



Settlement
Council
of Australia

Submission:

Inquiry into the Consistent Waiting Periods for New Migrants Bill 2021

Settlement Council of Australia - July 2021

Introduction

The Settlement Council of Australia (SCoA) opposes the proposed extension of the Newly Arrived Residents Waiting Period (NARWP). These changes will have negative impacts on the Australian economy, social cohesion in communities, and the wellbeing of Australian migrants. The pre-COVID success of Australia's economy is by no means an accident, instead, it is built on one of the key pillars of sustained economic growth: a well-executed and supported migration program. This program has financially supported Australians since the last major global crisis, the Second World War, and is crucial to our recovery from the COVID-19 pandemic. In addition, the notion that permanent residents are to be taxed the same rate as citizens whilst receiving no social support from the government taxing them contravenes the notions of fairness Australia is built on, with substantial impacts on Australia's social cohesion as a result.

It is important to note that those who are subject to these changes are not necessarily 'newly arrived.' A significant proportion of Australia's permanent residents take a temporary visa pathway, meaning they have often already resided in Australia and paid tax for several years. After doing so, and then becoming a permanent resident, these migrants will then be subject to a further four-year waiting period. By the end of the four-year waiting period, it is certainly not accurate to regard these migrants as 'new arrivals.'

The economic benefits of supporting migrants

Supporting migrants is an investment the Australian economy and our future. In the last year, Australians have witnessed firsthand the importance of migrants to our communities. Over half our doctors were born overseas along with a third of our nurses, providing critical care through

uncertain times. When our farmers needed help picking their crops, it was migrants that stepped up and provided vital assistance to keep us all fed and our regions afloat.

The benefits of Australia's migration program are substantial. Overall, Australians are better off, more financially stable, and more resilient to global economic shock as a result of population increases driven by migration. This reality is reflected in modeling by the Productivity Commission, which estimates that GDP per person will be 7 per cent higher by 2060 when compared to a net-zero migration rate.¹ Such significant growth will contribute to a net benefit of 9.7 billion dollars over 50 years.² Further, our previously strong rate of economic growth has been largely propped up by migrants. This reality was made explicitly clear when immigration was immediately halted in 2020. This break on immigration had a real and substantial impact, with the economy plummeting 7 per cent, much of which was driven by the halt in immigration.³

The proposed logic of the NARWP extension is that because of these cuts, Australia will be in a stronger economic position as a result of "sensible budget measures." This does not however reflect the economic reality. Providing income support to migrants as they begin their life in Australia is essential to their economic participation and supporting this economic growth. By providing migrants with support, we are providing them with an opportunity to effectively settle in Australia, including finding appropriate skilled employment. Research by the Committee for Economic Development of Australia (CEDA) demonstrates that current wait time policy settings negatively impact upon migrant's economic participation and contribution, by forcing them to accept the first job they can get, resulting in the poor utilisation of, and investment in migrants' skills.⁴ The cost of skills mismatch to the Australian economy is estimated at \$1.25 billion, and the reduction of wait times to six months is recommended to address this.⁵ It is therefore illogical to remove this support to produce economic benefits, especially given the fact that migrants contribute more to the welfare system than what they take out of it.⁶

Current policy settings do not give migrants the best chance of achieving their full potential in the Australian labour market, with underemployment and skills mismatch, alongside vulnerability to widespread job insecurity, wage theft and poor working conditions, which are commonly not reported for the fear of losing visa status. Despite these challenges, migrants are still expected to contribute \$7 billion to the Federal budget. Providing migrants with income support is crucial to supporting this economic growth. With the correct supports in place, including appropriate wait times for support, this will only be enhanced. To put in explicit terms, migrants represent a guaranteed return on investments, a part of the economy to be supported for the collective future of all Australians. Migrants, like all Australians, come from many different walks of life, and in the tough times we find ourselves in, reducing their economic capacity is against all of our interests, so they must be supported.

The impact of the changes

Changes to the newly arrived waiting period will have a significant impact on families and their long-term settlement outcomes. Under the changes, families will no longer receive Family Tax

¹ Productivity Commission. (2016). Migrant Intake - Productivity Commission. Canberra: Australian Government.

