



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

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Senator Christine Milne  
Leader of the Australian Greens  
Parliament House  
CANBERRA ACT 2600

Dear Senator Milne

Please find attached a response to your costing request, *Safer pathways for refugees* (letter of 4 September 2013).

The response to this request will be released on the PBO website (<http://aph.gov.au/pbo>).

If you have any queries about this costing, please do not hesitate to contact Colin Brown on (02) 6277 9530.

Yours sincerely

Phil Bowen

5 September 2013



## COSTING – ELECTION CARETAKER PERIOD

Name of proposal to be costed:	Safer pathways for refugees
Summary of proposal:	<p>The proposal would:</p> <ol style="list-style-type: none"><li>1) increase Australia's humanitarian program by 10,000 places a year, from 20,000 to 30,000</li><li>2) provide \$70 million a year in grants to the UN High Commissioner for Refugees (UNHCR) to enable faster assessment, resettlement and better protection for refugees</li><li>3) establish a Refugee Health Advisory Panel</li><li>4) establish a 30-day time limit for on-shore detention of Irregular Maritime Arrivals (including Christmas Island) for initial health, security and identity checks before community release for the duration of their assessment for refugee status</li><li>5) increase payments provided to Irregular Maritime Arrivals while in the community by increasing all currently provided services</li><li>6) close Regional Processing Centres (RPCs) on Nauru and Manus Island, and</li><li>7) close the on-shore detention centres at Curtin, Scherger, Wickham Point, Northern and some sites on Christmas Island.</li></ol> <p>The proposal would have effect from 1 January 2014.</p>
Person/party requesting costing:	Senator Christine Milne, Australian Greens
Date costing request received:	4 September 2013
Date costing completed:	5 September 2013
Date of public release of policy:	31 July 2013, 6 & 21 August 2013
Additional information requested (including date):	Clarification was sought from Senator Christine Milne's Office on 5 September 2013 as to whether increasing payments provided to Irregular Maritime Arrivals while in the community by increasing all currently provided services, remained an element of the package of proposals.

## POLICY COSTING – ELECTION CARETAKER PERIOD

Additional information received	On 5 September 2013, Senator Christine Milne’s Office advised that increasing payments provided to Irregular Maritime Arrivals while in the community by increasing all currently provided services, would remain an element of the package of proposals.
Agencies from which information was obtained:	<ul style="list-style-type: none"> <li>• Department of Immigration and Citizenship (DIAC)</li> <li>• Department of Finance and Deregulation (Finance)</li> </ul>

### Costing overview

This proposal is expected to increase the underlying cash balance by \$345.1 million and increase the fiscal balance by \$351.4 million over the 2013-14 Budget forward estimates period. This impact is due to a net decrease in expenses. This proposal would have an ongoing impact that extends beyond the forward estimates period. A detailed breakdown of the financial implications of the proposal is given in Table A1 at [Attachment A](#).

The costings of the following proposals are considered to be of medium to high reliability, given they are based on either good available data or a capped amount of funding as specified in the costing request:

- increase Australia’s humanitarian program by 10,000 places a year
- provide \$70 million a year in grants to the UNHCR, and
- establish a Refugee Health Advisory Panel.

The costings of following proposals are considered to be of low reliability, due to the difficulty in estimating the operating costs for the RPC on Nauru and due to uncertainty regarding savings from shutting down on-shore detention centres (see: [Key assumptions](#)):

- establish a 30-day time limit on onshore detention for initial health, security and identity checks before releasing asylum seekers into the community for the term of their refugee assessment
- increase payments provided to Irregular Maritime Arrivals while in the community
- close down RPCs on Nauru and Manus Island, and
- close the on-shore detention centres at Curtain, Scherger, Wickham Point, Northern and some sites on Christmas Island.

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

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	399.2	117.8	-41.1	-130.8
Fiscal balance (\$m)	399.1	117.6	-40.9	-124.4

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

## POLICY COSTING – ELECTION CARETAKER PERIOD

### Key assumptions

The PBO has assumed that:

- RPCs on Nauru and Manus Island will close immediately after this proposal takes effect on 1 January 2014
- onshore detention facilities not mentioned above will remain open or on standby even if empty
- the new facility at Blaydin Point and other planned extensions to the on-shore detention network outlined in the 2013 Economic Statement would not be constructed, and
- the RPC on Manus Island would not be constructed.

Finance and DIAC have advised the PBO that the cost of operating an RPC on Nauru is not included in the forward years (2014-15 to 2016-17) for the current Program estimates.

- The PBO has estimated this cost in order to determine the savings from closing down the RPC on Nauru (see: [Methodology](#)).

### Methodology

The PBO has estimated the cost of increasing the humanitarian program by a further 10,000 places by using the same proportion of costs across agencies (including departmental costs) as used in the 2012-13 MYEFO measure which increased the humanitarian program by 6,250 places.

A detailed breakdown of the components of this part of the costing is included in Table A2 at [Attachment A](#).

