The development and significance of marketisation in refugee settlement services

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Introduction

Refugees flee their countries of origin out of fear of persecution. Recognition of their need for safety is the main reason Australia admits refugees. Due to the circumstances of their immigration journey, many refugees require more intensive settlement support than other categories of newcomers to thrive in their host society.

That said, there is no widely accepted definition of ‘refugee settlement services’. This chapter focuses on early, dedicated federal government settlement services provided to refugees when they first arrive in Australia or are intercepted en route to Australia with the aim to apply for asylum.¹ This encompasses early specialised settlement services for refugees and services provided to asylum-seekers in the community and in Australia's onshore and offshore immigration detention centres. Defined as such, the provision of dedicated refugee settlement services in Australia is a niche

¹ Definitions of the terms ‘refugee’ and ‘asylum-seeker’ are given in the next section. This chapter recognises the significance of subnational refugee settlement support. To trace marketisation dynamics over time in the short space of the chapter, however, the subnational level is not discussed.
policy sector. Since the 1970s, the sector has established itself alongside broader settlement services for newcomers and mainstream welfare services, such as employment support services. The focus of the chapter is narrow enough to allow tracing of specific marketisation dynamics in refugee services–related developments; it is also broad enough to highlight similarities and differences in early service provision to refugees, on one hand, and asylum-seekers, on the other.

Delivery of settlement services to refugees and asylum-seekers in the community is dominated by not-for-profit agencies. Services provided to asylum-seekers in Australia’s onshore and offshore immigration detention centres are delivered mostly by for-profit providers. Since the 1990s, management and delivery of refugee settlement services have entailed key elements of marketisation such as accrual budget programming, competitive tendering of service provision and a focus on refugees’ self-reliance. This reflects broader marketisation dynamics in the provision of welfare services in Australia (Considine 2003; Mendes 2017) and in immigrant settlement services internationally (Shields et al. 2016; Martin 2017). Yet, this chapter adds nuance to existing research, as it argues that marketisation has been more thoroughgoing in specialised settlement services to refugees than in services provided to detained asylum-seekers, and marketisation has not resolved issues that have characterised refugee settlement service provision since the 1970s. Evaluations consider refugee settlement services deliver value for money and have developed a relatively robust quality assurance framework and risk-management procedure. This is not the case for services in immigration detention centres—in addition to them being punitive and highly politically contentious. This indicates limits to the implementation of marketisation and points to an array of market failures.

This line of argument will be pursued as follows. The next section gives an overview of Australia’s humanitarian program. An overview is then provided of the emergence of refugee settlement services as a niche public policy sector before the expansion of marketisation in the field. This historical context helps identify issues primarily related to marketisation and issues that were prevalent before marketisation expanded. Against this background, the entrenchment of marketisation in refugee settlement services is then highlighted, as part of Australia’s larger move towards the use of market instruments in social service provision under the Liberal–National government of John Howard, which continued under the Labor governments of Kevin Rudd and Julia Gillard. Contracting
arrangements focused on value for money, performance supervision and, increasingly, risk assessment and the development of a quality assurance framework—elements that evaluators found had been largely implemented. By contrast, contracting arrangements for immigration detention services were often made in haste, with unclear performance objectives and, as implemented, featured considerable cost inflation and limited government accountability. The next section focuses on developments since 2013, following the re-election of a Liberal–National Coalition government. During this period, there was an emphasis on refugees’ self-reliance, further cost inflation in immigration detention services and government shirking of public accountability. A summary of findings points to the unevenness of marketisation. The Epilogue provides a brief account of current prospects for refugee settlement in light of the Covid-19 pandemic, highlights future research areas, suggests policy changes and considers the chapter’s implications for the role of the state in social services.

**Australia’s humanitarian program**

Australia has welcomed more than 920,000 humanitarian immigrants since the end of World War II (DHA 2022: 33). Many came because authorities found their fear of persecution met the refugee definition in Article 1 of the United Nations 1951 Convention Relating to the Status of Refugees: having crossed an international border and being in well-founded fear of persecution because of one’s race, nationality, political opinion, religion or membership of a particular social group. Australia has also admitted many others on humanitarian grounds not explicitly stated in the 1951 convention.

Most humanitarian entrants have come to Australia through resettlement—that is, following selection by the Australian Government of eligible humanitarian entrants already living outside their countries of origin. Australia’s resettlement intake has fluctuated over time: it increased in the late 1940s and early 1950s (with the resettlement of displaced persons from Europe); from the mid-1970s to the mid-1980s (most prominently

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2. Originally this definition only applied to persons who had become refugees because of events related to World War II. Geographical and time limits were removed in the 1967 Protocol to the Refugee Convention. Australia ratified the 1951 convention in 1954 and the 1967 protocol in 1973.  
in response to the Indochinese refugee crisis); in the early to mid-1990s (with the arrival of refugees from the former Yugoslavia); and in 2015–17 (with the resettlement of Syrian and Iraqi refugees) (see, for example, Kunz 1988; Neumann 2015; Higgins 2017; Carr 2018; Collins et al. 2018). At other times, and since 2017 (excluding the pandemic-related decline in 2020–2021 and 2021–2022), the country’s resettlement intake has varied between 10,000 and 14,000 people.4

In addition to the resettlement program, Australia admits a small proportion of refugees following an application for humanitarian protection (an asylum claim) on Australian territory. A person who has submitted an asylum claim is an asylum-seeker. Due to the country’s geographic isolation, the number of asylum claims in Australia, compared with other rich countries, is small. Yet, asylum has been a politically contentious issue for decades. The number of asylum claims reached an all-time high in the aftermath of the 1989 repression by Chinese authorities of protests in Tiananmen Square and the decision of Labor Prime Minister Bob Hawke not to send Chinese nationals present in Australia back to the People’s Republic of China. However, the arrival of people claiming asylum after a maritime journey to Australia has proven more politically salient as numbers rose sharply in 1999–2001 and 2009–12 (Garnier and Cox 2012; Garnier 2014). A recent significant increase in asylum claims made on Australian territory by individuals legally arriving on other visas started becoming contentious in 2019 (Snape 2019). Between July 2019 and June 2020, the Australian Government granted 11,521 ‘offshore protection visas’ to resettled refugees and special humanitarian visa-holders and 1,650 onshore protection visas to asylum claimants (DHA 2020a: 1; 2020b).

