

create. But it is extremely unlikely that the party would enjoy the luxuries of absentee major parties, a prosaic policy debate and a bored media looking for any fresh angle on an otherwise

uninteresting contest, in the context of a national general election.

References

¹ *Sydney Morning Herald*, 31 January 1994

WELFARE DEPENDENCY AMONGST RECENTLY ARRIVED AGED MIGRANT PARENTS

■ **Samantha Evans**

Australia faces a growing welfare bill providing for recently arrived migrant parents not eligible for the aged pension. This bill will escalate with the projected increase in parent flows from China.

The Australian government has indicated increased concern in recent years about the financial burden of the immigration program to the Australian tax-payer. The high level of dependence of recently arrived migrants on unemployment benefits is well known; however, another less publicised problem lies within the Humanitarian and Family Reunion migration categories, in particular, with aged migrant parents joining their adult children already residing in Australia. These parents are the focus of this article. The dilemma is simply: How do we provide for recently arrived migrant relatives who are not eligible for social welfare benefits? Before entering this discussion, the phrase 'not eligible' must be explained.

'Not eligible' refers to those migrants who are 'not residentially qualified' to receive the Age Pension (normally a ten year period). All aged migrant parents, aged persons, and migrants experiencing other specific circumstances (detailed subsequently), are required to enter an Assurance of Support (AOS) before being accepted into Australia. An Assurance of Support is an agreement signed by a close friend

or relative already residing in Australia (the assessor), and the prospective migrant, whereby the assessor must agree to support the migrant during a specified residency period. If the migrant utilises any benefits or services provided by the Commonwealth or State governments, or by a public institution during the residency period, the assessor is obliged to repay all costs. The purpose of the Assurance of Support is to limit the financial burden to the state of newly arrived migrants during the residency period.¹

An Assurance of Support is required for the following groups of people:

1. Aged, dependent parent or other dependent relatives;
2. Special need cases (for example orphans or relative in special need);
3. Last remaining relative;
4. People applying under Lebanese Concession.

From 20 December 1991, the residency period was reduced from five years to two years. Also, from this time the Assurance of Support was accompanied by a bond and health levy. The bond is lodged with a bank for the two year residency period and, if not used,

will be refunded with interest to the assurator at the end of the Assurance of Support period. Currently, the cost of the bond is \$3,500 for the principal applicant, and \$1,500 for each other adult. Children accompanying adults do not require a bond. The health levy (as at 21 August 1991) is a non-refundable cost of \$822 for each applicant, including children. At present, any government contribution to accommodation expenses, dental or surgical treatment, plus any receipt of Special Benefit, Job Search Allowance or Newstart Allowances provided by the Department of Social Security (DSS) will be deducted from the bond.

During the two-year residency period, any expenditures in excess of the bond amount are also legally the responsibility of the Assurator. Beyond this period, there is a further eight years before the aged parent becomes eligible for the Age Pension. A key issue, therefore, is what happens during this time? If a parent cannot provide for him/herself, or the sponsor is no longer able or willing to provide, the parent can apply for the Special Benefit in lieu of Age Pension eligibility. The discussion will highlight trends in this Special Benefit usage first addressed in *People and Place* in 1993,² and will explore the implications for Special Benefit usage due to the projected influx of Chinese parents resulting from recent Immigration policy decisions (see the article on the 1994-95 program by Birrell below).

The following statistics are derived from the DSS unit record data file. This file permits analysis of the country of birth and the year of permanent residence of recipients. The unit records are coded into two categories:

Category 18 - Person admitted to Australia under Assurance of Support Guarantee;

Category 15 - Person not residentially qualified for Age Pension (other than Category 18).

It must be noted that these categories cannot simply be added together in order to obtain an overall figure as some cases within the Category 18, like the 'last remaining relatives', may not be waiting for the Age Pension.

WHAT HAS HAPPENED?

