

***Social Services Legislation Amendment  
(Budget Repair) Bill 2015***

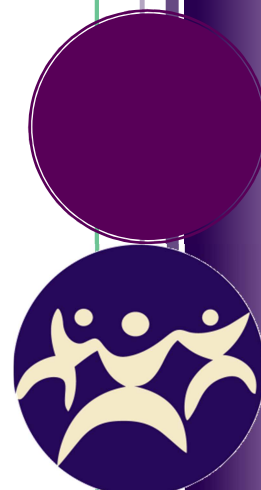
**The National Council  
& of Single Mothers  
Their Children Inc.**

**January 2016**

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*Eliminate and respond to violence, hardship and inequality for single mothers and their children.*



# *Who we are*

The National Council of Single Mothers and their Children Incorporated (NCSMC) is an organisation dedicated to single mothers. The Council has become a platform whereby both the community and the government can communicate; it has led the way in obtaining a range of beneficial outcomes; has actively sought to reduce systemic prejudice; continually challenges existing norms, and over many years has achieved improved opportunities and outcomes for single mother families.

One of our greatest strengths is our expertise and commitment in working with, and for, the advancement of women and children due to poverty, violence, exclusion and gender inequality.

## **Senate Standing Committee on Community Affairs Legislation**

We welcome the Senate referring the matter of proposed spending cuts and its impacts, known as the *Social Services Legislation Amendment (Budget Repair) Bill 2015* to the Community Affairs Committee.

Despite access to the Henderson Poverty Line since the 1970's, as a nation we have abrogated our responsibility to measure and understand the implications of poverty; it's associated loss of productivity, the structural contributors and how it increases inequality and fractures our community.

Furthermore, we have failed to recognise that some population groups such as single mother families are over represented in the areas of poverty, hardship, deprivation, violence and inequality. This overrepresentation has occurred throughout our prosperous periods indicating that we have the policy settings wrong. The trending of this issue has serious ramifications for our current health and well-being as well as our nation's future.

Despite a growing and collective concern for families impacted by domestic violence, income and gendered inequality the 'budget repair' will again disproportionately impact upon those who are not in a position to accommodate further cuts; low income single mother families.

Our expertise is derived from our own research, collaboration with others and steeped in the rich but often tragic experience of women who have sought our service. It is from this unique, but clear vantage point that we present our submission and recommendations.

# Our Recommendations

## 1. Pensioner Education Supplement (PES)

The Pensioner Education Supplement (PES) provides financial assistance with the ongoing costs of full-time or part-time study in a secondary or tertiary course at an educational institution as approved by the Australian Government. The supplement is paid to people who are studying, including Disability Support Pensioners, Parenting Payment Single recipients, carers and widows. Single Parents on Newstart gained access from 1 January 2014.

The current reality for single parent families, who are in receipt of income support, is the struggle to obtain a well-paid and secure employment. Employment that also enables them to meet their sole-parent obligations. It is a particular challenge for single parents who cycle in and out of low paid, on call, insecure and/or seasonal work. Women report this employment is due to a lack of secure jobs, inability to access affordable and safe child minding options and not having a qualification that is required by the labour market. It is counterintuitive to remove any assistance that has a possibility to overcome the stated barriers and provide a long term benefit for families who are trapped in a cycle of hardship.

**Recommendation:** That the Committee recommend that this schedule (2) not be enacted.

## 2. Education Entry Payments

The Education Entry Payment assists with education expenses and is paid once a year to eligible recipients. It is paid at the rate of \$208 per annum. The Education Entry Payment supports eligible people returning to study. Welfare Rights estimate that around 90,000 people benefit from receiving this assistance each year.

Again, this measure can only be described as counterintuitive as it will remove assistance that can provide a qualification, which can benefit families trapped in a cycle of hardship.

**Recommendation:** That the Committee recommend that this schedule (3) not be enacted.

### 3. Indexation

An obvious flaw in our current social security system is the inadequacy of the 'income free thresholds', most notably the Newstart income free threshold.

Currently, once the youngest child turns 8 years of age, recipients of the Parenting Payment Single will be forced from this frugal payment and onto Newstart, an allowance which sits below the poverty line. Families who were in paid work and forced onto Newstart continue to report to NCSMC that they incurred unrecuperated losses of up to \$140 per week due to the already inadequate income free threshold. Struggling families stated that this loss was the difference in maintaining a car, keeping a roof over their head and or putting food on the table. For example, a sole parent with three children can earn and retain \$117.60 per week on Parenting Payment Single but when on Newstart it reduces to \$51 per week. The current income free threshold is a contradiction to the statement that the 'best way out of welfare is through paid employment' as it is the low level thresholds which impedes paid work from being a financial gain.

Any proposal that seeks to further reduce the already inadequate income free thresholds needs to be rejected outright.

**Recommendation:** That the Committee recommend that this schedule (4) not be enacted.

## Study: A Step in the Right Direction.

It is clear that low income single mother families wish to gain the much required education in order to obtain a foothold into the labour market and or to break out of the insecure / low paid work trap.

