

Submission

I do not support the government's decision to move all sole parents onto Newstart once their youngest child turns eight. Newstart is a payment designed for a single person, not sole parent's caring for children. Children at this age still need a stable home environment and parents need flexibility in work arrangements to provide support for their children - moving parents onto Newstart creates a level of unnecessary pressure and has striped out the minimal income support they could rely on to support their children. I call on the government to reverse the decision to move all sole parents onto Newstart, I call on the government to reinstate the Parenting Payment Single for all sole parents, grandfathered or not.

The Fair Incentives to Work Bill directly contradicts the existing Child Support Assessment Act. The purpose of the Fair Incentives to Work Bill is to support and motivate sole parents (with caring responsibilities for their children) into paid work, or additional paid work. The Child Support Assessment Act does not require, expect or motivate the non-resident parents (without caring responsibilities) of the same children in sole parent families to obtain work to meet the costs of their children. This is a perverse outcome of the introduction of the Fair Incentives to Work Bill.

The apparent need to 'push' single parents into the workforce to provide 'good role models' for their children and better secure their future directly contradicts the Child Support Assessment Act at section 117 (7B) that makes it very easy and legitimate for a parent to not work, despite having children that need their financial support. The intention and provisions of the Fair Incentives to Work Bill directly contradicts the intention and provisions of the Child Support Assessment Act.

The current child support debt owed to these children is over \$1 billion. This significant debt already compromises the ability of sole parents with caring responsibilities for their children to support their children before the additional impacts of the Fair Incentives to Work Bill are even considered.

These two pieces of legislation are critical in ensuring the adequate support is available for all children of sole parent families, but they currently operate at cross purposes. The Child Support legislation needs urgent reform to send a message to non-resident parents that they must take their responsibility to support their children seriously, and send a message to children in sole parent families that they are entitled to and worthy of the support of both parents. The outstanding \$1 billion child support MUST be collected as a matter of urgency to assist the resident parents who are struggling to support their children and comply with the damaging and inhumane impacts that have resulted from the introduction of the Fair Incentives to Work Bill.

Increase of income free area:

An increase to the income free area is welcome, but the proposed increase is seriously inadequate and will not assist sole parents to maintain their jobs or to obtain employment that makes them financially better off. This proposed measure assists the sole parent family with an increase of only \$15.20 per fortnight, or about \$1 a day!!

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On parenting payment a sole parent combining paid work with parenting payment would be \$94-\$186 per fortnight better off than a sole parent on Newstart combining paid work with the Newstart allowance, depending on earnings and number of children. On Newstart, working sole parents who continue to support children become ineligible for income support due to any earnings at a much lower rate than on PPS. On Newstart a parent is ineligible when they earn \$1,394 per fortnight. On PPS they can earn \$1,836, plus \$24.60 for each additional child, per fortnight (see table below).

Pensioner Education Supplement:

The Pensioner Education Supplement should be reinstated immediately; the delay to 2014 in conjunction with the significant decrease in income will compromise the ability of many sole parents to continue with their current studies and prevents sole parents not currently studying from commencing study. This severely compromises their potential to improve their job prospects and prevents them from being 'job ready'. The intention of the Fair Incentives to Work Bill was to increase participation of sole parents, removing this supplement has done the exact opposite and made it more difficult for sole parents to participate in employment.

12 weeks extension of eligibility for Pensioner Concession Card:

Welcome, but 12 weeks is a very short period, it anticipates that sole parents who gain employment around their caring responsibilities will somehow receive a salary increase or promotion within 12 weeks of becoming employed that allows them to suddenly afford full cost amenities and services, rates, transport, medications and health care. This is not the reality, because it is very unusual for a salary increase or promotion to be offered within 12 months of beginning employment. This would be even more unusual for casual or part time employment which is what is often accessed by sole parents to fit around their caring responsibilities. The PCC should be extended to at least a year and linked to income increases. If the earnings cap was retained at the PPS amount, more families in need would be eligible for this continued support.

This should be implemented immediately to ensure sole parents who have lost the PCC can access adequate medical care for themselves and their children so that they do not suffer hardship for the rest of the year.

