

policy paper

AN UNNECESSARY PENALTY:

Economic impacts of changes to the Status Resolution Support Services (SRSS)

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Executive summary

People seeking asylum in Australia are one of the most disadvantaged groups in our society. They have been subject to years of deliberately punitive policies. Fleeing war and prosecution, many arrived in Australia just to experience months or years of immigration detention, with no idea of when—if ever—they would be released. For years, many were denied the right to work, were subject to constantly changing policies and goal posts, had to wait for several years in limbo to even be able to apply for refugee protection, and most were denied access to legal support to help them navigate an increasingly complex protection process.

While waiting for both the opportunity to apply for protection and then for the Government's decision on their refugee claims, people seeking asylum have been supported by a program that is currently called the Status Resolution Support Services (SRSS), the only Government-funded support available for this group. The SRSS provides people with 89% of Newstart allowance (as little as \$35 per day), casework support, access to torture and trauma services and sometimes, subsidised medication. However, the Government has drastically changed the eligibility criteria for this program. The changes to SRSS eligibility criteria are going to leave many people without access to income, casework support, vital medication and mental health counselling.

The Refugee Council of Australia (RCOA) along with a number of organisations supporting people seeking asylum have commissioned this report to understand the economic impacts of the SRSS changes on NGOs, state and territory governments, and local charitable groups. RCOA developed a survey and asked some of the major organisations to respond based on the experiences of their clients. The responses showed:

- **Almost four in five (79%) people seeking asylum in respondents' caseloads are at risk of homelessness** and destitution if they lose SRSS support.
- In total, 24 organisations that participated in the study represent **nearly \$39 million of service value** to people seeking asylum across six states and territories, with a combined client caseload of 19,100 people.¹ In national terms, this represents a fraction of the community sector investment in creating a safety net for people seeking asylum.

According to the survey, only 8% of the respondents' clients are working full-time. More than two-thirds have not been able to find employment or are not in the job market due to care require-

ments, old age or health issues. On average, the respondents considered **only one in five (20%) people in their caseloads as fully 'job ready.'** Half (50%) were considered not 'job ready' at all, while 30% were only partially 'job ready'.

According to the current SRSS eligibility criteria, people who do not meet a high threshold of vulnerability will be exited from the program and are expected to secure employment without additional support. Based on the data from the survey, many of them will not be job ready. They are eligible for the most basic support under Jobactive (access to a computer and internet to search for jobs), but do not get any government support to learn English and have no safety net. International experience shows that forcing disadvantaged people into a job search without support does not lead to improved employment results. At best, it means short-term, marginal jobs with the high risk of exploitation. More commonly, it simply pushes vulnerable people into poverty.

The cuts to SRSS do not give whole-of-government cost savings. They simply shift significant costs from the Commonwealth to the states and community-based organisations. This report estimates that as a result of the SRSS cuts, state governments will be facing significant additional costs in health, corrections, and homelessness services. The **total cost to the states and territories is likely to be between \$80 and \$120 million per year.**

Recommendations

The Federal Government's decision to heavily restrict eligibility criteria for receiving Status Resolution Support Services imposes major costs, both short and long term.

We recommend that the Government immediately restore SRSS eligibility criteria to 2014 measures and ensure that people seeking asylum have the opportunity to access basic financial assistance, casework, torture and trauma counselling, and other supports required to help resolve their immigration status.

*There are significant challenges in understanding the characteristics of SRSS recipients. The Department of Home Affairs has consistently denied access to detailed SRSS data, SRSS providers are contractually restricted from sharing information and there is no public reporting under the SRSS program. There is also no information on the number of new applications that are being refused. **We recommend that SRSS payment and service data be captured and shared regularly.***

¹ It is likely that some of the organisations located in the same state share the same clients; therefore, a person using multiple services from multiple organisations may have been counted more than once.

Introduction

While waiting for their immigration status to be resolved, people seeking asylum in Australia remain socially and economically vulnerable. The Status Resolution Support Services (SRSS) and its previous iterations have historically supported people seeking asylum to meet their basic healthcare and living needs, as they are ineligible for any other form of Government-funded social security support. As a result of the Federal Government's recent changes to the SRSS, many people seeking asylum will lose financial support and access to critical services. This puts them at risk of poverty, destitution and homelessness.

This briefing paper presents the findings of the Refugee Council of Australia (RCOA)'s consultations with community organisations providing services to people seeking asylum across Australia. Our findings indicate that the changes to SRSS will force people into situations of material poverty rather than assisting them to find employment. Removing income and case management support also shifts federal welfare costs and responsibilities to state agencies as well as to community-based organisations, many of which are reliant on private donations and volunteer support. The changes represent an unnecessary penalty for a group already rendered vulnerable by the immigration status resolution process.

This study was commissioned by RCOA and its partner organisations to investigate the impacts of the changes to SRSS announced in early 2018. The purpose of the study was to better understand how restricting SRSS eligibility would impact upon people's employment prospects, and examine the flow-on effects for organisations providing critical services to this cohort, focusing mainly on the economic impacts.¹

Background: The Status Resolution Support Services (SRSS)

People seeking asylum in Australia, whether they arrived by boat or plane, often need support to live in the community while their claims for protection are being processed. Traumatic circumstances during their migration journeys, combined with deliberately punitive policies, can create complex challenges for this group as they struggle to survive in the community.

Many spent years in immigration detention facilities in Australia or offshore in Nauru and Manus Island. Most people seeking asy-

lum who came to Australia by boat after 13 August 2012 waited for well over three years for the opportunity to lodge a protection application. In that three-year period (from 2012 to 2015), almost everyone seeking asylum who came by boat could not lawfully work, as a condition of their bridging visas. They were forced to rely on support payments and lost years of their lives because they could not work or use the time to study and upskill.

When people finally got a chance to apply for protection, the majority were processed under the so-called 'fast track' system. The process put in place tight timelines for providing claims and evidence and changed the definition of what it means to be a "refugee". Most importantly, it radically reduced the independence and quality of the review process by turning it into a paper review of the decision by the now Department of Home Affairs, creating a real risk of returning people to persecution.

