PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT

Third Delegated Legislation Committee

DRAFT IMMIGRATION (HEALTH CHARGE) (AMENDMENT) ORDER 2016

Monday 29 February 2016

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Friday 4 March 2016

STRICT ADHERENCE TO THIS ARRANGEMENT WILL GREATLY FACILITATE THE PROMPT PUBLICATION OF THE BOUND VOLUMES OF PROCEEDINGS IN GENERAL COMMITTEES

The Committee consisted of the following Members:

Chair: Mr Adrian Bailey

† Arkless, Richard *(Dumfries and Galloway)* (SNP)
† Brokenshire, James *(Minister for Immigration)*
† Creasy, Stella *(Walthamstow)* (Lab/Co-op)
† Elphicke, Charlie *(Lord Commissioner of Her Majesty's Treasury)*
Fox, Dr Liam *(North Somerset)* (Con)
Harris, Carolyn *(Swansea East)* (Lab)
† Hayman, Sue *(Workington)* (Lab)
† Jenkyns, Andrea *(Morley and Outwood)* (Con)
Johnson, Alan *(Kingston upon Hull West and Hessle)* (Lab)
† McLaughlin, Anne *(Glasgow North East)* (SNP)
† Merriman, Huw *(Bexhill and Battle)* (Con)
† Mills, Nigel *(Amber Valley)* (Con)
† Pickles, Sir Eric *(Brentwood and Ongar)* (Con)
† Robinson, Mary *(Cheadle)* (Con)
† Starmer, Keir *(Holborn and St Pancras)* (Lab)
† Stuart, Ms Gisela *(Birmingham, Edgbaston)* (Lab)
† Sturdy, Julian *(York Outer)* (Con)
† Whittaker, Craig *(Calder Valley)* (Con)

Joanna Welham, *Committee Clerk*

† attended the Committee

Third Delegated Legislation Committee

Monday 29 February 2016

[Mr Adrian Bailey *in the Chair*]

Draft Immigration (Health Charge) (Amendment) Order 2016

4.30 pm

The Minister for Immigration (James Brokenshire): I beg to move,

That the Committee has considered the draft Immigration (Health Charge) (Amendment) Order 2016.

The immigration health charge was introduced in April last year by the Immigration (Health Charge) Order 2015 and is paid by non-European economic area temporary migrants who apply for a visa for more than six months or who apply to extend their stay in the UK. The charge, which is set at the rate of £200 per annum per migrant and at a discounted rate of £150 per annum for students, ensures that migrants, unless they are subject to an exemption, contribute to the national health service in a manner in line with their immigration status.

The full amount of the charge, covering the entire period of stay, is collected by the Home Office up-front as part of the immigration application process. If an application is refused, rejected or withdrawn, the charge is refunded. Those who pay the charge receive NHS care in the same way as a permanent resident, subject to the same clinical need and waiting times, for as long as their leave remains still valid. That means that they only pay charges that a UK resident would also pay, such as dentistry charges and prescription charges in England.

In the first six months since its introduction, the immigration health charge collected more than £100 million in income for the NHS. The Government estimate that the charge could raise as much as £1.7 billion at present value over 10 years. That represents an important source of new income for the NHS—income that is shared between the NHS in England, Scotland, Wales and Northern Ireland using the formula devised by Lord Barnett, and spent as they see fit. Exemptions from the requirement to pay the charge are listed in schedule 2 of the Immigration (Health Charge) Order 2015. Those include exemptions for visitors, certain vulnerable groups and nationals of Australia and New Zealand.

That leads us to the purpose of today's debate. This order amends the 2015 order by removing the exemption from paying the charge that applies to Australian and New Zealand nationals, by reducing the amount of the charge payable by youth mobility scheme migrants from £200 to £150 per annum and by making a minor and technical change to update the references in the 2015 order to the part of the immigration rules that relates to visitors.