Over time, government control of the humanitarian intake has increased, including efforts to deter asylum claimants, and this has been a bipartisan trend. The decision to determine a yearly intake for refugees was taken in 1977 by the Liberal–Country party Coalition government of Malcolm Fraser. Fraser’s immigration minister Michael Mackellar cautioned against community sponsorship of large groups of Indochinese ‘boatpeople’ and insisted on the need for the Australian Government to control the intake (Price 1981). In 1981, the Fraser government also established the Special Humanitarian Program (SHP) for people in refugee-like situations

4 See details on the size and composition of Australia’s humanitarian program, including all resettlement categories, since financial year 2011–12 in Refugee Council of Australia (2021: 4).
who did not meet the refugee definition of the 1951 UN convention, to replace visa categories targeting specific populations such as Soviet Jews and Timorese fleeing their countries of origin (Jupp 2002: 187). From 1992 under the Labor government of Paul Keating, immigration detention was imposed on asylum claimants who entered Australia without a visa (Garnier and Cox 2012). In 1996, the Liberal–National Coalition government of John Howard introduced a de facto cap on the humanitarian intake by officially subtracting an SHP visa for each person granted refugee status after an asylum claim in Australia (Nicholls 1998). Measures preventing asylum claimants entering Australia without a visa were adopted under Prime Minister Howard, and continued under the Labor governments of Julia Gillard and Kevin Rudd. From 2001 to 2007, and again after 2012, asylum-seekers without a visa intercepted at sea were sent to offshore detention facilities on Nauru and Manus Island (Papua New Guinea). Marr and Wilkinson (2004) argue the so-called Pacific Solution was introduced primarily to sway votes as the Howard government faced a difficult election campaign in 2001, yet the scheme was never entirely abolished when Rudd came to power when Labor won the 2007 federal election. Former asylum claimants’ access to permanent residency has become increasingly difficult and includes a ban on the resettlement in Australia of asylum-seekers intercepted at sea after 2013 (Garnier 2018).

Emergence of refugee settlement services as a niche public policy sector

Refugee settlement support started in the 1930s and was considered the sole responsibility of volunteer agencies (Jupp 1994: 32). The considerable expansion of refugee admission after World War II with the arrival of displaced persons from Europe led to the development in 1945 of a government-funded refugee settlement policy under the purview of the Department of Immigration that Jupp (1994: 35) labels ‘authoritarian and paternalistic’. The Commonwealth Government funded housing, catering and basic English tuition in former military camps such as Bonegilla in Victoria; refugees were admitted to Australia because they had agreed to be employed for two years in designated jobs, often in remote locations.

5 As the arrival of displaced persons started to decline in the early 1950s, camps such as Bonegilla housed assisted migrants (Sluga 1998, quoted in Jupp 1994: 34).
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(Kunz 1988). Once refugees went to live in the community, they had access to mainstream welfare assistance as well as settlement support provided by charities coordinated by Commonwealth-funded Good Neighbourhood Councils (Martin 1965; ROMAMPAS 1978: 73–74). Religious charities dominated service provision. Between 1952 and 1977, the Australian Council of Churches’ Refugee and Migrant Services sponsored individual refugees for resettlement in Australia and had the discretion to assess their needs and provide settlement assistance (Jupp 1994: 71).

The importance of expanding newcomer settlement support was recognised by the Commonwealth Government from the late 1960s. In 1968, the Liberal–Country party government of John Gorton established the Grant to Community Agencies scheme (often referred to as grant-in-aid). The grant-in-aid scheme allowed charities to apply for funding for migrant-focused welfare workers (Cox 1987: 226 ff.). For decades, however, this did not mean a considerable expansion of specialised refugee settlement services.

Recognition of a need for more support to newcomers was part of the establishment of Australia’s multicultural policy. The Whitlam Labor government deemed the Department of Immigration unable to embody the ideological shift from the White Australia policy to multiculturalism. The department was abolished in 1972, with immigrant settlement responsibilities reallocated to other departments, including Labour and Education (ROMAMPAS Committee 1986: 32). The first Liberal–Country party Coalition government of Malcolm Fraser re-established the Department of Immigration as the Department of Immigration and Ethnic Affairs in 1975 and commissioned a review of existing migrant services and programs in 1977. The resulting Review of Migrant and Multicultural Programs and Services (ROMAMPAS) adopted four principles: equal opportunity; recognition of other cultures; services to migrants should primarily be provided by mainstream services, while recognising the need for specialised services to ensure ‘equality of access and provision’; and clients’ participation and self-help should be encouraged ‘with a view to helping migrants to become self-reliant quickly’ (ROMAMPAS 1978: 4). The review recommended the abolition of Good Neighbourhood Councils and a redirection of their funding to ‘ethnic groups’ as service providers, with the Department of Immigration and Ethnic Affairs’ migrant services units to focus on research, coordination and support for community development rather than direct casework (ROMAMPAS
The 1978 review also recommended the collection of more data on migrants’ participation in settlement programs (ROMAMPAS 1978: 71). Over the following years, successive governments implemented many of the recommendations of the 1978 review. Figure 2.1 captures major policy changes and changes of government since the 1970s. Commonwealth funding for migrant services considerably expanded and a few refugee-specific settlement programs were established. These included material assistance to refugee-supporting volunteer agencies, small loans to help refugees establish themselves in private accommodation, a program of care for refugee minors whose costs were shared between the Commonwealth and the states, and the Community Refugee Settlement Scheme (ROMAMPAS Committee 1986: 123). Established in 1979 as an element of Australia’s response to the Indochinese refugee crisis, the Community Refugee Settlement Scheme allowed voluntary agencies as well as individuals to support the settlement of refugees who were not, on arrival, housed in Commonwealth-funded migrant hostels (Hirsch et al. 2019: 110–13). However, the selection of refugees for resettlement under this scheme was controlled by the Commonwealth, in contrast to the church-based refugee sponsorship mentioned above. Hence, by the mid-1980s, several specific services for refugees had been established but they were fragmented. The bulk of refugee settlement support was delivered through broadly newcomer-focused settlement services as well as mainstream welfare services.