The Government made the complex process of applying for protection even more challenging by removing people's access to government-funded legal advice and interpreters. Most people seeking asylum could not afford a lawyer, but needed help to navigate the system. This resulted in long waiting lists (of up to one year) at the handful of small, underfunded legal centres who were offering to help people for free.

After a very slow start to the so-called 'fast track' process, the then Department of Immigration suddenly, and without warning, began to threaten people who were still waiting for legal help. First, it sent warning letters to some people, giving them 60 days to apply.

Then on 21 May 2017, the Minister for Immigration, again without warning, announced that if people did not apply for protection visas by 1 October 2017, they would never be able to get any visa in Australia and would be forced to return to their countries of origin. This deadline was introduced even though there were thousands of valid applications still waiting for decisions from the Department.

Under enormous pressure, the legal centres, pro bono lawyers and volunteers across Australia largely succeeded in meeting this arbitrary and extremely tight deadline. All but 71 of the thousands still waiting did manage to apply by the deadline, although surely at severe cost to the quality of their applications.

In addition to the often changing goal posts and the uncertainty of their protection process, people seeking asylum are ineligible

to access mainstream support services available to other humanitarian migrants. While waiting for both the opportunity to apply for protection and then for the Government's decision on their refugee claims, the SRSS program provides this group a basic safety net of fortnightly payments (typically 89% of 'Newstart' allowance, currently \$243 per week or \$35 per day for a single person with no children), casework support, access to torture and trauma counselling and subsidised medication.² SRSS is currently funded through the Department of Home Affairs (the Department). The total budget expenditure from September 2014 to April 2018 was \$1.71 billion, inclusive of SRSS program support, payments made direct to recipients on behalf of the Department by Department of Human Services and the cost of school-based education of minors.³

As of 27 February 2018, 13,299 people (including 3,815 children under 15 years old) were receiving SRSS support (see Appendix 1 for available details about the SRSS cohort). However, not all people seeking asylum are entitled to access the program. Eligibility is determined by the Department, and people must apply through an SRSS service provider. There are different levels ('bands') of support depending on the circumstances of the client. As of 27 February 2018, 94% of SRSS recipients were receiving Band 6 support. Band 6 is available to people seeking asylum who have applied for a Protection visa, are waiting for their application to be decided, are living in the community and cannot meet their basic healthcare and living needs.

Understanding the changes to SRSS

The Department of Home Affairs has recently commenced restricting the eligibility criteria for the SRSS program. Those who stay on the program may not have access to the full suite of support. People seeking asylum who have the right to work and do not meet a high threshold of vulnerability as assessed by contracted SRSS providers will be exited from the program even if they are unemployed and do not have a form of income.⁴ The Department initially indicated that people would be assessed as to their 'job readiness' before potential exit from the program; however, job readiness is now not a measure of eligibility. Rather, SRSS providers and the Department will assess recipients' vulnerability. The four elements to the vulnerability assessment are:

- Physical health barriers that are ongoing; permanent disability; or cognitive impairment
- Mental health barriers, with a current diagnosis and treatment plan in place
- Single parents with pre-school aged children (children under

six); pregnant women; a primary carer for someone with a significant vulnerability; people aged 70 and over

- A major crisis for the client (family violence, house fire, flood, etc.)

The Department will also use its own information to conduct assessments (the Community Protection Assessment Tool, CPAT) and may seek a second opinion on certain issues through experts, such as the Chief Medical Officer for health matters.

The Department has indicated that the program is likely to be reduced drastically, probably to fewer than 5,000 people. So far 400 SRSS recipients (mostly single adult men) have been removed from the program and another 400 have been notified that their payments would be cut in the month of September. We understand that at least 1,200 people will have their payments cut by the end of this year.

As programs like SRSS are departmental policy and are not included in legislation, the changes being introduced are entirely up to the discretion of the Minister for Immigration; they do not require Cabinet approval or legislation. The recent SRSS changes were made through additions to the SRSS Operational Procedures Manual.⁵

Few details are available of the Federal Government's intended purpose and the Departmental rationale for these changes. There has been no publicly-articulated position on the anticipated costs or benefits of this policy amendment. There has also been no consultation with service providers and civil society about the changes.

During Senate Estimates hearings in May 2018, Department representatives explained that the changes are designed to enable a 'focus on people's capacity for self-agency and status resolution through granting of a visa or departure from Australia.'⁶ Further, 'individuals on a bridging visa with work rights, and who have the capacity to work, are expected to support themselves while their immigration status is being resolved. People will be referred to jobactive [Australia's public employment support service] if they need assistance finding work.'⁷

However, it should be noted that finding paid employment in Australia is a significant challenge for most people seeking asylum. Due to a complex range of barriers (including being denied the right to work for many years, short term bridging visas, lack of access to government-funded English language classes, and living in limbo and uncertainty for a long time), most are not

ready to enter the labour market. For those who are, RCOA research on jobactive services has identified significant limitations with the service and the support it provides to refugees and humanitarian entrants.⁸

Restrictions on available SRSS data

Lack of official data about the SRSS recipients and the Department's refusal to publish detailed and updated data about this group make it difficult to establish an accurate picture of their characteristics, needs, level of support, and service use patterns. This is why RCOA had to survey community organisations and non-SRSS providers to better understand this group, their needs and the impact of support cuts on them.

The SRSS program is provided through contracts with service providers which are subject to confidentiality clauses. This means that providers are unable to disclose most of the details of the Program without risking a breach of the contract.

Detailed calculation of SRSS costs is complicated because the amount of support received under the Program depends on family composition and the level of services they require. Beyond the basic living allowance at 89% of Newstart (which varies depending on family composition), there are costs involved in case management, providing services such as torture and trauma counselling, and healthcare. Further, clients enter and exit the program over time as their circumstances change, which makes the data very dynamic. Currently, given the restrictiveness of the Program, many people are likely to be ineligible for support, even if they need it. In this situation, it would be common for them to be turned away or advised not to proceed, without any record captured.

A particular gap is that even in the official data there is no record of the number of people who, having left the Program (for example, because they have a job), try to re-enter the Program. Service providers are not funded to help people apply to enter the Program, and assistance with this is typically resource-intensive.