The UK, Australia and New Zealand all face the challenges of increasing healthcare costs and the management of migration flows. We regularly discuss these challenges with Australia and New Zealand and have held consultations with them on the health charge since 2013. In December, the Secretary of State for Health confirmed with his Australian and New Zealand counterparts our intention to apply the health charge to nationals of these two countries.

We greatly value our close relationship with Australia and New Zealand and remain committed to strengthening the relationship between our countries. For that reason, we are retaining our reciprocal healthcare agreements with Australia and New Zealand. These agreements provide that short-term visitors to the UK from Australia and New Zealand are entitled to some NHS treatment free of charge. In turn, that is reciprocated when our citizens visit there.

The health charge is compatible with the terms of these agreements, as the agreements do not apply to the longer-term, temporary migrants from these countries who fall within the surcharge's scope. It is also important to emphasise that the terms on which Australian and New Zealand nationals may use the NHS remain generous. The health charge is set well below the average per capita cost to the NHS of treating temporary migrants and below the rate that migrants might expect to pay for health insurance in competitive countries.

Visitors, such as tourists, from Australia and New Zealand will not pay the health charge and will continue to benefit from the reciprocal health agreements that we hold with those countries. In 2014, nearly 70% of the total number of Australian and New Zealand nationals who came to the UK did so as visitors. This group will continue to receive free-of-charge NHS care for health conditions that arise during their stay and which require immediate or prompt attention.

In addition to healthcare provided under the terms of our reciprocal healthcare agreements, we do not charge Australian and New Zealand nationals, or indeed any migrant, for the use of NHS primary care services, such as GP or nurse consultations, or for treatment in an accident and emergency department. The NHS also provides free-of-charge care to those with certain infectious diseases and, in England, to victims of certain types of violence.

During discussions with the Australian and New Zealand Governments, it was agreed to reduce the health charge that applies to the tier 5 youth mobility scheme from £200 to £150, in recognition of the close and important links between our countries. The scheme is a cultural exchange programme that allows young people aged 18 to 30 from participating countries and territories to experience life in the UK for up to two years, during which time they can work and study.

Australians and New Zealanders have benefited from a one-year exemption from the immigration health charge, while all other temporary non-EEA nationals have had to pay it since April 2015. It is now right and fair that those nationals also contribute to the extensive and high quality range of NHS services available to them during their stay, in line with their temporary immigration status. We estimate that by applying the health charge to Australian and New Zealand nationals—taking into account the lower charge for youth mobility scheme applicants—an additional £41 million could be raised for the NHS in present value over five years in 2016-17 prices. The Governments of Australia and New Zealand were fully consulted on the introduction of the charge.

4.36 pm

Keir Starmer (Holborn and St Pancras) (Lab): It is a pleasure to serve under your chairmanship, Mr Bailey.

As the Minister outlined, this order amends the 2015 order. The Opposition did not oppose the 2015 order and we do not oppose this amendment to it, but I would like to raise a number of issues. First, the Minister has given us the anticipated revenue figure of £41 million. Will he update us on how much has been raised so far from the changes made under the 2015 order? Last year he said he would publish the revenue details after the first year of implementation. Is that still the intention?

Secondly, the Minister outlined how the short-term arrangements with Australia and New Zealand will work, but the amendment obviously affects the long-term arrangements. Is there any possibility of reciprocal charges being levied by the Australian and New Zealand Governments on UK citizens living there and, if so, what will those arrangements be?

Finally, the per annum cost to the NHS of non-EU citizens is said to be £950 million, which I think is what drove the original order and what drives, to some extent, this amendment. The aim of the policy is to ensure that people make a fair contribution to the costs—we agree with that in principle—but many of these people come here to work and thus pay tax and national insurance. Does the Minister know the proportion of people paying the levy who are, in fact, in work and are therefore making the contribution to the NHS through their taxes? Can he tell the Committee what the net cost is, once taxes are taken into account, of those people's use of the NHS? I appreciate that he might want to get back to me on that in detail.