The 1988 review by the Committee to Advise on Australia’s Immigration Policies, commissioned by the Labor government of Bob Hawke and chaired by Stephen FitzGerald, recommended Australia’s immigration policy focus on migrants’ economic value and self-reliance to increase the ‘added value’ of immigration for Australia. Yet the FitzGerald Review recommended the government maintain publicly funded, freely accessible settlement services for refugees and humanitarian entrants, who were the most vulnerable newcomers. However, the review considered the appropriate settlement period for newcomers was two years, rather than the previous five or more years. The review also recognised the need for better coordination of targeted settlement services. The government acted on this recommendation by adopting the National Integrated Settlement

6 Compare the ROMAMPAS Committee (1986: 9) with the Committee to Advise on Australia’s Immigration Policies (1988: xi–xvi); and see Cox (1996: 10).
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Strategy in 1991 and establishing settlement plans in each territory and state (Cox 1996: 11–12) to improve linkages between settlement and mainstream services. However, there were no specifically refugee-focused initiatives as part of this strategy. At the time, the government feared that singling out refugees was politically sensitive but would also limit the flexibility of service delivery (Jupp 1994: 44). Thus, not all recommendations of the FitzGerald Review were implemented.

![Figure 2.1 Timeline of policy development in refugee settlement services since the 1970s](image)

**Figure 2.1 Timeline of policy development in refugee settlement services since the 1970s**

Note: The figure captures major policy developments only. For more detailed chronologies, see York (2003) and Paxton (2020).

Source: Based on author’s research.

Jupp estimated that, by 1994, refugees were the recipients of one-third of the expenditure for migrant-specific services of what was now the Department of Immigration, Local Government and Ethnic Affairs (DILGEA). Mainstream welfare services did not provide a dollar estimate of refugee-related expenditures (Jupp 1994: 46, 49). Refugee-specific expenditures declined between the 1983–84 and 1991–92 financial years, from $24.2 million to $9.4 million, largely due to DILGEA’s withdrawal from the provision of hostel accommodation. Immigration officials assisted refugees in finding private accommodation, though it was noted at the time that an increasing proportion of refugees resorted to public housing due to being unable to purchase a home (Jupp 1994: 64–65). Jupp (1994: 77) observed the lack of evaluations of refugee settlement programs and thus the inability to assess whether refugees’ needs were met by ‘modest’ existing expenditure, or whether this limited spending was due to ‘the budgetary imperatives of hard-pressed public agencies’.
One type of settlement expenditure did increase in the late 1980s and early 1990s: the budget devoted to asylum-seekers. In part, this was due to far larger numbers of asylum claimants in Australia during this period. Individual claimants without means of support sought emergency assistance from charities. Eventually, the Asylum Seeker Assistance Scheme was introduced, in 1993, with a budget of $20.7 million—more than double DILGEA’s budget for refugee-specific settlement assistance in the financial year 1991–92 (Jupp 1994: 12, 46). A further increase in expenditure on asylum-seekers was incurred by the policy of mandatory detention of all non-citizens arriving without a visa from 1994. Figure 2.2 captures the development of immigration detention and changes of government since 1992. Legislated in 1992, mandatory detention was introduced in response to the increase, from late 1988, of asylum claimants who arrived in Australia by boat without a visa. Detention centres were funded by DILGEA and managed by a Commonwealth agency, the Australian Protective Services. Services were delivered by government workers (welfare, education), private professionals (health, religious services) and community groups (involvement in educational and recreational activities) (Joint Standing Committee on Migration 1994: 164–66). Then, as now, refugee advocates denounced the detention of asylum-seekers as a breach of international refugee law, but also as more expensive than residence in the community. In 1994, the bipartisan parliamentary Joint Standing Committee on Migration (1994: 46) disputed this claim, arguing that refugee advocates did not provide a comprehensive costing of community settlement. The committee estimated the cost of detention at the immigration detention centres in Port Hedland, Western Australia, and Westbridge in New South Wales for the financial year 1992–93 at $5.31 million and $1.96 million, respectively (Joint Standing Committee on Migration 1994: 43). The committee responded to the concerns of community groups regarding the limits of service provision in immigration detention centres with mention of the complexity of service delivery in a detention setting, and supported the establishment of an Immigration Detention Centre Advisory Committee including representatives of relevant governmental agencies (the Department of Immigration, Australian Protective Services) and ‘detention centre residents, community based service providers and local community services’ (Joint Standing Committee on Migration 1994: 193).

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7 Article 31 of the 1951 Refugee Convention prohibits the imposition by host states of penalties on refugees who flee a territory in which they are threatened and make themselves known to authorities of host states.
By the mid-1990s, refugee settlement services were a niche public policy sector that had experienced little marketisation. Policy reviews had identified the need for more coordination between service providers. Whereas the need for some specialised early settlement services for humanitarian newcomers was recognised, governments argued that most settlement and welfare services to refugees should occur through mainstream service providers.

