22 August 2014

ATTN: Senate Community Affairs References Committee

Please find attached a discussion paper produced by the Refugee Council of Australia (RCOA), outlining concerns relating to the likely impacts on refugee and humanitarian entrants of changes to income support and Medicare proposed in the 2014-15 Federal Budget.

We hope this paper will be a useful contribution to the Committee’s inquiry into the extent of income inequality in Australia.

Should you require further information, please do not hesitate to contact RCOA’s Sydney office on (02) 9211 9333 or admin@refugeecouncil.org.au.

Yours faithfully,

Paul Power
Chief Executive Officer
PROPOSED CHANGES TO INCOME SUPPORT AND MEDICARE: POTENTIAL IMPACTS ON REFUGEES AND ASYLUM SEEKERS

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 200 organisations and over 900 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 paper is informed by their views.

This discussion paper summarises RCOA’s concerns relating to the likely impacts on refugee and humanitarian entrants of changes to income support and Medicare proposed in the 2014-15 Federal Budget – namely, the introduction of waiting and exclusion periods for several income support streams, the extension of the Youth Allowance to people aged 22 to 24 and the introduction of a Medicare patient contribution. Specifically, RCOA is concerned that:

• Refugee and humanitarian entrants are at particular risk of experiencing significant hardship as a result of the proposed measures, due to their limited financial resources, younger age profile and limited social support networks, the myriad challenges of settling in a new country and the barriers they face to employment.

• Measures aimed at creating incentives for participation in paid work are unlikely to be successful in encouraging refugee and humanitarian entrants to secure employment as they fail to take into account the often high motivation of these groups to work and the significant barriers they face to employment.

• Denying income support to refugee and humanitarian entrants for long periods of time could compromise their successful settlement in Australia through hampering their capacity to recover from their past experiences, access critical services and support networks and develop knowledge and skills.

• Some refugee and humanitarian entrants are at potentially higher risk of being negatively affected by the proposed changes, including: temporary humanitarian visa holders who have limited access to support services; unaccompanied humanitarian minors who are living independently; people making significant transitions (such as from full-time study to employment and from detention to the community); and asylum seekers living in the community on Bridging Visas.

• Exemption categories do not make sufficient allowances for the circumstances of refugee and humanitarian entrants, potentially resulting in some individuals being inappropriately subjected to measures from which they should in all fairness be exempt.

This paper also includes a number of recommendations to reduce the likelihood that refugee and humanitarian entrants will be adversely affected by the proposed measures.

1. Risk factors for refugee and humanitarian entrants

RCOA recognises that the potential adverse consequences of the proposed changes to income support and Medicare are by no means limited to refugee and humanitarian entrants, being shared by many people who are on low incomes or who face barriers to employment. However, we believe that the unique circumstances of refugee and humanitarian entrants place these groups at particular risk of experiencing significant hardship as a result of the proposed measures.
1.1. Limited financial resources

Refugee and humanitarian entrants typically arrive in Australia with few if any financial resources. Having been forced to flee their homelands, often with little warning, refugees typically leave behind most of what they own and may arrive with literally nothing but the clothes on their backs. They may also be unable to access assets left overseas for fear of their whereabouts becoming known to their persecutors, or because their assets have been frozen, seized or destroyed. For this reason, income support can play a particularly important role for refugee and humanitarian entrants as compared to some other migrants because they simply do not have financial reserves on which they can rely during the early years of settlement.

1.2. Young age profile

As a group, refugee and humanitarian entrants tend to be younger than the general Australian population. Between 2009-10 and 2013-14, of the approximately 70,000 people who were granted humanitarian visas, 87% were under the age of 35 when they arrived in Australia. While a significant number of these visa holders were children under the age of 18, more than a third were people aged between 18 and 34.

Given their younger age profile, refugee and humanitarian entrants are likely to be disproportionately affected by measures which limit the level of income support available to people below a certain age, including exclusion periods for people under 30 and the extension of the Youth Allowance to young people aged between 22 and 24.

1.3. Limited social support networks

Refugee and humanitarian entrants typically lack strong social support networks when they first arrive in Australia. Family separation is a common consequence of forced displacement and many refugee and humanitarian entrants do not have any relatives in Australia outside of their immediate family members; some have none at all. In addition, many refugee and humanitarian entrants (particularly those who arrived in Australia by boat) have limited opportunities to sponsor family members living overseas for resettlement in Australia and face indefinite, possibly permanent, separation from their relatives. They may also lack broader community connections simply by virtue of being new arrivals.

