



Refugee Council of Australia

SENATE COMMUNITY AFFAIRS LEGISLATION COMMITTEE

SOCIAL SERVICES LEGISLATION AMENDMENT (FAMILY PAYMENTS STRUCTURAL REFORM AND PARTICIPATION MEASURES) BILL

The Refugee Council of Australia (RCOA) is the national umbrella body for refugees, asylum seekers and the organisations and individuals who work with them, representing over 200 organisations and around 1,000 individual members. RCOA promotes the adoption of humane, lawful and constructive policies by governments and communities in Australia and internationally towards refugees, asylum seekers and humanitarian entrants. RCOA consults regularly with its members, community leaders and people from refugee backgrounds and this submission is informed by their views.

RCOA welcomes the opportunity to provide feedback on the *Social Services Legislation Amendment (Family Payments Structural Reform and Participation Measures) Bill (No. 2) 2015*. RCOA is concerned in particular that the Bill:

- Will reduce payments for families with a youngest child aged 13 to 16, while increasing payments when a child is born (Schedule 2). This will unfairly affect refugee families, many of which will not have been in Australia to receive the corresponding increase. Further, RCOA believes these 'incentives' are counterproductive and will create further burdens for people who are keen to find work.
- Rapidly phases out other payments for families (Schedule 3), which will hinder the ability of these families to properly settle in the Australian community.

1. Schedule 2: Family tax benefit Part B rate

- 1.1. Schedule 2 of the Bill introduces a new rate structure for Family Tax Benefit Part B, which assists single parents and families with one main income. The standard rate for families with a youngest child aged under one will increase by \$1,000.10 per year. The standard rate for families with a youngest child aged 13 to 16 (with some exceptions) will decrease from \$2,737.50 to \$1,000.10.
- 1.2. RCOA believes this new rate structure unfairly impacts families from refugee backgrounds. The significant rate decrease for families with a youngest child aged 13 to 16 is intended to be offset in part by the brief rate increase when the child is first born. However, many refugee families in Australia are raising children who were born overseas. These families would bear the burden of the rate decrease without ever having received the intended complementary rate increase.
- 1.3. The Explanatory Memorandum states that the rate reduction for families with a youngest child aged 13 to 16 seeks to encourage parents to participate in the workforce. RCOA believes these changes are likely to be counterproductive, as they will further burden newly arrived communities, thereby delaying the settlement process and hindering people's ability to gain stable and appropriate work.
- 1.4. Refugee and humanitarian entrants are often highly motivated to work and many have ample capacity to participate in the Australian workforce. However, they frequently face significant difficulties in securing employment in Australia, particularly during the early years of settlement. These barriers include:
 - Limited English proficiency;

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- Lack of Australian work experience and limited knowledge of Australian workplace culture and systems;
- Limited access to transport and affordable housing close to employment;
- Pressures of juggling employment and domestic responsibilities (a particularly significant issue for women);
- Lack of appropriate services to support employment transitions;
- The impacts of past trauma on health and wellbeing;
- Downward mobility and the pressure to accept insecure employment, which can result in underutilisation of skills and hamper longer-term career advancement;
- Lack of qualifications or difficulties with recognition of qualifications, skills and experience;
- Discrimination and negative attitudes; and
- Visa restrictions (in the case of asylum seekers and temporary humanitarian visa holders).

In light of these barriers, RCOA believes that measures aimed at creating incentives for participation in paid work (such as reducing income support for families outlined in this Bill) are unlikely to encourage refugee and humanitarian entrants to secure employment. In RCOA's experience, refugee and humanitarian entrants need little encouragement and few incentives to work. Many are, in fact, desperate to find stable employment but find that their efforts to find work are stymied by the barriers outlined above. Participants in RCOA's consultations with refugee communities regularly speak of their frustration and disappointment at not being able to gain access to the Australian labour market or fully apply their skills, experience and determination in the workplace. In RCOA's view, coercing parents into the workforce by reducing their benefits seriously misunderstands the barriers people face in gaining employment.

- 1.5. Additionally, this Schedule seeks to reduce the point at which is a senior secondary school student ceases to be considered for the purposes of FTB Part B, from the end of the year in they turn 18 to the year in which they turn 16.
- 1.6. RCOA believes that this compounds the financial hardship created by the rest of this Schedule, as families with a youngest child aged 13 to 16 would receive the FTB Part B for approximately two years less than they currently do. As described above, this would create another burden on families from refugee backgrounds, especially those who are new to Australia.

2. Schedule 3: Family tax benefit supplements

- 2.1. Schedule 3 of the Bill rapidly phases out Family Tax Benefit Part A and B supplements. Part A supplements will be reduced to \$602.25 a year from 1 July 2016, to \$302.95 a year from 1 July 2017, and withdrawn from 1 July 2018. Part B supplements will be reduced to \$302.95 a year from 1 July 2016, to \$153.30 a year from 1 July 2017, and withdrawn from 1 July 2018.
- 2.2. RCOA believes the rapid reduction and withdrawal of the FTB supplements will adversely impact families from refugee backgrounds. As described above, many of these families are engaged in an ongoing process of settlement that places unique demands upon them. The FTB supplements are integral to providing the financial security necessary for this important process to succeed.

3. Schedule 1: Payment rates

- 3.1. Schedule 1 of the Bill increases family tax benefit (FTB) Part A fortnightly rates by \$262.80 a year (\$10.08 a fortnight) for each FTB child aged up to 19. It also links maximum basic rates for particular youth allowance and disability support pension recipients aged under 18 to the FTB Part A rate for families with children aged 13 and above. As a result, these rates will increase by \$10.44 a fortnight.
- 3.2. RCOA expresses concern that the minor rate increase introduced by this Schedule is severely compromised by the major rate reductions and withdrawals introduced by Schedules 2 and 3.

Recommendation

RCOA recommends that the Social Services Legislation Amendment (Family Payments Structural Reform and Participation Measures) Bill (No. 2) 2015 not be passed.