Mandatory detention for non-citizens arriving on Australia’s shores by boat and claiming asylum was introduced in 1992 and expanded to all non-citizens entering Australia without a visa in 1994. Refugee advocates, early on, argued against cost inflation in detention centres, yet the government considered it could not be established that community detention would be cheaper. Overall, expenditure on asylum-seekers and detention services surpassed expenditure on refugee-specific services, while data for total expenditure on welfare and settlement services accessed by refugees are not available.

**Marketisation: Establishment and entrenchment**

John Howard’s Liberal–National government, which came to power in 1996, oversaw a considerable expansion of marketisation in the structure of the public sector and the management of service delivery (Goodwin
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and Phillips 2015). The Howard government introduced New Public Management methods across the Australian Public Service, including the adoption of accrual budgeting. Government departments had to plan annual budget targets for specific outputs. Services already provided by third parties were put out to competitive tender, as were other services so far provided directly by the Commonwealth. Refugee settlement policies were caught up in this transformation of public administration.

A new model of refugee settlement support was introduced from 1997: the Integrated Humanitarian Settlement Strategy (IHSS). According to the first detailed evaluation, the IHSS sought to reduce the potential long-term dependency of refugees on welfare services, to respect refugees’ dignity and to help achieve self-reliance by focusing on initial settlement support, with six months the time frame of reference (Urbis Keys Young 2003: 5). The evaluation, however, describes the ‘major innovation’ of the IHSS as services being ‘competitively tendered and contracted. The IHSS marked the first implementation of the purchaser/provider model of service delivery in humanitarian settlement services’ (Urbis Keys Young 2003: 5).

The IHSS superseded existing early arrival programs, including the Community Refugee Settlement Scheme that had provided funding to volunteer groups supporting privately sponsored refugees (Hirsch et al. 2019: 109). The IHSS included on-arrival assistance, accommodation support, provision of household goods, information on the availability of health services, including referrals to torture and trauma counselling, and connection to volunteer groups supporting community participation. Eligibility for the range of IHSS services depended on the visa category of humanitarian arrivals. Resettled refugees were eligible to access all services, SHP visa entrants only to health assessment and referrals and household goods, and refugees on temporary protection visas only to health assessments and referrals (Urbis Keys Young 2003: 6).

As part of the contracting process, the renamed Department of Immigration and Multicultural and Indigenous Affairs (DIMIA) identified services to be provided, their standards and geographical location of delivery. DIMIA invited organisations to tender and contracts were awarded to providers offering the best value for money. The only services not included in the tendering process were health assessments and referrals. Prices for services (calculated in terms of units of service delivered) were negotiated by DIMIA in each individual contract, with yearly revision.
Contract payments were quarterly, three months ahead of the service delivery (Urbis Keys Young 2003: 8–9; DIMIA 2003: 170). The contracts included a suite of reporting requirements, including a monthly report on the number of people provided with services, quarterly meetings with DIMIA contract managers and qualitative reports at midyear (based on client and provider surveys) and at the end of the year (including an audited financial statement and a comprehensive qualitative report on service provision) (DIMIA 2003: 305).

Evaluations noted the reluctance of contracted service providers to transition from a grants-based funding model to the compliance-oriented model of the IHSS but also praised the increasing professionalisation of service delivery. The latter model caused tensions with volunteer groups, who felt their role had been degraded (DIMIA 2003: 187). A key delivery issue was the lack of flexibility of budgeting in the face of variations in client intake, but also in client profile. A sudden and significant reduction of clients could mean a service provider would struggle to offer services over time. To address the problem, an element of core funding was introduced in 2002 (Urbis Keys Young 2003: 31–32). Evaluations also noted the contract model might disadvantage small service providers with limited administrative capacity but also more limited ability than larger service providers to negotiate the pricing of services (Urbis Keys Young 2003: 33–35).

The original IHSS contract, due to expire in 2003, was extended until 2005. The new tender aimed to reduce the number of service providers by focusing on contract regions and to expand eligibility for SHP visa-holders. The new IHSS contracts were awarded to 16 service providers, in contrast to the 39 under the previous contract (cf. DIMA 2004: 129; DIAC 2009: 177); service provision was further amended with the introduction of the Complex Case Support program in 2008. The Complex Case Support program provided intense settlement support to refugees with complex needs who could be referred to the program within two years of arriving in Australia (Spinks 2009).

Various aspects of contract management were delegated to private consulting firms (see DIAC 2007: 75). No evaluation of the reformed IHSS was publicly released; however, the annual reports of DIMIA, and

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8 By 2015, Complex Case Support eligibility had been extended to five years after arrival (EY 2015: 12).
the renamed Department of Immigration and Citizenship (DIAC), noted that finding affordable long-term accommodation was a major challenge for IHSS service providers (see, for example, DIAC 2009: 213).

Under the first Labor government of Kevin Rudd, this challenge became more acute with the increased arrival to Australia by boat of refugees as asylum claimants from 2009. IHSS services had been designed for vulnerable families resettled from overseas whereas many of the former ‘boatpeople’ were adult single men released from domestic immigration detention centres (DIAC 2010: 195). Under the Labor government of Julia Gillard, the Humanitarian Settlement Services (HSS) program replaced the IHSS, in 2011. The change followed a tender process starting in 2010. The HSS slightly increased the number of contract regions (from 20 to 23) and service providers (from 16 to 18) (Richmond 2011: 6; EY 2015: 8). The HSS adopted a more needs-based, client-centred approach in which caseworkers determined the suite of settlement services most appropriate to clients from among those similar to what was covered by the IHSS (on-arrival information, assistance with finding accommodation, linkages to health and welfare services, linkages with community). Whereas the assessment of health needs under the IHSS was excluded from competitive tendering, the HSS tender included this (EY 2015: 102). Following the identification and review of a particular case of mismanagement in the NSW Hunter region, an independent review of the HSS was commissioned shortly after the program was introduced and released less than a year later (Richmond 2011).