Our participation with the Government's Welfare Reform Review necessitated the collecting of information regarding study, its value and its pathway to employment and/or secure employment.

Respondents to our survey indicated that more than 50% had made a decision to undertake study in the previous 12 months of completing the survey (July 2014).

Unfortunately, a lack of child care forced some (3%) to stop studying while a little over 10% were forced to cease their studies due to a lack of finances. Furthermore, respondents who stated that they had not undertaken study indicated that financial hardship was a key barrier.

*Would love to do additional study...*

*But can't afford it.*

In the past 12 months have you undertaken further study?

	%
No	46.93%
yes but was forced to stop due to lack of finance	10.84%
yes but was forced to stop due to lack of child care	3.00%
yes part-time	24.82%
yes full time	14.41%

Question 6 July 2014

### Women volunteered the following information:

*"I won a scholarship but didn't graduate because the immense strain...my budget... having to get to campus (petrol, parking) so badly that I got into trouble with my rent arrears."*

*"Yes part-time, but have severely struggled with it and even failed a unit due to simply not having enough time to put into it. I have to keep going because I won't be able to afford to study once my youngest turns 8. It is a near impossible juggling act."*

*“Haven't been able to study because I've had car issues, I've put the car before studying because its needed to get the children to doctors' appointments, speech therapy etc.”*

*“I would be studying full time and complete my degree in half the time if government assistance was higher, resulting in me being a contributing member of society much quicker.”*

*“Yes, online and a friend paid for it so I could complete it.”*

*“I have NO childcare or family support.”*

*“Tried to get into Age Care course at TAFE but there is waiting list of 80 people with TAFE only able to take 24 people and first preference goes to people already working in Age Care. Plus my job network provider Max Employment can't help me with courses for I am a stream 1 customer due to being made redundant from Sitel (Call Centre) last Christmas and my youngest child is 17 months old.”*

*“Apparently now I have to change to full time study as well as part time work so that Centrelink will recognise my study. Apparently they do not recognise part time study even if it is a university bachelor degree??”*

*“Cannot financially afford to study.”*

*“I was very lucky and finally got after/before school care positions. Had been on the waiting list for months. It's very hard with 3 children finding available spots for all 3.”*

*“I was halfway through my Bachelor of Education at Uni, but had to take on extra work hours when my youngest child turned 8 last year. I tried to keep up with my study, but just didn't have the time once I was working more. Parenting payment allowed me to maintain about 13 hours per week of work as well as study. I was stretched to the limit, but managed. Newstart made it impossible to continue studying, which would have led to higher qualifications and more secure, higher paid employment. I would have been able to get off the system. Being dumped on Newstart has me stuck.”*

*“Yes part-time, but have been unable to go, due to lack of finance for items needed, but haven't quit.....trying very hard not to.”*

It is important to understand that financial consideration and the experience of hardship occurred for some women, particular women on Newstart, despite access to the Pension Education Supplement and the Education Entry Payment. The Committee needs to be cognisant that if the much required assistance is removed so too will the opportunity for women to gain the qualification in order to work their way out of hardship

In preparing this submission we asked women to predict the impact of having the support of the Pension Education Supplement and the Education Entry Payment removed. Below is a small sample of their responses:

*“Determined to build a better life. I/my family struggle. I prioritise the internet over my own health (skip appointments and won’t go to the dentist). I keep focusing on the light at the end of the tunnel. I need that help”.*

*“A full time job, a job that I can also be the best parent but I don’t have a qualification.... it’s a tough job market.. ... I need that piece of paper”.*

*“Don’t stomp on our dreams.”*

*“My family wouldn't eat if this payment was removed! People on Centrelink are not living in luxury, we are doing it tough and I'm fed up with being continually targeted for government cuts.”*

*“If this payment was removed I would in all honesty have to drop out of my nursing diploma as I wouldn't be able to afford to travel to the city every couple of weeks for clinical placements. It is the money that pays my travel every time I go and it is the reason I can still buy food for my son. The entry payment of \$208 is the money that goes towards my start-up costs for all the books I have to purchase for my course including stationary and texts. If this payment was to be removed I would be worse off when having to purchase all my start up stationary and texts.”*

*“Why would they do this? – trying hard to get ahead.”*

*“I pay more for my ‘nanny’ than what I earn per hour... my only way out is get my qualification.”*

*“Fought hard with Centrelink, pressure not to study, but I can’t make it waiting for the phone to call telling me that I have a shift at a minimum rate.”*

*“I work, I study and I pay more of a ‘child care’ (because my work is on the weekend) but I keep ploughing on. Knowing that I am 2/3rds through my study. NO NO NO!”*

## Income Support & Income Free Thresholds

NCSMC seeks that the Community Affairs Committee understands that the intended reductions as contained in the *The Social Services Legislation Amendment (Budget Repair) Bill 2015* is in the context of hardship and previous legislation decisions that have removed scarce resources from families who were already struggling.

