



Settlement
Council
of Australia

Maximising the economic contribution of Australia's migrants and refugees

2021-22 Pre-Budget Submission

SETTLEMENT COUNCIL OF AUSTRALIA, JANUARY 2021



The Settlement Council of Australia acknowledges the traditional custodians of the land on which we operate, the Ngunnawal people. We also acknowledge the traditional custodians of the various lands on which migrants and refugees settle across Australia, and on which our sector operates.

We pay our respects to Elders past, present and emerging and celebrate the diversity of Aboriginal peoples and their ongoing cultures and connections to our lands and waters.

About the Settlement Council of Australia

The Settlement Council of Australia is the peak body representing the vast majority of settlement agencies across Australia providing direct services and support to people migrant and refugee backgrounds.

Our members include organisations large and small, who are committed to the successful settlement of migrants and refugees across the country. Their services range from greeting new arrivals at the airport, through to assisting them to secure housing, learn English, make social connections, access services and find their first job. Australia's settlement services are recognised as being among the best in the world.

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Introduction

The Settlement Council of Australia puts forward in this pre-budget submission a proposal for increasing the economic participation of migrants and refugees in Australia. It is widely acknowledged that migration will be a key plank of the recovery from COVID-19.¹ However, in order to maximise the benefits of migration, it is essential that the policy and program settings are optimised to promote independence and economic participation.

This can be done through three key policy and program changes outlined in turn below.

- > **Recommendation 1: Broaden the eligibility for the Settlement Engagement and Transition Support (SETS) program** and ensure adequate resourcing to meet current and future demand for the program. This would ensure a greater breadth of migrants and refugees have access to the right resources and supports to be independent and fully contribute in their new homes.
- > **Recommendation 2: Provide capital, mentoring and other support to for migrants and refugees eager to start small businesses.** Australia has only scratched the surface of migrant and refugee entrepreneurship to date. There is immense appetite among migrants and refugees to start new businesses, despite COVID-19. However, greater access to capital and other support is needed to assist more migrants and refugees to make their business ideas a reality.
- > **Recommendation 3: Implement policies and programs that improve digital inclusion for newly arrived migrants and refugees,** as outlined in the report, *Supporting the digital inclusion of new migrants and refugees*. Research has shown that there is a disparity in digital access for newly arrived migrants, and particularly humanitarian entrants.² Equipping them with digital skills and access to digital technologies will ensure they are able to gain employment or start businesses sooner, accelerating their economic contributions.

Given the protracted border closure and lack of new migrants entering Australia, it is prudent that Australia turn its mind to those already within its borders and how to ensure maximum participation among the existing population. Further, as migration restarts, it will be essential to ensure settlement support is optimised to ensure the migration program achieves its intended outcomes to the greatest extent possible. Getting this right will be critical for supporting Australia's economic recovery from the effects of COVID-19. The proposals in this paper present a practical and effective pathway to achieving this.

¹ Gabriela D'Souza (2020), "Labour market policy after COVID-19: Immigration and COVID-19," Committee for Economic Development of Australia, available online at: <https://www.ceda.com.au/CEDA/media/ResearchCatalogueDocuments/PDFs/CCEP-Labour-2020-GD-immigration-and-COVID.pdf>; Group of Eight Australia (2020), "COVID-19 Roadmap to Recovery: A Report for the Nation," available online at: <https://go8.edu.au/wp-content/uploads/2020/05/Go8-Road-to-Recovery.pdf>; McCrindle (2020), "How COVID-19 is likely to affect Australia's population forecast," available online at: <https://mccrindle.com.au/insights/blog/how-covid-19-is-likely-to-affect-australias-population-forecast/>.

² Australian Digital Inclusion Index (2020), 'Measuring Australia's Digital Divide: Australian Digital Inclusion Index Report', p.20

1. Invest in independence

Recommendation 1: Broaden the eligibility for the Settlement Engagement and Transition Support (SETS) program and ensure adequate resourcing to meet current and future demand for the program. This would ensure a greater breadth of migrants and refugees have access to the right resources and supports to be independent and fully contribute in their new homes.