Comments:

For a single parent to work, they need:

- Work that allows them to prioritise their child/ren's needs
- Assistance with childcare, either paid or family/friend support
- Stamina to maintain both paid employment and parenting responsibilities – generally they/we need to be free from ongoing domestic violence, not be dealing with severe child behavioural issues, and have good mental and physical health, including adequate nutrition.
- Secure housing, and transport to and from work, school and childcare.

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In general single parents return to work and have the highest workforce participation rate of all benefit recipients. The need to 'push' single parents into the workforce is misinformed. The need is for family-friendly jobs.

The 'expense' of income support for single parent families is actually income support to the household of the most financially vulnerable children in our society. The parents who are not participating in employment generally have severe ongoing barriers to doing so. Punishment by making their children suffer as a method to overcome these barriers is ridiculous.

The perverse outcome is that all sole parents who participate in work and study (the preferred pathways out of poverty) have now had their life made more difficult, to the point where some can no longer afford to do this. The poverty is to the point where people are unable to leave their home. Cases are being reported where children are being kept home from school due to no ingredients for school lunches available.

Recommendations:

- Reinstate PPS for all sole parents until their youngest child is 16
- Increase the base payment rate for Newstart by \$50 per week
- Increase the earnings threshold for sole parents on Newstart (to keep part benefits and the Concession Card) to the same rate as PPS
- Increase the income free area to the same as PPS
- Initiate a review of the child support scheme as agreed in Parliament May 2012

A general comparison of PPS to Newstart -

with new \$100 earning threshold												
PAID WORK HOURS	Fortnightly income for a Single Parent with 1 child aged 8 or over.						NEWSTART	NEWSTART			DIFFER- ENCE	
	PARENTING PAYMENT SINGLE			NEWSTART				NEWSTART				
	INCOME @ \$20 p/h	PPS AMOUNT	Gross income	INCOME @ \$20 P/H	NS AMOUNT	Gross income		INCOME @ \$20 P/H	NS AMOUNT	Gross income		
0	\$0	\$663.70	\$663.70	\$0	\$533	\$533	\$130.70	\$0.	\$533	\$533	\$130.70	
30	\$600	\$494.34	\$1,094.34	\$600	\$317.80	\$917.80	\$176.54	\$600	\$333	\$933	\$161.34	\$15.20
50	\$1,000	\$334.34	\$1,334.34	\$1,000	\$157.80	\$1,157.80	\$176.54	\$1,000	\$173	\$1,173	\$161.34	\$15.20
76	\$1,520	\$126.34	\$1,646.34	\$1,520	\$0	\$1,520	\$126.34	\$1,520	\$0	\$1,520	\$126.34	
80	\$1,600	\$94.34	\$1,694.34	\$1,600	\$0	\$1,600	\$94.34	\$1,600	\$0	\$1,600	\$94.34	

Fortnightly income for a Single Parent with 2 children aged 8 or over.												
PAID WORK HOURS	PARENTING PAYMENT SINGLE			NEWSTART			NEWSTART	NEWSTART			DIFFERE NCE	
	INCOME @ \$20 p/h	PPS AMOUNT	Gross income	INCOME @ \$20 P/H	NS AMOUNT	Gross income		INCOME @ \$20 P/H	NS AMOUNT	Gross income		
0	\$0	\$663.70	\$663.70	\$0	\$533	\$533	\$130.70	\$0	\$533	\$533	\$130.70	
30	\$600	\$504.18	\$1,104.18	\$600	\$317.80	\$917.80	\$186.38	\$600	\$333	\$933	\$171.18	\$15.20
50	\$1,000	\$344.18	\$1,344.18	\$1,000	\$157.80	\$1,157.80	\$186.38	\$1,000	\$173	\$1,173	\$171.18	\$15.20
76	\$1,520	\$136.18	\$1,656.18	\$1,520	\$0	\$1,520	\$136.18	\$1,520	\$0	\$1,520	\$136.18	
80	\$1,600	\$104.18	\$1,704.18	\$1,600	\$0	\$1,600	\$104.18	\$1,600	\$0	\$1,600	\$104.18	