There is no regular public reporting under the SRSS program. The data that is published include:

- A line in the Department of Human Services' budget for asylum support payments, representing the amount paid through Centrelink in allowances under SRSS.
- The Department of Home Affairs' budget has, in the past, included a line item for the support of people seeking asylum. It is not clear, however, what that encompasses, and the line item

does not appear consistently over time.

- A quarterly report of the number of people on Bridging Visas E (people who came by boat and are seeking protection), which includes the number of people in each State by postcode, age, gender and nationality. However, this publication does not cover people on other bridging visas that are eligible for the SRSS Program (for example, people seeking protection who arrived by plane), and it is unclear how many of those on Bridging Visas E are on the SRSS Program.
- A monthly report on the progress of the 'fast tracking' process, which refers to the processing of people who arrived by boat after 13 August 2012 and are seeking protection. Those whose claims have not been determined hold a Bridging Visa E (including those waiting in the community for a renewed bridging visa). However, it is unclear if this includes all people on a Bridging Visa E, as some arrived before 13 August 2012 but are still going through the process of determination. That number is no longer publicly reported.

The Department of Home Affairs declined to release the details of the changes to help the sector prepare for the new system. When it released some documents, they were released months after the implementation of the changes. Most communication from the Department to service providers and other stakeholders has been verbal. RCOA and stakeholders other than the contracted service providers were not informed of any of the changes in advance, and much of the information on the changes have been pieced together through collaboration within the sector.

Other data referenced in this report has been produced through freedom of information or through Senate Questions on Notice. For example, the Operational Manual which governs the policy has been released through a freedom of information request. The budgetary amounts spent on the Program, and client numbers as at 28 February 2018 (broken down by State), were all released through Senate Estimates.

About this study

Service providers and community organisations in the RCOA network have shared concerns that individuals and families seeking asylum would be negatively impacted by the changes to SRSS. Given the limitations on available SRSS data described above, the purpose of this study was to better understand the economic impacts of the recent changes to SRSS on people seeking asylum, community organisations and states. This report details our findings and concludes with our overall assessment of the impacts of SRSS cuts, with recommendations for the federal government and the community sector.

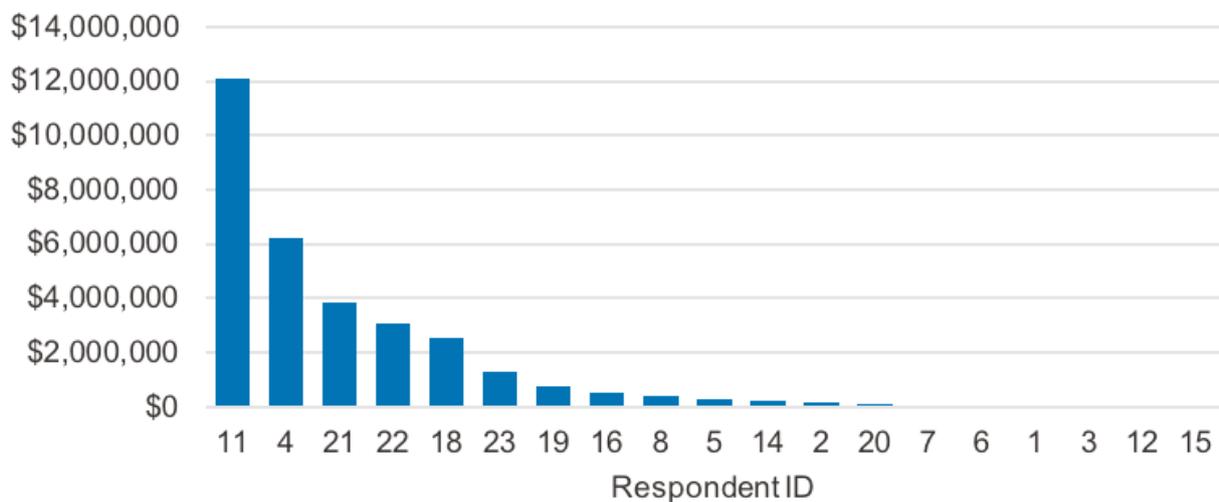


Figure 1. Total budget expenditure on people seeking asylum by organisation

Methods

Researchers conducted a background literature review of existing publications about people seeking asylum, poverty, vulnerability and employment, with a focus on the Australian context. Scholarly literature on people seeking asylum and employment and welfare programs, both in Australia and overseas, was also consulted during this review.

RCOA collected primary data using a survey instrument. Respondents were representatives of community organisations providing support to people seeking asylum across Australia. These organisations are all non-SRSS providers and rely mostly on private donations, public fundraising and volunteers for their operations.

The survey asked respondents to:

- provide estimates of total annual operational and salary budget
- provide estimates of the AU\$ value of volunteer support and donated goods annually
- indicate from a predefined list which services were currently being provided, as well as an estimate of the proportion (%) of operational budget allocated to each of these areas
- estimate the proportion of the caseload currently accessing services offered by other providers outside their organisation
- indicate the current labour force status of the total caseload
- make a subjective assessment of the ‘job readiness’ of the

total caseload

- indicate the proportion of the total caseload that would be at risk of homelessness and/or destitution if they were to lose SRSS income support

Representatives of 24 community organisations in six states and territories (ACT=1, NSW=5, QLD=1, SA=1, Vic=10, WA=2, not stated=4) responded to the survey, with a total estimated caseload of 19,100 people. The organisations range from large-budget service providers with thousands of clients, to small, volunteer-led organisations with a narrow service focus. Figure 1 below shows the distribution of budget totals (operational + salary expenditure) across the sample.

We analysed the survey data to develop an understanding of the service use and employment situation of people seeking asylum accessing services in our sample. We used service uptake data to estimate the current demands on community organisations in our sample. This provides an indication of services likely to be impacted by this policy change.

We also estimated annual additional costs for state governments as a result of the cuts to the SRSS Program. This was achieved using baseline estimates derived from several recent cost offset studies of investment in homelessness services. The survey results show SRSS recipients are likely to be placed at significant risk of homelessness as a result of losing income support. These studies therefore provide the best basis for assessing the likely cost impositions on state governments.

More details of our methods for calculating these estimates are provided in the Findings and Appendices sections.

