



Submission on
Social Services Legislation Amendment (Consistent Waiting Period for New Migrants) Bill 2021
Senate Community Affairs Legislation Committee
July 2021

Background

Settlement Services International (SSI) is a community organisation and social business that supports newcomers and other Australians to achieve their full potential. We work with people who have experienced vulnerability, including refugees, people seeking asylum and migrants from culturally and linguistically diverse (CALD) communities, to build capacity and enable them to overcome inequality.

Formed in 2000, SSI is a member-based organisation with 11 Migrant Resource Centres and multicultural organisations across NSW, including two in regional NSW, as members. In 2018, SSI merged with Access Community Services based in Queensland, and the SSI Group now provides services to communities in NSW, Queensland and Victoria.

These services regularly interact with new permanent residents and communities who will be impacted by the changes proposed in this Bill and SSI welcomes the opportunity to respond to this inquiry.

Recommendation

SSI recommends that Parliament does not support the Social Services Legislation Amendment (Consistent Waiting Period for New Migrants) Bill 2021.

The waiting period is a policy setting that has expanded over time

The fundamental purpose of Australia's social security system and targeted safety nets is to provide support to permanent residents and citizens during times when they are not able to adequately support themselves. These benefits are funded through taxation paid by all residents, temporary and permanent, who are earning a liveable income.

The concept of a waiting period for income support payments was established in the early 1990s and has been progressively expanded by successive governments (Boucher & Carney, 2013). In late 2018, the Parliament passed significant changes to the length of the waiting period (from one or two years to four years in most cases) and to the scope of family assistance and social security payments to

which the waiting period applied. These changes came into effect for people granted permanent residency under the skilled and family streams from January 2019. The current proposed legislation further extends the length of the waiting period to four years (with some exemptions) for almost all forms of family assistance and social security payments which, if passed into law, would come into effect for most new permanent residents from January 2022.

The exclusions for the waiting period have attempted to mitigate the impacts of reduced access to the social safety net

SSI welcomes the continuing exclusion of permanent humanitarian and temporary humanitarian entrants (Temporary Protection Visa and Safe Haven Enterprise Visa holders) from these proposed changes and the other exclusions outlined in the Explanatory Memorandum.

However, SSI contends that as family assistance and social security payments already have stringent eligibility criteria based on need, that these proposed measures continue to build an arbitrary divide between categories of permanent residents, based on length of residency irrespective of need. It also risks creating unintended consequences particularly for children whose parents are granted permanent residency after January 2022. The eligibility of these family assistance and social security payments remain unchanged for existing Australian permanent residents, but the effect of the proposed changes is to make most new permanent residents only eligible for payments in exceptional circumstances, mainly through access to Special Benefit, for an extended period of four years.

The bulk of the savings of over \$500m come from cutting the support to families which suggests that it is parents, especially sole parents or single income households, and their children who are most likely to be impacted by these proposed changes. Indeed, in 2018, when waiting period amendments passed the Parliament - unlike the current proposed amendments - they did not include changes to Family Tax Benefit Part B which the relevant Ministers at the time acknowledged was to ensure:

“continued support to single parent migrant families or those who only have one main income earner so they can balance work and caring responsibilities” (Minister Cormann & Minister Fletcher, 4 December 2018)

The waiting period has unintended impacts beyond the income support system

Skilled migration is the largest component of Australia’s migration program. Australia’s skilled migration program is well-regarded yet there is long-standing evidence of underutilisation of the skills which form the backbone of the program in the labour market (Liebig, 2007). A recent report by the Committee for the Economic Development of Australia (CEDA) exploring options to improve skilled migration found that almost one in four permanent skilled migrants are working beneath their skill level (Committee for Economic Development of Australia (CEDA), 2021). While there are many drivers of this, CEDA’s analysis found that the current newly arrived residents waiting period contributed to this underutilisation of skills that are in demand in the Australian economy (Committee for Economic Development of Australia (CEDA), 2021). An unintended consequence of the policy of successive governments to expand waiting periods to access the social safety net is that

permanent skilled migrants are channelled to take jobs outside of, and below, their skill set as they establish a career in Australia.

Consequently, CEDA concluded that:

“increases to [the] waiting period since the late 1990s have exacerbated the skills mismatch, while delivering only modest annual savings to the federal budget” (Committee for Economic Development of Australia (CEDA), 29 March 2021)

and recommended:

“reducing the Newly Arrived Resident’s Waiting Period for unemployment benefits from four years back to six months, [which would] ... give permanent skilled migrants a better chance to find the right job.” (Committee for Economic Development of Australia (CEDA), 29 March 2021)

The waiting period impacts people who have already been resident in Australia for some time

The Explanatory Memorandum of the proposed changes indicates that Australia’s social security and family assistance system is based on the principles of residency and self-sufficiency. Australia’s shift towards temporary migration over the past 30 years has radically altered the residency of new permanent residents. The reality is that about half of new permanent residents each year have been temporarily resident in Australia (e.g. as skilled workers, as students) for many years (REF PC) and would have already been self-sufficient during that time (given that most temporary visas are not entitled to any form of social security or family assistance).

A survey commissioned by the Australian Government of almost 5,000 temporary residents found high proportions of people who had held, one two or more visas (Department of Immigration and Border Protection, 2016). The survey reported that 15 per cent of sponsored visa holders having five or more previous visas (Department of Immigration and Border Protection, 2016). More recently, CEDA estimated that, excluding New Zealand citizens, there were 46,000 people who arrived on a temporary visa between 2007 and 2008 and remained on one at the end of 2016 (Committee for Economic Development of Australia (CEDA), 2019). This paints a picture of a people who are temporarily resident long-term prior to gaining permanent residency, yet the proposed legislation does not take this into account. The waiting period should take periods of prior residency in Australia into account in the interests of equity.

Conclusion

The proposed legislation continues a policy of successive governments but risks further exacerbating the unintended consequences for families, children and carers and creating distortions in areas of Australia’s migration program such as in skilled migration.

The changes to the intersection between the immigration system and the social security in the waiting periods is part of a pattern which has been characterised as:

“a movement away from residual state support for Australian citizens, permanent residents and newly arrived immigrants alike, towards a differentiated system, where familial support is expected for new immigrants but not for others in the Australian labour market.” (Boucher & Carney, 2013)

In conclusion, SSI recommends a rethink and thorough examination of the principles underpinning the policy of the waiting periods and their success or otherwise. In particular, there should be an examination of the unintended consequences to ensure that the policy is fit-for-purpose and strengthens the social, cultural, economic and civic integration of new permanent residents who are our future citizens.

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