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**12 April 2018**

Committee Secretary  
Senate Standing Committees on Community Affairs  
PO Box 6100  
Parliament House  
Canberra ACT 2600

**RE: Inquiry into the Social Services Legislation Amendment (Encouraging Self-sufficiency for Newly Arrived Migrants) Bill 2018**

Dear Committee Members,

The Migration Council Australia is pleased to provide a submission for the inquiry into the *Social Services Legislation Amendment (Encouraging Self-sufficiency for Newly Arrived Migrants) Bill 2018* being undertaken by the Senate Community Affairs Legislation Committee.

Our submission reflects the ongoing commitment by the Migration Council Australia to advocate for improved migration and settlement outcomes for new migrants and refugees. In MCA's view, the proposal would have negative effects on migrant economic and social contributions, and possibly extend the length of time vulnerable recent migrants are dependent on assistance.

We appreciate your consideration of our enclosed submission in any recommended amendments to the *Social Services Legislation Amendment (Encouraging Self-sufficiency for Newly Arrived Migrants) Bill 2018*.

Yours sincerely,

Carla Wilshire  
CEO  
Migration Council Australia



### Summary of Recommendations

That you:

- **Consider** strengthening programs that facilitate newly arrived migrant self-sufficiency, including foreign credential recognition, fast-track equivalency certification programs, anti-discrimination programs and stimulate access to English language training.
- **Note** the economic and strategic disadvantages nationally from limiting access to key social service support payments to a vulnerable group of persons who have demonstrated the need for assistance.
- **Note** the economic impact for Australia of hindering potential citizens from obtaining the support they need in a time of financial hardship.
- **Note** the potential for the creation of second-class permanent residents in an economic and social sense – and **note** that the changes will disproportionately affect women.
- **Note** the pressures on Australian citizens (people in need of care, family and other support networks including charities) the proposal would have.
- **Note** the further isolation of vulnerable recent migrants, and the potential longer-term negative social impacts.
- **Provide** a thorough cost-benefit analysis of the short-term and long-term impacts of this proposal on permanent residents, Australian citizens and Australian support services.
- **Reject** the proposal as worded.



## **Background**

The Migration Council Australia is pleased to provide this submission to the ***Inquiry into Social Services Legislation Amendment (Encouraging Self-sufficiency for Newly Arrived Migrants) Bill 2018*** being conducted by the *Senate Community Affairs Legislation Committee*.

The Migration Council Australia (MCA) is an independent not-for-profit organisation established to enhance the productive benefits of Australia's migration and humanitarian programs. MCA brings together corporate Australia and the community sector to provide a national voice to advocate for effective settlement and migration programs and to develop policy solutions to issues faced by migrants and refugees in Australia. MCA is a regular participant in public discourse relating to migration and settlement in Australia.

## **Introduction**

Australia's Migration programme is geared towards striking a balance between improving the productive capacity of the economy and filling skill shortages (skilled migration is 2/3 of the programme) and reuniting family members (family migration is 1/3 of the programme with over 80% being partner visas). Both programmes are intended to contribute to Australia's economic and social prosperity. The skilled migration programmes target migrants whose skills contribute directly to Australia's economic, demographic and social well-being. The family migration programme provides the social benefit of family reunification, and also wider benefits including a contributing to the Australian economy through employment of family members and contributing to the Australian population through births.<sup>1</sup>

Most of these migrants have successful outcomes, however in some instances, family and skilled migrants find themselves in a difficult financial situation and require support to strengthen their economic contribution and achieve self-sufficiency.

Australia provides a comprehensive range of social security payments and services designed to support vulnerable individuals by intervening early to keep people from falling into the welfare trap and assisting them to engage economically and socially through work. Eligibility is often restricted to people on low incomes and/or with limited assets and other conditions. These services play a significant role in providing targeted assistance to individuals who are particularly vulnerable, disadvantaged or marginalised. The proposed changes increase wait times to three years for certain payments and create a three year wait time for other payments for otherwise eligible permanent residents in hardship situations.

MCA believes that the proposed changes may not have the desired outcome of encouraging self-sufficiency for those who are in difficult financial situation. These proposed changes remove support for recent migrants who find themselves in difficult financial situations, often through unforeseen events (such as, sudden sickness of the primary provider or a family member, accident causing disability, death of a partner) or when they are aiming to improve their life situation (studying) or when caring for children (birth or costs associated with raising a child). MCA raises concerns regarding the actual effect of this proposal on the ability for vulnerable migrants to quickly get back on their feet and participate in Australian society on an equal basis. The collateral economic and social impacts of the proposal are not clearly set out.