The more independent Australians are, the more they contribute economically to Australia. This is as true for all Australians as it is for migrants and refugees. The data shows that migrants and refugees overall, have high levels of independence and contribute greatly to our economy—so much so, that migration has become a key pillar of Australia’s economic success.³

However, the experience of migration can also create barriers to independence that limit migrants and refugees contributing to the economy to their fullest potential. This can mean some struggle to find employment—despite having strong capabilities to work; or others are underemployed or overqualified for their jobs. As a result, Australia is missing out on a potentially even greater economic contribution.

Good settlement as a foundation for economic engagement

The barriers migrants and refugees face do not always present as ‘employment barriers,’ but often as settlement issues. Good settlement sets individuals up for success economically. Being able to independently navigate society, speak English, having the confidence to catch public transport, being able to access healthcare, knowing rights and obligations—all of these settlement competencies provide a foundation for stronger engagement in the labour market.

Research clearly demonstrates that migrants, including those from a refugee background, possess a strong desire to work and a resourcefulness and resilience which is fundamental to long term job outcomes. However, the settlement process is complex and highly variable, meaning that not every new Australian is ready to start job-hunting immediately upon their arrival in Australia. For employment outcomes to be truly sustainable, they must be supported to settle in their new country. This settlement support is clearly closely linked to employment outcomes.

Australia’s approach to the provision of settlement services has been identified by the Productivity Commission as playing a crucial role in empowering migrants to seek employment outcomes that are suitable and provide a solid foundation for establishing life in Australia.⁴

³ Productivity Commission (2006), “Economic Impacts of Migration and Population Growth.”; Australian Chamber of Commerce and Industry (2018), “Migration works for all of us: Delivering benefits to all Australians,” available online at: https://www.australianchamber.com.au/wp-content/uploads/2018/12/FINAL-Australian-Chamber_Policy_Migration_WEB.pdf

⁴ Productivity Commission (2016), *Migrant Intake into Australia*, p. 178.

In addition to providing support across the range of settlement outcomes, many settlement services have increasingly provided dedicated and targeted employment support. This is in recognition of the importance of employment to feeling ‘settled.’

Throughout SCoA’s network there are many examples of settlement agencies delivering employment programs that generate exceptional employment outcomes. For example, in New South Wales, the SkillME project led to 64% of program participants finding employment within six months of completing the program, and others engaging in education opportunities.⁵ In South Australia, the Women’s Employment into Action program, which has only been running since early 2019, has seen 40% of participants enter paid employment.⁶ These are just two of many examples, and we would be happy to provide further examples of successful employment programs being delivered by settlement agencies. Further examples can also be viewed on our website.⁷

Through providing broad settlement support, as well as through dedicated efforts to address employment, settlement services are an integral part of maximizing the economic contributions of migrants and refugees.

Limits of existing settlement funding

There are many migrants and refugees who would benefit from settlement support, but are unable to access it. Currently, the largest and most broadly accessed source of settlement support is the Settlement Engagement and Transition Support (SETS) program. SETS provides settlement support to a range of eligible permanent residents who have arrived in Australia in the last five years, and some temporary residents and their dependents.⁸ Under SETS, settlement agencies provide settlement-related information, advice, advocacy, and assistance.

Access to SETS is however limited by visa type and the length of time since arrival in Australia. On a daily basis, individuals seek support from services, only to find they are ineligible, slowing down their journey towards independence. While the instances of this are innumerable and too vast to reflect in this submission, two case-studies are included below to illustrate the limitations of SETS.

Case study: Aseel

Aseel arrives in Australia with his family. He feels a lot of pressure to get into work, so his primary focus is on finding a job. Even though Aseel was a teacher, he quickly took a job as a labourer, which he found through a friend. He works 10-12 hour days, and hasn’t had the time to learn about Australia deeply, learn English, or make new friends. During COVID-19, Aseel lost his job. He doesn’t know what income support he might be eligible for, what services could help him find a job, and has never applied for a job in Australia. He approaches the settlement service he was first referred to when he arrived in Australia, to help point him in the right direction. However, they tell him he is no longer eligible for SETS because he has been in Australia for more than five years.

⁵ Lou Bacchiella, April Pan, and Devaki Monani (2018), “SkillME Evaluation,” p. 11.

⁶ Romy Wasserman and Chris Leishman (2020), “An evaluation of the Australian Migrant Resource Centre Women’s Employment into Action program,” p. 21.