During the late 1980s, Australia experienced an increased inflow of parents which led the government to initiate two innovations designed to curb this inflow. The two policies implemented were the Balance of Family rule (1988), and the toughening of the Assurance of Support through the pre-paid bond and health levy (December 1991). The Balance of Family rule specifies that a parent's visa application will only be accepted under the Preferential Family sub-program if half or more of the children reside in Australia. This ruling excluded many Third World migrant parents as the majority were unable to meet this criterion. As a result, the number of visas issued to parents decreased from 11,600 in 1988-89 to 5,300 in 1992-93.³

However, the data outlined below indicate that the number receiving Special Benefits has actually increased. Table 1 shows the number of cases receiving Special Benefit in lieu of the old age pension for both Category 15 and 18. The overall upward trend in cases can be seen. The reason is that more of the previously arrived parents are taking up the Special Benefit. Table 2 shows that most of the increase between May 1992 and May 1993 comes from those who arrived in Australia in 1990. This development is in line with that predicted by Birrell, who argued that '...once the two year period of legal accountability has passed, parents and

Table 1: Cases (individuals and couples) receiving Special Benefits in lieu of the old age pension by whether an Assurance of Support is held by the DSS or not

	Feb 1988	Nov 1990	May 1991	May 1992	Jan 1993	May 1993
Category 15 (no AOS)	4 806	8 442	8 911	10 420	11 248	12 021
Category 18 (AOS held)	1 302	739	822	779	779	511
Total	6 108	9 181	9 733	11 199	12 023	12 532

Source: Centre for Population and Urban Research

their families have a powerful financial inducement to claim Special Benefits'.⁴

The downward trend in Category 18 is surprising, since all parents sponsored by an Australian resident must have an AOS. Inquiries to the DSS revealed that the migration status of prospective clients was derived primarily from the client's application, and, secondarily, through a data base established in Sydney, where AOS files from the Department of Immigration are stored. However, the latter is accessed only on a limited basis. Additionally, after meeting a number of social workers who make the decisions regarding eligibility, I was surprised to discover that many had a limited understanding of the AOS and its rules.

If DSS officers are making Special Benefit decisions without awareness of the claimant's status, what is the overall impact of the AOS? The main effect seems to be to deter Special Benefit applications during the residency period due to anxiety about losing the bond. Also, some migrants are given the impression from counter staff that if the DSS holds an AOS, this prevents usage of programs until the two year AOS period ceases.⁵

Table 2 details cases by major country of birth, by time of legal permanent residence in Australia, as of 1992 and May 1993, within the Special Benefits category 15 (no AOS). It indicates that the largest groups using Special Benefits are from Third World

countries with a dominance of the Vietnamese, Filipinos and the Chinese. More than half the increase in the total number of recipients, between May 1992 and May 1993, came from the Vietnamese-born. The number of Chinese-born recipients has also increased sharply by 318 cases, or 38.8 per cent. By May 1991, they surpassed the Philippines as the second largest recipient group in Category 15.

This growth in the number of Chinese-born recipients is of particular concern, given the projected increase in Chinese parents. For the calendar years of 1990 and 1991, there were 497 and 398 cases visaed under the parent category whose place of birth was mainland China. Almost 70 per cent of these would have been old enough to be eligible for the Special Benefit by 1992 and 1993. This gives us approximately 347 and 278 eligible cases. These figures can be compared with the Category 15 recipients for the same year of permanent legal residence in Australia who were born in mainland China (see Table 2). These cases would all be outside the two-year residency period by May 1993. The comparison shows that around 55 per cent have successfully claimed the Special Benefit. In the future, this already high rate of welfare dependency for parents born in mainland China may increase. This is because most of the mainland Chinese born parents visaed in 1989 and 1990 were sponsored from Hong Kong rather

Table 2: Special Benefits Category 15: cases by major country of birth, by time of legal permanent residence in Australia, May 1992 and May 1993