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<sup>1</sup> Department of Immigration and Border Protection, 2014



### **Section A: The economic impact of the proposed changes**

Australia's current migration programme is designed to avoid immigration based on the migrant's intent to access social benefits. The selection criteria for skilled migrants and the financial responsibility for sponsoring families are intended to select migrants who will not depend on social assistance. It is unlikely the proposed changes would have any significant impact on migration decisions for non-humanitarian migrants. Both their selection by the Australian immigration process and their migration intention are based on their economic and social contribution to Australia. However, in some instances, due to unforeseen circumstances, some recent non-humanitarian migrants find themselves in dire financial constraints and require social assistance.

It is evident that newly arrived non-humanitarian migrants do not exceedingly draw on social security benefits. Most migrants selected primarily for their potential economic contribution (skilled permanent residents) are employed (82% employment rate) and approximately half of those selected for family reunification are employed.<sup>2</sup> Recent non-humanitarian immigrants — arriving within about a decade of the 2016 Census — had lower average take-up of income support relative to the general population in Australia. 5.6% of skilled permanent visa holders and 25.4% of family permanent visa holders have a government pension or allowance as their main source of income, both are below the percentage of Australian citizens who depend on a government pension or allowance as their main source of income (27.7%).<sup>3</sup> Immigrants in the skill stream tended to have shorter durations on income support than immigrants from the family stream and humanitarian program. Immigrants in the skill stream and on income support were also less likely to be on full rates of income support or receiving (more expensive) pensions relative to other immigrant groups and the general population.<sup>4</sup>

Those who draw on government social security benefits, have demonstrated a need, as they have met the means test and other conditions. Should those with a demonstrated need not have access to essential government support, they will either be left in an even more precarious state with worsening consequences over time (e.g., extended time to become self-sufficient, further isolation, possible societal disengagement and poorer social integration outcomes), or add strain and create a dependency on charity organisations and support networks, including family members. The power imbalance due to a dependency on family can create situations of abuse or domestic violence. This is counter to creating an environment of self-sufficiency for the recent migrant and adds economic pressure on Australian citizens and permanent residents who will be directly affected by the proposed amendments to legislation.

Further, the proposal is likely to have a disproportionate impact on women as they are most often the victims in situations of power imbalance and dependency. This is further compounded by the fact that migrant women have lower labour force participation rates thus higher risk of financial dependency. In 2013, lower labour force participation rates were observed for overseas-born females compared with Australian-born females (66 versus 73 per cent).<sup>5</sup>

The Productivity Commission lists wait periods for social security payments as one of the reasons which explains the wealth gap between immigrants and Australian-born people.<sup>6</sup> It is also one of the reasons for migrants to be self-employed, however this generally occurs with

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<sup>2</sup> Australian Bureau of statistics, 6250.0 - Characteristics of Recent Migrants, Australia, November 2016, Overview.

<sup>3</sup> Ibid, table 10

<sup>4</sup> Productivity Commission, Migration Intake into Australia, Productivity Commissions Inquiry Report, No. 77, 13 April 2016, p. 316

<sup>5</sup> Ibid, p. 148.

<sup>6</sup> Ibid, p. 135



longer term immigrants. The probability of being self-employed increases with time spent in Australia. According to OECD and European Union data, self-employment rates of immigrants were higher among those who had been in Australia over 10 years.<sup>7</sup> Therefore, one cannot rely on self-employment for newly arrive migrants who need financial support to become self-sufficient.

If the proposal to remove access to benefits for recent migrants in demonstrated need of assistance is maintained, then at the very least parallel programs to support self-sufficiency and avoid dependency should be created or strengthened. In other words, effective programs to address barriers to labour force participation such as language barriers, credential recognition and discrimination should be implemented. For instance, facilitating and promoting access to English language classes. Creating a well-advertised, trusted and efficient credential recognition process would encourage migrants to seek recognition and employers to have confidence in the qualifications of a newly arrived migrant. In Australia, less than 50% of skilled migrants and less than 30% of family migrants have credential recognition.<sup>8</sup>

Simply barring access to social support in the early years of permanent residency without establishing measures to help support self-sufficiency will lead to longer term societal costs through reduced labour market participation and delayed longer term welfare support. This approach is counter to the Department of Social services Australian Priority Investment Approach to Welfare:

“Our welfare system ensures our most vulnerable will always have help. Through the Priority Investment Approach and by intervening early, we will be able to give those with capacity the opportunity to develop life skills and to participate economically and socially through work.”<sup>9</sup>

Although exemptions are considered for certain payments when a person has become a lone parent or when a substantial change in circumstances has occurred, these exemptions are too limited in scope and difficult to attain, as the threshold for demonstrating a substantial change in circumstances is very demanding. The special benefits safety net is insufficient to survive as the support amount is low and in kind donations are deducted from payments.

