



27 November 2020

Rt Hon Yvette Cooper MP
Chair
Home Affairs Select Committee
House of Commons
London SW1A 0AA

By email

Dear Chair

Channel crossings, migration and asylum-seeking routes through the EU

Thank you for the opportunity to appear before the House of Commons Home Affairs Committee and provide evidence about Australia's offshore processing policies. At the session on Wednesday 11 November 2020, I gave evidence that: 'A conservative estimate is that this costs Australia roughly \$1 billion per year'. The Chair and I later had the following exchange:

- Chair: In terms of the overall cost that you referred to, Ms Gleeson, that \$1 billion was for the most recent financial year. What was the cost at its peak?
- Ms Gleeson: That is taken as an average cost, year on year, of about that much, but I can provide further specifics to the Committee if that would assist...
- Chair: That would be fantastic. Thank you. It would be very useful to have a sense of the cost over time and for different years, depending on the number of people involved.

The purpose of this letter is to provide the further specifics mentioned in that exchange.

The costs of offshore processing

The costs to Australia of offshore processing have included, but not been limited to:

- initial and ongoing capital expenditure on the 'regional processing centres' (RPCs) and related facilities in Nauru and on Manus Island in Papua New Guinea (PNG);
- the costs of outsourcing the management and operation of the RPCs, and welfare services, to private companies;
- the costs of detaining asylum seekers and meeting their needs in Australia prior to transfer offshore, and following return to Australia in some cases;
- visa fees payable to Nauru (see below);

- the costs of charter flights and escorts between Australia, Nauru and PNG;¹
- healthcare costs and the costs of medical evacuations to Australia or elsewhere;²
- property leases and rent, including for the RPCs, other residential/settlement sites, and accommodation/offices for Australian government staff and contractors;³
- costs associated with establishing and implementing refugee status determination procedures in Nauru and PNG;
- settlement support and services provided to refugees residing in the community in Nauru and PNG;
- the costs of returning people to their countries of origin, including involuntary returns;
- the costs of resettling refugees elsewhere;
- aid and other development assistance to Nauru and PNG;
- independent government reviews and inquests into critical incidents (riots, deaths, etc) and allegations of gross human rights abuses; and
- legal costs incurred in the course of defending and settling legal challenges brought by former employees/contractors and asylum seekers/refugees.⁴

Evidence that offshore processing costs around A\$1 billion per year

A high-level indication of *some* of the above costs since financial year 2014-15 are provided by the Department of Home Affairs in its annual portfolio budget statements.⁵ The estimated actual expenses of what the Department calls 'IMA Offshore Management'⁶ are reflected in **Table 1** below. The costs for financial years 2012–13 and 2013–14 are no longer readily available online, but are believed to be significantly higher as they covered the two financial years of greatest activity in terms of establishing offshore processing.

Table 1: Estimated actual expenses of offshore processing

Financial year	Estimated actual expenses (A\$)
2014-15	912,631,000
2015-16	1,078,064,000
2016-17	1,082,894,000
2017-18	1,481,985,000
2018-19	1,157,520,000
2019-20	961,680,000
2020-21 (forecast)	1,186,445,000

Source: Australian Department of Home Affairs, [Portfolio Budget Statements 2015-16 to 2020-21](#)

¹ In one case, the Australian Government reportedly chartered a private jet at a cost of A\$100,000 to fly one woman back to Nauru immediately, rather than on the next available commercial flight, in an attempt to remove her from the jurisdiction of Australian courts before lawyers acting for her could seek an injunction against her removal: Ben Doherty, 'This is Abyan's story, and it is Australia's story' (*The Guardian*, 28 October 2015) <https://www.theguardian.com/australia-news/2015/oct/28/this-is-abyans-story-and-it-is-australias-story>.

² Despite the number of people offshore gradually declining, the health needs of those who remain have become more critical – in many cases requiring medical evacuation to Australia or elsewhere.

³ At one stage, staff at the Manus RPC were accommodated on board a ship moored near the centre at a reported cost of A\$73,400 per night, or A\$13.3 million for seven months: Bianca Hall and Rory Callinan, 'Taxpayers lumped with \$13m bill for Manus Island detention staff's floating hotel' (*Sydney Morning Herald*, 23 February 2014) <https://www.smh.com.au/politics/federal/taxpayers-lumped-with-13m-bill-for-manus-island-detention-staffs-floating-hotel-20140222-3396n>.

⁴ For example, in *Kamasae v Commonwealth of Australia & Ors*, S CI 2014 6770, the Commonwealth of Australia and various private contractors involved in operating the Manus RPC agreed to pay A\$70 million to settle a class action alleging failures to take reasonable care of people held at the Manus RPC and the false imprisonment of people held there between 21 November 2012 and 12 May 2016. Between 2016 and 2019, Australia also defended more than sixty separate legal proceedings relating to its refusal to evacuate to Australia people offshore facing imminent risks of harm due to untreated health conditions: see <https://www.kaldorcentre.unsw.edu.au/medical-transfer-proceedings>.

