

CHAPTER 15

OLDER PEOPLE, MIGRANTS AND REFUGEES

Older people

However poverty is measured, it is reasonable to assume that many people on pensions and superannuants/retirees receiving incomes in the same range as pensions can be defined as living in poverty. Unless they hold assets – such as their own home, or have investments (which would, at any rate, reduce the pension payment) and do not have large expenses going towards health or other essential services, pensioners and superannuants should be considered as living in poverty or, at the very least, vulnerable to poverty.¹

15.1 Research undertaken by NATSEM indicates that the wealth of older Australians almost doubled between 1986 and 1997. This reflects their high home-ownership rate, growth in net value of shares owned and growth in accumulated superannuation benefits. Conversely, younger Australians (aged less than 45 years) held a declining share of total wealth.

15.2 The distribution of the growth in wealth differed with markedly higher wealth for couples than singles and somewhat higher wealth for single males than single females. However, 'the most profound movement' between 1986 and 1997 was the increase in the share of all older Australians' wealth held by the richest 5 per cent – up from about 67 to 71 per cent. The middle half of older Australians suffered a fall in their share of wealth, while the poorest older Australians saw a slight increase'.²

15.3 When looking at all Australian households, just over two-fifths (43 per cent) of all households headed by older Australians are in the lowest income quintile and four-fifths are concentrated in the two lowest income quintiles. Only three per cent are concentrated in the highest income quintile.³ Single older women had the lowest income.

15.4 NATSEM noted that wealth is only part of the picture for older Australians. Government benefits – age and Veterans' pensions – play a particularly important role and labour market activity continues to make a contribution for a few older people. The proportion of government benefits as a percentage of the after-tax incomes of older Australians has declined from 62 per cent in 1986 to 57 per cent in 1997. NATSEM noted that 'this does not reflect a reduction in the levels of pension

1 *Submission 223*, pp.2-3 (APSF).

2 Harding, A, King A & Kelly S, *Trends in the incomes and assets of older Australians'*, NATSEM, Discussion Paper no. 58, June 2002, pp.11-12.

3 *Submission 172*, p.30 (Smith Family).

payments, which have been effectively indexed in line with earning, but rather the growing importance of private retirement incomes. As private incomes have increased, the means testing of the pension has compounded the fall in the contribution of government benefits to the incomes of older Australians'.

15.5 NATSEM concluded that:

The growing diversity in the economic wellbeing of older Australians raises a number of challenges for policy makers. Most older Australians remain heavily dependent on the age pension, with increases in the rate of age pension and/or liberalisation of the income and assets tests continuing to be extremely important in determining the living standards of older Australians.⁴

15.6 While ACOSS noted that the benchmarking of pensions to 25 per cent of male total average earnings in the early 1970s resulted in a much lower risk of income poverty for older Australian than was the case in the 1970s, other researchers stated that 'the most striking trend' in the 1990s was the steady increase in poverty rates among the aged, up from 7.3 per cent in 1990 to 11.2 per cent in 2000. The increasing poverty rate, the ageing population and early retirement are resulting in the over 50s making up an increasing share of the poor.⁵

Table 15.1: Estimates of Australians in poverty by age range, 1990 to 2000*

	1990	1995	1996	1998	2000
<i>Poverty rates</i>					
50-64 years	10.6	10.8	11.9	11.7	11.5
65 years & older	7.3	7.2	8.3	9.7	11.2
<i>Proportion of those in poverty</i>					
50-64 years	17	17	19	18	19
65 years & older	9	9	10	12	13

*Using the before-housing half average income poverty line (Henderson equivalence scale)

Source: Harding, Lloyd & Greenwell, p.17.

15.7 While Table 15.1 gives a general overview of the position of older Australians, there are particular groups of older people who are more likely to be at risk of poverty than others including older people in private rental with no private income; women;

4 Harding, King and Kelly, pp.14-15, 17.

5 *Submission 163*, p.35 (ACOSS); Harding A, Lloyd R & Greenwell H, *Financial Disadvantage in Australia 1990 to 2000: The persistence of poverty in a decade of growth*, Smith Family, 2001, p.17.

single people reliant on the full age pension – often women; and those on pensions or allowances for a very long time with no potential for improving their income.⁶

Factors contributing to poverty of older Australians

15.8 COTA pointed to a number of factors that contribute to an increased risk of poverty for older people. For those 50 to 64 years of age, the factors include: unemployment and underemployment; dependent family members; and inadequate income support. For the 65 plus age group, factors relate to inadequate retirement income; increasing housing costs; ill health and disability.

Changing industrial conditions

15.9 COTA argued that one of the factors contributing to the poverty of older Australians has been the change in industrial conditions including industry and labour market restructuring. There has been growth in jobs but these have been part-time, casual and contract work with no security of tenure. There has also been an increase in jobs in the services sector, though often part-time or casual, and a decrease in jobs in the manufacturing sector. There are also now few jobs in rural Australia.

15.10 The numbers of older men in the workforce have declined over time. 88 per cent of men aged 50 to 59 were in the labour force in 1973 declining to 74 per cent by 1998. The change for those in the 60 to 64 year age group was more dramatic: declining from 76 per cent in 1973 to 46 per cent in 1998.⁷ COTA commented that this has had a dramatic effect on older Australians so that:

- almost half (46 per cent) of Australians aged between 50 and 64 years are not in paid employment;
- a third of Australians aged between 50 and 64 years are reliant on some form of social security payment as their primary source of income; and
- over 50 per cent of people move onto the age pension from a working age income support payment.

15.11 The Department of Family and Community Services (FaCS) also noted changes in labour market participation. Women have demonstrated a strong upward shift in labour force participation across all age ranges, other than the youngest (reflecting higher education participation) and the very oldest. However, over the longer term the participation of men has fallen for all age groups, especially amongst older age groups. As a result of these changes, a quarter of men and half of women in the 55-59 year age range are not in the labour force. Taken together, the increase in life expectancy and the propensity towards early retirement, mean that people are

6 *Submission* 184, p.10 (COTA National Seniors Partnership).

7 *Submission* 184, p.11 (COTA National Seniors Partnership).

going to spend longer in retirement. An OECD study reported that between 1970 and 1999, life expectancy at effective retirement age for Australian men increased from 12.6 years to 18.7 years, and for women from 17.7 years to 23.4 years.