Country of Birth	Date of legal permanent residence												Total Category 15 cases as of				
	Pre-1986		1987		1988		1989		1990		1991				1992*		1993
	May 92	May 93	May 92	May 93	May 92	May 93	May 92	May 93	May 92	May 93	May 92	May 93	May 92	May 93	May 92	May 93	
	Category 15: Number of cases as of																
Vietnam	279	361	73	74	83	94	259	338	236	605	137	346	26	60	6	1 093	1 884
Philippines	262	224	154	139	215	236	183	194	132	151	103	106	31	51	10	1080	1 111
China	259	368	103	120	112	132	149	177	110	196	76	102	11	39	4	820	1 138
Lebanon	210	185	134	113	96	84	79	92	54	68	37	40	12	17	2	622	601
Sri Lanka	131	136	76	64	71	86	66	80	52	79	23	32	9	11	5	428	493
India	128	125	54	48	52	56	68	83	45	63	33	28	10	28	7	390	438
Others	2 444	1 988	777	696	868	906	908	1 022	515	718	375	378	100	490	158	5 987	6 356
Total	3 713	3 387	1 371	1 254	1 497	1 594	1 712	1 986	1 144	1 880	784	1 032	199	696	192	10 420	12 021

* May 1992 data only incorporate the first five months of 1992. * May 1993 data only incorporate the first five months of 1993.
Source: Centre for Population and Urban Research

than mainland China. As the number sponsored from mainland China increases, a corresponding increase of mainland Chinese-born parents on welfare support will occur as migrants from Hong Kong, in general, rely on their own accrued wealth rather than welfare from the government.

CONCLUSIONS

If the recent pattern of Chinese-born dependency on Special Benefits continues, then the predicted 13,600 successful parent sponsorships for parents projected by DIEA (see the article by Birrell below) will involve a major welfare cost to the government once the two-year residency period elapses. Assuming approximately 55 per cent successfully apply for Special Benefits, and current proportions receiving single and couple rates of benefit continue, the cost will be around \$85 million per year after the two-year residency period has elapsed.

The final point to be made regarding Table 2 concerns the implications of the new two-year AOS period. Prior to 20 December 1991, migrants had to

wait five years before accessing government programs without incurring a debt for which their Assuror was liable, in principle, if not often in practice. Since the December 1991 reform, Assurors holding five-year obligations were also limited to a two-year period. This situation appears to have led to the large increase in cases in the 1993 data for those whose year of permanent legal residence was 1989 or 1990.

The Assurance of Support has deterred many migrants from accessing government benefits, but this may be due to the ignorance of the migrants. The DSS only began looking into debt recovery in 1992, and even then has not made it a priority to recoup lost dollars. Additionally, prior to the introduction of the Social Security Act 1991, only 'Unemployment and Special Benefits' were recoverable payments. However, according to legal advice given to the DSS, for a payment to be recoverable, the payment type specified on the AOS form and the payment type received must be the same. Therefore, any person claiming Jobsearch or Newstart Allowance after 1 July 1991, while their AOS form states liability only for

'Unemployment or Special Benefits', has no debt!⁶

The DSS Administrative guidelines make it quite clear that records of an AOS should be noted. Why then does the DSS not hold AOSs for the hundreds of cases who are receiving Special Benefits yet arrived in Australia after the introduction of the Bond? Table 2 shows that, as of May 1993, there were 696 such cases whose date of permanent legal residence in Australia was 1992, most of whom should have possessed an AOS. Does this mean that the Assuror's bond will be returned without the appropriate deductions?

References

- ¹ M. Raper, (Ed) *The Independent Social Security Handbook, 2nd edition*, Southwood Press, NSW, 1994, pp. 437-450
- ² R. Birrell, 'The Public Costs of Providing for Recently Arrived Aged Dependent Relatives', *People and Place*, vol. 1, no. 2, 1993, pp. 18-22
- ³ Department of Immigration and Ethnic Affairs, *Population Flows: Immigration Aspects*, AGPS, Canberra, 1994, p. 9
- ⁴ Birrell, op. cit., p. 21
- ⁵ Raper, op. cit.
- ⁶ *Guide to the Administration of the Social Security Act 1991*, AGPS, Canberra