

SUBMISSION TO THE COMMUNITY AFFAIRS LEGISLATION COMMITTEE INQUIRY INTO THE SOCIAL SERVICES LEGISLATION AMENDMENT (CONSISTENT WAITING PERIODS FOR NEW MIGRANTS) BILL 2021

July 2021

About Per Capita

Per Capita is an independent progressive think tank, dedicated to fighting inequality in Australia. We work to build a new vision for Australia based on fairness, shared prosperity, community and social justice.

Our research is rigorous, evidence-based and long-term in its outlook. We consider the national challenges of the next decade rather than the next election cycle. We ask original questions and offer fresh solutions, drawing on new thinking in social science, economics and public policy.

Our audience is the interested public, not just experts and policy makers. We engage all Australians who want to see rigorous thinking and evidence-based analysis applied to the issues facing our country's future.

Introduction

Per Capita welcomes the opportunity to provide a submission to this inquiry.

We note that the proposed legislation:

- 1 Extends the four year waiting period for carer payment, parental leave pay, dad and partner pay, carer allowance, family tax benefit part A, and family tax benefit part B, for permanent and temporary visa holders, impacting an estimated 13,200 individuals and 45,000 families¹.
- 2 Exempts permanent humanitarian entrants and holders of temporary protection visas and safe haven enterprise visas from this extended waiting period.
- 3 Would result in a cut to social expenditure of around \$672 million over five years from 2020-21 to 2024-25.

The Australian Government has framed this legislation as an exercise in imposing consistency across waiting periods for benefits and payments for newly arrived migrants. It has also been framed as a cost saving, which can be reallocated to fund government priorities such as boosting and extending the Christmas Island detention facility.

Regardless of the rationale behind these cuts, the reality is that they will be borne by migrant workers and their families during a time of vulnerability exacerbated by the economic instability induced by the pandemic.

Per Capita strongly opposes these cuts on social and economic grounds.

¹ Karp, P. (2021) "Migrants forced to wait four years for benefits in Australian budget's biggest cost-cutting measure", *The Guardian*, 11 May 2021. <https://www.theguardian.com/australia-news/2021/may/11/immigration-australia-federal-budget-2021-migrant-families-four-year-wait-benefits-payments-cost-cutting-christmas-island-detention-centre>.

As Western Sydney University migration researcher, Dr Shanthi Robertson², has recently argued:

"A lot of onshore migrants have already been in Australia for a really long time before they get permanent residency. So they've often been living in Australia and paying tax without access to benefits. Many worked in the health and aged-care sectors."

Socially, it is inevitable that people affected by these proposed cuts, in absence of government support, will potentially be subjected to conditions of poverty and hardship. We anticipate that many will turn to their extended families, cultural and faith-based networks and charities for the support that should, as matter of justice, be provided to them by the government as people who are living in, and working or hoping to work, in Australia.

We have a particular concern in relation to the impact of these proposed changes on women who are experiencing, or at risk of experiencing, gendered violence. We are concerned that a reduction in government financial support will inevitably translate into increased difficulty for newly arrived migrant women to leave violent relationships or exploitative working conditions.

In economic terms, our economic recovery is strongly connected to the contribution of current and future migrants in terms of population growth and economic stimulus.

² Fang, J. and Handley, E. (2021) "When will skilled migrants return to Australia? Not for another year, government says" ABC, 12 May 2021. <https://www.abc.net.au/news/2021-05-12/budget-migration-borders-closed-2022-students-population-growth/100132408>.

Due to international border restrictions net overseas migration fell by an estimated 97,000 for 2020-21. The 2021 Budget forecasts a further fall by 77,000 people in 2021-22, while forecasting a surge to 235,000 in 2024-25³.

Payments and Benefits affected by the proposed four-year waiting period include the following:

- Family Tax Benefit B (previous wait – 0 years)
- Family Tax Benefit A (previous wait – 1 year)
- Carer allowance (previous wait – 1 year)
- Carer payment (previous wait – 2 years)
- Parental Leave Pay/Dad and Partner Pay (previous wait – 2 years)

Per Capita joins peak body organisations such as the Federation of Ethnic Community Councils of Australia (FECCA)⁴ in expressing grave concerns over the well-being and safety of those who will be affected by these cuts. As FECCA CEO Mohammad Al-Khafaji⁵ has stated:

“These measures are deeply unfair and hurtful to future citizens. Supporting migrants to have the best possible settlement outcomes is in the best interests of migrants, their children, and the broader community who will benefit from their contributions to our society and economy.”