15.12 However, as people retire earlier, retirement savings must last longer or living standards, in both absolute and relative terms, may be affected. FaCS concluded that this highlights the importance of maximising economic participation while people are of workforce age. Any periods out of the workforce affects capacity to accumulate retirement savings. Early retirees risk reducing their retirement savings by not only reducing the period during which they can accumulate savings, but also by drawing on those savings over a longer period.⁸

15.13 FaCS indicated that people aged 50 years and over are one of the target groups for the *Australians Working Together* package. The changes introduced through the package are aimed at helping mature age people to maintain an active lifestyle and enable them to contribute more to the workplace and the community. Targeted assistance is provided for the specific needs and circumstances of mature age people in order to overcome the difficulties they face in gaining work.

15.14 Community engagement is also encouraged through Commonwealth programs. Components include the Stronger Families and Communities Strategy where older Australians have been identified as a key target group. Programs include: encouraging community participation through projects such as the voluntary work initiative, designed specifically to support income support customers, particularly those aged 50 and over; a matching and referral service to voluntary organisations; supporting grandparents who have caring responsibilities; and, the Prime Minister's community business partnership which encourages businesses in local regions to generate opportunities for older workers and other groups.⁹

Unemployment, underemployment and low wages

15.15 Age appears to be a significant barrier to employment in Australia. A study conducted by the FaCS with mature aged participants revealed that 66 per cent of those surveyed rated their chances of finding work as 'poor' or 'very poor' and 82 per cent cited age as a barrier to work. Many of the participants cited retrenchment as the reason for stopping work in their last job.

15.16 A recent study also underlined the employer's unwillingness to engage older workers, particularly mature aged women. Employers view older workers as being less able to adapt to new technology, not worth training, not interested in their work and not having the physical strength or mental alertness of their younger colleagues.¹⁰

8 *Submission* 165, pp.29-30 (FaCS).

9 *Submission* 165, pp.40-41 (FaCS).

10 Nixon, S 'Older staff not worth training, say bosses', *The Sydney Morning Herald*, 7.10.03.

The Committee also heard evidence that some employers are very wary of employing older workers because of possible higher costs. In the Newcastle area for example, there is intense competition for factory jobs. However, applicants must pass fairly stringent medical requirements. The Samaritans Foundation commented:

You have got to have a sound back, good grip and all that sort of stuff, and no major injuries. Older people tell me they have had very little success in getting jobs in large factories. I think one of the problems we have in this region, and probably in every other region, is that most large employers these days are terrified about workers compensation costs and they screen out people that they think would be a risk for them in that area.¹¹

15.17 Many older workers can only access part-time, casual or contract work. While there are advantages in undertaking this type of work, there are also significant disadvantages including low wages, long hours, the possibility of exploitation, increased travelling time and difficulties in securing payment on completion of projects. ABS surveys indicate that many part-time workers want to work more hours. In the 45-54 cohort around 13 per cent of women and over 18 per cent of men wanted more hours while in the over 55 cohort over 6 per cent of women and approximately 8 per cent of men were looking for increased working hours.¹²

15.18 Low wages are still prevalent in many sectors including the footwear, clothing and textile industry. COTA noted that the low hourly rates of pay means that those who are working full-time may not necessarily be better off than those on allowances and pensions who may also be entitled to additional non-cash benefits.

15.19 ACOSS warned that:

...the inexorable rise in joblessness among mature age workers means that more people are being forced to draw down their assets earlier than they expected. Enforced joblessness among mature age workers, together with declining rates of home ownership, could increase the extent of poverty in old age in future years, just as the wider spread of superannuation is improving the living standards of the majority of retirees. Those most at risk are single mature age people with limited vocational skills, living in rented accommodation.¹³

Changing nature of families

15.20 COTA argued that another factor contributing to poverty for older Australians is the changing nature of families. Increasingly older people have responsibilities caring for children, partners and older parents, and this affects their ability to

11 *Committee Hansard* 29.5.03, p.566 (Samaritans Foundation).

12 *Submission* 184, p.12 (COTA National Seniors Partnership).

13 *Submission* 163, p.96 (ACOSS).

participate in the workforce. For example, between December 2000 and December 2002 the numbers of people receiving Family Tax Benefit (paid to primary carers of children) increased 33 per cent in the 55-59 year age group and 16.5 per cent in the 50-54 year age group. The largest group of carers in 2002 were people in the 50-59 age group who made up 41 per cent of recipients and were predominantly providing care for their partners.¹⁴

15.21 Older Australians who have been out of the workforce because of family responsibilities, or who try to juggle those responsibilities and work, particularly face difficulties in finding work as mature age jobseekers.

Government income support

15.22 Australians aged over 65 years are concentrated at the bottom of the income spectrum with older Australian households making up 43 per cent of all low-income households. These figures are reflected in analysis of disposable incomes of older Australians with 96 per cent of all adults living within low income older households reporting that they received pensions and allowances. Of those older Australians receiving income in the top/high income quintile, 24 per cent received pensions and allowances.¹⁵

15.23 COTA also noted that in 1999-2000 one third of people aged 55-64 and three quarters of those aged 65 and over relied on pensions and allowances as their principal source of income. Single females rely more on government benefits than do couples or single males. This directly reflects the lesser opportunity that single females had to save for retirement ACOSS also commented that older people are most likely to be fully reliant on social security for prolonged periods, whether they receive unemployment allowances, mature age allowances, various payments for mature age women, or the Disability Support Pension. This reflects the very poor employment prospects of mature age people with limited skills.¹⁶

15.24 In this same period, almost half (46 per cent) of Australians aged 50 to 64 years were not in paid employment.¹⁷ This group is also most likely to be amongst the long term unemployed – on average 2 years – and once they lose a job it is quite difficult to re-enter the workforce. Almost 30 per cent of these people receive income support. Of these, 87 per cent receive pensions or non-activity tested allowances. FaCS also noted

14 *Submission* 184, p.13 (COTA National Seniors Partnership).

15 *Submission* 172, pp.22,30 (Smith Family). Analysis based on equivalent disposable income for each household using the OECD equivalence scale.

