



Submission

Social Services Legislation Amendment (Consistent Waiting
Periods for New Migrants) Bill 2021

17 July 2021

Committee Secretary
Senate Standing Committees on Community Affairs
PO Box 6100
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Canberra ACT 2600

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Submission to inquiry into consistent waiting periods for newly arrived migrants

Introduction

Migration Council Australia (MCA) welcomes the opportunity to make a submission to this inquiry into extending the Newly Arrived Resident's Waiting Period (NARWP) to four years across all payments.

MCA is an independent, national not-for-profit body established to enhance the benefits of Australia's migration program and support better settlement outcomes for people from migrant and refugee backgrounds. MCA works across sectors to provide a national voice to advocate for effective settlement and migration programs and to develop policy solutions to issues faced by migrants and refugees in Australia.

MCA opposes extending the waiting periods for newly arrived residents to four years across all payments, as it disproportionately disadvantages migrants, discourages them from settling in Australia, and perpetuates skills mismatch. Additionally, the changes to Family Tax Benefits will put children of migrant parents at increased risk of poverty. Given Australia's reliance on migrants to support economic recovery and offset its ageing population, newly arrived residents should be provided with basic social security within a reasonable timeframe to settling here.

For further information on any of the points raised in our submission, please contact MCA on info@migrationcouncil.org.au or 02 6162 0361.

Background

Australia has a long history of migration, with successive waves of migrants from different parts of the world shaping the country's character and influencing its development. Migrants and refugees have added to Australia's cultural diversity, played a crucial role in offsetting its ageing population and contributed to the economy.

Historically, newly arrived migrants have been subject to a waiting period before accessing social security payments and concessions. However, the NARWP has increased from 26 weeks when it was introduced in 1993 to two years in 2019, with the latest legislation proposing a consistent four years waiting period across all payments.ⁱ While reports continue to emphasise the importance of migration to sustain population growth and COVID-19 recovery,

measures like the extension of the NARWP to four years are significant deterrents to migrants settling in Australia.

There is value in investing in migrants

The fifth Intergenerational Report projects Australia's total population to reach 38.8 million in 2060, which is lower than expected. The main causes are lower fertility rate and temporary disruption to overseas migration caused by COVID-19.ⁱⁱ The report projects migration as the largest source of population growth with migrants making up for 75 per cent of Australia's population growth. Migration is a significant factor in lifting the three 'Ps' of high economic growth – population, participation and productivity.

The report found that migrants overall tend to be younger than the existing Australian population, which slows down population ageing. Concurrently, migrants are more skilled, leading to higher contributions in taxes, and cost the federal budget less in welfare. Temporary migrants tend to arrive closer to their peak earning ages, meaning they make a significant contribution to the economy while not being able to access government benefits due to their visa conditions, hence costing the federal budget less in welfare.

The projections in the report demonstrate dependency on immigration to avoid long-term economic consequences of idling population growth. Concurrently, concerns have been raised over the impact the continuous border closures and limited financial support for temporary migrants during the pandemic will have on attracting highly skilled migrants and students when Australia reverts to pre-pandemic times.ⁱⁱⁱ

While other countries, such as the United Kingdom^{iv}, New Zealand^v and Canada^{vi} extended wage subsidies to temporary visa holders during the pandemic, temporary migrants were excluded from JobKeeper and JobSeeker.^{vii} A survey from UnionsNSW showed that 65 per cent of the 5,000 surveyed temporary visa holders lost their job as a result of the pandemic, with 39 per cent not having enough money to cover basic living expenses and 43 per cent skipping meals regularly.^{viii} Due to the current emphasis on temporary migration in Australia's migration program, many of the affected visa holders have invested years in Australia hoping to eventually become permanent residents, which means that going back to one's home country was not seen as an option.^{ix} Out of the surveyed international students and backpackers, 59 per cent said that they would neither come back nor recommend Australia for travelling and studying to their peers.

Australia relies on migration for economic recovery, but the treatment of migrants, such as limited financial support during the pandemic, has led to migrants favouring other countries, making Australia losing ground to its competitors if students and highly skilled workers take other opportunities elsewhere. Our hospitality, agricultural and education sector, which are sectors highly dependent on international students, backpackers and sessional workers, are already feeling the strain by severe worker shortage.^x

The extension of the NARWP to four years may present similar trends, as seen as a result of the pandemic. Migrants may choose to settle in other countries with accessible social security benefits, such as Canada, where there is no waiting period to receive any social benefits once you are a permanent resident. Australia is at risk of missing out on crucial workers who will

support Australia out of the recession caused by the pandemic and address skill shortage. There is value in investing in migrants if we rely on them to support Australia's economic recovery.

Minimal social security leads to skills mismatch

Nearly a quarter of permanent skilled migrants in Australia are working in a job beneath their skill level.^{xi} A recent report from CEDA argues that getting the right people into the right jobs is critical to enabling future investment and job opportunities, but it also acknowledges that it may take time to find a job in line with a person's skill occupation.^{xi} Additionally, many migrants and refugees have shared how getting a job and paying their way is a priority when migrating.^{xii} This leads to skills mismatch, which has cost at least \$1.25 billion in foregone wages between 2013 and 2018.^{xi} While there are multiple reasons for migrants working in a job beneath their nominated field, one of the causes highlighted is migrants feeling urged to take the first job they are offered.

