



Policy costing

Increasing the humanitarian intake		
Party:	Australian Labor Party	
Summary of proposal:		
This proposal would progressively increase the Commonwealth Government-sponsored humanitarian intake, exclusive of the quota for the Community Support Program. The baseline intake and the intake under the proposal over the period to 2029-30 are provided below.		
Year	Baseline	Proposal
2019-20	17,750	17,750
2020-21	17,750	18,000
2021-22	17,750	18,500
2022-23	17,750	19,500
2023-24	17,750	22,000
2024-25	17,750	24,500
2025-26	17,750	27,000
2026-27	17,750	27,000
2027-28	17,750	27,000
2028-29	17,750	27,000
2029-30	17,750	27,000
The proposal would have effect from 1 July 2020.		

Costing overview

Australia's humanitarian program has a total of 18,750 places in 2019-20, including the Community Support Program places of 1,000. This proposal would increase Australia's government-sponsored humanitarian intake from the current baseline of 17,750 people per year to 27,000 people per year by 2025-26.

This proposal would be expected to decrease both the fiscal and underlying cash balances by \$86 million over the 2019-20 Budget forward estimates period. This impact is due to an increase in administered expenses of \$80 million, an increase in departmental expenses of \$6 million and a minor increase in revenue.

A breakdown of the financial implications over the period from 2019-20 to 2029-30 is provided at [Attachment A](#). This proposal would be expected to have an ongoing impact beyond the 2019-20 Budget forward estimates period.

The impacts on the fiscal and underlying cash balances may differ due to a lag between the timing of when services are provided or revenue is accrued, and when payments are made or revenue is received.

Table 1: Financial implications (\$m)^{(a)(b)}

	2019–20	2020–21	2021–22	2022–23	Total to 2022–23
Fiscal balance	-	-11	-22	-63	-86
Underlying cash balance	-	-11	-22	-63	-86

(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.

- Indicates nil.

The estimated financial implications of this proposal are subject to uncertainty relating to a number of factors, particularly the extent to which new immigrants use welfare programs. The estimates are also very sensitive to the assumptions about the use of government services and the employment outcomes of the humanitarian immigrants. There is limited information regarding the longer-term employment prospects, earnings and use of government services of the people coming to Australia under the humanitarian program. The estimates are also subject to the uncertainties inherent in the baseline estimates.

The financial implications are also sensitive to the assumption that the increase in government-sponsored humanitarian migrants would not affect uptake of the places for community-sponsored applicants via the Community Support Program. Any reduction in uptake of the Community Support Program as a result of this proposal would decrease the net costs of the proposal.

Key assumptions

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

- Under the baseline, Australia’s government-sponsored humanitarian places would remain constant at its 2019-20 level of 17,750 people per year.
- Under the baseline and the proposal, the share of the humanitarian intake in the offshore category would be 91 per cent of humanitarian places in each year from 2019-20 to 2029-30.
- Under the baseline and the proposal, the average age profile of the annual humanitarian migrant intake would not change over the costing horizon.
- The specified number of humanitarian places under the proposal would be fully taken up.
- The increases in the government-sponsored humanitarian intake would have no impact on uptake of places for community-sponsored applicants via the Community Support Program.
- The average age profile of the offshore humanitarian intake from 2013-14 to 2017-18 would be applicable to all expenditure and revenue estimates for which age disaggregation is necessary.
- Humanitarian migrants would arrive 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.

Methodology

The financial implications of the proposal 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 average expected taxation revenue comprising personal income tax, superannuation contributions tax, excise, customs, and good and services tax.

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.

Administered expense and revenue estimates have been rounded to the nearest \$10 million. Departmental expenses have been rounded to the nearest \$1 million.

Data sources

The Department of Education and Training provided the schools funding model as at the 2019 Pre-election Economic and Fiscal Outlook.

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

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 hospitals 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*.

Australian Bureau of Statistics, 2018. *Deaths, Australia, 2017*. [Online] Available at: <https://www.abs.gov.au/AUSSTATS/abs@.nsf/mf/3302.0> [Accessed: 21 April 2019].

Department of Health, 2018. *Annual Medicare Statistics – Financial Year 1984-85 to 2017-18*. [Online] Available at: <http://www.health.gov.au/internet/main/publishing.nsf/Content/Annual-Medicare-Statistics> [Accessed: 10 April 2019].

Department of Social Services, 2019. *DSS Demographics - December 2018*. [Online] Available at: <https://data.gov.au/dataset/ds-dga-cff2ae8a-55e4-47db-a66d-e177fe0ac6a0/details> [Accessed: 10 April 2019].

Attachment A – Increasing the humanitarian intake – financial implications

Table A1: Increasing the humanitarian intake – Fiscal balance (\$m)^{(a)(b)}

	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
Revenue													
Total – revenue	-	10	20	30	50	70	100	120	..	400
Expenses													
<i>Administered</i>	-	-10	-20	-60	-150	-290	-490	-670	-850	-960	-1,000	-80	-4,490
<i>Departmental</i>	-	-1	-2	-3	-8	-14	-20	-22	-25	-26	-26	-6	-145
Total – expenses	-	-11	-22	-63	-158	-304	-510	-692	-875	-986	-1,026	-86	-4,635
Total	-	-11	-22	-63	-148	-284	-480	-642	-805	-886	-906	-86	-4,235

(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.

.. Not zero but rounded to zero.

- Indicates nil.

Table A2: Increasing the humanitarian intake – Underlying cash balance (\$m)^{(a)(b)}

	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
Receipts													
Total – receipts	-	10	20	30	50	70	90	120	..	390
Payments													
<i>Administered</i>	-	-10	-20	-60	-150	-290	-480	-670	-840	-960	-1,000	-80	-4,480
<i>Departmental</i>	-	-1	-2	-3	-8	-14	-20	-22	-25	-26	-26	-6	-145
Total – payments	-	-11	-22	-63	-158	-304	-500	-692	-865	-986	-1,026	-86	-4,625
Total	-	-11	-22	-63	-148	-284	-470	-642	-795	-896	-906	-86	-4,235

(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.

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

.. Not zero but rounded to zero.

- Indicates nil.