16 *Submission* 163, p.95 (ACOSS).

17 *Submission* 184, p.10 (COTA National Seniors Partnership).

that most people who come onto payment of income support after the age of 50 do not leave, but simply move on to the age pension.¹⁸

Table 15.2: Principal source of income for people aged 55-64 and over 65 in 1999-2000

<i>Principal source of income</i>	<i>Age 55-64</i>	<i>Age 65 and over</i>
Wages and salaries	43.4	3.1
Own unincorporated business	8.9	1.8
Government pensions and allowances	33.6	74.1
Other	12.1	19.6

Source: Submission 184, p.10 (COTA National Seniors Partnership).

15.25 Mission Australia warned of 'an impending crisis' for those workers who are over 45 years and looking for work. Often these workers have been forced into early retirement. This brings the customary difficulties of no work as well as the extra burdens of family responsibilities, mortgages and children's education. They are also less able to follow employment prospects, given their family responsibilities.¹⁹

15.26 Witnesses emphasised the need for older workers to access affordable training opportunities or skill recognition services so that they are equipped with the capacity to gain, hold and advance in their jobs. SDA stated that 'such a move should be seen as a preventative strategy designed to prevent older workers ending up on unemployment lists'.²⁰

Recommendation 75

15.27 That the Commonwealth increase support to educational and other programs which enable older Australians to remain active members of the workforce.

15.28 COTA noted that there are significant numbers of unemployed mature aged people who are not eligible for income support due to the social security assets test. These people must use up their assets while searching for employment. COTA stated that 'this runs counter to what should be a primary goal of retirement incomes policy – protection of assets for retirement and old age'. COTA also noted that the level of Newstart Allowance is considerably lower than the old age pension and without the same fringe benefits. COTA National Seniors recommended that Newstart Allowance

¹⁸ *Submission 165, p.30 (FaCS).*

¹⁹ *Submission 169, p.14 (Mission Australia).*

²⁰ *Submission 50, p.11 (SDA).*

be increased or replaced for mature aged people with another payment more realistically reflecting the duration of unemployment older unemployed people are likely to experience and lifting the income test for this payment to the same level for a pension income.²¹

15.29 Older women, particularly single older women, are at risk of poverty. If older women have no income other than a pension, they are most likely to experience hardship. The Older Womens Network study found that 'there was a unanimous view that the single age pension is too low to provide an adequate income in retirement'.²²

15.30 COTA supported the view that older people on full pensions and allowances continue to struggle to make ends meet. The GST, increased user pays, removal of some medications from the PBS and pressures on services such as dental care were referred to as having all played a part. The GST was seen as a major impetus for price increases in the areas of insurance, gas, electricity and household services including repairs, gardening and maintenance. COTA recommended:

- an ongoing increase of \$300 indexed or 3 per cent in the incomes of all pensioners and allowees aged 50 and over who are reliant on social security incomes;
- revision of the social security assets test for mature age people to more realistically reflect lifecycle factors affecting savings and to be cognisant of the retirement savings requirements of older Australians. This may lead to the development a graduated age-related assets test;
- Newstart Allowance for older unemployed people should be increased or replaced with another payment that more realistically reflects the duration of the unemployment they are likely to experience: the current level of a pension payment would be appropriate;
- defer abolition of Mature Age Allowance until there is an improvement in employment rates for people 60 and over;
- increase the income test-free area to remove the disincentive for pensioners to seek paid work; and
- introduce an earnings credit scheme for pensioners to enable them to take on casual or irregular paid employment to supplement their income.²³

21 *Submission* 184, p.14 (COTA National Seniors Partnership).

22 *Submission* 184, p.14 (COTA National Seniors Partnership).

23 *Submission* 184, pp.19-20 (COTA National Seniors Partnership).

Inadequate retirement income

15.31 A large proportion of older Australians have not had the means to establish an adequate income for their retirement. They may have been in low paying jobs, been unemployed for periods of time, experienced underemployment or had family responsibilities which precluded employment or full-time employment. These people have not had the same opportunity to save for retirement and are more likely to be reliant on allowances in the short term and pensions and benefits later in life.

15.32 One group which provided evidence of the difficulties of providing adequately for retirement was Carers Australia. Many people who have caring responsibilities are unable to work, are forced to retire from work early, have disrupted employment or work in part-time or casual or low paying jobs. These situations mean that carers have a reduced capacity to save for retirement, particularly women in the middle age group who often have limited opportunity to work and accumulate superannuation. In addition, caring often involves unexpected high expenses such as house or car modifications which require large amounts of capital.

15.33 Carers Australia noted that current retirement income policies providing incentives for people to work longer through measures, such as the Pension Bonus Scheme, mean that carers are again disadvantaged.²⁴

Recommendation 76

15.34 That the Commonwealth Government review the special needs of ageing carers in relation to retirement income and income support.

15.35 While there has been an increase in superannuation coverage generally in Australia, older women have also been less likely to have access to adequate superannuation. Lower earnings and time out of the workforce caring for family means a smaller superannuation payout. There has also been concern that the impact of the Superannuation Guarantee will not be felt until after the year 2020 and that even an increase in the compulsory superannuation contribution rate will only improve the situation for baby boomers if they do not take early retirement.²⁵

15.36 COTA argued that part-time work is an important means of supplementing the pension for some and is also an important transition between full-time work and retirement.

15.37 COTA suggested a number of ways in which older Australians could build capacity for financial self-sufficiency:

- provide incentives to encourage workers to delay retirement;

24 *Submission* 33, p.8 (Carers Australia).

25 *Submission* 184, p.15 (COTA National Seniors Partnership).

