c)</sup></b>													
Administered	87.0	217.2	212.8	204.7	<b>721.7</b>	202.1	251.1	245.5	259.3	274.7	252.0	229.4	<b>2,435.8</b>
Departmental	-4.9	-6.0	-2.8	-2.3	<b>-16.0</b>	-2.2	-2.8	-2.7	-2.8	-3.0	-2.7	-2.5	<b>-34.6</b>
<b>Total onshore detention</b>	<b>82.2</b>	<b>211.2</b>	<b>209.9</b>	<b>202.4</b>	<b>705.7</b>	<b>199.8</b>	<b>248.4</b>	<b>242.8</b>	<b>256.5</b>	<b>271.7</b>	<b>249.3</b>	<b>226.9</b>	<b>2,401.2</b>
<b>Total</b>	<b>508.6</b>	<b>1,028.0</b>	<b>1,001.2</b>	<b>980.7</b>	<b>3,518.5</b>	<b>987.3</b>	<b>1,031.2</b>	<b>1,028.3</b>	<b>1,050.6</b>	<b>1,076.4</b>	<b>1,054.0</b>	<b>1,031.6</b>	<b>10,777.9</b>

(a) A positive number indicates an increase in revenue or a decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

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

(c) The reduction in expenditure on onshore detention reflects the difference between costs associated with onshore held detention and onshore community detention.

- Indicates nil.

**Table A4: Component 2 – Increase Australia’s humanitarian intake – Fiscal balance<sup>(a)(b)</sup>**

(\$m)	2016–17	2017–18	2018–19	2019–20	<b>Total to 2019–20</b>	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	<b>Total to 2026–27</b>
Revenue	8.4	35.9	98.8	161.3	<b>304.4</b>	195.7	200.1	204.6	209.2	213.9	218.7	223.6	<b>1,770.1</b>
<b>Expenses</b>													
Administered	-146.8	-503.4	-934.6	-1,346.9	<b>-2,931.6</b>	-1,299.8	-1,243.6	-1,162.2	-1,041.2	-870.3	-744.0	-646.3	<b>-9,939.1</b>
Departmental	-11.0	-34.9	-51.9	-60.8	<b>-158.6</b>	-37.6	-31.0	-26.5	-21.5	-18.0	-15.4	-13.3	<b>-321.9</b>
Total expenses	-157.8	-538.3	-986.5	-1,407.7	<b>-3,090.3</b>	-1,337.4	-1,274.6	-1,188.7	-1,062.7	-888.3	-759.3	-659.6	<b>-10,261.0</b>
<b>Total</b>	<b>-149.4</b>	<b>-502.4</b>	<b>-887.7</b>	<b>-1,246.4</b>	<b>-2,785.9</b>	<b>-1,141.7</b>	<b>-1,074.5</b>	<b>-984.2</b>	<b>-853.5</b>	<b>-674.4</b>	<b>-540.7</b>	<b>-436.0</b>	<b>-8,490.9</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.

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

**Table A5: Component 2 – Increase Australia’s humanitarian intake – Underlying cash balance<sup>(a)(b)</sup>**

(\$m)	2016–17	2017–18	2018–19	2019–20	<b>Total to 2019–20</b>	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	<b>Total to 2026–27</b>
Revenue	8.4	35.9	98.8	161.3	<b>304.4</b>	195.7	200.1	204.6	209.2	213.9	218.7	223.6	<b>1,770.1</b>
<b>Expenses</b>													
Administered	-146.7	-503.1	-933.9	-1,346.1	<b>-2,929.9</b>	-1,298.9	-1,242.7	-1,161.2	-1,040.3	-869.3	-743.1	-645.2	<b>-9,930.6</b>
Departmental	-11.0	-34.9	-51.9	-60.8	<b>-158.6</b>	-37.6	-31.0	-26.5	-21.5	-18.0	-15.4	-13.3	<b>-321.9</b>
Total expenses	-157.7	-538.0	-985.8	-1,406.9	<b>-3,088.5</b>	-1,336.5	-1,273.7	-1,187.7	-1,061.8	-887.3	-758.4	-658.5	<b>-10,252.5</b>
<b>Total</b>	<b>-149.3</b>	<b>-502.2</b>	<b>-887.0</b>	<b>-1,245.6</b>	<b>-2,784.1</b>	<b>-1,140.8</b>	<b>-1,073.6</b>	<b>-983.2</b>	<b>-852.6</b>	<b>-673.4</b>	<b>-539.7</b>	<b>-434.9</b>	<b>-8,482.4</b>

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

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

**Table A6: Component 3: Refugee skilled visa places – Financial implications (outturn prices)<sup>(a)(b)</sup>**

(\$m)	2016–17	2017–18	2018–19	2019–20	<b>Total to 2019–20</b>	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	<b>Total to 2026–27</b>
<b>Impact on fiscal and underlying cash balances</b>													
Administered	-	-	-	-	-	-	-	-	-	-	-	-	-
Departmental	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-	-	-	-	-	-	-

(a) A positive number indicates an increase in revenue or a decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

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

- Indicates nil.

**Table A7: Component 4: UNHCR funding – Financial implications (outturn prices)<sup>(a)(b)</sup>**

(\$m)	2016–17	2017–18	2018–19	2019–20	<b>Total to 2019–20</b>	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	<b>Total to 2026–27</b>
<b>Impact on fiscal and underlying cash balances</b>													
Administered	71.4	142.9	142.9	142.9	<b>500.0</b>	-	-	-	-	-	-	-	<b>500.0</b>
Departmental	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>71.4</b>	<b>142.9</b>	<b>142.9</b>	<b>142.9</b>	<b>500.0</b>	-	-	-	-	-	-	-	<b>500.0</b>

(a) A positive number indicates an increase in revenue or a decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

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

- Indicates nil.

**Table A8: Component 5: Immigration administration – Financial implications (outturn prices)<sup>(a)(b)</sup>**

(\$m)	2016–17	2017–18	2018–19	2019–20	<b>Total to 2019–20</b>	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	<b>Total to 2026–27</b>
<b>Impact on fiscal and underlying cash balances</b>													
Administered	-	-	-	-	-	-	-	-	-	-	-	-	-
Departmental	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</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.

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

- Indicates nil.