Study limitations

The main limitation of this report is a lack of reliable data on specific services provided to people seeking asylum. RCOA has therefore surveyed its member organisations that provide direct services to this cohort.

The available data from organisations that do not receive government funding is inconsistent across service providers and areas of support, may involve duplication as clients will seek services from multiple providers, and may involve different reporting periods. A further challenge is that many of the organisations are run by volunteers and do not have the resources for data collection and management.

It should be noted that the use of multiple providers by people seeking asylum is the direct result of the lack of a dedicated caseworker. Dedicated caseworkers used to refer people to an organisation for targeted and specific support and were more likely to consider factors such as the capacity of that organisation and the eligibility criteria for the service. Through conversations with caseworkers, service providers used to gain good understanding of the needs of the new referral and other organisations involved in their support.

In the absence of that support, the majority of the referrals are self-made and people are more likely to seek support from multiple organisations. This puts the organisations under added strain and creates additional costs. While some of the larger organisations may focus on coordination and proper documentation of the history and service use of their clients, many more have to dedicate their entire resources to frontline services (where the urgent need is).

Another limitation is that many people are housed and supported by contacts within their ethnic or local communities, and this support has not been included in our costings given the difficulties of assessing them.

While available data is limited, in the absence of reliable data from the Department, they provide good baseline estimates of impacts. We would therefore welcome the opportunity to develop more accurate costings through official data sources.

Findings

Our analysis of survey results indicates that the changes to SRSS create and amplify a range of risks to the wellbeing and welfare of people seeking asylum living in the Australian community.

Significant risk of poverty and homelessness

Community sector organisations in Australia have consistently raised concerns about the risks of destitution for people seeking asylum created by stringent government policies.⁹ The SRSS payment rates have long been considered inadequate, leading to widespread reliance on relief services including emergency accommodation.¹⁰ The SRSS payments are 89% of Newstart allowance. Newstart itself has long been criticised as significantly inadequate. The Australian Council of Social Services (ACOSS), business groups, charities and advocates have consistently called for an increase of the current rate of Newstart, which is less than \$39 per day for a single person and has not risen in real terms in more than two decades. In September 2018 ACOSS released a report it commissioned by Deloitte Access Economics, arguing an increase of \$75 a week in Newstart allowance is needed and will boost consumer spending, create more jobs and lift wages. The report found a person on Newstart lives on “around 36% of the average wage after tax and a little more than half of what someone working full-time on the minimum wage”.¹¹

Withdrawing even that inadequate financial support significantly compounds the risk of poverty for this group. With no stable source of income, people seeking asylum are likely to fall well below the poverty line, currently estimated at \$518.63 per week for a single adult in the workforce including housing costs, and \$974.14 per week for a couple with two children.¹²

Our survey results show that almost four in five (79%) people seeking asylum in our respondents’ caseloads are at risk of homelessness or destitution if they lose SRSS support. Of the 24 organisations in our sample, 17 were already providing emergency relief services (including food banks) to people seeking asylum as the SRSS changes were being phased in (see Figure 2 below). Across our sample, approximately 42% of total combined budget was allocated to providing these emergency relief services. Ten organisations were providing housing support (13% of total budget spend), while eight organisations were also pro-

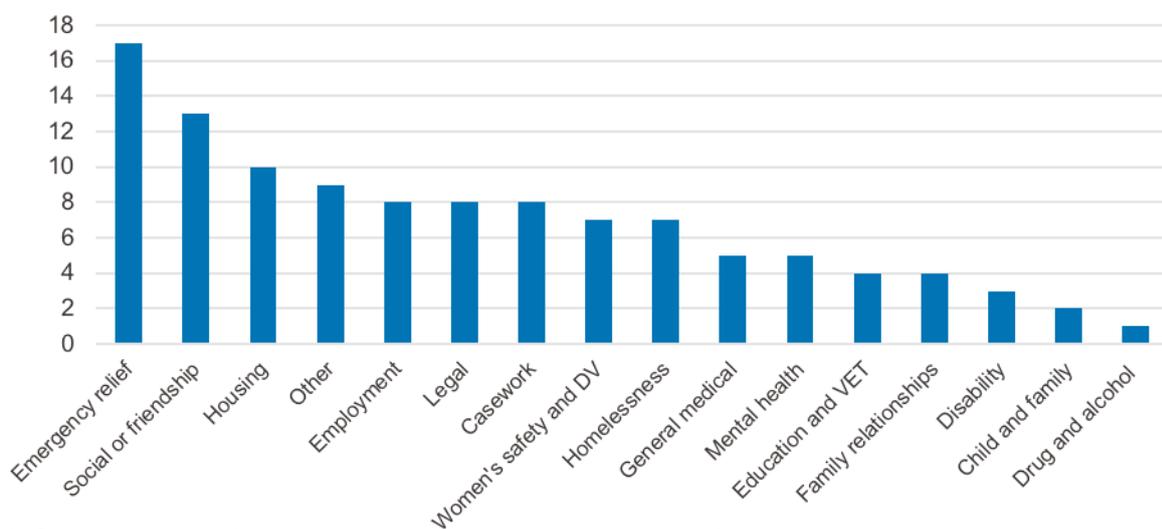


Figure 2. Organisations providing targeted services to people seeking asylum

viding homelessness services (8% of total budget spend) to their clients.²

Our survey asked organisational representatives to indicate what proportion of their clients seeking asylum were also accessing different services from other providers. Our respondents estimated that 72% were accessing emergency relief services from other providers, and 48% were accessing homelessness services from other providers.

Over the years, the community sector has raised concerns about the risks of destitution and homelessness for people seeking asylum. These risks are now only amplified by the withdrawal of income support (however inadequate) and casework services provided through SRSS, with increased demand expected across service areas such as emergency relief packages, emergency accommodation, and homelessness services. We expand further on these risks below.

Making finding a job more difficult

People seeking asylum in Australia typically face a range of complex barriers that prevent them from finding stable employment. Many people seeking asylum have limited capacity to work as they do not have access to secure housing options and may be

dealing with trauma and mental health issues as a result of their forced migration journeys.¹³ For those who are able to work, most have limited support or resources to seek employment while they wait for the resolution of their immigration status.