- encourage workers to save for their retirement by improving superannuation arrangements;
- expansion of the Pension Bonus Scheme: currently this scheme is targeted at people of age pension eligibility age who are in employment. This could be broadened to provide stronger incentives for people to remain in employment for between one and four years and could also allow older people who have already received an Age Pension to take advantage of the scheme if they have opportunities to return to work;
- earnings credit scheme: the effect of additional earnings on social security payments frequently acts as a disincentive for older people to take up part-time or casual employment. COTA National Seniors recommended the implementation of an earnings credit scheme to average earnings out over the course of a year and thereby encourage 'periodic' or 'seasonal' work;
- home equity conversion: for older Australians who own their own home there is an opportunity to 'unlock' its value through appropriate equity conversion products. COTA noted that for some people with only modest housing value, privately delivered home equity conversion products may not be feasible, however a government guaranteed product could be considered; and
- improving incentives for extra earnings: many older people on pensions face disincentives for part time and casual work due to the social security income test. COTA National Seniors recommended a review of these disincentives in order to encourage older people to take up paid employment where this is possible. Mature age people on allowances (other than the age pension) will benefit from improvements in this area as a result of the Government's Welfare Reform process with the introduction of the Working Credit scheme. Similar incentives need to be available for Age Pensioners.²⁶

15.38 The Committee considers that home equity conversion scheme may provide benefit to older Australians wishing to use the equity in their homes to provide for a better standard of living. However, adequate safeguards need to be in place to ensure that older people are not the targets of unscrupulous practices.

Recommendation 77

15.39 That the Commonwealth, in conjunction with the State and Territory Governments, ensure that there are adequate guidelines in place to protect older Australians who use home equity conversion products.

15.40 FaCS has recognised the impact of the ageing population on government spending and stated that 'the structure of Australia's "three-pillar" approach to retirement incomes means we have in place arrangements which have the potential to enable us to manage the impact of our ageing population and to deliver appropriate standards of living to retirees. These pillars comprise:

- means tested age and service pension payments;
- compulsory employer superannuation contributions; and
- voluntary superannuation and other private savings, including home ownership.²⁷

15.41 FaCS also provided evidence on Centrelink's Financial Information Service (FIS) which provides an independent, free and confidential service to the community that encourages and assists people to maintain or improve their standard or living by planning effectively for retirement and maximising overall retirement income. The service is provided by seminar, by interviews or by phone.²⁸

Housing and aged care

15.42 As with other groups in the community, the cost of housing has a large impact on the poverty rate of older Australians. After housing poverty rates have been increasing over the last decade for those aged 45 years and over (see Table 15.3). The poverty rate after housing for older Australians is generally lower than younger Australians, reflecting the tendency for the costs associated with housing to decline with age as incidence of home ownership increases amongst older people. On average older Australians devote only 11.1 per cent of their total spending on their home, while the average for all Australian households is 14 per cent.²⁹

15.43 While three quarters (76.8 per cent) of people aged 60 and over own their own homes, those who do not own their own home face a greater risk of poverty as their living costs are much higher. Rental costs may account for a large proportion of total weekly expenditure. The reduced public housing stock also means that older people may have to rent privately while waiting for public housing. COTA noted that a major concern is that the increased reliance on the public rental market is placing pressures on older people who do not qualify for residential aged care.

27 *Submission 165*, p.28 (FaCS).

28 *Submission 165*, Additional Information, 20.6.03 p.2 (FaCS).

29 *Submission 172*, p.30 (Smith Family).

Table 15.3: Estimates of poverty rates, before- and after- housing, by age range, 1990 to 2000*

	<i>1990</i>	<i>1995</i>	<i>2000</i>
<i>Before housing</i>			
45-54 years	8.8	9.5	10.4
55-64 years	11.2	11.3	13.3
65 years & older	7.3	7.2	11.2
<i>After housing</i>			
45-54 years	12.1	11.3	13.5
55-64 years	10.1	11.5	14.4
65 years & older	6.1	6.1	7.3

**Using the before-housing half average income poverty line (Henderson equivalence scale)*

Source: Harding, Lloyd & Greenwell, p.19

15.44 There is also homelessness among older Australians. In 2001-02, the over 50 year age group accounted for 8.6 per cent or 8,170 of SAAP's clients. It is estimated that 250,000 people aged over 60 years are homeless or at risk of homelessness. These are people who rent, live in boarding houses or are homeless, with an income under \$12,000 per annum.³⁰ It is extremely easy for older people in tenuous accommodation with a very low income to experience an event, such as an unexpected expense, which leads to the loss of accommodation. COTA noted that this group of older people requires intensive support to remain independently and appropriately housed and to break the housing-homelessness cycle. Melbourne Citymission stated:

This is a group that is largely hidden and particularly vulnerable. There would be little debate that the frail homeless represent one of the most disadvantaged groupings in our society and must be taken into account in planning future aged care services.³¹

15.45 Recent research also points to the importance of housing and the well-being of older people. Those older people who are home-owners and private renters who have the means to make choices, tended to be in a more advantageous position than older people living in public rental accommodation. Public renters are more likely to suffer from depression, poor morale, poor general well-being and they are less likely to be satisfied with aspects of their life. Certain aspects of housing appear to influence well-

30 *Submission 29*, pp.4,6 (Combined Pensioners and Superannuants Association of NSW).

31 *Submission 77*, p.13 (Melbourne Citymission).

being for older people. These include location, comfort and homeliness. Older people also identified home modification and maintenance as important issues.³²

15.46 APSF noted that recent increases in housing prices in capital cities precluded many from purchasing homes and was one factor contributing to homelessness. Another significant factor is the lack of commitment to public housing by both State and Commonwealth Governments. APSF argued that the Commonwealth Rental Scheme was inadequate and that there is no real choice when it comes to housing options. It stated that even the most squalid property on the private rental market can be unaffordable. A single age pensioner receives \$492.40 per fortnight (Sept 2002) and even with rent assistance it is hard to find any suitable premises to rent for less than \$300 per fortnight in many cities.³³

15.47 Residential aged care is another area where poverty severely limits choice for the elderly. Accommodation bonds for entry into aged care facilities, while negotiable, still must be paid by the pensioner or their family. Melbourne Citymission voiced concern that as individuals are increasingly called on to pay a proportion of the costs of care, those without means 'will see access and availability of quality care move out of reach'. Or, as APSF noted, those in less well-off circumstances will find themselves choosing between substandard facilities.³⁴

15.48 Melbourne Citymission argued that if the market is unlikely to meet the needs of less well-off aged persons, than 'subsidised accommodation in residential care needs to continue to be available for people with few resources'.³⁵

15.49 The Brotherhood of St Laurence also noted the difficulties of older homeless people finding appropriate aged care accommodation. Mainstream aged services are reluctant to take on marginalized people as extra staff resources are usually required (for example, for cleaning and dealing with challenging behaviours) but not recognised in funding formulae. The Brotherhood argued that additional resources must be committed to ensure these people gain access to aged care accommodation or appropriate levels of community care.³⁶

32 Faulkner, D & Bennett, K, *Linkages among housing assistance, residential (re)location, and use of community health and social care by old-old adults: shelter and non-shelter implications for housing policy development*, AHURI, April 2002, pp.66-68.