In March 2013 the reputable longitudinal study; the Household, Income and Labour Dynamics in Australia (HILDA) survey found that 24% of children in sole-parent households are living in poverty, compared with 7.6% of those living with two parents and that child poverty in sole parent families had increased over the last decade by 15%<sup>i</sup>. The increase has occurred throughout Australia prosperous years indicating a failure of policy settings.

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The changes made to eligibility for parenting payments have to be part of the causes. Despite some increases in workforce participation of sole parents over the past two decades, reducing the main payment targeting those with sole parental time demands has not increased but decreased the incomes of the majority of sole parents.<sup>ii</sup> The details of the changes between income support are below.

- Parenting Payment Single maximum rate per fortnight is \$731.20 (includes pension supplement). Newstart is \$566.30.

This is not about jobs. Parents in employment are the most financially disadvantaged by these 'reforms'. **They incurred losses up \$140.00 per week<sup>iii</sup>, as financial returns from paid work are much less on Newstart.**

For example, a sole parent with three children can earn and retain **\$117.60 per week** on *Parenting Payment Single* but when on **Newstart it reduces to \$51 per week**. As reported by National Welfare Rights, a mother working 15 hours per week on minimal wage would need to work 28 hours per week to retain the same earnings. The current income free threshold is a contradiction to the statement that the 'best way out of welfare is through paid employment' as it is the low level thresholds which impedes paid work from being a financial gain. Any proposal that seeks to further reduce the already inadequate income free thresholds needs to be rejected outright.

There is no logic in the assumptions that by reducing sole parents' already sparse income that they will then bounce into secure employment. There is no supporting evidence for this claim from the initial decision in 2006 to stop paying the more



generous Parenting Payment to new applicant sole parents once their child turned eight, then again when the grandfathered provisions were removed in 2013. It therefore belies belief that there are further cuts under consideration such as the freezing of indexation. The picture is bleak for mothers who do not have a qualification that is required by the current labour market. It is counterintuitive to remove any assistance that has a possibility to overcome the stated barriers and provide a long term benefit for families who are trapped in a cycle of hardship.

There is a deep contradiction in the rhetoric and the push onto lower payments with tighter means tests on extra income. The government policy recognises that sole parenting imposes both time and other demands that make full time work very difficult. It even states that sole parents would not be expected to take on jobs that either interfere with their parental responsibilities or leave them financially worse off, once costs of working are deducted.

The current policies already set up a payment that undermines the possibility of both holding a part time jobs and retaining an ongoing adequate subsidy so both roles can 'fit' in the time demands of children. If this legislation proceeds it will further increase the already present difficulties.

Furthermore, NCSMC remains concerned that the denying of access to the parenting payment single and its subsequent impacts is a possible human rights breach. The then Joint Committee on Human Rights report on the Bill recommended:

- It be delayed.
- It accepted the then government claims that it seeks to provide greater incentives and opportunities for Parenting Payment recipients, particularly for single parents, to re-engage in the workforce.
- Provide greater equity and consistency in the eligibility rules for Parenting Payments, but questioned whether the cuts in payments really provides the answer.
- It stated clearly: 'However, the committee notes that it does not necessarily follow that the measures seeking equity are justified as it is not apparent to the committee that the government has considered any alternative options in this regard.'

1.55 'The committee considers that these are legitimate objectives. However, the committee notes that it does not follow that the measures seeking to achieve equity are justified as an alternative and ostensibly fairer approach would be to give later recipients the same benefits as earlier recipients, rather than reducing the benefits of earlier recipients. *It is not apparent to the committee that the government considered any alternative options in this regard*'.

They conclude: *‘The committee notes, but is not convinced by, the department’s assertion that this measure is fair and would promote workforce participation’.*

It is in this context of deep distress, persistent hardship and human rights concerns that we strongly urge the **Committee to reject outright schedule (4)** and do not pause indexation to the families who cannot afford any further financial hardship. It would be prudent for the Committee to seek to increase the earning thresholds of Newstart to align with the Parenting Payment Single as a way of ensuring that paid work is a financial benefit for a struggling family.

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<sup>i</sup> Household, Income and Labour Dynamics in Australia (HILDA) Survey, 2013 Sounds the alarm on child poverty, Melbourne Institute

<sup>ii</sup>Who is missing out? Material deprivation and income support payments, June 2012, ACOSS & Social Policy Research Centre

March 2012

[http://www.acoss.org.au/papers/who\\_is\\_missing\\_out\\_material\\_deprivation\\_and\\_income\\_support\\_payments](http://www.acoss.org.au/papers/who_is_missing_out_material_deprivation_and_income_support_payments)

<sup>iii</sup> National Welfare Rights, analysis Senate Community Affairs Committee, released 24 January 2014, Answers to Questions on Notice, Social Security Portfolio, 2013-14 Supplementary Estimates Hearing, Question: No. M0090\_14.  
[www.aph.gov.au/Parliamentary\\_Business/Senate\\_Estimates/clacctte/estimates/sup1314/DSS/index](http://www.aph.gov.au/Parliamentary_Business/Senate_Estimates/clacctte/estimates/sup1314/DSS/index)

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