⁷ For best-practice case studies on employment, visit: <http://scoa.org.au/category/settlement-best-practice/best-practice-case-studies-innovation-centre/>

⁸ For more information on SETS – Client Services eligibility, visit: <https://immi.homeaffairs.gov.au/settling-in-australia/sets-program/sets-client-services>

Case study: Deki

Deki arrived in Australia with her husband and two children under five. She was pregnant and about to give birth to her third child. Her husband worked full time, and she took on the primary responsibilities of caring for the children. This meant it was difficult to take advantage of all the information and support available to help her learn about life in Australia and settle. When her youngest child started school, she had more time to think about her future, her career, and building her social network. However, she found herself needing to navigate this mostly on her own because it had been more than five years since she arrived. She is now working in business administration in a workplace she really enjoys, and volunteering at the local soup kitchen with some new friends. However it took a long time to work out her pathway, and she pursued some unhelpful strategies to start with. She wishes someone had pointed her in the right direction sooner so that it didn't take her so long to get to where she eventually wanted to be.

Due to COVID-19, many migrants and refugees found themselves “set backwards” in their settlement journey due to losing employment. However, many of them were no longer eligible for settlement support due to being in Australia for longer than 5 years.

While unemployment has had a broad effect on the whole population, data suggests migrants and refugees may take longer to ‘bounce back’ without additional support. Data analysed by SCoA shows that a third of non-skilled visa holders were still employed in their first Australian job prior to the pandemic and the most common method of finding employment was through family and friends.⁹ This indicates that many have limited experience in the job application process, and that labour mobility is low for this group. Moreover, analysis conducted by SCoA shows that during the Global Financial Crisis there was an extended period of stagnating participation among migrants and refugees compared to the broader population.¹⁰ This lends itself to a risk of long-term economic scarring for migrants and refugees.

The impact on migrants and refugees is further exacerbated by other economic vulnerabilities. In particular, many have fewer financial resources to protect against economic shocks. Prior to the pandemic, 30 percent of non-skilled visa holders were earning under \$600 per week and this increases to 40 per cent for those with young families, compared to 19 per cent and 27 per cent for Australian born respectively. The benchmark of \$600 is used because it is the bracket where earnings are below minimum wage based upon a full working week. The lower incomes of some migrants and refugees renders them more vulnerable to other social and settlement issues, and means they are more likely to benefit from the support of a settlement service.

In ensuring Australia recovers from the economic recession brought about by COVID-19, it is critical that migrants and refugees are provided with the right supports to bounce back, and re-engage in employment and in society. This will necessitate not only direct employment support, but also broader settlement support. Settlement barriers often become employment barriers, and increased independence will by extension position migrants and refugees better to engage in the economy.

⁹ Australian Bureau of Statistics, *Characteristics of recent migrants* (2019).

¹⁰ Australian Bureau of Statistics, Labour Force Survey, detailed, September 2020.

Expansion of SETS

SCoA advocates strongly for increased funding for SETS-client services and a review of the eligibility criteria to ensure the program can meet the settlement needs of a larger proportion of the migrant and refugee population.

Recently, the Federal Government acknowledged the five-year time limit on the Adult Migrant English Program (AMEP) needed to be expanded, and made welcome reforms to extend eligibility to the program.

We strongly advocate for a similar revision of the eligibility criteria of the Settlement Engagement and Transition Support (SETS) program. While English language learning is crucial for independence, it must be complemented by other settlement support. English language competency improves the ability to understand societal norms and practices, and the capability to identify and participate in social and economic opportunities.

However, settlement support also plays an important role. Settlement support can increase confidence navigating society, provide critical information about rights and obligations, encourage enrolment in the AMEP, create opportunities for individuals to practice their English and build new social networks, and provide critical support in times of crisis to minimise the impact of a crisis on an individual's settlement journey. Settlement services should be more broadly authorised to use their capabilities to build independence among migrants and refugees.

In order to do this, funding for SETS must be increased. Demand for settlement services has been higher than ever due to COVID-19. The risks of burnout and the struggles to keep up with the high level of demand have been conveyed consistently by our members over the course of 2020. At the same time, resourcing for the sector has gone down, particularly due to the lack of funding made available through the Humanitarian Settlement Program, which has flow on effects for overall organisational viability and efficiency.