In contrast to service eligibility under the IHSS, HSS eligibility was not a function of visa categories and was determined instead by caseworkers. All categories of refugees as well as asylum-seekers living in the community were eligible for the HSS. The time frame for service provision was six to 12 months rather than six months under the IHSS (DIAC 2011: 227; Richmond 2011: 6). Potentially, the HSS was thus more inclusive than the IHSS as one’s visa category did not determine access to services and there was an acknowledgement that many clients required intensive settlement support beyond six months.

As part of the tendering process, potential HSS service providers were identified via stakeholder discussions, although the Richmond Review did not mention which stakeholders were represented (Richmond 2011: 31). A risk assessment was made regarding the potentially preferred service providers of DIAC (Richmond 2011: 31). However, all awarded contracts
were identical and individual discussions of potential risks did not result in individual performance requirements to address these (Richmond 2011: 31). On the part of the service provider, performance management included entering data into a central database, monthly invoices, quarterly meetings with DIAC contract managers, a six-monthly report including a summary of performance on all key performance indicators (KPIs), an annual report, a risk-management plan and a quality assurance strategy (Richmond 2011: 49, 109).

A subsequent review found the HSS and Complex Case Support were delivered effectively, with a high level of satisfaction among service providers. Yet, the review noted the high administrative burden of the program and the strong focus of KPIs on outputs rather than settlement outcomes (EY 2015: 46 ff.). In 2011, the Richmond Review had noted a discrepancy between the intended target clients of the HSS (vulnerable refugees requiring intensive on-arrival support) and a significant proportion of actual clients—namely, asylum-seekers living in the community. Contract obligations meant the HSS lacked the flexibility to deal with the fluctuation in client numbers that resulted from releases from immigration detention (Richmond 2011: 29, 113, 117). By 2015, asylum-seekers were no longer eligible for the HSS.

This exclusion from settlement services can be understood as the continuation of the deterrence approach targeting asylum-seekers. As mentioned in section one, the number of asylum-seekers coming by boat to Australia increased significantly from 1999, resulting in the expansion of the onshore immigration detention network and the opening of offshore processing facilities on Nauru and Manus Island (Papua New Guinea) in 2001.

The Howard government had entered a contract with an intergovernmental non-profit organisation, the International Organization for Migration (IOM), to manage the offshore processing facilities.9 The IOM managed the offshore centres until they were mothballed (but not formally closed) by the Rudd Labor government in 2008, as there had been almost no arrivals of asylum claimants by boat in Australian territorial waters since 2005. Globally, the number of asylum-seekers decreased in 2004–07 (UNHCR 2020). The onshore immigration detention centres were managed by

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9 The IOM is a non-profit international organisation, yet it relies almost entirely on project-based funding from its member states (Pécoud 2020: 13).
a succession of private companies (see ANAO 2004, 2006). In both cases, service provision to individuals was subcontracted to a variety of providers. The detention of unlawful non-citizens was not only legal but mandatory on Australian territory and the private companies managing the immigration detention centres otherwise ran regular prisons. The design of contracts was marked by the haste with which successive governments wanted to conclude them (Senate Select Committee for an Inquiry into a Certain Maritime Incident 2002; Taylor 2005). Because offshore processing centres were not on Australian territory and involved foreign governments, Australian oversight of the IOM contract was more limited than over contract management of onshore immigration detention facilities. In relation to the latter, the Australian National Audit Office (ANAO) undertook extensive evaluations of contract management relating to service provision and repeatedly noted the escalation of costs as well as limited departmental oversight (ANAO 2004, 2006). In addition, mismanagement scandals resulted in several high-profile inquiries, including one into the mistreatment of a permanent resident and one into the mistreatment of an Australian citizen (Palmer 2005; Commonwealth Ombudsman 2005). These scandals forced the Howard government to endorse what was originally a Private Member’s Bill by Liberal backbencher and longstanding advocate for multiculturalism Petro Georgiou aiming to restrict the use of mandatory detention.

By 2012, the resurging numbers of asylum-seekers arriving by boat had again become politically salient. In response, the Gillard Labor government—under considerable pressure from the Coalition opposition—reopened offshore processing centres but also significantly increased the annual resettlement intake for 2013 (Garnier 2014). Asylum-seekers were transferred to Nauru and Manus Island detention centres before contracts with service providers had been finalised. The main service provision contract was won by Transfield, a company that provided garrison services to the Australian Defence Force. Transfield was selected on the basis that it provided best value for money; the IOM declined to tender (McPhail et al. 2016: 961 ff.). IOM staff previously involved in the management of the Nauru offshore processing centre interviewed in 200710 noted they were personally appalled by the situation and astonished at the lack of concern by Australian citizens. Perhaps such concerns made their way to IOM management.

10 Author’s interview with former manager of IOM detention centre, Canberra, 2007.
Once again, the limited availability of data makes it impossible to precisely gauge public expenditure on refugee settlement services. The total cost of settlement services administered by DIAC, as well as the cost of offshore management of asylum-seekers, is reported in the department’s annual reports. There are no continuous data on the cost of specialised refugee settlement services nor on the cost of the detention of asylum-seekers specifically. Expenditure on specific settlement programs is publicly available when program evaluations have been published. What the available data show is that DIAC’s expenditure on the offshore management of asylum-seekers routinely dwarfs its settlement expenditure. In addition, expenditures on settlement routinely remain below planned levels whereas expenditures for the offshore management of asylum-seekers are above those planned. For instance, according to DIAC’s 2012–13 annual report, the administered costs of offshore management of asylum-seekers were $1.8 billion (a figure above planned expenditure) and of settlement services almost $368 million (a figure below planned expenditure).