4.38 pm

Anne McLaughlin (Glasgow North East) (SNP): I am struggling to understand what the benefit of the order is and what its justification is, and I want to raise a few points. I understand from what the Minister said that perhaps things have changed slightly since I read up on the matter. The idea that this is a cost-cutting measure is interesting, because we do not know what it costs us for Australians and New Zealanders to use our national health service, notwithstanding the fact that most of them are young and therefore less likely to use the NHS in the first place. The NHS has only recently started to collect data based on the nationalities of those using it, and I would like to hear more about that.

The reciprocal arrangements we have traditionally had with Australia and New Zealand work only if we do actually reciprocate. The Minister said something that I did not hear completely. Will he clarify what he said about how we still have a reciprocal arrangement between Australia and the United Kingdom? I am not content that, as the hon. and learned Member for Holborn and St Pancras said, people have come over here and are paying national insurance and income tax, and they are also paying a surcharge for health, whereas we do not do that when we go over there.

Also, my understanding is that there is a lot of—*[Interruption.]* The Government Whip is shaking his head, so perhaps he can answer me and tell me where I have got it wrong. I know that they are not happy in Australia and New Zealand: they are saying, "Well, we'll make it a reciprocal arrangement. We'll reciprocate and we'll impose a charge". There are calls for that to be done, and those who would suffer most from that are UK nationals, because we outnumber the number of people coming to this country. For example, there are 63,000 New Zealanders living in the UK—which apparently makes up 0.09% of the population—whereas there are 265,500 UK nationals in New Zealand. In that respect, we have had the better end of the deal. The figures are slightly different when it comes to Australia, but my understanding is that we still outnumber the number of Australians who have come here.

I would be grateful for any clarification. If the Government Whip was shaking his head because I had misunderstood something, I would be very grateful to hear that.

4.41 pm

Richard Arkless (Dumfries and Galloway) (SNP): It is a pleasure to serve under your chairmanship, Mr Bailey.

As we have heard, this amendment removes the exemption that benefits citizens from Australia and New Zealand when they come to our country by allowing them not to pay an up-front contribution to use our NHS. Until now, residents from both countries were exempt from the surcharge, due to reciprocal arrangements between them and the UK, which has allowed citizens of one country to use healthcare services in the other country for free. Exemptions are made for services with a fee, such as dental treatment and prescription medicine.

In principle, the Scottish Government welcome overseas visitors and migrants who are in the country for legitimate purposes—not only to contribute to our workforce and economy, but to contribute to our diversity and our vibrancy as a nation. We oppose this amendment on that and many other bases. We also think it impinges on Scottish Government competencies over health, although the Government have been very clear that they see this measure as an immigration statutory instrument.

We see the UK Government rationale as flawed in that respect, in dealing with expected costs for treating migrants in the UK's NHS. However, the Government have only recent begun collecting data on how different nationalities use the NHS, and we are not really aware at the moment of the costs that we are trying to save, as my hon. Friend the Member for Glasgow North East said.

The UK Government have been trying to reduce net migration. Despite that, however, it has risen to more than 100,000 a year under this Prime Minister, and further plans to increase work visa thresholds to £35,000 will put another seemingly immovable impediment in front of people trying to visit this country for legitimate reasons.

We in the SNP and Scottish Government say that the overall net contribution of migrants outweighs the transfers made to them during their stay here. We think there is not a cost to be legitimately saved. We say that the people who come here and benefit from the exemption from the surcharge are contributing more than they are taking out of the system. On that basis, and in particular because I am informed that the Scottish Government only found out about this statutory instrument by chance, we want to make our objections very clear and oppose the amendment.

4.44 pm

James Brokenshire: As I indicated in my opening comments, in the first six months since its introduction, the immigration health surcharge raised more than £100 million in income for the NHS in England, Scotland, Wales and Northern Ireland. It is important to make that point, and we will report on the first year's income, as the hon. and learned Member for Holborn and St Pancras asked me to do.