Refugee and humanitarian entrants are therefore less likely to have support networks in Australia on which they can rely in times of financial hardship. Those who are subject to exclusion periods or the new age-related eligibility criteria for the Newstart Allowance may thus be at higher risk of experiencing serious financial deprivation.

1.4. Barriers to employment

While research suggests that refugee and humanitarian entrants are often highly motivated to work and many have ample capacity to participate in the Australian workforce (either having arrived with the requisite skills and experience or having developed them after arrival), they frequently face significant difficulties in securing employment in Australia, particularly during the early years of settlement. Barriers which can hamper access to employment by refugee and humanitarian entrants include:

- Limited English proficiency;
- Lack of Australian work experience and limited knowledge of Australian workplace culture and systems;
- Limited access to transport and affordable housing close to employment;
- Pressures of juggling employment and domestic responsibilities (a particularly significant issue for women);
- Lack of appropriate services to support employment transitions;
- The impacts of past trauma on health and wellbeing;
- Downward mobility and the pressure to accept insecure employment, which can result in underutilisation of skills and hamper longer-term career advancement;
• Lack of qualifications or difficulties with recognition of qualifications, skills and experience;
• Discrimination and negative attitudes; and
• Visa restrictions (in the case of asylum seekers and temporary humanitarian visa holders).

While some of these barriers can be addressed through individual capacity-building (such as English language tuition, education about Australian workplace systems, work experience programs and mental health support), others are caused by broader structural and systemic issues which cannot be addressed at an individual level (such as limited availability of employment support services which cater specifically for the needs of refugee and humanitarian entrants, inadequate mechanisms for securing recognition of overseas qualifications and racism).

In light of these barriers, RCOA believes that measures aimed at creating incentives for participation in paid work (such as exclusion periods) are unlikely to be successful in encouraging refugee and humanitarian entrants to secure employment. In RCOA’s experience, refugee and humanitarian entrants need little encouragement and few incentives to work. Many are, in fact, desperate to find stable employment but find that their efforts to find work are stymied by the barriers outlined above. Participants in RCOA’s consultations with refugee communities regularly speak of their frustration and disappointment at not being able to gain access to the Australian labour market or fully apply their skills, experience and determination in the workplace.

In RCOA’s view, the application of punitive financial “incentives” to refugee and humanitarian entrants would represent a serious misdiagnosis of the reasons for their (initially) lower participation in the workforce and cause significant financial hardship without enhancing employment outcomes.

1.5. Settlement challenges

Gaining stable, adequately-remunerated and fulfilling employment is not the only challenge faced by refugee and humanitarian entrants when they arrive in Australia. People from refugee backgrounds have to juggle many different and often competing demands when settling in a new country: learning a new language; securing affordable housing; completing education or upgrading qualifications; learning about Australian laws and processes; and sponsoring family members for resettlement. On top of this, they may also be recovering from serious trauma, the impacts of which can hamper successful settlement (for example, trauma can affect a person’s ability to concentrate and retain information, which can make it more difficult for trauma survivors to learn a new language).

During this early period of settlement, income support can play a vital role in enhancing prospects for successful long-term settlement by providing refugee and humanitarian entrants with the financial security they need to recover from their past experiences, access critical services and support networks and develop the knowledge and skills they need to participate in Australia’s social, cultural and economic life. RCOA therefore has grave concerns that subjecting refugee and humanitarian entrants to income support exclusion periods could seriously compromise their capacity to settle successfully. We find it difficult to see how these groups can be expected to achieve positive settlement outcomes if they are denied income for months at a time.

2. Additional risks faced by specific groups

In addition to the risks outlined above, some groups of refugee and humanitarian entrants are at a potentially higher risk of being negatively affected by the proposed changes.