33 *Submission 223*, p.8 (APSF).

34 *Submissions 77*, p.14 (Melbourne Citymission); *223*, p.8 (APSF).

35 *Submission 77*, p.14 (Melbourne Citymission).

36 *Submission 98*, p.26 (Brotherhood of St Laurence).

Recommendation 78

15.50 That the Commonwealth Government provide additional funding for programs which provide support services for the aged homeless including additional funding to ensure greater access to aged care accommodation.

Ill health and disability

15.51 The cost of health care and the impact of ill health on older people was discussed in evidence. Access to Medicare and the decline in doctors who bulk bill were particular concerns raised with the Committee. Without bulk billing, individuals are increasingly required to bear some of these costs. This puts extra pressure on those with already limited incomes. One witness from a NSW regional city stated:

Goulburn has 6000 aged pensioners now burdened without hope, to a life deprived of access to medical treatment when necessary. Coupled with the total absence of a viable transport service within the City environs to gain access to medical services plus the impossible task of saving the required \$40-\$50 doctors fee pensioners live with the soul-destroying burden of existing with untreated disorders and disabilities.³⁷

15.52 The Combined Pensioners and Superannuants Association stated that in one rural NSW electorate, only 39.9 per cent of doctors bulk billed in the twelve months to September 2002. The Association noted that such a low number of bulk billing practices would be difficult in an urban area but in a rural area people are required to travel great distances to find a doctor who bulk bills. People are admitted to hospital when their condition worsens or to access low cost health services.³⁸

15.53 Concerns were also expressed about the increased cap on other services such as radiology and the costs of the Pharmaceutical Benefits Scheme.

15.54 In addition, while ill health can lead to poverty through the increased costs involved for individuals, a high level of stress and social isolation as a result of inadequate income can also have negative long term effects on the health of older people.³⁹

Rate payments

15.55 The APSF noted that with the increasing valuations of properties, local government rates have increased substantially and the ability of low income homeowners including pensioners to pay their rates is diminishing. The Women's

37 *Submission 6*, p.2 (Mr D Cox).

38 *Submission 29*, p.10 (Combined Pensioners and Superannuants Association of NSW).

39 *Submission 184*, p.17 (COTA National Seniors Partnership).

Action Alliance noted that the concession for many people used to be up to 50 per cent of rates, now in many cases it is less than 25 per cent.⁴⁰ Older people are finding that they must sell their homes and move elsewhere.

15.56 APSF noted that in NSW, the Pensioner Rate Rebate has been frozen at \$250 per year since prior to the 1993 Local Government Act. The Federation suggested that the Commonwealth increase funding through its Financial Assistance Grant to Local Government for the Pensioner Rate Rebate. Such a move would assist in not only alleviating poverty by also in preventing the disruption of pensioners' lives.⁴¹

Conclusion

15.57 Poverty for aged Australians may mean living on the streets or in extremely poor accommodation, not being able to purchase necessary food and medication, or having to leave a family home because of the inability to afford rates and maintenance expenses. Poverty for older Australians is exacerbated when there are caring responsibilities for a disabled partner or for children, an increasingly common occurrence.

15.58 Many aged Australians look back on lifetimes in low paid work, part-time or casual work or, for women, an interrupted working life. Often older workers have found themselves on the job market quite late in life as a result of changes in industry and a generally negative view of older workers. Older Australian workers must have the opportunity to access training opportunities and skill recognition services so that they may improve their employment prospects.

15.59 Many older Australians have not had the opportunity to build assets through the purchase of a home or through superannuation. They are fully dependent on government income support; they are particularly vulnerable to the fluctuations of the rental market; and they often face high costs through ill health and special needs. The Committee considers that disadvantaged older Australians should have access to adequate income support, health care and aged care services.

40 *Submission 51*, p.7 (WAA).

41 *Submission 223*, p.12 (APSF).

Migrants and refugees

15.60 Many witnesses gave evidence on the difficulties faced by migrants and refugees. For migrants and refugees, the unemployment rate is generally above the national average in all categories except for those on business visas and is worst amongst humanitarian visa holders.⁴² In particular, the two year waiting period for income support for migrants and refugees on Temporary Protection Visas (TPV) was seen as adding greatly to the group's risk of poverty and homelessness.

Protection Visas and eligibility for entitlements

15.61 The Department of Immigration and Multicultural and Indigenous Affairs (DIMIA) stated that those who enter Australia lawfully on genuine documents are granted permanent Protection Visa (PV), which gives permanent residence. Those found to be owed protection obligations but who have entered the Australian mainland unlawfully or on fraudulent documents, are granted a Temporary Protection Visa (TPV), which gives residence for three years.

15.62 A permanent Protection Visa entitles a refugee to:

- work rights;
- access to welfare benefits;
- access to Australia's public health system;
- permission to travel and enter Australia for five years after grant;
- eligibility to apply for citizenship after two years permanent residence;
- English language training through the Adult Migrant English Program; and
- family sponsorship.

15.63 TPV holders are entitled to:

- work rights and Job Matching from Centrelink;
- eligibility for Special Benefit, Rent Assistance, Family Tax Benefit, Child Care Benefit, Double Orphan Pension, Maternity Allowance and Maternity Immunisation Allowance;
- access to Medicare benefits;

42 *Submission 153*, p.4 (Immigrant Women's Speakout Association of NSW).

- eligibility for referral; to the Early Health Assessment and Intervention Program;
- eligibility for torture and trauma counselling; and
- minors are eligible for the Commonwealth-funded *English as a Second Language – New Arrivals* program to assist with their participation in school classroom activities.