³ Fang, J. and Handley, E. (2021) “When will skilled migrants return to Australia? Not for another year, government says” ABC, 12 May 2021. <https://www.abc.net.au/news/2021-05-12/budget-migration-borders-closed-2022-students-population-growth/100132408>.

⁴ FECCA, “Cuts to social security a heavy blow to migrants”, Media Release, 13 May 2021. https://fecca.org.au/news-events/media-releases/?month_num=5&year_num=2021.

⁵ Ibid.

FECCA has also noted that the increase in the waiting time for the carer allowance and carer payment fails to recognise “the value of the substantial care and support provided by carer visa holders to their sponsoring relative.”⁶

People make use of these benefits because they need them. There are rigorous tests as to the eligibility of those who apply for them. To deny access to these payments and benefits serves only to demonise the people affected, inferring that they have not earned the right to them, or are less worthy than others.

These changes are unjust, unnecessary and divisive. They undermine the needs-based focus of our social security system and will accelerate the growth, already established in the government’s earlier introduction of four year waiting periods in 2019 for other payments and benefits, of an underclass of residents cut off from the basic rights and supports afforded to other members of the community. It is unconscionable that the Government is seeking to increase the hardship of people in need of support.

Per Capita rejects the logic of this proposed legislation. We hold that, in the interests of Australia’s social cohesion and economic prosperity, we should treat new arrivals in a more just and inclusive way.

As Victorian Multicultural Commissioner Shankar Kasynathan⁷ observes:

“For tens of thousands of migrants wanting to make a life for themselves in Australia, everything indicated by the federal government in this move suggests a total disregard towards those for whom finding a job quickly is not an easy or

⁶ Ibid.

⁷ Kasynathan, Shankar (2021) “We don’t come to Australia expecting to be on welfare, but it’s hard for migrants without a lifeline”, *The Guardian*, 25 May 2021.
<https://www.theguardian.com/commentisfree/2021/may/25/australian-communities-embrace-new-migrants-like-my-family-but-government-must-play-its-part>.

straightforward option. What this says to those arriving in Australia is that when you get into trouble: fend for yourself, you're on your own.

"In the middle of a global pandemic we have seen migrant workers make critical contributions to keeping us safe and healthy in our quarantine centres, hospitals, service stations and shopping centres. No one who sees these workers on our frontline would question their willingness to work hard. But what if they fell sick? What if they couldn't come to work because they had to look after a child?

"Without a welfare safety net the prospects of falling below the poverty line are real. Without the protection of a safety net, accepting poor or dangerous working conditions becomes unavoidable."

We note that the Committee for Economic Development of Australia (CEDA) has consistently opposed the introduction of social and economic obstacles to migrants, citing evidence to suggest that a reduction in vital government support correlates with increased chances of job mismatches and the underutilisation of skills, at significant cost to the economy.⁸ The cost of this skills mismatch among permanent skilled migrants is significant:

*"We estimate at least \$1.25 billion of wages foregone for permanent skilled migrants who have experienced skills mismatch between 2013 and 2018. There are also broader economic costs, including lost productivity and innovation, as companies are unable to access the critical skills they need in rapidly emerging and high-growth occupations."*⁹

⁸ Green, C., Kler, P., & Leeves, G. (2007). "Immigrant overeducation: Evidence from recent arrivals to Australia." *Economics of Education Review*, 26(4), 420-432

⁹ CEDA (2021) *A good match: Optimising Australia's permanent skilled migration*, Melbourne: CEDA, p.11.

<https://cedakenticomedia.blob.core.windows.net/cedamediacontainer/kentico/media/researchcataloguedocuments/recent%20research/pdfs/ceda-migration-report-26-march-2021-final.pdf>.

CEDA has called for a reduction of the waiting time for unemployment benefits for newly arrived migrants from four years to six months¹⁰ to give them a better opportunity to find the right job. Prior to 1996 the waiting time for unemployment benefits was six months (or 26 weeks). It was increased to two years in 1997 and then to four years in 2019. As CEDA¹¹ argues:

“As a result of the waiting periods, migrants often have to take the first job they can find and might not be able to invest the necessary time and effort into a successful job search...”

