



Refugee Council
of Australia

SENATE COMMUNITY AFFAIRS LEGISLATION COMMITTEE

SUBMISSION ON THE SOCIAL SERVICES LEGISLATION AMENDMENT (OMNIBUS SAVINGS AND CHILD CARE REFORM) BILL 2017

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 190 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 (Omnibus Savings and Child Care Reform) Bill 2017 and its likely impact on refugees, asylum seekers and humanitarian entrants. We have previously made submissions in relation to similar measures proposed in other Bills, which we repeat here.

We express our concerns that several Schedules of this Bill will have a disproportionate effect on people from refugee backgrounds and their families, because of the reduction of key benefits increases the risk that they will suffer severe financial hardship that compounds existing barriers to settlement. We have detailed our concerns further below.

1. Schedule 2: Family Tax Benefit Part B eligibility

1.1. Currently, families can access the Family Tax Benefit Part B until the end of the year that their youngest secondary school child turns 18. As a result, the majority of families are eligible for the payment until their child completes secondary school.

1.2. Schedule 2 lowers the eligibility for this payment to the end of the calendar year that the child turns 16. This means that families will no longer have the benefit of the payment for the entire duration of their child's senior secondary education.

1.3. RCOA believes that this compounds financial hardship for recipient families, who will be able to access the payment for approximately two years less than they currently do. This would create another burden on families from refugee backgrounds, especially those who are new to Australia.

2. Schedule 3: Family Tax Benefit supplements

2.1. Schedule 3 of the Bill rapidly phases out Family Tax Benefit Part A and B supplements. Part A supplements will be reduced to \$602.25 a year from 1 July 2016, to \$302.95 a year from 1 July 2017, and withdrawn from 1 July 2018. Part B supplements will be reduced to \$302.95 a year from 1 July 2016, to \$153.30 a year from 1 July 2017, and withdrawn from 1 July 2018.

2.2. RCOA believes the rapid reduction and withdrawal of the FTB supplements will adversely impact families from refugee backgrounds. Many of these families are engaged in an ongoing

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process of settlement that places unique demands upon them. The FTB supplements are integral to providing the financial security necessary for this important process to succeed.

3. Schedule 1: Payment rates

3.1. Schedule 1 of the Bill increases family tax benefit (FTB) Part A fortnightly rates by \$20.02 per fortnight for each FTB child aged up to 19. It also increases certain youth allowance and disability support payments by \$19.37 for recipients under 18 from 1 July 2018.

3.2. RCOA expresses concern that the minor rate increase introduced by this Schedule is severely compromised by the major rate reductions and withdrawals introduced by Schedules 2 and 3.

4. Schedules 5 and 10: Pension payment reduction for those outside Australia

4.1. Schedule 5 of 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.

4.2. 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.

4.3. Schedule 10 of the bill ceases payment of the pension supplement after six weeks overseas for those travelling temporarily, and ceases this payment immediately if the departure overseas is permanent.

4.4. RCOA believes this amendment unfairly affects new migrants, especially those from refugee backgrounds. Due to the numerous problems with family reunion, 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.

4.5. Schedule 5 of the Bill also seeks to adjust the pension payment for those overseas in accordance with the amount of time a person has lived in Australia. While the Explanatory Memorandum states that this measure "reinforces the residence-based nature of Australia's social security system," RCOA believes this to be especially discriminatory. The pension, and other benefits, should not discriminate between recipients based on their time spent in Australia.

4.6. RCOA submits that such amendments 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.

5. Schedules 6 and 7: Removal of the PES and EdEP

5.1. Schedules 6 and 7 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 up-front education expenses.

5.2. RCOA's research shows that refugee communities, especially older people, face a number of barriers to accessing education. 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.

5.3. 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.

5.4. The Explanatory Memorandum notes that each of these benefits is designed to assist people who need to re-build their skills to become more competitive in the labour market. This is especially relevant for refugees, who require additional support in order to achieve long term resettlement and community integration outcomes.

5.5. 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.

5.6. 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.

6. Schedule 8: indexation freeze on income free areas

6.1. Schedule 8 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 (other than student payments). Currently, income free areas and means test thresholds are indexed annually in line with the Consumer Price Index.

6.2. 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 \$104 per fortnight. 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.

6.3. 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.

7. Schedule 13: Ordinary waiting periods and additional requirements for exemption

7.1. This Schedule expands the 7 day waiting period that eligible applicants for working age income support must serve before they receive any payments. The 7 day waiting period already in place for people who are eligible for Newstart or Sickness Allowance will also be applied to people eligible for parenting payment, youth allowance (if study is not full-time).

7.2. Importantly, this amendment also severely limits the number of people who are exempt from serving the 7 day waiting period before they are able to receive payment. Whereas exemptions are currently available for those experiencing 'severe financial hardship', this amendment introduces an additional requirement of 'personal financial crisis' in order to be eligible for exemption.

7.3. In order to prove that they meet this additional requirement, the applicant must provide evidence that they have been subject to domestic violence in the preceding four-week period, or have incurred unavoidable or reasonable expenditure in the preceding four-week period not greater than the amount of the payment being claimed.

7.4. At present, the 7 day mandatory waiting period can be served concurrently with any other welfare support waiting periods or preclusion periods. Schedule 13 introduces the requirement that

any such waiting periods must be served in succession. This means that those who are in the most vulnerable position, and dependent on multiple forms of welfare support, may be faced with protracted periods without adequate income.

8. Schedules 15 and 16: Further waiting periods and requirements for job seeker support

8.1. Schedule 15 introduces a four-week waiting period for jobseekers under 25 before they receive income support payments. RCOA welcomes the exemptions for those on temporary protection and humanitarian visas. However, these rules will apply to other young people from refugee background.

8.2. RCOA believes that subjecting young people who do not have paid work to a four-week delay before they are able to receive any financial support serves to compound the hardships of those who are already most vulnerable. This is likely to have particularly negative consequences for recent arrivals and refugees who are unable to rely on family networks for interim support.

8.3. Under Schedule 16, applicants who are considered 'job-ready' will also be required to complete assigned activities during this waiting period in order to be eligible for payments once the waiting period is over.

8.4. Mandatory activities under RapidConnect Plus include attending interviews with a jobactive provider, preparing a resume, completing a job seeker profile, entering into and complying with a Job Plan, and undertaking a specified amount of job searches.

8.5. RCOA believes that these preconditions place an unfair burden on new migrants who are likely to face particular linguistic and cultural barriers in satisfying the requirements. Additionally, refugees will need to meet these criteria whilst also navigating their own resettlement and community integration. Unless RapidConnect Plus is amalgamated with resettlement services and tailored for the specific needs of culturally diverse people, RCOA believes this amendment will disproportionately restrict new arrivals' access to income support.

Recommendation 1

Schedules 1, 2 and 3 should not be passed.

Recommendation 2

Schedules 5 and 10 should not be passed.

RCOA recommends that Schedules 5 and 10 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.

Recommendation 3

Schedules 6 and 7 should not be passed.

Recommendation 4

Schedule 8 should not be passed.

Recommendation 5

Schedules 13, 15 and 16 should not be passed.