15.64 TPV holders are ineligible for other entitlements including Newstart, Parenting Payment, Youth Allowance, or Austudy. Access to school education is subject to State policy, for example, in NSW payment for tuition at school level is required. They cannot apply for HECS and thus must pay full up-front fees for tertiary education.⁴³

15.65 DIMIA indicated that most protection visa (PV) applicants are eligible for bridging visas that allow them to remain in Australia lawfully until the PV applications have been finalised. The Commonwealth provides a range of support services for some asylum seekers on bridging visas while the PV applications are processed. These can include:

- access to work rights;
- access to Medicare;
- financial assistance for basic living essentials through the Asylum Seeker Assistance Scheme; and
- assistance preparing their protection application through the Immigration Advice and Application Scheme.

15.66 If asylum seekers have been in Australia for less than 45 days, in the 12 months before the date of their application for a PV, they are eligible for a bridging visa with permission to work and access to Medicare benefits. The Department noted that even where they do not apply for a PV within the 45 days, in some cases PV applicants will be able to apply for a bridging visa with permission to work if a primary decision has not been made on their PV application within 6 months.⁴⁴

15.67 Witnesses noted that bridging visas are complex and 'come with considerable restrictions which have a direct impact on the ability of the holder and their dependants to obtain a viable level of income'.⁴⁵ Holroyd City Council voiced concern over visas given in recent cases to asylum seekers who have agreed to be repatriated

43 *Committee Hansard* 28.5.03, p.486 (Holroyd City Council).

44 Department of Immigration & Multicultural & Indigenous Affairs, Information provided 17.10.03.

45 *Committee Hansard* 28.5.03, p.485 (Holroyd City Council).

to their country of origin. When this cannot be accomplished, the length of time before the Government will be able to bring about their repatriation is unknown. The Council stated that 'the courts have ruled that these people cannot be held indefinitely in detention, so they have been released. They have no access to benefits or services.'

The House of Welcome, a volunteer agency just down the road in Carramar which receives no government funding, has advised that these people are given a card with only a number on it, not even their name. They have to telephone five times a week to report in – 'I am number 134' or whatever; that is the monitoring – and they have to present to the police twice a week and show their card. They are completely without resources: they have no income, no right to work and no support system, except for agencies or volunteers such as the House of Welcome.⁴⁶

15.68 Many refugees face a range of on-going issues on arrival in Australia. Holroyd City Council indicated from the experience of those working with TPV holders, that this group was made more vulnerable by:

- the traumatization, depression and demobilisation which can result from long stays in detention facilities;
- depression and despair over apparent indefinite separation from spouse and children;
- uncertainty about the future due to temporary visas;
- alienation from the rest of the Australian community due to perceived views on detainees and absence of support programs which they can access;
- poverty as a result of difficulties in obtaining employment without access to language and job seeker programs, recognition of overseas qualifications, or local labour market experience.⁴⁷

15.69 TPV holders also face a number of barriers to finding employment including lack of English language skills and lack of access to classes; lack of access to programs to assist in how to apply and translate their work experience to Australia; lack of local work experience; no access to translation services; employer attitude to temporary visa holders; and community prejudice against certain ethnic groups.

15.70 Holroyd City Council noted that while TPV holders are eligible to use the Job Network job matching service and the physical facilities at Centrelink (fax, photocopier etc), they are ineligible for the more intensive programs which are designed for people facing additional barriers to finding work. They are also ineligible

46 *Committee Hansard* 28.5.03, p.487 (Holroyd City Council).

47 *Submission* 142, p.23 (Holroyd City Council).

for those programs designed to provide interest free loans to assist people with overseas qualifications to undertake study towards gaining professional recognition (National Office of Overseas Skills Recognition) or the Work for the Dole scheme which provides local experience.⁴⁸ When work is found, there is the danger of exploitation. The Immigrant Women's Speakout Association NSW (IWSA) noted that the NSW Labor Council is currently pursuing cases where TPV holders are being exploited and paid subsistence wages.⁴⁹

15.71 TPV holders are paid Special Benefit which is 80 per cent of the normal unemployment benefit. No additional benefits are available for people with disabilities and benefits are reduced on a dollar for dollar basis when additional income is earned. Conditions such as the requirement to lodge forms fortnightly and to demonstrate that employment has been sought from a minimum of six employers per fortnight are applied. This is 'a complex and demanding program for someone whose English language skills are likely to be poor and whose knowledge of the Australian welfare system is more or less non-existent'.⁵⁰

15.72 Many witnesses emphasised the need for refugees and asylum seekers to access English language classes. The Canterbury-Bankstown Migrant Resource Centre stated that 'the extent to which migrants and refugees have access to English tuition will affect the level of poverty and inequality that they experience in Australia'.⁵¹ The Centre noted that refugees who arrived in Australia with a humanitarian visa are far more likely than other refugee groups to lack English language skills. Refugee women are also more likely to experience further disadvantage in accessing English language learning opportunities due to their domestic and care responsibilities and commitments. The Resource Centre concluded that 'the inability to completely master the English language will therefore impact on every aspect of settlement for migrants and refugees and their experience with poverty and inequality'.⁵²

15.73 Agencies indicated that supporting refugees and asylum seekers was placing a great strain on resources. The Fairfield Migrant Resource Centre indicated that it had the largest refugee population in Sydney, with a large number of people on TPVs and asylum seekers on bridging visas. The Centre stated that it was forced to turn away people on bridging visas because it cannot provide the food vouchers and emergency assistance they need. The Centre concluded 'these bridging visas are causing

48 *Submission* 142, p.24 (Holroyd City Council).

49 *Submission* 153, p.9 (IWSA).

50 *Submission* 142, p.24 and *Committee Hansard* 28.5.03, p.486 (Holroyd City Council).

51 *Committee Hansard* 28.5.03, p.505 (Canterbury-Bankstown Migrant Resource Centre).

52 *Submission* 146, p.3 (Canterbury-Bankstown Migrant Resource Centre).

considerable strain on community welfare resources in Fairfield, which were already struggling to support the current refugee and migrant population'.⁵³

15.74 Holroyd City Council indicated that it was involved with a number of its local service partners in providing services to TPV refugees. Where appropriate these customers are also referred to agencies which can assist with material aid, family support and counselling. The Council stated that these services are, however, being provided at the margin – they are usually unfunded and always vulnerable to withdrawal.

