



# Refugee Council of Australia

SENATE COMMUNITY AFFAIRS LEGISLATION COMMITTEE

## **SUBMISSION ON THE SOCIAL SERVICES LEGISLATION AMENDMENT (BUDGET REPAIR) BILL 2015**

The Refugee Council of Australia (RCOA) is the national umbrella body for refugees, asylum seekers and the organisations and individuals who work with them, representing over 200 organisations and around 1,000 individual members. RCOA promotes the adoption of humane, lawful and constructive policies by governments and communities in Australia and internationally towards refugees, asylum seekers and humanitarian entrants. RCOA consults regularly with its members, community leaders and people from refugee backgrounds and this submission is informed by their views.

RCOA welcomes the opportunity to provide feedback on the *Social Services Legislation Amendment (Budget Repair) Bill 2015*. We express the following concerns with this Bill:

- Reducing the time a person can receive the pension while overseas to six weeks will have detrimental impacts on refugee communities who wish to travel overseas to visit and/or care for relatives. This is especially problematic due to the significant difficulties with family reunion, which mean that the only way a person can see their family is by travelling overseas.
- The bill also discriminates between those who have lived in Australia for most of their lives and those who are new to Australia, creating a two tier system.
- RCOA opposes the removal of the Pensioner Education Supplement (PES) and Education Entry Payment (EdEP), which assist people in covering part of the upfront and ongoing cost of education. This will create further barriers to education for refugee communities.
- RCOA opposes the indexation freeze on income free areas. RCOA believes this measure is counterproductive as it will discourage people from seeking employment.

### **1. Schedule 1: Pension payment reduction for those overseas**

- 1.1. Schedule 1 on the Bill reduces the portability of the pension for recipients of the age pension and some recipients of disability support pension, wife pension, and widow B pension. Currently, these recipients continue to be paid their basic means-tested rate for 26 weeks after leaving Australia. The Bill reduces this to six weeks, after which payment is adjusted according to the length of the person's Australian working life residence. Australian working life residence is equal to time spent in Australia aged 16 or older. To retain their basic rate, a person needs 35 years' working life residence in Australia.
- 1.2. RCOA believes this amendment unfairly affects new migrants, especially those from refugee backgrounds. Due to the numerous problems with family reunion,<sup>1</sup> refugee community members are often required to travel overseas for long periods of time to visit their relatives and community members, as they are not able to bring their family members to Australia. This is especially important for those who have sick or dying relatives in secondary countries of asylum. As such, refugee communities may travel overseas for several months. This Bill will impact their ability to receive the pension while overseas, placing further barriers on people visiting their family members.

<sup>1</sup> See RCOA's submission 'Planning the 2016-17 Migration Program', available at <http://www.refugeecouncil.org.au/wp-content/uploads/2015/12/1512-Migration.pdf>.

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- 1.3. Second, the Bill seeks to adjust the pension payment for those overseas in accordance with the amount of time a person has lived in Australia. RCOA believes this to be especially discriminatory. The pension, and other benefits, should not discriminate between recipients based on their time spent in Australia.
- 1.4. The Explanatory Memorandum states that individuals who have spent part of their working life in another country should be able to receive a pension from these countries. However, this is almost entirely impossible for refugees, who have had to flee their country to due persecution, often at the hands of their government. Further, most of the countries from which refugees have fled do not have a pension or similar welfare system.
- 1.5. RCOA submits that such an amendment would likely create a two-tier system that discriminates between those who have had the fortune of living their entire life in Australia and those who only came in later years. Such a provision is substantially inequitable. RCOA believes that all Australians should be treated equally, regardless of how long they have lived in Australia.

### **Recommendation 1**

*RCOA recommends that Schedule 1 not be passed. If this recommendation is not adopted, RCOA recommends the inclusion of powers to exempt those who need to travel overseas for a longer period due to special circumstances, such as visiting a dying relative.*

## **2. Schedules 2 & 3: removal of the PES and EdEP**

- 2.1. Schedules 2 and 3 of the Bill seek to remove both the Pensioner Education Supplement (PES) and Education Entry Payment (EdEP). The PES is a \$31.20 or \$62.40 (depending on study load) fortnightly payment, which assists students with the ongoing costs of full- or part-time secondary or tertiary study. The EdEP is a \$208 annual payment, which assists students with u-front education expenses.
- 2.2. RCOA's research shows that refugee communities, especially older people, face a number of barriers to accessing education.<sup>2</sup> Due to conflict and time spent in refugee camps or countries of first asylum, many people arrive in Australia with disrupted education. Others may also arrive with significant skills and education, but these qualifications are not recognised in Australia. Support to continue education, such as the PES and EdEP, are needed to enable many people to gain adequate skills and qualifications in Australia.
- 2.3. During RCOA's consultations with refugee communities, it frequently hears of the ongoing barriers refugees face in accessing education. In particular, the upfront costs of attending education, such as purchasing books and equipment, can be a significant barrier for newly arrived communities. Likewise, the ongoing costs, including travel, further equipment and other essential items can also create additional burdens for many people. RCOA believes these barriers are even greater for older people who wish to pursue education.
- 2.4. The Explanatory Memorandum notes that the removal of these payments particularly impacts on those who have a low income. While HECS-HELP, FEE HELP and VET FEE HELP do provide support with the cost of fees, they do not cover the upfront and ongoing costs of attending education. In addition, many have commented to RCOA that the Austudy and Youth Allowance payments do not adequately cover the costs of study, and do not provide a liveable income for those who are studying full time.
- 2.5. RCOA believes that incentives such as the Pensioner Education Supplement (PES) and Education Entry Payment (EdEP) should be maintained in order to address some of the many barriers that people, especially the elderly, face in accessing education.

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<sup>2</sup> See, for example, RCOA's submission to the Victorian Education State Consultation, available at <http://www.refugeecouncil.org.au/wp-content/uploads/2015/10/1508-Vic-Education.pdf>

### ***Recommendation 2***

*RCOA recommends that Schedules 2 and 3 not be passed.*

### **3. Schedule 4: indexation freeze on income free areas**

- 3.1. Schedule 4 seeks to place a three year freeze on the indexation of the income free areas for the single Parenting Payment and all working age allowances. Currently, income free areas and means test thresholds are indexed annually in line with the Consumer Price Index.
- 3.2. The effect of freezing the indexation of these income free areas will be to accelerate the rate at which payments will be reduced. This is especially problematic when most of these payments are already below the poverty line. For example, the current income free area for Newstart Allowance is just \$102 per fortnight.<sup>3</sup> This enables someone to work just three hours per week at minimum wage before they are over the threshold. Putting a freeze on the indexation will reduce this already low threshold.
- 3.3. RCOA submits that reducing these income free areas is counterproductive and is likely to further discourage people from earning work. RCOA also believes that such incentives are not effective in encouraging people to take up employment, and the Government should rather consider addressing systemic barriers to employment and improving employment services, especially the ineffective Jobactive program.

### ***Recommendation 3***

*RCOA recommends that Schedule 4 not be passed.*

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<sup>3</sup> The full rate of Newstart for a single person without children is currently \$523.40 per fortnight.