2.1. Temporary humanitarian visa holders

Holders of temporary humanitarian visas (such as Temporary Protection Visas and Temporary Humanitarian Concern Visas) face several specific barriers to employment: they are not eligible for the full range of services available to permanent humanitarian visa holders; employers may be reluctant to hire temporary visa holders as opposed to permanent residents; and the negative impacts on mental health of family separation (a consequence of being ineligible for family reunion options) and the prolonged uncertainty of living on a temporary visa can hamper capacity to participate in employment.
Of particular concern to RCOA is the fact that temporary humanitarian visa holders have very limited access to educational opportunities. They are not eligible for free English language tuition under the Adult Migrant English Program nor can they access Federal Government higher education loan programs. As such, employment prospects for this group of visa holders are likely to be limited. In RCOA’s view, the application of “learn or earn” measures to people who have limited opportunities to “learn”, which in turn diminishes their capacity to “earn”, is illogical and unjust. If the purpose of income support exclusion periods is to create an “incentive” to engage in paid employment, it makes little sense to apply this measure to people who are prevented from developing the skills and qualifications they need to participate in the workforce.

In addition, temporary humanitarian visa holders currently receive income support under the Special Benefit rather than the Newstart Allowance and thus face the more stringent dollar-for-dollar income test as opposed to a more gradual tapered reduction. This may result in these visa holders facing longer periods of financial hardship even after they secure some form of employment.

2.2. Unaccompanied minors

Refugee and humanitarian entrants under the age of 18 who arrived in Australia without a parent or guardian initially receive more intensive support than adult entrants. As soon as they turn 18, however, they are expected to quickly transition to independence despite the fact that many have no family members in Australia, lack a strong support network and often cannot access key settlement services. A significant number of these young people are likely to be ineligible for permanent residency in Australia, meaning that they will not be able to sponsor family members to join them in Australia and will have very limited access to higher education and training opportunities after they finish school (see Section 3.3).

Currently, the only income support stream available to most young people who have arrived in Australia as unaccompanied minors and subsequently turned 18 is the Youth Allowance. It is RCOA’s understanding that the Youth Allowance is paid at a lower rate than comparable income support streams for older age groups (such as the Newstart Allowance) in order to encourage young people to remain in their parental home and stay engaged in school, training or employment. This rationale is simply not applicable to young people who arrived as unaccompanied minors, as they by definition are separated from their primary caregivers and may (due to their visa status) have limited access to educational opportunities.

It is RCOA’s view that the level of income support available to a particular individual should be determined by their financial circumstances rather than being arbitrarily determined by their age. Granting the Youth Allowance to young people who are clearly living independently is inappropriate and can result in significant financial hardship. Basic costs such as rent, utilities and food are no less expensive for younger people than they are for people in older age groups. We fear that the extension of the Youth Allowance to people aged between 22 and 24 will have the effect of prolonging the financial hardship faced by this already highly vulnerable group of young people.

2.3. New arrivals exiting the Adult Migrant English Program

While RCOA expects that new arrivals who are studying English fulltime under the Adult Migrant English Program will not be subject to income support exclusion periods, it appears that people who complete their English language tuition and begin to search for employment will immediately face a 26-week exclusion period. In RCOA’s view, denying financial support to individuals who are still finding their feet in Australia and continue to confront significant barriers to employment is not conducive to the achievement of positive employment and settlement outcomes. We find it difficult to see how a recently-arrived refugee or humanitarian entrant could be expected to seek employment, maintain a tenancy, meet their basic living costs and continue to access critical settlement services on zero income.

2.4. Refugees released from detention

Currently, most asylum seekers who are subject to mandatory immigration detention upon their arrival in Australia are released into the community pending determination of their claims. Some, however, remain
in detention for long periods of time while their applications are processed and may only be released once they have been recognised as refugees and granted a substantive visa. RCOA believes it would be highly inappropriate to immediately subject these refugees to an income support exclusion period upon their release, at a time when they are still adjusting to life in the Australian community and may be experiencing significant mental health issues as a result of prolonged detention.

2.5. Asylum seekers

Asylum seekers living in the community on bridging visas receive income support through the Asylum Seeker Assistance Scheme, under which payment rates are pegged to Special Benefit and the Youth Allowance. RCOA is concerned that any changes to payment rates under these schemes, such as the extension of the Youth Allowance to people aged between 22 and 24, may have a particularly negative impact on asylum seekers given that most are ineligible to work and have very limited access to support services.

3. Inaccessibility of exemptions

RCOA acknowledges that the proposed measures do include exemptions for some groups due to their low incomes or in recognition of the significant barriers they face in securing employment. However, we believe that these exemption categories do not make sufficient allowances for the circumstances of refugee and humanitarian entrants. As such, some exemptions are likely to be inaccessible to these groups, potentially resulting in some individuals being inappropriately subjected to measures from which they should in all fairness be exempt.