“Permanent skilled migrants already contribute substantially to the Federal Budget. Estimates from 2014-15 (before the four-year waiting period was introduced), forecast a net benefit of \$7 billion to the budget from permanent skilled migration... Extending support to migrants when they arrive is one way the Government can help them find a job that is well aligned with their skills.”

It is worth noting in this context that, recognising the financial pressures placed on workers, the Federal Government waived the waiting period for Jobseeker Payment, Parenting Payment, Special Benefit, Youth Allowance, and Austudy between 25 March 2020 to 31 March 2021.

Per Capita joins CEDA in calling for a reduction of waiting time to six months for unemployment benefits. In the interests of consistency, we also call for a reduction to six months for other payments and benefits, including those already extended to four years, as well as those that are the subject of the proposed legislation.

¹⁰ Ibid. p.7.

¹¹ Ibid. p.61.

Recommendations

In light of our analysis we make the following recommendations:

1. That the Social Services Legislation Amendment (Consistent Waiting Periods for New Migrants) Bill 2021 be rejected.
2. That appropriate legislation be drafted for a future reconfiguration of the waiting times for payments and benefits for new arrivals, taking a waiting period of six months as the standard waiting time, in line with the requirements for a well-structured migration program with positive social and economic outcomes for the current and future citizens of Australia.

References

Committee for Economic Development of Australia (2021) *A good match: Optimising Australia's permanent skilled migration*, Melbourne: CEDA.

<https://cedakenticomedia.blob.core.windows.net/cedamediacontainer/kentico/media/researchcataloguedocuments/recent%20research/pdfs/ceda-migration-report-26-march-2021-final.pdf>.

Fang, J. and Handley, E. (2021) "When will skilled migrants return to Australia? Not for another year, government says" ABC, 12 May 2021. <https://www.abc.net.au/news/2021-05-12/budget-migration-borders-closed-2022-students-population-growth/100132408>.

Federation of Ethnic Community Councils of Australia (2021) *Submission to Australia's Migration Program 2021-2022*. <https://fecca.org.au/wp-content/uploads/2021/02/FECCA-submission-to-Australian-Migration-Program-2021-22-1.pdf>.

Federation of Ethnic Community Councils of Australia (2021) "Cuts to social security a heavy blow to migrants", Media Release, 13 May 2021.

https://fecca.org.au/news-events/media-releases/?month_num=5&year_num=2021.

Green, C., Kler, P., & Leeves, G. (2007). "Immigrant overeducation: Evidence from recent arrivals to Australia." *Economics of Education Review*, 26(4), 420-432

Karp, P. (2021) "Migrants forced to wait four years for benefits in Australian budget's biggest cost-cutting measure", *The Guardian*, 11 May 2021.

<https://www.theguardian.com/australia-news/2021/may/11/immigration-australia-federal-budget-2021-migrant-families-four-year-wait-benefits-payments-cost-cutting-christmas-island-detention-centre>.

Kasynathan, Shankar (2021) "We don't come to Australia expecting to be on welfare, but it's hard for migrants without a lifeline", *The Guardian*, 25 May 2021.

<https://www.theguardian.com/commentisfree/2021/may/25/australian-communities-embrace-new-migrants-like-my-family-but-government-must-play-its-part>.

Parliament of Australia (2021) *Social Services Legislation Amendment (Consistent Waiting Periods for New Migrants) Bill 2021*,

https://www.aph.gov.au/Parliamentary_Business/Bills_Legislation/Bills_Search_Results/Result?bld=r6743.

Parliament of Australia (2021) *Social Services Legislation Amendment (Consistent Waiting Periods for New Migrants) Bill 2021 Explanatory Memorandum*.

https://parlinfo.aph.gov.au/parlInfo/download/legislation/ems/r6743_ems_4e67d5f8-c48c-48b0-8098-7d699b76e7f2/upload_pdf/JC002785.pdf;fileType=application%2Fpdf

Tudge, A. (2021) *Social Services Legislation Amendment (Consistent Waiting Periods for New Migrants) Bill 2021 Second Reading*, Parliament of Australia Hansard.

<https://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22chamber%2Fhansard%2Feb97f924-9ac6-4ef0-a3d7-0b15830be9b1%2F0043%22>.