15.75 The Council added that newly emerging communities, themselves refugees, recently arrived and significantly under-resourced, are faced with attempting to support an even more vulnerable group. The poverty and uncertainty created by the restrictions on access to services for TPV refugees threatens to undermine the community and charity work of those who are trying to help. Those often best equipped to support – such as DIMIA funded Migrant Resource Centres or ethnic-specific organisations – are prevented from doing so by the very specific restrictions placed on their grants by the funding body.⁵⁴ The Council noted for example, that the ethnic community agencies like that of the Afghan community, have a grant from the Community Settlement Service Scheme. They cannot provide services to TPV holders in their community and, as a very small agency, it is very difficult and divisive to be providing to one section of your community and not the other.⁵⁵

15.76 The Council concluded:

The organisations which therefore have the most expertise in dealing with the complex issues facing TPV refugees are excluded from providing help. As a result, generalist agencies and small agencies for newly arrived communities to which TPV holders might belong are struggling to meet their support needs. Council are concerned about what we see as a significant stress on existing agencies as well as an inability to meet the needs of the people who are presenting for help.⁵⁶

15.77 The Victorian Government commented that 'the responsibility for refugees and asylum seekers is being shifted from the Commonwealth to the States, the churches and community organisations'.⁵⁷

15.78 The IWSA concluded:

53 *Submission 62*, p.7 (Fairfield Migrant Resource Centre).

54 *Submission 142*, p.24 (Holroyd City Council).

55 *Committee Hansard 28.5.03*, p.486 (Holroyd City Council).

56 *Committee Hansard 28.5.03*, p.486 (Holroyd City Council).

57 *Submission 69*, p.11 (Victorian Government).

...income support should be viewed as an investment in Australia's future in that with well-designed income support, many of the negative impacts of poverty can be avoided. Immigrant communities and immigrant women in particular would have the chance to build their employment possibilities and to move out of poverty in a way that affirms their dignity and empowers them as members of their community and the Australian society. Negative correlates of poverty in our experience seem to be submission to situations of violence or abuse because there is no economic alternative obvious to the immigrant woman; flow on effects to children; and an incapacity to take up training and educational possibilities which would have long-term benefits. In some cases, we see very poor and inadequate diets that affect health and performance in daily life. These negative consequences give rise to social and economic costs many times greater than well-designed early interventions that would prevent the negative effects of poverty arising.⁵⁸

Waiting periods for migrants accessing income support

15.79 Migrants entering Australia under the skilled or family streams also face restrictions on access to services. Witnesses noted that the *Social Security Legislation Amendment (Newly Arrived Resident's Waiting Periods and other Measures) Act 1997* introduced a two-year waiting period for social security income support payments except the age pension, sole parent pension and disability support pension (which already had a residency-based qualification criteria) and the family payment. ACOSS stated that this 'is causing extreme hardship for many migrants attempting to settle here and find work – particularly for those whose funds run out before work is found'. Special Benefit may be paid in extreme circumstances but most migrants are excluded from receiving it, and 'increases their risk of poverty, destitution, and exploitation in the labour market'.⁵⁹

15.80 The Canterbury-Bankstown Migrant Resource Centre noted that the problems that people affected by the two-year waiting period are experiencing are similar to those experienced generally by people with very low incomes, except that the severity is often much worse:

- people suffering mental health problems consequent upon lack of nutrition because they have been unable to afford to purchase adequate food;
- poor housing and homelessness;
- exposure to workforce exploitation, such as being forced to become an unpaid household servant in a relative's house;
- depressive illnesses among clients who are subject to the two year waiting period;

58 *Submission 153*, p.10 (IWSA).

59 *Submission 163*, p.130 (ACOSS).

- vulnerability as they frequently have no established support or information in the form of family and friends;
- loss of community contacts; and
- family breakdown.

The Centre stated that 'in some cases, Special Benefit has been granted as a result of these problems, problems that arose only because of the initial failure to provide support. In other words, people are being forced into crisis before they receive assistance.' The Special Benefit is a payment designed to respond to people ineligible for any other payment and the conditions of access to Special Benefit are different for newly arrived migrants: their circumstances must have changed 'beyond their control' since their arrival to be eligible. The hardship Special Benefit is only available to those experiencing an unanticipated event and is primarily related to the sponsor, for example, where the sponsor's business collapses or job is lost.⁶⁰ ACOSS concluded 'this excludes many migrants from receiving it, and increases their risk of poverty, destitution, and exploitation in the labour market'.⁶¹

15.81 The impact of the waiting period was highlighted in many submissions. Not only do those migrants waiting for support risk poverty but also 'host' families, communities and support agencies. A further problem was the two-year wait for social security payments for migrants, especially in the Family Reunion stream. There are increased demands on the community sector especially in the second half of the two-year wait, as even those in the Skilled Migration stream often experience difficulties in using the Job Network, and securing stable employment. A common situation with Family Reunion visas is that a whole family will be subsisting on the single sponsor's income while parents are looking for work and settling into the community.⁶²

Employment and housing issues

15.82 Migrants and refugees are also at risk of long-term unemployment. Not only do they face a barrier because of lack of proficiency in speaking English, 'the need to obtain any job in order to bring money into the household can in itself be a poverty trap'. This group may find themselves in jobs that not only have poor pay but also be less secure than other jobs.⁶³ Lack of recognition of qualification often exacerbates employment difficulties.

60 *Submission* 146, p.4 (Canterbury-Bankstown Migrant Resource Centre).

61 *Submission* 163, p.130 (ACOSS).

62 *Submission* 62, p.7 (Fairfield Migrant Resource Centre).

63 *Submission* 110, p.46 (Darebin City Council).

15.83 Migrants who face the two-year waiting period for social security payments are also not eligible for 'intensive assistance' through Job Network providers. Darebin City Council noted that 'this restriction puts these groups in a "Catch-22" situation: they need to find work in order to secure an income but they cannot access the necessary assistance to become "job ready"'.⁶⁴

15.84 Even those migrants with sponsors may face problems. The Canterbury-Bankstown Migrant Resource Centre noted that some sponsors bring relatives and then decide that they cannot help anymore. The Centre stated that 'there is nothing to say the sponsor must actually look after them for so many years'.⁶⁵ The Centre recommended that there be more examination of the capacity of the sponsor to provide for all the various relatives in question.