A survey of settlement services conducted by SCoA showed that over 130 full-time equivalent (FTE) staff were lost in 2020 in the 73 organisations who participated in the survey. The same survey showed that organisations projected a loss of over 150 FTE employees in 2021 due to the loss of the Social and Community Sector (SACS) Supplementation Funding. This represents a total of 280 FTE at a time when an economic crisis has created unprecedented demand for settlement support.

This demand represents an opportunity to work with a larger number of migrants and refugees to increase their independence and contribution to the Australian economy, and we strongly recommend the government support the sector to seize this opportunity.

SCoA would welcome the opportunity to work closely with the Department of Home Affairs to discuss the funding required, based on data provided to the department on the number of non-eligible people seeking SETS services, the current costs of the program, and extent of the expansion of the eligibility criteria.

2. Invest in small business

Recommendation 2: Provide capital, mentoring and other support to for migrants and refugees eager to start small businesses. *Australia has only scratched the surface of migrant and refugee entrepreneurship to date. There is immense appetite among migrants and refugees to start new businesses, despite COVID-19. However, greater access to capital and other support is needed to assist more migrants and refugees to make their business ideas a reality.*

Even during this period of economic crisis, there are many migrants and refugees in Australia wanting to start their own businesses. Evidence shows that migrants have substantially higher rates of business ownership.¹¹ Migrants from a refugee background in particular display greater entrepreneurial qualities compared with other migrant groups, with a higher than average proportion engaging in small and medium business enterprises.¹² However, many migrants and refugees who would like to start new businesses are prevented from doing so by a lack of capital, and a lack of supports.

In consultations across Australia conducted throughout 2020, many settlement providers gave examples of clients or groups of clients that were interested in starting a small business or social enterprise, however were eager to get some support to do so. An example is extracted below. Most commonly, the support needed was low-interest or no-interest seed funding, as well as support to understand how to run and manage a small business in Australia.

Case study: Catering businesses

In late 2020, SCoA was separately approached by two community groups seeking support to establish catering businesses serving traditional foods from their respective cultural backgrounds. One was for the purpose of engaging newly arrived Afghan women in employment, and the other one was for the purposes of engaging young South Sudanese people in employment. Both required support to access low-interest or no-interest capital, as well as culturally appropriate and targeted guidance on how to establish and run small business.

Importantly, those in migrant and refugee communities who start businesses often do so out of necessity, and are often unemployed prior to starting their businesses. Business therefore becomes a key avenue for addressing unemployment or underemployment in migrant and refugee communities. The below extract from a participant in a study on refugees establishing their own businesses highlights this:

'For me, I'm so happy to work in factory, but it's my own business so it's good for me. Ten years ago heaps of jobs in factory but these days lots of people unemployed. There is no choice. We can't stay on Centrelink... I was not happy to be on Centrelink

¹¹ Chen, L.; Sinnewe, E.; and Kortt, M. (2018). *Evidence of Migrant Business Ownership and Entrepreneurship in Regions*. Canberra: Regional Australia Institute, p. 5.

¹² Graeme Hugo (2011), *A Significant Contribution: The Economic, Social and Civic Contributions of First and Second Generation Humanitarian Entrants*, Summary of Findings, p. 38.

*payments. It's good but it's not enough. They send me many place for appointment. Ten years' experience in factory. I applied everywhere but couldn't get a job.*¹³

Not only does investing in migrant and refugee run small businesses address unemployment for the individual starting the business, it also creates additional jobs. These jobs are often more accessible to other migrants and refugees than other employment opportunities, as many migrant and refugee business owners are passionate about supporting others who have experienced similar employment challenges.