While the federal government has indicated that people who are exited from SRSS may be referred to jobactive, these services have been demonstrated as inadequate even for refugee and humanitarian entrants who have access to more comprehensive support services, including intensive English language support.¹⁴ People seeking asylum who are referred to jobactive are only eligible for Stream A (limited) support, entailing access to a computer and internet to search for jobs. Even with support, a number of barriers to employment remain. They include short-term visas, low levels of English language proficiency (people seeking asylum have limited access to government support to learn English), lack of Australian workplace experience, unrecognised or undervalued qualifications, employer bias and discrimination.¹⁵

Our survey asked representatives of support organisations to indicate the current employment status of people seeking asylum in their caseloads. Approximately 48% of all people seeking asylum in respondent caseloads were reported as unemployed, and 21% were not in the labour force at all (see Figure 3 below).³

² We treated these categories separately according to the Department of Social Services (DSS) distinction between housing assistance (provision of affordable housing) and homeless services (direct support to people at risk of homelessness). See: <https://www.dss.gov.au/housing-support>.

³ According to the ABS classification, 'unemployed' refers to those who are economically active but do not have work. People who are 'not in the labour force' are counted separately and considered inactive, such as stay at home parents or retired people. People who are not in the labour force are not considered job-seekers.

This means that more than two-thirds of people seeking asylum in our respondents' caseloads did not derive any income from employment. Only 8% were working the full-time equivalent of more than 35 hours per week.

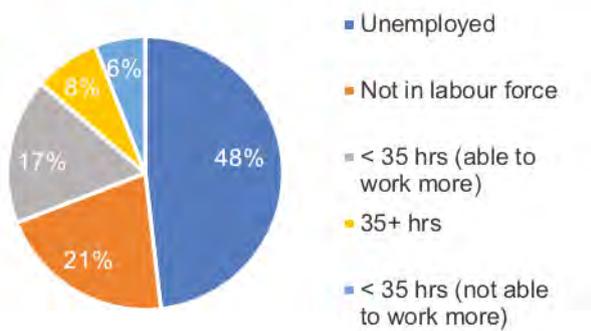


Figure 3. Labour force status of total asylum caseload

We also asked respondents to estimate the proportion of their clients who could be considered 'job ready.' Job readiness is a subjective assessment made by caseworkers in support organisations, referring to clients who are considered to have fewer employment barriers than others in the same situation. On average, only 20% of people seeking asylum across respondents' caseloads were considered 'job ready.' Half (50%) were considered not to be job ready at all, while 30% were only partially job ready (see Figure 4 below).

Evidence from evaluation studies and scholarly research in Australia has shown that, given the multiple employment barriers they face, a combination of tailored jobseeker support and brokered contact with employers is the most effective solution for people seeking asylum to find work.¹⁶ Only 8 of the 24 organisations we surveyed, however, were providing employment-related services to their clients. Tailored employment programs for people seeking asylum do exist but, in the absence of federal resources, are dependent on investments made by state governments, philanthropic organisations, community donations and volunteers.

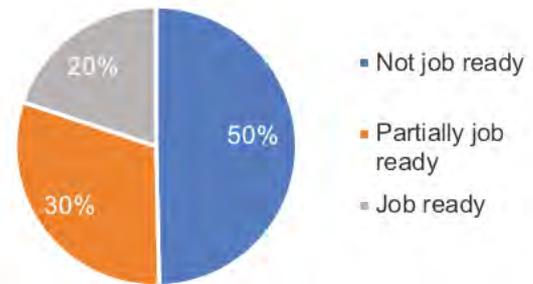


Figure 4. Job readiness (caseworker assessed) of total asylum caseload

Government income support can reduce the negative impacts of unemployment by enabling recipients to meet their costs of living and search for stable job opportunities. Social benefits allow people seeking asylum to remain engaged in short-term or casual jobs while their immigration status is resolved, and they seek more secure employment.

Conversely, poverty and situations of desperation can force people to accept substandard employment options, with associated risks of underpayment and labour exploitation. The significantly restricted SRSS eligibility criteria that people need to meet now also mean that people may not be able to leave dangerous and exploitative work conditions, as it is highly unlikely they will be accepted into the program.

Supporting evidence shows negative impacts of sanctions on workforce participation

There is no doubt that successful work participation makes a big difference to both people seeking asylum and to eventual settlement outcomes. However, evidence from studies in European countries shows that penalising people who are not able to find jobs damages (rather than enhancing) their employment prospects.

See: <http://www.abs.gov.au/ausstats/abs@.nsf/PrimaryMainFeatures/6102.0.55.001?OpenDocument>.

The Economist has recently criticised policy initiatives that claim to encourage work effort through cutting benefits. It argued “benefit sanctions may do more harm than good”.¹⁷

Several European studies have documented poor outcomes from more punitive measures, such as benefit withdrawal on workforce participation.

In 2018, Taulbut and colleagues studied the British use of sanctions to encourage greater workforce participation by people on unemployment benefits.¹⁸ They found, at best, only short-term job participation, with no longer term impacts. Even the short-term benefits were rare for more disadvantaged workers.

Patrick Arni and colleagues found similar results in a 2015 study. Looking at Active Labour Market Programs in Switzerland, they contrasted the better results from supportive (carrots) rather than the poorer outcomes from restrictive (sticks) programs.¹⁹ Dutch researcher Eleveld took a broader view in a 2017 study comparing policies across 25 European welfare states.²⁰ As with the Arni study, Eleveld found considerable differences in the outcomes of supportive programs and the use of sanctions. Where sanctions were imposed, more disadvantaged workers saw little improvement in job prospects, but significant increases in poverty.

These patterns were also found in the UK by Rachel Loopstra and colleagues in 2015.²¹ They studied an increase in usage of Food Banks in the UK since 2009. Not surprisingly, the overall state of the economy had a strong influence, but the researchers also found a significant impact from the toughening of sanctions for unemployment recipients. Instead of the new regime encouraging more employment activity, it increased the numbers of people in severe hardship, having to rely on food banks.

Research from the United Kingdom has also shown that cutting financial support or implementing ‘benefit sanctions’ is ineffective in ‘activating’ migrants into paid employment.²² Poverty inhibits effective work search activities and compounds social and economic isolation for vulnerable groups, with their income usually falling far below the poverty line after work-related sanctions.