15.85 Problems with finding suitable housing are a major issue for migrants and refugees. Witnesses noted that without adequate income to afford housing and other basic needs, the likelihood of successful settlement is seriously disrupted because basic opportunities for social and economic participation are not available. However, migrants and refugees from non-English speaking backgrounds face a number of difficulties in accessing housing. It was noted for example, that asylum seekers are not entitled to public housing. The Darebin City Council provided this comment:

Housing is a huge issue for asylum seekers in this region. With an income they can sometimes access cheap private rental properties or subsidised houses through agencies such as Hanover. For those without an income few housing groups are willing to assist due to their inability to provide ongoing support. (Australian Red Cross, community forum presentation)⁶⁶

15.86 Even those migrants and refugees who are sponsored by a family member or community group may face difficulties in accessing housing in the private rental market:

They have to be taken by a member of the community to their house until a flat, unit or a house in the private market is found for them. This is especially very difficult. They have no tenancy record...no real estate agent is willing to give them accommodation. (Kurdish Association of Victoria, community forum presentation)⁶⁷

15.87 The Australian Federation of Homelessness Organisations argued that asylum seekers and newly arrived immigrants should have guaranteed access to basic

64 *Submission* 110, p.46 (Darebin City Council).

65 *Committee Hansard* 28.5.03, p.517 (Canterbury-Bankstown Migrant Resource Centre).

66 *Submission* 110, p.41 (Darebin City Council).

67 *Submission* 110, p.42 (Darebin City Council).

services, such as language programs and TAFE training courses, to enhance opportunities for employment.⁶⁸

15.88 In its evidence to the Committee, the Fairfield Migrant Resource Centre pointed to the difficulties encountered by skilled migrants. The qualifications of many skilled migrants are not being recognised or will be only recognised with completion of full-fee tertiary study upgrades. Many skilled migrants are reluctant to accept lower-level or lower-paid jobs, even as a starting point, and are also reluctant to apply for welfare benefits. While others may be exploited by unscrupulous employers by under-employing them.

We have represented a woman who worked in an establishment officially employed and paid as a cleaner for 35 hours a week on minimum salary, but who actually worked as a senior chef for long shifts 6 or 7 days a week. She had virtually no English language skills. Up to half her take-home salary was sent out of Australia to support family [including her parents and her 2 youngest children]. The rest was the only income for her and her eldest daughter, who was completing her schooling in Australia. The woman accepted this exploitative situation at first because she was not aware of her entitlements. Subsequently, she feared deportation if she protested – even though she was now a permanent resident eligible for citizenship [a fact she did not fully understand due to her lack of English]. She and her daughter endured years of living below the poverty line, and decided not to pursue back pay, damages or any other claim in an agreement with her employer that saw her upgraded to a chef's position and salary.

Submission 153, p.4 (IWSA).

15.89 The lack of recognition of overseas skills and upgrade requirements restricts access to full employment and forces many skilled migrants to live in poverty. As ISWA also stated 'service providers find themselves providing welfare to people who could fend for themselves if only their qualifications were recognised or could be upgraded quickly and inexpensively'.⁶⁹ Fairfield Migrant Resource Centre commented:

The federal government should be recognising the value of the migrant workforce, and supporting the recognition of overseas qualifications in Australia, but in Fairfield many highly qualified migrants are living in poverty, working only casual or part-time in low-skilled occupations.⁷⁰

15.90 The need for improvements in the delivery of services was emphasised by witnesses. Centrelink has improved its services for CALD (culturally and

68 *Submission 57, p.28 (Australian Federation of Homelessness Organisations).*

69 *Submission 153 p.4 (IWSA).*

70 *Submission 62, p.5 (Fairfield Migrant Resource Centre).*

linguistically diverse) clients with Multicultural Service Officers and Outreach officers. However, the Fairfield Migrant Resource Centre stated that 'they are clearly struggling to deliver culturally appropriate welfare to Fairfield's multicultural population'.⁷¹ Similar difficulties are experienced in other States:

Many Kurdish migrants and refugees who come to Australia do not have enough information on services and facilities available to them. Also, those members of community who support and sponsor migrants and refugees do not have enough knowledge of services and facilities available. (Kurdish Association of Victoria, community forum presentation)⁷²

Conclusion

15.91 The position of refugees and asylum seekers in the Australian community is particularly difficult. Many have suffered trauma and separation from their families. They face poverty as a result of poor access to the employment market. Only those on a Permanent Protection Visa have access to English language classes. This places other protection visa holders at a great disadvantage – without English language skills, the employment opportunities are extremely limited and often confined to very low paid jobs. Temporary Protection Visas also need access to intensive programs which are designed for people facing additional barriers to finding employment. Often refugees and asylum seekers are forced to seek assistance from already over-stretched welfare and volunteer organisations and their communities.

15.92 The Committee considers that there should be fair and equitable access to government assistance and programs for both Permanent and Temporary Protection Visa holders. Without the provision of appropriate settlement support, educational opportunities for children and work opportunities Visa holders will not have an opportunity to fully participate in Australian society and to become productive members of that society. Government, at all levels, will eventually bear the extra burden of increased costs for health care, for intervention services, for loss of productive members of society and forgone opportunities if skilled workers are unable to use those skills in the Australian working environment.

Recommendation 79

15.93 That the Commonwealth enable Temporary Protection Visa holders to access English language training and employment assistance in addition to existing services.

15.94 The two year waiting period for access to certain income support payments introduces a large degree of hardship for many migrants. Failure to provide adequate support for migrants increases the risk of poverty, destitution and exploitation in the

71 *Submission 62*, p.5 (Fairfield Migrant Resource Centre).

72 *Submission 110*, p.69 (Darebin City Council).

labour market. Failure by skilled migrants to have their qualifications recognised or to have access to programs to quickly and inexpensively upgrade qualifications diminishes the persons ability to find work and to acquire a higher standard of living.

Recommendation 80

15.95 That the Commonwealth Government investigate additional avenues to enable migrants and refugees to have qualifications recognised and to upgrade skills to ensure that migrants and refugees are able to find appropriate employment as soon as possible following arrival in Australia.