Unfortunately, many who have the skills, determination and capability to establish small business are prevented from doing so. A recent report by the Centre for Policy Development showed that Australia is still only scratching the surface of what migrant and refugee entrepreneurs have to offer.¹⁴ That report also showed that “creating an additional 1,000 refugee-run businesses a year could deliver an annual economic and fiscal boost of \$98 million – and \$1 billion a year after ten years.”¹⁵

A key barrier for all start-ups is finding capital or finance. For many migrants this is a great barrier. This is especially so for refugees who tend to arrive in Australia without any capital or assets. For those using small business as a pathway out of unemployment – their time in Australia has presented little opportunity to save. When they are employed, their incomes tend to be lower, as discussed in the previous section. It therefore becomes near impossible to approach a bank for a business loan.¹⁶ A second key barrier is a lack of familiarity with and understanding of local rules, regulations, norms and business practices.¹⁷

These barriers could be addressed by providing grants that include both an ability to loan low-interest or no-interest seed funding to migrants and refugees to start small businesses, as well as mentoring and other support start and manage a new business. When the loan is recouped, the same funds can then be re-used to establish a new business.

There have been several successful examples of programs that have built business capabilities among migrants and refugees. For example, the Multicultural Enterprise Development Project (MED), run by Metropolitan Migrant Resource Centre (MMRC) and partnering organisations, delivers a culturally competent version of the New Enterprise Incentive Scheme (NEIS).

The NEIS is a national program that fosters self-employment business ventures for individuals through accredited small business training, mentoring and support. The programs inaccessibility to migrant and refugee communities has been well documented.¹⁸ This targeted version of the NEIS has provided effective, tailored support to participants to establish their own businesses. Some of the successful businesses now operating with the assistance of the program include:

- > The ‘Great Bailey Production Company’ film enterprise;
- > a health food company that uses only Southern African ingredients and recipes;
- > a niche motorcycle performance parts importing company;

¹³ Jock Collins, Katherine Watson, and Branka Krivokapic-Skoko(2017), *From Boats to Business: The Remarkable Journey of Hazara Refugee Entrepreneurs in Adelaide*, p. 6.

¹⁴ Philippe Legrain and Andrew Burrige (2019), *Seven Steps to SUCCESS: Enabling reugee entrepreneurs to flourish*, p. 7

¹⁵ Ibid.

¹⁶ Jock Collins, Katherine Watson, and Branka Krivokapic-Skoko(2017), *From Boats to Business: The Remarkable Journey of Hazara Refugee Entrepreneurs in Adelaide*, p. 9.

¹⁷ Ibid., p. 35.

¹⁸ Peter Shergold, Kerrin Benson and Margaret Piper (2019), *Investing in Refugees, Investing in Australia: the findings of a Review into Integration*, p. 44.

- > a babysitting and childcare company that hires 'nannas' from diverse backgrounds who are 55 years of age and older;
- > an IT literacy training company for Arabic speaking clients; and
- > a Chinese language and cultural studies program which is open to people from Australian and Chinese backgrounds.

Small business has been said to “the backbone of the Australian Economy.”¹⁹ This backbone has significant potential to be strengthened over the coming period by reducing the barriers that prevent willing and able migrant and refugee entrepreneurs from starting new small businesses.

¹⁹ Deloitte (2020), “COVID-19: Small Business Roadmap for Recovery and Beyond,” p. 3.

3. Invest in digital inclusion

Recommendation 3: Implement policies and programs that improve digital inclusion for newly arrived migrants and refugees, as outlined in the report, Supporting the digital inclusion of new migrants and refugees. Research has shown that there is a disparity in digital access for newly arrived migrants, and particularly humanitarian entrants.¹ Equipping them with digital skills and access to digital technologies will ensure they are able to gain employment or start businesses sooner, accelerating their economic contributions.

As our society becomes increasingly connected, digital inclusion is more important than ever. Digital inclusion includes being able to access digital technology (considering access to a device, reliable internet connectivity as well as affordability) and also having the confidence, understanding and digital literacy skills to be able to navigate this technology.²⁰

The benefits of digital inclusion are diverse and wide-reaching across all aspects of society. They include increased workforce participation—by 2023, 90% of the workforce will need digital skills;²¹ improved ability to partake in further education opportunities; and reduced social isolation.

However, many newly arrived migrants and refugees face substantial barriers to digital inclusion, and evidence points to a ‘digital divide’ between newly arrived communities and the rest of Australia when it comes to digital inclusion.²² This divide arises from inequalities in both access to and use of digital technology, as well as affordability. For example, many clients of services in our network cannot afford to purchase a device. Where a device is purchased, several members of the family often have to share a single device for their work and education. This is reflected in the 2020 Digital Inclusion Index which states that recently-arrived CALD migrants’ digital inclusion fare less well than the broader CALD migrant community.²³ Further, some migrants and refugees require assistance to learn digital skills, and there are few opportunities and resources available to do this in-language and in culturally appropriate ways.