To tackle skills mismatch, CEDA recommends that NARWP for unemployment benefits should be reduced to six months in order to give skilled migrants a better chance of finding employment. This will provide migrants with financial support while looking for a job in their nominated field, which in turn will mitigate Australia's skill shortages.

Children of migrants at risk of poverty

It is estimated that 45,000 families and 13,200 individuals who are granted a permanent visa on or after 1 January 2022 will lose benefits that they would otherwise be eligible for. Especially women and children, and people in low-paid jobs are likely to be affected.^{xiii} Overall, without a welfare safety net, the prospect of falling below the poverty line may lead to accepting poor working conditions in order to provide for one's family.^{xii}

The Government has previously legislated to standardise NARWPs, with the latest changes introduced in 2019. However, Family Tax Benefit (FTB)¹ A and B have been subject to none or limited waiting period, acknowledging that increased waiting periods for migrant parents would put children at risk of poverty. With the proposed changes, the waiting period for FTB A and B will be increased to four years in line with the current wait time for Jobseeker Payment and Youth Allowance.

Economic Justice Australia notes that many migrants live in Australia for years before they can access permanent residencyⁱ, due to the rise of "two-step migration" where long-stay temporary visa holders gain permanent residency after a certain period of time.^{xiv} Adding on a four year waiting period after gaining permanent residency, children born in Australia to new residents may be eight or nine before they attract FTB. Additionally, this can impact overall health, as children who do not attract FTB A will not be targeted by the Commonwealth childhood vaccination strategy.

¹ Family Tax Benefits support young parents in low-income jobs to ensure adequate care and support for their children. Withholding this tax from migrant families mean that they pay a higher rate of taxation on their income than other Australians, leading to a lower net income.

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- ⁱⁱ The Australian Government, the Treasury. (2021). Intergenerational Report 2021. <https://treasury.gov.au/publication/2021-intergenerational-report>
- ⁱⁱⁱ Property Council of Australia. (2021). Intergenerational report shows migration and urban productivity crucial to our future. https://www.propertycouncil.com.au/Web/News/Articles/News_listing/Web/Content/Media_Release/National/2021/Intergenerational_Report_shows_migration_and_urban_productivity_crucial_to_our_future.aspx
- ^{iv} UK Government. Check which employees you can put on furlough to use the Coronavirus Job Retention Scheme. <https://www.gov.uk/guidance/check-which-employees-you-can-put-on-furlough-to-use-the-coronavirus-job-retention-scheme>
- ^v New Zealand Government, Work and Income. Who could get the COVID-19 Wage Subsidy? <https://workandincome.govt.nz/covid-19/wage-subsidy/who-can-get-it.html#null>
- ^{vi} Government of Canada. Canada Emergency Wage Subsidy (CEWS). <https://www.canada.ca/en/revenue-agency/services/subsidy/emergency-wage-subsidy.html>
- ^{vii} Berg, L. & Farbenblum, B. (2020). 'I will never come to Australia again': New research reveals the suffering of temporary migrants during the COVID-19 crisis. *The Conversation*. <https://theconversation.com/i-will-never-come-to-australia-again-new-research-reveals-the-suffering-of-temporary-migrants-during-the-covid-19-crisis-143351>
- ^{viii} UnionsNSW. (2020). No worker left behind, Survey results. https://www.unionsnsw.org.au/wp-content/uploads/2020/08/NWLB_survey_results_aug_2020.pdf
- ^{ix} Berg, L., Farbenblum, B., Huang, Y., Lee, D., Saleh, S., Sharma & A., Kintominas. (2020). As if we weren't humans – The abandonment of temporary migrants in Australia during COVID-19. *Analysis & Policy Observatory*. <https://apo.org.au/sites/default/files/resource-files/2020-09/apo-nid308305.pdf>
- ^x Kaul, N. (2021). 'Fast-track permanent residency for onshore temporary residents from India' says Australia-India business body. SBS Hindi. <https://www.sbs.com.au/language/english/fast-track-permanent-residency-for-onshore-temporary-residents-from-india-says-australia-india-business-body>
- ^{xi} The Committee for Economic Development of Australia. (2021). A good match: Optimising Australia's permanent skilled migration. <https://www.ceda.com.au/Admin/getmedia/150315bf-cceb-4536-862d-1a3054197cd7/CEDA-Migration-report-26-March-2021-final.pdf>
- ^{xii} Kasynathan, S. (2021). We don't come to Australia expecting to be on welfare, bit it's hard for migrants without a lifeline. *The Guardian*. <https://www.theguardian.com/commentisfree/2021/may/25/australian-communities-embrace-new-migrants-like-my-family-but-government-must-play-its-part>
- ^{xiii} ACOSS (2021). Why parliament must oppose the Newly Arrived Resident budget cut. <https://www.acoss.org.au/wp-content/uploads/2021/05/Briefing-note-four-year-wait-for-migrants.pdf>
- ^{xiv} Doherty, B. & Evershed, N. (2018). The changing shape of Australia's immigration policy. *The Guardian*. <https://www.theguardian.com/australia-news/2018/mar/24/australias-fierce-immigration-debate-is-about-to-get-louder>