An evaluation of the HSS in 2015 mentioned that running the program had cost $283 million between April 2011 and December 2014 to deliver services to 55,187 clients (EY 2015: 78). Average expenditure was found to be higher in regional locations (with smaller caseloads) than in metropolitan areas (EY 2015: 80) and to be higher for resettled refugee visa-holders than for special humanitarian visa-holders (who are generally supported by family members) and former asylum-seekers (81).

By 2013, marketisation was pervasive in refugee settlement services, as it was, more generally, in broader settlement services and many mainstream welfare services such as employment support (Considine et al. 2011). The Department of Immigration closely monitored the application of market principles to refugee settlement services, and this was associated with a significant administrative burden. Lack of flexibility in contracting arrangements also meant service providers (most of them not-for-profits) struggled to provide what they considered to be adequate service when client intake fluctuated, and when client profiles changed. Yet service providers lauded the professionalisation of service delivery (Roumeliotis and Paschadilisi-Silas 2013) and some flexibility was added to service delivery with the client-centred approach of the HSS. Also, DIAC sought to broaden the evidence base on refugee settlement outcomes by commissioning a large-scale longitudinal study of humanitarian entrants, called Building a New Life in Australia, in 2012 (Edwards et al. 2018).
Governmental oversight of the far more costly provision of services to asylum-seekers in offshore processing centres, and to asylum-seekers detained in domestic immigration detention centres, was considerably more limited. Arguably, this increased the potential for rent-seeking by detention service providers, most of which were for-profit entities. Weak governmental oversight also increased the risk for asylum-seekers. As was mentioned in the previous section, evidence that immigration detention was more costly than the alternatives had already been asserted by many observers before marketisation in the sector.

**Increasingly contentious marketisation**

Since the arrival in power of the Liberal–National Coalition of Tony Abbott in 2013, the discrepancy between the focus on value for money in the provision of early settlement services to refugees and asylum-seekers living in the community, on the one hand, and cost inflation in service provision to detained asylum-seekers, on the other, has increased. This has become increasingly contentious. One possible explanation is the significant growth in the number of resettled refugees and asylum-seekers living in the community in Australia since 2013 as opposed to the decline in numbers of asylum-seekers held in onshore and offshore detention, as documented above. However, the Coalition’s broader austerity and border security policies are also likely to have played a part, in the context of increasing criticism of marketised welfare services relevant to long-term refugee settlement, such as employment support (see, for instance, Senate Education and Employment References Committee 2019; and, specifically on refugees and employment support services, Refugee Council of Australia 2017).

Reports have stressed the need for better-funded, more flexible, client-centred refugee settlement services in light of the long-term benefits for refugees, but also the long-term public savings made possible by better labour market integration (CPD 2017; Shergold et al. 2019). In parallel, numerous inquiries by public and private entities have highlighted the considerable economic, but also human and strategic, costs of asylum-seekers’ detention (ANAO 2016; Save the Children and UNICEF 2016; ASRC et al. 2019) as well as deficiencies in contract management (McPhail et al. 2016; ANAO 2017). Many of these reports, as well as journalistic investigations, noted governmental efforts to reduce public
accountability. This was most blatant with the inclusion of nondisclosure agreements in contracts relating to service provision in offshore detention centres (Maylea and Hirsh 2018), but also the considerable delay in the release of a report from a government inquiry into refugee settlement outcomes (Davidson 2019b).

There were significant changes of government machinery over this period. From 2013 to 2019, the Department of Social Services (DSS, formerly known as the Department of Families, Housing, Community Services and Indigenous Affairs) took charge of the settlement services portfolio, and thus administered the HSS. Oversight of immigration and asylum-seeker services remained with the Department of Immigration and Border Protection, which became the Department of Home Affairs in 2017. The settlement services portfolio returned to the Department of Home Affairs in 2019 (Karp 2019; ANAO 2019). Karp (2019) notes that some settlement service providers were worried about their affiliation with a department now dominated by a focus on border security, while others considered departmental affiliation did not matter much to service delivery.

A pattern emerged in the admission of refugees of shifting costs on to the community with the introduction of a community sponsorship program. The program started as the Community Proposal Pilot in 2013 under the Gillard Labor government and became the Community Support Program under the Turnbull Coalition government in 2016 (Hirsch et al. 2019). Eligibility criteria for the program focus on refugees being able to achieve self-sufficiency within 12 months, which means having a job offer, being of working age and demonstrating a functional level of English. The Turnbull government described the program as ‘revenue-raising’ as the sponsors were required to pay an array of fees covering more than just expected resettlement costs, while program participants did not have access to short-term resettlement services (Hirsch et al. 2019). The program was not designed to bring more refugees to Australia, as private sponsorship spots are part of, and not an addition to, Australia’s annual refugee intake. Though the number of refugees admitted through this program (a few hundred) is comparatively small, this community-funded program comes alongside the expansion of humanitarian admissions through the SHP category. SHP eligibility requires family connections to Australia, which are expected to play a crucial role in newcomers’ early settlement. Most Syrian and Iraqi refugees admitted in 2015–16 arrived on SHP visas (DHA 2019: 7; Refugee Council of Australia 2020).
Policies were also adopted to reduce the cost of service provision to asylum-seekers in Australia. As mentioned in the previous section, asylum-seekers released from detention on protection visas became ineligible for the HSS in 2015. In 2014, the asylum-seekers assistance program that had existed since 1992, as well as the Community Assistance Support program first introduced in 2005, were replaced with the Status Resolution Support Services program—a system with six bands of support depending on individual circumstances (Okhovat 2018: 10). The quality of support decreased overall. The Australian Red Cross, which had been the main service provider for decades, was replaced with other providers. In 2015, the prohibition on employment that had been imposed on asylum-seekers intercepted at sea and living in the community was lifted. However, claimants were often granted very short visas (as little as a week), which made it very difficult to find an employer willing to provide work (Okhovat 2018: 12). The importance of job-readiness is also greater in the Humanitarian Settlement Program (HSP), which replaced the Humanitarian Settlement Support program in 2017, than in its predecessor (author’s interviews with service providers in New South Wales, 2018; ANAO 2019).