The digital divide, while relatively well understood, has been accentuated and highlighted throughout the COVID-19 pandemic. COVID-19 saw a large, sudden shift to digital-only services, information, and activities. This sudden shift to online engagement highlighted the lack of digital inclusion in some migrant and refugee communities.

A lack digital inclusion has significant impacts on newly arrived migrants and refugees’ ability to settle fully into their new home. The impacts of digital exclusion on settlement are wide ranging and include disruptions to education, limited ability to engage in employment, and social isolation.

²⁰ Australian Digital Inclusion Index (2020), ‘About Digital Inclusion in Australia,’ available online at: <https://digitalinclusionindex.org.au/about/about-digital-inclusion/>.

²¹ Australian Government Department of Industry, Science and Technology (2018), ‘Australia’s Tech Future: Delivering a Strong, Safe and Inclusive Digital Economy.’

²² Alam, K and Imran, S (2015) ‘The digital divide and social inclusion among refugee migrants: a case in regional Australia,’ *Information Technology and People*, vol. 28, no. 2, pp. 344-365.

²³ Australian Digital Inclusion Index (2020), ‘Measuring Australia’s Digital Divide: Australian Digital Inclusion Index Report,’ p. 20.

Conversely, when migrants and refugees are digitally included, they are more likely to find employment, start small businesses, pursue further education opportunities, and make and maintain social networks.

In a recent report published together with *The Good Things Foundation*, SCoA puts forward 6 recommendations for addressing the digital divide.²⁴ The recommendations address access to devices, how to improve digital skills, and improving the infrastructure to support the use of digital technologies. The recommendations are:

1. Provide digital devices to Adult Migrant English Program (AMEP) students

Devices should be provided to AMEP students to support their learning. This would promote digital inclusion and also incentivise uptake of the AMEP.

2. Include appropriate digital technology in the Basic Household Goods Package

The Basic Household Goods Package, provided as part of the Humanitarian Settlement Program, should be expanded to include digital technologies – such as laptops and a phone for more than one family member, with an appropriate data allowance for a period of time. This is essential for promoting independence and good settlement outcomes.

3. Improve ICT infrastructure in regional areas

ICT infrastructure, data and connectivity issues in regional areas must be addressed to support digital inclusion. This is particularly important in the context of a desire to increase regional migration.

4. Embed in-language digital mentoring in settlement services

Embed culturally appropriate digital mentoring support within settlement services, expanding on the success of the [Be Connected Program](#), as well as the successes of settlement services delivering digital training initiatives.

5. Translate Good Things Foundation Resources

Good Things Foundation hosts a number of web-based resources that support learners and digital mentors with their digital skills training. These resources could be translated in a number of different languages, making digital learning more accessible to those with low English language proficiency.

6. Provide multiple opportunities for people to learn in different ways

Providing multiple ways for people to learn, whether embedded in an AMEP class, as part of a social activity, through one-on-one support with a digital

The full report can be accessed at this [link](#). Implementation of the recommendations of this report will support greater economic participation by migrants and refugees.

²⁴ Settlement Council of Australia and The Good Things Foundation (2021), *Supporting the digital inclusion of new migrants and refugees*, available online at: <http://scoa.org.au/uncategorized/supporting-digital-inclusion-new-migrants-refugees/>

Conclusion

Migrants and refugees come to Australia with skills, knowledge, resilience and great capabilities. Being able to harness these has been a feature of Australia's long-standing economic success. Still, there is greater untapped potential in migrant and refugee communities across Australia. Given the centrality of migration to Australia's recovery from COVID-19, it is prudent to revise policy and program settings to ensure they are calibrated for maximum economic and social participation. This submission has set out three key recommendations to achieve this: increasing the eligibility of the SETS program; supporting migrants and refugees to establish small businesses; and investing in digital inclusion.

SCoA welcomes the opportunity to work closely with government on implementing these recommendations and continuing to leverage the settlement sector to contribute to Australia's overall success as a multicultural nation.