The PBO used DIAC's *Demand Driven Model for Irregular Maritime Arrivals* to simulate elements relating to reducing the time spent in held detention, increasing payments to IMAs in the community, and closing select on-shore detention centres. The simulation outcome was subtracted from the simulation outcome as at the 2013 Pre-election Economic and Fiscal Outlook to determine the savings from these elements. The 2013-14 results were then halved to account for a 1 January 2014 start date.

Estimated savings from closing RPCs on Manus and Nauru are based on advice from DIAC and Finance on the operational cost for Manus Island, and the average cost per detainee, and current forecast number of detainees on Nauru.

The 2013 Economic Statement contained a number of measures that affected the *Offshore Asylum Seeker Management* Program. These included building a new facility at Blaydin Point and a temporary expansion of the existing on-shore detention network. The PBO has reversed these measures as they would likely not be required since this proposal would substantially reduce the number Irregular Maritime Arrivals in Held Detention.

A detailed breakdown of the components of this part of the costing is included in Table A3 at [Attachment A](#).

### Data sources

- DIAC's Demand Driven Model for Irregular Maritime Arrivals
- Finance's Central Budget Management System

**POLICY COSTING – ELECTION CARETAKER PERIOD**

**ATTACHMENT A**

**Table A1: Breakdown of cost components, financial implications (outturn prices)<sup>(a)</sup>**

<b>Impact on underlying cash balance</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>Total</b>
Increasing humanitarian intake by 10,000 places (see Table A2)	-221.4	-610.2	-766	-946.2	<b>-2,543.8</b>
Grant funding to UNHCR	-70	-70	-70	-70	<b>-280</b>
Establishing a Refugee Health Advisory Panel	-	-1	-1	-	<b>-2</b>
Changed arrangements for detention of asylum seekers (see Table A3)	690.6	799	795.9	885.4	<b>3,170.9</b>
<b>Total</b>	<b>399.2</b>	<b>117.8</b>	<b>-41.1</b>	<b>-130.8</b>	<b>345.1</b>
<b>Impact on fiscal balance</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>Total</b>
Increasing humanitarian intake by 10,000 places (see Table A2)	-221.5	-610.4	-765.8	-939.8	<b>-2,537.5</b>
Grant funding to UNHCR	-70	-70	-70	-70	<b>-280</b>
Establishing a Refugee Health Advisory Panel	-	-1	-1	-	<b>-2</b>
Stopping detention of asylum seekers (see Table A3)	690.6	799	795.9	885.4	<b>3,170.9</b>
<b>Total</b>	<b>399.1</b>	<b>117.6</b>	<b>-40.9</b>	<b>-124.4</b>	<b>351.4</b>

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

## POLICY COSTING – ELECTION CARETAKER PERIOD

**Table A2: Breakdown of cost for increasing the humanitarian intake by 10,000 places, financial implications (outturn prices)<sup>(a)</sup>**

Impact on underlying cash balance	2013-14	2014-15	2015-16	2016-17
<i>Payments (\$m)</i>	-244.9	-708.3	- 925.9	-1,164.7
<i>Receipts (\$m)</i>	23.4	98.1	159.8	218.4
<b>Total (\$m)</b>	<b>-221.4</b>	<b>-610.2</b>	<b>-766.0</b>	<b>-946.2</b>
Impact on fiscal balance	2013-14	2014-15	2015-16	2016-17
<i>Expenses (\$m)</i>	-246.3	-711.3	-929.0	-1158.4
<i>Revenue (\$m)</i>	24.8	101.0	163.2	218.6
<b>Total (\$m)</b>	<b>-221.5</b>	<b>-610.4</b>	<b>-765.8</b>	<b>-939.8</b>

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

## POLICY COSTING – ELECTION CARETAKER PERIOD

**Table A3: Establish a 30-day time limit, close down remote and offshore detention centres and increase welfare levels, financial implications (outturn prices)<sup>(a)</sup>**

Savings (\$m)	2013-14	2014-15	2015-16	2016-17	Total
Savings from having less people in Held Detention	190.2	243.6	256.8	234.9	925.5
Closing the RPC on Manus Island (and not building another)	266.5 <sup>(b)</sup>	145.9	158.1	256.7	827.2
Closing the RPC on Nauru	111.1	278.1	285.1	296.1	970.5
Not pursuing other measures in Economic Statement <sup>(c)</sup>	55.1	28.4	-1.2	-0.4	81.9
Closing specified on-shore detention centres	67.7	103.0	97.1	98.1	366.0
<b>Total</b>	<b>690.6</b>	<b>799.0</b>	<b>795.9</b>	<b>885.4</b>	<b>3,171.0</b>

(a) A positive number for the fiscal balance indicates a decrease in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates a decrease in expenses or net capital investment in cash terms.

(b) Closing the Manus Island RPC on 1 January 2014 would recoup \$44.1 million in 2013-14.

(c) Includes savings from not proceeding with the construction of facilities at Blaydin Point.