3.1. Job seeker streaming

Concerns have been raised with RCOA that the Job Seeker Classification Instrument (JSCI) does not allow for identification of specific barriers to employment for refugee and humanitarian entrants, resulting in many people being classified in stream one or two when the employment barriers they face in practice warrant a different level of classification. For example:

- The current weighting system associates longer time spent on income support with greater disadvantage in the job market. This system does not adequately capture recently-arrived refugee and humanitarian entrants who simply have not been in the country for long enough to have spent considerable time on income support.
- Lack of English language skills is not heavily weighted as a barrier to employment, despite extensive and compelling research linking English proficiency and employment.
- Job seekers who have completed high school or tertiary education are automatically classified as stream one or two, even if their qualifications are not recognised in Australia or the education they have received is not equivalent to Australian standards.

While many refugee and humanitarian entrants are classified as stream three or four job seekers using the JCSI, significant numbers are also (and often inappropriately) classified as one and two. As a result, many refugee and humanitarian entrants who face major barriers to employment that are not recognised through the JCSI system are likely to be subject to income support exclusion periods.

Furthermore, as the JSCI is designed to assess job readiness, not vulnerability, and requires job seekers to self-identify barriers to employment, RCOA believes that it is inappropriate to use JSCI assessments as a measure of a person’s level of need for income support.

3.2. Recognition of prior work history

Refugee and humanitarian entrants are likely to face greater challenges in securing recognition of prior work history so as to seek reduction of the initial waiting period for income support. Most have never worked in Australia prior to being granted a humanitarian visa and it is unclear whether work undertaken overseas can contribute towards a reduction in the waiting period. Furthermore, refugee and humanitarian entrants are likely to face significant difficulties in substantiating their overseas work
Obtaining employment records from the countries they have fled due to persecution is likely to be very difficult, dangerous or even impossible due to the often insecure environments in these countries and the risk of their whereabouts becoming known to their persecutors. Additionally, many refugee and humanitarian entrants flee to countries where they have no legal status and any paid work they undertake is illegal (and therefore undocumented) in the eyes of their country of asylum.

3.3. Access to education

The exemptions from income support exclusion periods available to fulltime students are unlikely to be accessible to temporary humanitarian visa holders due to their limited access to educational opportunities.

3.4. Limitations on patient contributions for Health Care Card holders

RCOA expects that most refugee and humanitarian entrants will only pay a maximum of 10 Medicare patient contributions annually by virtue of them holding a Health Care Card. Asylum seekers, however – even those who have access to Medicare – are not eligible for Health Care Cards and will be required to pay patient contributions indefinitely. As most asylum seekers living in the community subsist on exceptionally low incomes, RCOA suspects that patient contributions may act as a significant deterrent to seeking health care, including mental health support. For those who are chronically ill or experiencing serious mental health issues, the cessation of treatment could have disastrous consequences for health and wellbeing.

4. Recommendations and requests for further information

In light of the potential negative impacts of the proposed measures on refugee and humanitarian entrants, RCOA recommends the following:

- All refugee and humanitarian visa holders (permanent and temporary) should be exempt from income support exclusion periods for at least 12 months after being granted a substantive visa.
- Measures aiming to provide incentives for participation in paid work must be coupled with measures to address barriers to employment.
- The level of income support available to young people should be determined by their individual financial circumstances rather than their age.
- Exemptions from income support exclusion periods should be based on a holistic needs-based assessment of a person’s circumstances rather than a JSCI assessment.
- If temporary humanitarian visa holders are subject to income support exclusion periods, they should have access to educational opportunities commensurate with those available to other refugee and humanitarian entrants.
- Asylum seekers should receive the same exemptions as Health Care Card holders with regards to patient contributions.

RCOA also has a number of questions relating to the proposed measures and their impacts on refugee and humanitarian entrants:

- How many of the refugee and humanitarian entrants currently receive employment support services through Job Services Australia? How many are in each job seeker stream?
- Will fulltime English language tuition be considered fulltime study for the purposes of securing exemptions from income support exclusion periods?
- Can work undertaken overseas contribute towards a reduction in the initial waiting period for income support? If so, what evidence will be required to substantiate overseas work history?