

**Question on notice no. 423**

**Portfolio question number: BE21-423**

**2021-22 Budget estimates**

**Legal and Constitutional Affairs Committee, Home Affairs Portfolio**

**Senator Nick McKim:** asked the Department of Home Affairs on 11 June 2021—

Why does the Government require the significant extra funding for offshore processing provided in the 2021-22 Budget?

- a. Please provide the Committee with a definitive breakdown of these costs.
  - i. What measures is the Government taking to ensure that spending is accountable and effective?
  - b. What is the average Commonwealth cost per person per annum of detaining someone offshore?
    - i. What is the difference in cost to keep a transferee/refugee in PNG compared to on Nauru?
    - ii. If there is a significant discrepancy, please explain the discrepancy.
    - iii. Please provide a breakdown of costs by country, and by cost centre.

**Answer —**

Please see the attached answer.

**SENATE STANDING COMMITTEE ON LEGAL AND CONSTITUTIONAL AFFAIRS  
BUDGET ESTIMATES  
24-25 MAY 2021**

**Home Affairs Portfolio  
Department of Home Affairs**

**Program 1.5: Regional Cooperation**

**BE21-423 - Additional Funding for Offshore Processing**

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Why does the Government require the significant extra funding for offshore processing provided in the 2021-22 Budget?

- a. Please provide the Committee with a definitive breakdown of these costs.
  - i. What measures is the Government taking to ensure that spending is accountable and effective?
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    - i. What is the difference in cost to keep a transferee/refugee in PNG compared to on Nauru?
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    - iii. Please provide a breakdown of costs by country, and by cost centre.

*Answer:*

The Government has allocated baseline funding to support regional processing arrangements in the budget year and over the forward estimates. The Government has consistently reviewed regional processing funding during each budget cycle to respond to population variations and service delivery requirements of the Governments of Australia, Nauru and Papua New Guinea (PNG). This was the case with the appropriated budget funding in the financial year 2021-22. A revised estimate of the actual expenditure will be published in the 2021-22 Portfolio Additional Estimates Portfolio Budget Statements.

- a. The appropriated administered budget of \$731.2 million for 2021-22 covers various aspects of regional processing in Nauru and Papua New Guinea, including:
  - \$187 million for service provider fees and host government costs in PNG; and
  - \$538.7 million for service provider fees and host government costs in Nauru; and
  - \$5.5 million for other costs not associated with specific regional processing countries including charters and medical transfers.
- i. As part of its contract management framework, the Department applies performance management and financial controls to all expenditure in line with obligations under the *Public Governance, Performance and Accountability Act 2013*.

- b. The Department does not calculate per person costs for regional processing. A simple division of the total contract value by the number of transferees in Nauru and PNG is not an appropriate indicator due to the largely fixed base cost of operations in regional processing countries.
- i. The appropriated administered budget for 2021-22 including:
    - a. \$187 million for service provider fees and host government costs in PNG; and
    - b. \$538.7 million for service provider fees and host government costs in Nauru.
  - ii. The difference between the cost of regional processing in Nauru and PNG is attributable to:
    - a. Overall regional processing service delivery model, in which Nauru stands ready to receive new arrivals;
    - b. The operating model deployed in each country, with no ongoing garrison and welfare services provider in PNG, and retention of a garrison and welfare services provider in Nauru;
    - c. The different memorandum of understanding cost structures, including fees, duties, taxes and charges;
    - d. Substantial ongoing infrastructure holdings in Nauru, with no Commonwealth assets in PNG.
  - iii. The following tables provide a breakdown of the most recent full financial year (2019-20) by country and administered costs:

	2019-20 \$'m
<b>Program 2.4 - Nauru Total Administered Cost</b>	<b>536.0</b>
Nauru Administered Total	530.8
Nauru Administered Capital Total	5.2

	2019-20 \$'m
<b>Program 2.4 - PNG Total Administered Cost</b>	<b>264.6</b>
PNG Administered Total	264.7
PNG Administered Capital Total	(0.0)

Note: PNG Administered capital costs attributable to rounding.