Recommendation(s): That you

- **Consider** strengthening programs that facilitate newly arrived migrant self-sufficiency, including foreign credential recognition, fast-track equivalency certification programs, anti-discrimination programs and stimulate access to English language training.
- **Note** the economic and strategic disadvantages nationally from limiting access to key social service support payments to a vulnerable group of persons who have demonstrated the need for assistance.
- **Note** the economic impact for Australia of hindering potential citizens from obtaining the support they need in a time of financial hardship.

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<sup>7</sup> Ibid, p. 178

<sup>8</sup> Ibid, p. 180

<sup>9</sup> Department of Social Services, Australian Priority Investment Approach to Welfare

<https://www.dss.gov.au/review-of-australias-welfare-system/australian-priority-investment-approach-to-welfare>



- **Note** the potential for the creation of second-class permanent residents in an economic and social sense – and **note** that the changes will disproportionately affect women.

Economic and social impacts are often interlinked, as negative impacts on economic growth lead to adverse social effects.

### **Section B: The social impact of the proposed changes**

New migrant communities often take extraordinary steps to integrate into Australian society. In the first few years of settlement, immigrants face the largest challenges to integration as they adapt to a new culture, develop new networks, search for a job, or learn English, etc. Rates of social exclusion are higher for immigrants but decline over time.<sup>10</sup> Barring access to the social assistance they need will only further exacerbate their social exclusion in the early years of settlement and may have longer lasting impacts on their integration. This proposed change opens the door for the creation of second-class permanent residents who may become increasingly isolated as a result, as their financial situation and dependency on a limited number of people significantly limits their social participation. To ensure their full economic and social participation in the short term and in the long run, it is essential to support those who encounter financial hardship in their early years of settlement to avoid social disengagement and isolation.

Socially, the proposed changes are likely to make it more difficult for potential citizens experiencing financial hardship to integrate into society than is currently the case. This proposal will only compound onto the fact that recent migrants (arrived since 2011) account for 15% of all persons who were estimated to be homeless.<sup>11</sup>

Newly arrived non-humanitarian migrants are generally young (80% of family visas are partner visas, and age is a selection criterion for skilled migrants) and in the prime of having children and contributing to Australia's population growth. By imposing a wait period for recent migrants to access social benefits relating to children such as parental leave, the family assistance amendments and parenting payments, young couples may postpone having children or may plan to have fewer children. Already, immigrant females have less children than Australian-born females.<sup>12</sup> Further negatively impacting the birth rate of migrants does not align with policies aiming to counter Australia's ageing population.

Finally, delaying access to support for carers has a direct impact on the ill or disabled person who no longer can benefit from the care as their carer will need to work to make up for the lack of social service support.

Overall, the proposed changes would further isolate a vulnerable population seeking to be part of the Australian community. The proposal keeps recent migrants marginalised from the societal systems designed to assist the vulnerable and adds pressures on those they support (carer receiver) and those who support them (family and other support networks including charities).

Recommendation(s): That you:

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<sup>10</sup> Productivity Commission, Migration Intake into Australia, Productivity Commissions Inquiry Report, No. 77, 13 April 2016, p. 262

<sup>11</sup> Australian Bureau of Statistics, 2049.0 - Census of Population and Housing: Estimating homelessness, 2016, Key findings.

<sup>12</sup> Productivity Commission, Migration Intake into Australia, Productivity Commissions Inquiry Report, No. 77, 13 April 2016, p. 127



- **Note** the pressures on Australian citizens (people in need of care, family and other support networks including charities) the proposal would have.
- **Note** the further isolation of vulnerable recent migrants, and the potential longer-term negative social impacts.

### **Conclusion**

First impressions are key, first three years of settlement and acculturation deeply mark a person. By leaving new permanent residents experiencing hardship beyond the reach of an important portion of Australia's social security net, there is a genuine possibility of creating second-class individuals in an economic and social sense. MCA does not support any policy that may result in the failure of integration and the creation of second-class individuals.

Migration makes an important contribution to the economic and social fabric of Australia, enabling the transfer of knowledge and skills, the growth in innovation and trade, and the growth of diverse social institutions. It is through the support of all migrants in need of assistance that we can hope to get the best of the migration programme's contribution to Australia's prosperity. MCA considers that the proposed increased wait times for access to needed social support payments and new three year wait times for other payments are problematic and unnecessary. Other than cost saving measures to government and the hope new permanent residents experiencing financial difficulty become self-sufficient, the economic and social impacts of this proposal are not rationalised. MCA is concerned the proposal will have short-term and long-term impacts that will reach a wider circle than just permanent residents.

Recommendation(s): That you:

- **Provide** a thorough cost-benefit analysis of the short-term and long-term impacts of this proposal on permanent residents, Australian citizens and Australian support services.
- **Reject** the proposal as worded.