In 2016 an IMF report found that assistance programs for humanitarian migrants in Europe returned 1.8 Euros for every 1 Euro of cost.²³ The corollary of this is that not providing such assistance programs, as the Department is implementing with the

withdrawal of SRSS, has negative effects for both humanitarian migrants and the public purse.

Under these conditions, vulnerable migrants may resort to working in the informal or ‘grey’ economy, doing underpaid, dangerous and exploitative work to survive, further exacerbating their risk of social and economic marginalisation.²⁴

The Government’s decision to reduce the SRSS program defies substantial research evidence. The decision is unlikely to produce good employment outcomes. At the best, it will force ill-prepared people seeking asylum into unskilled, temporary and marginal jobs. Even that outcome is unlikely for most, who will have no means of support and will increasingly rely on other services, provided by other government agencies and NGOs.

Increases in demand for services and support

The SRSS program is the only Government-funded support available for people seeking asylum. They are not eligible for any other form of social security payments, cannot access public housing and cannot apply for Low Income Healthcare Cards.²⁵

Given the limited service eligibility for this cohort, the community sector in Australia has responded with significant investments to support people seeking asylum. 22 of our 24 survey respondents (who were all non-SRSS providers), provided us with estimates of their current budgets to support people seeking asylum. The **annual costs (operational plus salary expenditure) for services to people seeking asylum totalled approximately \$31 million** (of which \$16 million is staff salary). The monetary value of **volunteer support and donated goods was estimated to be an additional \$7.8 million.**

In total, the 22 organisations in our study (as two did not provide their budget) represented **nearly \$39 million of service value** to people seeking asylum across six states and territories and estimated their **combined client caseloads at 19,100 people.**

As noted, we asked survey respondents to indicate what proportion of their clients seeking asylum were also accessing services from other providers. The main services being accessed by people seeking asylum outside of our 24 survey respondents were legal (76%), general medical (76%), emergency relief (72%), social

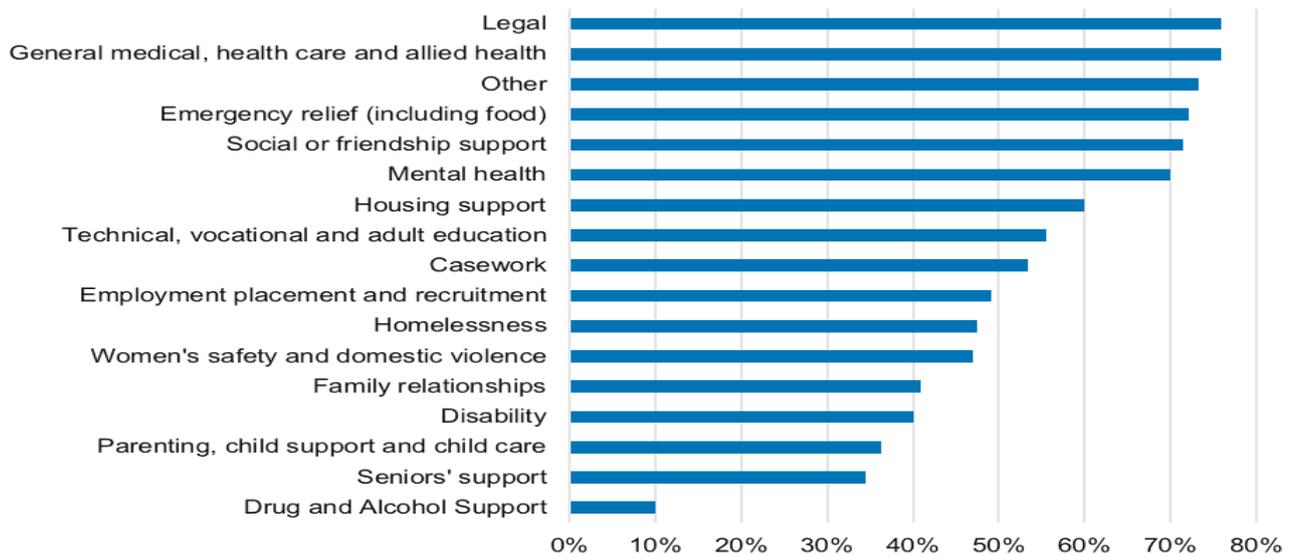


Figure 5. Proportion of clients accessing services from providers outside the sample

support (72%), and mental health services (70%) (see Figure 5 below).⁴

Research in the UK conducted by the Joseph Rowntree Foundation shows that without government benefits, migrants can quickly become destitute (defined as lacking the income necessary to purchase essentials like shelter, food, heating, clothing etc.), and rely on charities, churches, food banks, and local welfare funds.²⁶

Surveys of humanitarian migrants in Australia conducted by the Salvation Army have also shown that humanitarian migrants frequently ask for help from welfare and community organisations, cut down on basic necessities, seek financial help from friends and family, delay paying bills on time and go without meals to survive.²⁷

Removing income support for people seeking asylum, who are eligible for far less support than humanitarian migrants, will create even greater demand for the services of community organisations as people struggle to meet their basic needs and costs of living. There are also likely to be flow-on effects for legal, social, and child and family services.

It is worth noting that the 24 respondents in our survey are only a fraction of the organisations in Australia that work to support people seeking asylum and other vulnerable migrants. In RCOA's service directory there are over 200 organisations around Australia that provide support to vulnerable migrants (although not

all support people seeking asylum). There are also hundreds of volunteers across the country who are not necessarily part of formal organisations that assist people seeking asylum on an ad hoc basis. This suggests that the impact of SRSS changes is likely to affect a much greater number of organisations and individuals working to support people seeking asylum.

Shifting costs to state government and other service providers

The decision to cut the SRSS support will produce greater demand for the services provided by state governments.