⁵ Available at: <https://www.homeaffairs.gov.au/reports-and-publications/reports/budgets>.

⁶ 'IMA' is an acronym used by the Australian Government for 'irregular maritime arrival'.

Difficulty in accurately quantifying and predicting the costs of offshore processing

While Table 1 sets out the Department's reported costs of 'IMA offshore management', it is very difficult to determine the full and exact costs of offshore processing, or to provide an accurate breakdown of these costs. Reasons for this difficulty include: a general lack of transparent government reporting on these matters; the fact that answers provided periodically by government Departments to Senate Estimates committees⁷ and in budget statements may be inconsistent or incomplete; insufficient disaggregation in some government figures between the various aspects of Australian immigration/border security policies; and the fact that 'the relevant policy frameworks typically draw on multi-agency efforts and cut across programs with varying objectives, making it very difficult to isolate the cost of those specific policy elements'.⁸

The figures set out in Table 1 do not necessarily include the full costs of offshore processing. For example, it is unclear to what extent (if at all) they include the cost of aid and development assistance provided to Nauru and PNG to secure their agreement to facilitate Australia's offshore processing arrangements, or to Cambodia to resettle seven refugees.⁹ It is equally unclear whether they include the legal costs incurred by the Australian Government in defending and settling legal claims against it with respect to offshore processing, or any of the costs associated with detaining and meeting the needs of the 1,200 people who are technically 'subject to' offshore processing, but are in fact currently in Australia.

In addition to the difficulty in accurately quantifying the costs of offshore processing, it has proven very difficult for the Australian Government itself to predict its expenditure on this policy. **The real cost of offshore processing consistently exceeds the Department's projections, reflecting the ongoing and inherent challenges of accurately predicting the costs of such a policy.** Budgets must continuously be reviewed throughout the year and are liable to significant changes.¹⁰

Table 2: Estimated actual expenses and forward projections of offshore processing costs

Financial year	Estimated expenses (A\$)				Actual estimated expenses (A\$)
	4 yrs prior	3 yrs prior	2 yrs prior	1 yr prior	
2015-16				810,786,000	1,078,064,000
2016-17				880,509,000	1,082,894,000
2017-18			357,044,000	713,641,000	1,481,985,000
2018-19		380,573,000	438,755,000	759,853,000	1,061,290,000
2019-20	370,352,000	426,799,000	378,359,000	1,280,404,000	961,680,000
2020-21	435,321,000	386,174,000	422,123,000	1,186,445,000	
2021-22	394,746,000	422,691,000	307,530,000		
2022-23	427,160,000	302,248,000			

Source: Australian Department of Home Affairs, [Portfolio Budget Statements 2015-16 to 2020-21](#)

⁷ Estimates of government expenditure are referred to Senate committees as part of the annual budget cycle. Expenditure relevant to offshore processing is most commonly referred to the Legal and Constitutional Affairs Legislation Committee, which reviews the spending of the Department of Home Affairs (previously the Department of Immigration and Border Protection (2013–2017), and the Department of Immigration and Citizenship (2007–2013)). However, related costs may also appear in other Departments' portfolios, such as the Department of Foreign Affairs and Trade.

⁸ Save the Children Australia and UNICEF Australia, *At What Cost? The Human, Economic and Strategic Cost of Australia's Asylum Seeker Policies and the Alternatives*, 2016, <https://www.unicef.org.au/Upload/UNICEF/Media/Documents/At-What-Cost-Report.pdf>, p 2.

⁹ Madeline Gleeson, 'The Australia-Cambodia Refugee Deal' (Andrew & Renata Kaldor Centre for International Refugee Law, Research Brief, October 2019) https://www.kaldorcentre.unsw.edu.au/sites/default/files/Research%20Brief_Cambodia_Oct2019.pdf.

¹⁰ See for example: Senate Legal and Constitutional Affairs Legislation Committee, *Estimates* (Canberra, [19 October 2020](#)) p 59 (Ms Cargill).

As **Table 2** shows, for several years the Australian Government has been forecasting a drop in the annual costs of offshore processing (down to A\$350–450 million), yet actual expenses remain around or above A\$1 billion. For example, in 2016 the Department forecast that the expenses for financial year 2017–18 would be A\$357,044,000; instead, the actual expenses were reported as A\$1,481,985,000, more than four times the government estimate.

Costs relative to the number of people subject to offshore processing

It is difficult to provide an accurate estimate of the cost of offshore processing relative to the number of people subject to the policy over time. The main reason for this difficulty is that the Australian Government has never provided a full, clear and consistent breakdown over time of:

- the total number of people subject to the policy overall (including those who were never transferred offshore, or who were transferred and then brought back to Australia);
- the percentage of those people who are held in offshore detention in RPCs, offshore residential (non-detention) settings, hospital/special care settings (either offshore or in Australia), detention in Australia and residential (non-detention) settings in Australia;
- the differential cost of holding people in each of the abovementioned settings; or
- the number of people with special protection, health, accommodation and other needs, and the additional costs associated with meeting those needs in an offshore place.

