

Social Services Legislation Amendment (Encouraging Self-sufficiency for Newly Arrived Migrants) Bill 2018 Submission to Community Affairs Committee



11 April 2018

About ACOSS

The [Australian Council of Social Service \(ACOSS\)](#) is a national voice in support of people affected by poverty, disadvantage and inequality and the peak body for the community services and civil society sector. Our vision is for a fair, inclusive and sustainable Australia where all individuals and communities have the opportunities and resources they need to participate fully in social and economic life.

Recommendation:

The Committee must oppose this Bill.

This Bill cuts social security for recent migrants in two ways. Firstly, it would extend the period of time that people migrating to Australia must wait to access a range of income support payments. Secondly, it would apply this waiting period to a range of other payments that are currently immediately available to new migrants. We oppose the Bill entirely.

People migrating to Australia must already wait for two years to access most income support payments. This Bill would extend this waiting period to three years. In addition, it would apply a three-year waiting period to payments that currently do not have one, including Family Tax Benefit (FTB), Paid Parental Leave, Carers Allowance and Bereavement Allowance. We believe that this Bill is excessive and unfairly discriminates against recent migrants and their families.

The Bill would cut \$1.3 billion from social security over the forward estimates (\$900m of which comes from family payments). Around 50,000 families would lose income, mostly through loss of FTB, and 30,000 individuals would have to wait longer for income support payments. The Bill is expected to affect 110,000 children whose parents will no longer receive FTB, even though they are on low to middle incomes.⁴

Why the existing two year waiting period should not be extended

The existing two-year waiting period already serves as a substantial signal to people coming to Australia that they must be able to support themselves. We submit that it will be near

⁴ Community Affairs Legislation Committee (2018) 'Estimates'
http://parlinfo.aph.gov.au/parlInfo/download/committees/estimate/a5d869b6-8275-46ad-837b-54c362066f4a/toc_pdf/Community%20Affairs%20Legislation%20Committee_2018_03_01_5948.pdf;fileType=application%2Fpdf p.56

impossible for people to predict and adequately plan beyond a two-year period when moving to a new country.

We understand that migrants who have not met the two-year waiting period generally have a difficult time accessing special benefit (the payment of last resort) under the current legislation. We have serious concerns that extending the current waiting period to three years would see more people in need go without income because they were unable to demonstrate eligibility for special benefit. To demonstrate eligibility, people must provide evidence of a substantial change in circumstances that is outside their control. Already, there is a high rate of homelessness amongst our migrant population. This legislation risks worsening this situation.

Even where people do access special benefit, it is paid at a subsistence-level (\$274 per week) and is inadequate to cover the cost of living. Approximately 80% of people receiving special benefit do not receive the full rate even though fewer than 2% receive income from earnings. The high level of part-rate payment reflects the income test that assesses in-kind support like food to determine the part rate of payment. In other words, the vast majority of people receiving special benefit are living in deep poverty and would find it near impossible to engage in their community and find paid work.

Why the current rules applying to supplementary payments and Paid Parental Leave should remain unchanged

Supplementary social security payments

Making new migrants wait three years to receive supplementary payments like FTB and Carer Allowance will disadvantage children and people providing care. Migrant families and carers will go without income support despite their household's financial situation being exactly the same as others eligible for these payments.

FTB is designed to supplement income from employment, including full-time employment. Often people in full-time, low-paid employment receive the full rate of FTB. The payment is to help cover the cost of children. However, under this Bill, even if their child was born in Australia, migrant families would be denied FTB for up to three years.

There are already 731,000 children living in poverty in Australia. This Bill would likely increase the number of children living in poverty.

Delaying access to payments like Carer Allowance and Bereavement Allowance is unnecessarily cruel. Recent migrants undertaking a caring role should be able to receive support to undertake that role, particularly when they may not be eligible for Carer Payment. Equally, it is unacceptable to deny someone on a low income a temporary payment following the death of their partner.

Our firm view is that payment of social security should reflect financial need. Delaying payment to people for up to three years on the basis of their migration status fails this test.

Paid Parental Leave

Parents on low incomes or in casual or part-time work would be most disadvantaged if they could not access Paid Parental Leave. These parents are unlikely to receive income from their workplaces when they take leave to care for a newborn. Furthermore, employers generally require employees to have been employed with them for at least 12 months before Paid Parental Leave becomes payable. Therefore, recent migrants are already at a disadvantage in terms of accessing paid parental leave from an employer when they first come to Australia if they have a baby shortly after arrival.

It goes without saying that migrant women will be most affected by this cut. We strongly oppose denying migrants Paid Parental Leave, which is a critical workplace entitlement, especially for low-paid women.

Exemptions

We understand that refugees would continue to be exempt from serving a waiting period. People from New Zealand would also be exempt.

While refugees will be exempt, we note that this Bill is being put forward in the context of the government planning to cut financial supports provided under the Status Resolution Support Services (SRSS) for people seeking asylum. These people are awaiting assessment of their visa application and are ineligible for social security payments. If they lose the basic living allowance they receive under the SRSS (which is paid at a lower rate than social security), they will have no income at all.

The exemptions available for people whose circumstances change is generally restricted to accessing special benefit, except in the case of a parent becoming a single parent. People escaping domestic violence would only have access to special benefit and FTB (if applicable). As discussed above, special benefit, at \$274 per week, is totally inadequate to cover the cost of living. Unlike Newstart, it has a dollar-for-dollar income test, which penalises people in casual and part-time, low-paid work. We are deeply concerned that people could remain in abusive situations because they would not be able to support themselves on special benefit.

Conclusion

There is no valid justification for this Bill. This Bill would simply serve to make life harder for recent migrants and their families. Our social security system is already very difficult to access for migrants, despite the enormous contribution they make to our community. They work, raise families, build businesses, participate in the community and create fulfilling lives in Australia. We must not lose sight of this when looking at how to best structure our social



security system. We are a wealthy enough country to ensure that people in financial need receive income support. We urge the Committee to oppose this Bill.