² Productivity Commission. (2016). Migrant Intake - Productivity Commission. Canberra: Australian Government.

³ Boucher, A., & Breunig, R. (2020). We need to restart immigration quickly to drive economic growth. Here's one way to do it safely. The Conversation.

⁴ CEDA (2021). A good match: optimising Australia's permanent skilled migration

⁵ Ibid.

⁶ Productivity Commission. (2016). Migrant Intake - Productivity Commission. Canberra: Australian Government.

Benefit B without a waiting period, and will have to wait even longer to receive Family Tax Benefit A. This move directly contradicts the recognition by the Government in 2018 that adding a wait time to Family Tax Benefit B will have a substantial negative impact on migrant families.

Family Tax Benefit is designed to support families with the cost of raising children. Settlement in Australia isn't a process limited to a single generation and ensuring the families of migrants succeed is in the best interests of the nation more broadly. There is considerable evidence linking the income of a person's parent/s and their future educational attainment and employment prospects.⁷ Preventing migrants from accessing the family tax benefit will have a negative impact on children's early development and lifelong outcomes.

Under the proposed arrangement parents will be forced to wait four years after their permanent residency before being able to access parental leave payments. On the individual level, migrant women are likely to face difficult choices between employment and family. On a societal level, withholding parental payments will contribute to lower birth rates amongst migrant families, limiting the positive economic impacts of population growth from a migration program. The impact will be further aggravated for single parent migrant families, who experience high levels of financial stress and are often forced to accrue high levels of debt to meet day-to-day expenses.⁸ This also has a disproportionate impact on women, who are more likely to take on family and caring responsibilities.

The proposed changes have further gendered impacts. Some migrant women can be heavily or entirely dependent on their partners for financial support. Under the proposed changes, leaving an unsafe and/or problematic relationship would be made even more difficult. Currently, many survivors of domestic violence support themselves through the already limited welfare payments as their primary or sole source of income. Extending the period that women are forced to wait for these payments makes it far more difficult to leave unsafe situations if they are financially dependent on their spouses. Under the current waiting period arrangement, this issue is already substantial in its impact, however the proposed changes will exacerbate this issue and compound the effects.

Under the proposed changes, families of humanitarian entrants who enter Australia on other visas will also be affected. These individuals who are not on humanitarian visas but are refugees, already face multiple and intersecting barriers to their settlement journey. These changes will exacerbate and entrench this disadvantage, and goes against Australia's ethos of supporting those in need and our humanitarian commitments.

While acknowledging that the Special Benefit Payment may be provided in exceptional circumstances, our members report that it is incredibly difficult to access this payment, and this payment will not address the issues outlined in this submission. In addition, it is worth noting that all existing payments already have stringent criteria in place ensuring only those in need of the payment access it. There is no reason to add another layer of exclusion beyond the existing needs-based criteria.

These changes have further important impacts on social cohesion. Promoting social cohesion has long being a priority of Australia's migration program. Making new groups feel connected and part of the community is part of what makes Australia such a successful multicultural nation.

⁸ QCOSS, 2020 'Living affordability in Queensland A report on living affordability in metropolitan Queensland

Not providing permanent residents with income support is exclusionary. Requiring migrants to contribute the same taxable income as everyone else whilst not providing the same benefits will drive a sense of injustice, hindering social cohesion. For migrants to actively participate and engage in their community, they need to feel safe, supported, and settled. The changes proposed add a further barrier to migrants meeting these goals, and undermine social cohesion.

Conclusion

In conclusion, these changes are shortsighted in terms of both economic impact and social cohesion. Economically, those who are subject to these exclusions contribute far more than they take, and the investment we make in migrants is returned to Australia ten-fold. Socially, these changes will be a detriment to families and children, and will undermine social cohesion by applying different rules to those permanently residing in Australia and paying equal taxes. A more effective migration system would substantially reduce wait times for new migrants, facilitating their success and creating positive outcomes for all Australians.

For further information on this submission, please contact:

Sandra Elhelw Wright
Chief Executive Officer
Email: ceo@scoa.org.au
Phone: (02) 6282 8515