People seeking asylum are eligible for a small range of state government programs not provided at the federal level (though eligibility criteria vary across states and change frequently). For example, the Victorian Government has recently stepped in to provide emergency shelter and relief packages to people seeking asylum who previously had their welfare payments cut.²⁸ People seeking asylum in Victoria are also eligible to access 3,000 available Vocational Education and Training (VET) places funded by the state government, as well as the Jobs Victoria Employment Network with services delivered by community implementing partners across the state.²⁹

In New South Wales, the state government funds access to training up to Certificate IV level under the Smart and Skilled program, while the Refugee Employment Support Program (RESP), delivered by the NSW Department of Industry and supported by

⁴ Note that the sum of percentages do not equal 100%, this is due to people seeking asylum accessing multiple services simultaneously

the AMP Foundation, is open to people seeking asylum living in Western Sydney and Illawarra.³⁰

In most states, people seeking asylum with no access to Medicare can receive treatment if they present at hospitals' emergency departments. Western Australia is a notable exception and will charge this group the 'international' rate.

Estimating the costs to state government services

As noted above, RCOA has surveyed community organisations providing support for people seeking asylum and other vulnerable migrants, including those accessing SRSS. These organisations overwhelmingly report adverse impacts from the cuts. The organisations estimate that between 75-80% of people cut off from SRSS support are at risk of becoming destitute. If cut from support, they will rely on a range of other services particularly provided by state governments and community-based organisations.

RCOA is not aware of any studies that have investigated the impacts of people seeking asylum moving off Commonwealth benefits, with the subsequent impacts on demand for state governments and NGO services. However, a good indication is available from several studies looking at people moving in the opposite direction, from being homeless into having supported accommodation with associated services. These studies show that homeless people create significant, and costly, demands on services, and that it is significantly cheaper to provide basic support services, such as SRSS.

Even before the changes to the SRSS program, many people seeking asylum were at risk of homelessness. Most SRSS recipients

are located in Sydney and Melbourne. With no access to public housing, they face expensive and competitive rental markets.³¹

The inadequacy of the SRSS financial assistance payment is evidenced by the large proportion of people seeking asylum who already experience secondary or tertiary homelessness, with many organisations reporting that individuals and families were couch-surfing or living in overcrowded accommodation. One example was that of 12 people living in a two-bedroom apartment. The cuts to SRSS further reduce their ability to cope in the housing market, threatening both destitution and homelessness.

Several recent studies have compared the costs of homelessness with the costs of providing support packages. These studies were conducted by Cameron Parsell and colleagues, David MacKenzie and colleagues, and Lisa Wood and colleagues. One study presented the outcome of the MISHA project, a joint research project between Mission Australia and research teams from the Universities of Western Sydney, Western Australia and New South Wales. All of the researchers looked at the services, especially those offered by the states such as health, homelessness and corrections, used by people when they were homeless compared to when they moved to supported housing.

We present in more detail the key findings of these studies in Appendix 2. In brief, these studies have shown that providing support to a vulnerable group, like the homeless, results in significant cost saving for the states. These savings come from less use of emergency accommodation and health services as well as less demand for police and correction services. The average cost offsets noted in each of the studies are summarised in Table 1 below.

Table 1. Annual savings from accommodation and support services to the homeless

Service area	Cost savings estimate by study (\$, per person, per year)				Average cost saving (\$)
	Parsell ³²	MISHA ³³	Wood ³⁴	MacKenzie ³⁵	
Health	20,301	6,567	13,273	6,700	11,710
Police/Corrections	2,998	1,978		9,400	4,792
Homeless services	4,131	3,257			3,694
Totals	27,430	11,802			20,196

Table 2. Annual additional costs for state governments in \$ million from SRSS cuts

State	Current numbers	Number cut from SRSS with 60% reduction	Additional costs for each State	
			High cost scenario	Low cost scenario
VIC	5,863	3,518	\$52.8 m	\$35.2 m
NSW	4,836	2,902	\$43.5 m	\$29.0 m
QLD	1,086	652	\$9.8 m	\$6.5 m
SA	828	497	\$7.5 m	\$5.0 m
WA	532	319	\$4.8 m	\$3.2 m
ACT	85	51	\$0.8m	\$0.5m
TAS	40	24	\$0.4m	\$0.2m
NT	29	17	\$0.3m	\$0.2m
Total	13,299	7,981	\$119.9 m	\$79.8 m

The studies had different study methods, and looked at various groups of people. The variations in cost estimates are therefore not surprising. Nonetheless, the Parsell, MISHA, Wood and MacKenzie studies provide evidence that moving people into accommodation and providing support services have significant cost savings for state governments. The **average cost saving across the studies is approximately \$20,000 per person per year.**

These studies provide good evidence that cutting support services, as the Federal Government is doing with SRSS, will lead to significant increases in service demands, and costs, for state governments and other service providers. The \$20,000 additional cost in government services for homeless people provides a useful baseline for estimating the costs from cutting SRSS.

There are three key issues in estimating these costs:

- All people previously on SRSS are seeking some support services, though the extent of need for such services varies.
- Only a proportion of people facing SRSS cuts will become homeless, although the numbers are likely to be significant. Indeed, as with general patterns of homelessness, the situation will be dynamic, with people moving in and out of homelessness, and seeking different levels of support.
- In comparison with the general population, people seeking asylum often require greater and more complex services, which is costlier. This is especially so because of their experience of trauma and often limited English skills.

Despite these uncertainties, the \$20,000 average additional annual cost per person for homeless people provides a good basis

for cost estimates. We use this baseline to consider two indicative scenarios for the impact of the cuts to SRSS:

- The high scenario uses the results from RCOA's interviews with service providers. These suggest that some 75-80% of SRSS recipients will become destitute if their support is cut. The scenario uses an average cost per SRSS recipient of \$15,000, 75% of the cost figure for the homeless. As all people affected by the SRSS cuts will seek some services, this suggests that approximately 60% experience some homelessness.
- A low scenario takes a more conservative approach. This uses an average cost per person of \$10,000, half the cost figure for the homeless. This suggests that approximately 40% suffer some homelessness.

Table 2 above examines these two indicative scenarios using the current number of SRSS recipients by states and the number that will be cut from support. The latter is based on the Department's indication that it will reduce the number of recipients to 5,000 people, a 60% reduction in the number of people who get this support. This does not include the number of people whose applications for SRSS support are not approved and can also face destitution, as this number is not recorded anywhere.