I also want highlight the fact that a comprehensive study of migrant use of the NHS in England commissioned by the Department of Health found that the total cost of visitors and temporary visitors accessing NHS services in England alone was estimated to be up to £2 billion a year, with around £950 million spent on temporary migrants, such as students and workers, from whom no charge had been recoverable previously.

Anne McLaughlin: Am I not right in thinking that that is the Prederi report, which states that those are the best estimates, but that accuracy is by no means assured because of uncertainty about the numbers of people and their behaviour?

James Brokenshire: These are always estimates, but we judge that to be a reasonable estimate on which to base our policy. That was the basis on which the House legislated for the creation of both the immigration health surcharge and the previous order. In our analysis, non-EEA temporary migrants—workers and families—here for longer than 12 months had a weighted average cost to the NHS of a little more than £800 a head and a total estimated gross cost of more than £500 million a year. The figures for non-EEA students, for any length of stay, were just over £700 and about £430 million respectively.

The Government believe that those subject to immigration control should have a form of access to public services that reflects their immigration status. The previous order brought migrant access to the NHS into line with existing policy on access to benefits and social housing. It is a migrant's immigration status, not their tax contributions, that governs their access to those services. We believe that the levy is appropriate and reasonable, and recognises the contribution that temporary migrants make to the wider economy.

Questions were asked about reciprocity, and in particular the reciprocal healthcare agreements with Australia and New Zealand. There is no intention to discontinue those agreements. They are more than 30 years old, however, and all three Governments concur that the time is right to review them and ensure that they are appropriate to the contemporary needs of our travelling citizens. The Department of Health has therefore entered into discussion with Australia and New Zealand on the scope of the agreements. The Government have no intention of discontinuing the agreements, but Ministers and officials in the Department of Health are looking at them.

Reciprocal healthcare agreements provide for a national of one country on a short, temporary stay in another country to receive free treatment. The agreement with Australia provides for a resident of one country who is visiting temporarily in the other, without becoming an ordinary resident, to be provided with free immediate medical treatment. However, all our Governments highly recommend the possession of adequate travel insurance because the agreements do not cover all treatment needs. In particular, they do not cover the costs of a medical evacuation.

What happens to our citizens going to Australia or New Zealand is a matter for consideration. Australia already levies a health charge for certain categories of visa applicant, including older migrants applying to become permanent residents and those with existing healthcare needs. In addition, students are required to have health insurance. In New Zealand, there is a consultation fee for anyone accessing GP care, and all foreign fee-paying students applying to study there are required to hold acceptable medical and travel insurance. Most visa applicants to the two countries are also required to meet minimum health standards, and in some cases they must undergo a medical examination. A visa may be refused if a migrant has a health condition that is likely to result in significant healthcare and community service costs.

It might be considered that this measure makes it harder for Australians and New Zealanders to come here, but I have already indicated that visitors would remain unaffected as a consequence of the reciprocal arrangements. Some 97% of Australian and New Zealand nationals who apply for a UK visa are successful. We continue to place great value on our links with both countries and remain committed to strengthening our relationship with them. However, we operate in a wider context, which includes the challenges of healthcare costs and managing migration flows. I find it interesting that the Scottish National party appears to be turning its face against additional funding for the NHS in Scotland. That is obviously the SNP's prerogative, but we judge that this measure is appropriate, and I commend it to the Committee.

Question put.

The Committee divided: Ayes 9, Noes 2.

Division No. 1]

AYES

Brokenshire, rh James	Pickles, rh Sir Eric
Elphicke, Charlie	Robinson, Mary
Jenkyns, Andrea	Sturdy, Julian
Merriman, Huw	Whittaker, Craig
Mills, Nigel	

NOES

Arkless, Richard	McLaughlin, Anne

Question accordingly agreed to.

Resolved,

That the Committee has considered the draft Immigration (Health Charge) (Amendment) Order 2016.

4.51 pm

Committee rose.