Crucially, a true assessment of the cost of offshore processing relative to the number of people subject to the policy should include those people who arrived in Australia by boat after it was introduced, but instead of being sent offshore were kept in Australia due to a lack of capacity in the RPCs, changing policies, a political deal brokered to secure an amnesty for a small number of babies and their families, and other reasons. As many as 30,000 people are believed to be in this position, but full and clear information on the total number is not readily available.

Despite these difficulties, certain observations can be made about the cost of offshore processing relative to the number of people subject to it.

First, the number of people accommodated at the Manus RPC peaked at 1,353 (in January 2014), at the Nauru RPC peaked at 1,233 (in August 2014), and at both centres peaked at 2,450 (in April 2014).¹¹ While these numbers were high relative to the capacities of the RPCs and service providers at these times, they were relatively insignificant compared with Australia's capacity to host them onshore and the rates of forced migration many other countries were experiencing during the same period. **The costs and overall viability of offshore processing have not been tested in a context where more than 1,353 people are accommodated in an offshore place at any one time.**

Second, some costs do increase relative to the number of people subject to offshore processing. One example is visa fees payable to the host State, such as those which Australia pays to Nauru at a rate of \$2,000 per refugee per month and \$1,000 per asylum seeker per month. To give some indicative overall costs, these visa fees totalled A\$34.4 million in 2015-16, A\$25.88 million in 2016-17 and A\$23.4 million in 2017-18.¹² It can be assumed that other

¹¹ Elibritt Karlsen, 'Australia's offshore processing of asylum seekers in Nauru and PNG: a quick guide to statistics and resources' (Australian Parliamentary Library, 19 December 2016) https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/rp1617/Quick_Guides/Offshore.

¹² Senate Legal and Constitutional Affairs Legislation Committee, *Estimates* (Canberra, 22 October 2018) p 186 (Ms Newton); Answer from the Department of Home Affairs to Question on Notice SE18/257 from Senator Nick McKim (7 December 2018). Some of the totals in the answer to the question on notice may include visa fees for translators and interpreters.

costs related to accommodation, food, clothing and other basic goods and services would also increase relative to the number of people subject to the policy and requiring those goods and services.

Third, however, the consistently high annual expenditure on offshore processing, despite a gradual reduction in the number of people subject to the policy, indicates that there are significant fixed costs that are necessary to incur to keep this policy on foot, regardless of whether detention centres are at capacity, or only a few hundred people remain living in the community. There may also be new expenses that emerge over time, including escalating costs of healthcare as the physical and mental health of people subjected to such a policy deteriorates, and the costs of defending and settling legal challenges to the policy brought both by former employees and former or present detainees.

Costing alternatives to offshore processing

From an economic standpoint, operating remote detention centres in foreign territories is one of the most expensive and inefficient ways for Australia to process the claims of asylum seekers arriving by boat. Indeed, a 2016 report from Save the Children Australia and UNICEF Australia calculated that moving people from offshore detention to detention in Australia would save A\$200,000 per person per year, and that placing them on bridging visas in the Australian community while their claims were processed would save up to A\$400,000 per person per year.¹³

Further reading

- Save the Children Australia and UNICEF Australia, [*At What Cost? The Human, Economic and Strategic Cost of Australia's Asylum Seeker Policies and the Alternatives*](#) (2016)
- Australian National Audit Office, [*Offshore Processing Centres in Nauru and Papua New Guinea: Procurement of Garrison Support and Welfare Services*](#) (13 September 2016)
- Australian National Audit Office, [*Offshore Processing Centres in Nauru and Papua New Guinea: Contract Management of Garrison Support and Welfare Services*](#) (17 January 2017)
- Senate Legal and Constitutional Affairs References Committee, [*Serious allegations of abuse, self-harm and neglect of asylum seekers in relation to the Nauru Regional Processing Centre, and any like allegations in relation to the Manus Regional Processing Centre*](#) (21 April 2017) (Chapter 5)
- Asylum Seeker Resource Centre, Save the Children and GetUp!, [*At what cost? The human and economic cost of Australia's offshore detention policies*](#) (2019)
- Refugee Council of Australia, [*'Offshore processing statistics > Costs'*](#) (2020)

Please do not hesitate to be in touch if I can assist the Committee further.

Yours sincerely,



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¹³ Save the Children Australia and UNICEF Australia, *At What Cost? The Human, Economic and Strategic Cost of Australia's Asylum Seeker Policies and the Alternatives*, 2016, <https://www.unicef.org.au/Upload/UNICEF/Media/Documents/At-What-Cost-Report.pdf>, p 43.