Table 2 indicates that state governments will be facing significant additional costs in health, corrections, and homeless services. **These come to between \$80 and \$120 million a year as a result of the SRSS cuts.**

Appendices

Appendix 1. SRSS details

Table 3. Total SRSS recipients by support band as at 27 Feb 2018³⁶

Band	Description	Total recipients (Feb 2018)
Band 1	Support for unaccompanied minors in places of detention	1
Band 2	Support for unaccompanied minors in Residence Determination arrangements ('community detention')	16
Band 3	Support for adults and families in Residence Determination arrangements ('community detention')	424
Band 4	Transitional support for people leaving immigration detention facilities following the grant of a visa	27
Band 5	Support for any vulnerable migrant with an unresolved immigration status (including people seeking asylum) who are living in the Australian community on a valid visa (formerly known as 'Community Assistance Support'). Recipients of Band 5 usually have more complex needs and require intensive casework support.	397
Band 6	Support for people seeking asylum living in the Australian community on a valid visa (formerly known as 'Asylum Seeker Assistance Scheme')	12,434
	Total	13,299

Table 4. Total SRSS recipients by state/territory as at 27 Feb 2018³⁷

State/Territory	Total
VIC	5,863
NSW	4,836
QLD	1,086
SA	828
WA	532
ACT	85
TAS	40
NT	29
Total	13,299

Table 5. Total SRSS recipients by age range as at 27 Feb 2018³⁸

Age range	Total
0-4 years	1,726
5-6 years	439
7-12 years	1,203
13-15 years	447
16-17 years	244
18-25 years	1,543
26-35 years	4,030
36-45 years	2,447
46+	1,220
Total	13,299

Appendix 2. Studies comparing costs of homelessness with providing support packages

In March 2015, Cameron Parsell and colleagues studied a group of 41 people in Brisbane.³⁹ They compared services used by the group when they were homeless with services used after they moved into supported housing. Service data and costs were available from: police, prison, probation, parole, courts, emergency department, hospital admitted patients, ambulance, mental health and homelessness services. In total:

- In the first twelve months, when people were homeless, the cohort used health, criminal justice and homelessness services that cost the state government \$2 million, or an average \$48,000 per person (these costs varied widely between different participants).
- In the twelve months as tenants of supportive housing, the cohort's service costs were less than half, some \$850,000, or an average of \$20,800 per person. In addition, the state government provided supportive housing at the cost of \$14,329 per person, bringing the total cost per person to \$35,129.

The researchers emphasised that they were looking at cost offsets, not a full cost benefit approach:

Our data show cost offsets that are directly attributed to reduced service usage, but we have not speculated or analysed broader cost benefits that may be attributed to improved health, well-being, labour market participation and other qualitative dimensions such as family relationships, caring responsibilities and social participation.⁴⁰

David MacKenzie and colleagues focused in 2016 on youth homelessness across Australia.⁴¹ In the first of its kind, the longitudinal study attempted to understand the experience and impacts of youth homelessness in terms of economic costs to the Australian community. They surveyed 394 young people, 298 of them homeless. While their cost numbers differed from the Parsell study, they painted a similar picture:

- Health services for homeless young people cost an average of \$8,500 per person per year. This is \$6,700 more than the average for long-term unemployed youth, who are another key group of disadvantaged youth.
- Homeless young people are much more likely to have contact with the criminal justice system, both as victims and defendants. This costs an average of \$9,400 per person per year, \$8,200 more than the average for long-term unemployed youth.
- The total cost of health services and the justice system due to young people experiencing homelessness averages \$17,900 per person per year; \$15,000 more than unemployed youth.

Lisa Wood and colleagues looked at just the health costs for a group of previously homeless people in Perth. The group surveyed a 'voluminous literature', including previous Australian Housing and Urban Research Institute reports. They concluded

While it is recognised that investment into housing support can be expensive, a growing body of international and Australian evidence suggests that . . . housing support may represent a more cost-effective as well as a more humane approach to the problem of homelessness.⁴²

As with other studies, Wood and colleagues found considerable variation between clients in the use of different services. In particular, they focused on 983 clients in five streams identified in the National Partnership Agreement on Homelessness (NPAH). For this group, the key finding was:

The provision of public housing significantly reduces health service use. After entering a public housing tenancy, the proportion of individuals accessing health services fell significantly for tenants in NPAH programs . . . There were significant reductions in people presenting to emergency departments, people staying overnight in hospital, people presenting to ICU, people in psychiatric care, people accessing mental health services and people with prescriptions for opioid dependency treatment.⁴³

The average cost of providing support under the NPAH programs examined was estimated as \$6,462 per person per year. This is less than half the potential health cost offsets associated with the NPAH programs, of \$13,273 per person per year. The research group revisited clients after several years, finding that the benefits continued and even increased where residents stayed in their housing, showing benefits of certainty.

Similar findings were also established in a joint research project between Mission Australia and research teams from the Universities of Western Sydney, Western Australia and New South Wales.⁴⁴ The research followed 59 clients over two years, looking at the changes associated with an intensive social support project, termed the MISHA project. This group were often homeless, and as a result had frequent contact with several state government services. Just under half of the 'baseline' group (41%) reported spending at least one night in hospital.

That group also had frequent contact with corrections services. Compared with the general NSW population, the baseline group were 4 times more likely to be the victim of assault/robbery, 25 times more likely to be stopped by police, and 6 times more likely to spend a night in prison.

The MISHA social support project was expensive, costing some \$14,000 per client per year. However, it produced significant benefits in reducing demand for government services:

In total, the cost of mainstream health, justice and welfare services reduced from \$32,254 per participant in the baseline period, to \$24,251 per participant in the 24-month follow-up period. This represents a large savings to government of \$8,002 per participant per year.⁴⁵

In fact, this summary did not include all the savings. With MISHA support, clients used emergency/crisis accommodation much less – with an average cost reduction of \$3,257 per person per year.

Endnotes

- 1 An earlier report prepared by RCOA draws on the voices of people seeking asylum to discuss the impacts of forced destitution in terms of health, psychological strain, and the effects on children, see: S Okhovat 2018, 'With Empty Hands: How the Australian Government is forcing people seeking asylum to destitution', Refugee Council of Australia.
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