The government also aimed for economies of scale in service delivery in the new HSP contracts. The number of service providers declined to five and contract regions to 11 (ANAO 2019). At least in one case, a comparatively small service provider was replaced with a larger organisation considered more likely to deliver value for money (author’s interviews with service providers in New South Wales, 2018).

The ANAO released a review of the HSP’s contract management and performance in December 2019. The program was said to have cost more than $120 million a year (ANAO 2019: 7), although it did not provide more detailed financial data; the ANAO noted that publicly available data on the HSP were very scarce (p. 47). The report noted there were 17,112 clients in the program in 2018–19 (ANAO 2019: 14), thus the average annual cost per client was slightly more than $7,000. HSP contracts were considered ‘largely well designed but contract management has only been partially effective’ (ANAO 2019: 7). The engagement of service providers was evaluated as strong and risk assessment adequate, however,

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11 Contrary to earlier evaluations of refugee settlement programs (EY 2015; Richmond 2011; Urbis Key Young 2003), the ANAO evaluation does not refer to assessment of the effectiveness of the HSP by providers themselves.
performance reporting was lacking as KPIs—notably, employment—were not tracked (ANAO 2019: 9). The ANAO noted deficiencies with the information systems developed to report on performance and that improvements were required. The Department of Home Affairs agreed with all recommendations (ANAO 2019: 6).

A review of refugee settlement outcomes with a broader ambit was commissioned by Prime Minister Scott Morrison in December 2018 and scheduled for release in February 2019; however, the review panel’s report was kept confidential for several months. Elements of the review were released in the media following freedom-of-information requests. Once released in November 2019, the review was lauded by refugee advocacy groups for its emphasis on the need for better coordination of refugee settlement services, and especially better provision of refugee employment support (Shergold et al. 2019; Refugee Council of Australia 2019). The Morrison Coalition government accepted most of the review’s recommendations in full, apart from the recommendation to profoundly transform refugee employment support, which it considered should remain primarily located with mainstream employment services (Australian Government 2019).

The most controversial aspect of settlement service contracting during this period remained service delivery to asylum-seekers in Australia’s offshore processing centres. Following revelations by whistleblowers about the mistreatment of asylum-seekers in this context, the Commonwealth Government expanded nondisclosure provisions in contracts that could result in legal proceedings against whistleblowers (Maylea and Hirsch 2018). Contracts continued to be allocated under conditions that only allowed restricted tendering with limited reporting requirements (McPhail et al. 2016). In February 2019, an Australian Financial Review investigation revealed the awarding by the Morrison government of service delivery contracts to provide garrison services in the Manus Island facility for asylum-seekers (excluding food and medical care) worth $423 million to a barely known service provider hosted in a tax haven following ‘emergency’ restricted tenders (Grigg et al. 2019a, 2019b; Davidson 2019a). To put the size of contracts in perspective, the not-for-profit services provider with the biggest government contracts in refugee and immigrant services, Settlement Services International, has been awarded more than $948 million for refugee and asylum-seeker settlement support since 2012. This sum covers 5 contracts, of which 4 were open tenders and 1 a prequalified tender. Paladin Holdings and Paladin Solutions, the
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for-profit service provider that was under investigation for its operations in Papua New Guinea, were awarded more than $532 million for for just two contracts for garrison services for the Manus Island transit processing centres, both limited (that is, not open tenders), since 2012. A broader investigation by the ANAO (2020: 9) of the procurement of offshore garrison support and welfare contracts noted that the Department of Home Affairs ‘did not demonstrate the achievement of value for money for the PNG [Papua New Guinea] procurements’.

The Australian Parliament’s research services, the UN Children’s Fund (UNICEF) and not-for-profits have noted that estimating the total cost of the onshore and offshore detention of asylum-seekers is arduous given the fragmentation of data as well as government secrecy. Immigration detention costs, including services, blew out to $9.6 billion between 2013 and 2016 and would amount to $9 billion between 2016 and 2020—a cost of $573,000 per person per annum in offshore detention (ASRC et al. 2019: 8; see also Save the Children and UNICEF 2016; Spinks et al. 2013). This contrasts with the previously mentioned average cost of $7,000 per client of the early, specialised refugee settlement program, the HSP.

Summary

This chapter has traced the development of marketisation in the provision of specialised settlement services to refugees and asylum-seekers in Australia. It has identified trends that pre-existed the deployment of marketisation, especially the dominance of non-government service providers; the residual nature of specialised settlement services, as it has always been argued by Commonwealth authorities that refugee settlement should primarily be supported by mainstream welfare services; and constant demands for stronger policy collaboration within the ‘refugee settlement policy niche’ and between specialised and mainstream services. The persistence of these trends over time points to institutional path dependence and limits to the transformative effect of marketisation.

12 Sums are own calculations using contract data current on 5 August 2022. The figures cover contracts awarded to Settlement Services International by the Department of Social Services and the Department of Home Affairs for refugee settlement and asylum-seeker support only (see www.tenders.gov.au/Search/KeywordSearch?keyword=settlement+services+international), and contracts awarded to Paladin Holdings and Paladin Solutions by the Department of Home Affairs to provide support in the Manus Island Refugee Transit Centre (see www.tenders.gov.au/Search/KeywordSearch?keyword=paladin+solutions and www.tenders.gov.au/Search/KeywordSearch?keyword=paladin+holdings).
Another longstanding issue that pre-existed marketisation is the considerable financial and human cost of detaining asylum-seekers. Regardless, Coalition and Labor governments have stressed the importance of maintaining mandatory immigration detention for all people without a valid visa as a deterrent to future arrivals. Many have argued that governments consider the political cost of policy change to be too high (Garnier and Cox 2012; Hirsch 2017). Measured against the principles of marketisation, one can argue the implementation of marketisation in the detention of asylum-seekers is not thorough even though service provision is dominated by for-profit service providers. It is characterised by restricted tendering, contract allocation to inexperienced service providers, frequently deficient contract drafting and poor governmental contract oversight. This points to various facets of market failure (see also Taylor 2005; McPhail et al. 2016). First, market mechanisms are unable to work as intended in the emergency-like context in which management contracts for offshore facilities are awarded. Restricted tendering results in oligopoly in this sector. Second, contract management at a distance in the context of offshore processing does not lend itself to well-functioning oversight as it creates obstacles to proper ‘performance reporting’. Last, Commonwealth regulations have themselves incentivised market failure with the proliferation of nondisclosure agreements regarding service provision. In such a context, risk management is highly likely to fail and the risk of opportunistic rent-seeking by providers is increased.

By contrast, it can be argued that the provision of early, specialised settlement services to refugees is thoroughly marketised even though service provision is dominated by not-for-profit service providers. Service provision contracts are put to competitive tender, mechanisms of contract drafting, oversight and risk management have been developed that are considered consistent with good or even best practice, and procedures are in place to regularly assess compliance of service delivery with program targets. Overall, the quality of service delivery is deemed adequate to high by service providers, clients and evaluators. Several recognised problems of marketisation have been identified, such as a strong focus on measurable outputs instead of program outcomes; a compliance-driven lack of flexibility in service delivery in the face of rapidly evolving client profiles; the administrative burden of reporting requirements; and a reluctance to pilot new programs.
Perhaps counterintuitively, the uneven implementation of marketisation that this chapter has identified points to stronger marketisation in service delivery areas dominated by not-for-profit providers and weaker marketisation in areas dominated by for-profit providers.

Epilogue

The Covid-19 pandemic has significantly impacted refugee settlement services in Australia, yet it does not seem to have had an impact on offshore service provision. The number of refugees who have been able to enter Australia since the closure of international borders has considerably declined. Between July 2020 and June 2021, 4,558 refugees were granted a resettlement visa (though most were unable to travel to Australia during that period) and 1,389 asylum claimants were granted protection (DHA 2022: 33, RCOA 2021).

Since the HSP is a fee-for-services program, fewer refugee arrivals mean fewer clients and hence fewer government payments. Not-for-profit settlement agencies such as Settlement Services International have responded by laying off staff (Dehen 2021). Settlement agencies thus had reduced staff when international borders opened again in December 2021, and as Afghans fleeing the Taliban’s return to power and Ukrainians fleeing the Russian invasion were admitted in Australia via special programs (RCOA 2022: 6). This contrasts with continuing high costs for services in offshore asylum-seeker facilities. An investigation by The Guardian revealed that Canstruct, a company contracted to deliver services to asylum-seekers on Nauru in 2014, was still being paid hundreds of millions of dollars in 2021 even though the number of asylum-seekers on the island had considerably decreased. As of August 2022, the company’s contract for its activities on Nauru was worth more than $1.8 billion.³ In May 2021, it was also revealed that Applus, a company contracted to deliver settlement services on Manus Island in 2017, had ‘overbilled’ the Australian Government for staff expenses (McKenzie and Baker 2021). Refugee advocates have pleaded with the Albanese Labor government elected in 2022 to adopt a more generous refugee policy beyond symbolic gestures (Boochani 2022). Advocates and settlement providers have also

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³ See www.tenders.gov.au/Cn/Show/ba1f752d-8177-44d3-9aa3-49c7439a3fce.
called on the new government to use the upcoming re-tendering process of the HSP to redesign refugee settlement as a more holistic, person-centered and flexible model (RCOA 2022: 2).

It can thus be argued that the pandemic has exacerbated pre-existing dynamics. Future research could investigate to what extent such dynamics are prevalent in other social service markets characterised by strong heterogeneity of service provision and delivery actors. Comparative, qualitative research could also investigate how these diverse service providers understand their roles and mission. In longitudinal perspective, the human and financial impacts of market failure on refugees first confronted with immigration detention as detained asylum-seekers and eventually becoming clients of Australia’s settlement services, and of other (more or less) marketised welfare services, also warrant further investigation.

In terms of policy, Australia should end its offshore processing. This would not only incur considerable savings but also put an end to inhumane policies. Failing this, the accountability of for-profit service providers should be considerably increased. By contrast, settlement services in Australia, which have demonstrated flexibility in response to government requirements as well as cost-effectiveness, should be provided with untied funding to ensure continuity of operations in times of considerable fluctuation in refugee arrivals such as during the current pandemic, but also to allow for flexible policy design and implementation.

Overall, this chapter’s findings point to the co-opting of non-profit services in the marketisation of social services and the lack of ability (or willingness) of the state to respond to for-profit corporations’ market failures in this sector. Much stronger public regulation and implementation control appear warranted to ensure that not only are adequate services delivered to particularly vulnerable people, but also taxpayer money is not wasted. It appears such change is only possible if there is a strong political commitment and election-swaying public demand for it—bearing in mind the recipients of refugee settlement services described in this chapter are not (yet) Australian citizens and thus cannot vote.
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