

**Social Security Amendment  
(Supporting More Australians  
into Work) Bill 2013**



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

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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 lead 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 mothers and their children.

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.

“We advocate for equality of opportunity, financial security and access to justice, legal and human rights”.

## Human Rights

The Bill has some much required and progressive measures but the substantive Human Rights concerns, which arose from the forced transition of single parent families to the Newstart Allowance when the youngest child turns eight, still remains. The extent and depth of these concerns is expressed in an inaugural hearing of the Joint Parliamentary Committee on Human Rights, their reports and subsequent correspondence from the United Nations. This Bill does not address these matters, thus providing this Committee with both an opportunity and obligation.

The Australian Social Security System is most effective when payments are aligned to the population that they are designed to support. It does not serve its purpose when single mother families are forced from a parenting payment to an unemployment benefit. Given the unlikely, but preferable option, for parents to have their Parenting Payment reinstated the Committee has an obligation to comprehensively understand the context of this Bill and to make progressive recommendations to overcome this deficit.

# Our Recommendations

1. We welcome the expansion of the Pensioner Education Supplement for recipients of Newstart Single. Currently, only those single principal carer parents who were in receipt of PES at the time they moved from Parenting Payment (single) to Newstart Allowance on 1 January 2013 are entitled to receive PES with eligibility until they finish their current studies.
2. We endorse the recommendation that will enable Single Principal Carer to keep their Pensioner Concession Card once they are forced off a payment because the age of their child and their earnings prevent them from receiving another income support payment. NCSMC would urge the Committee to review the option of increasing this amount from 12 weeks to 12 months and make a favourable recommendation.
3. We resoundingly endorse an increase in the income free area from \$62 per fortnight for recipients of Newstart Allowance but point out that \$100 per fortnight is completely inadequate. It fails to counteract the significant loss once forced off the Parenting Payment Single when their youngest child turns eight. The income free area on Parenting Payment Single is \$176.60 per fortnight, plus \$24.60 for each additional child. NCSMC urges the Committee to understand the magnitude of the loss and the inability for single parent families to overcome such loss. A sensible option would be to institute an *income free area* that has parity with Parenting Payment Single. There is no gain when the financial reward is diminished purely based upon the age of the youngest child (8yrs).
4. We support and understand the importance of indexing the income free area and that it will be indexed by annual percentage changes in the Consumer Price Index from 1 July 2015.
5. The Committee should prioritise and revisit the adequacy of Newstart and its impact upon single parents and their children. The value of the measures that form this Bill can only be realised when its underpinned by an adequate payment. It remains shameful that Australia has a payment which sits at 77% below the poverty line.
6. The impact of recent Bills and the plight of single parents have gained much public attention, awareness and support. There is a growing expectation that entrenched hardship, multiple deprivation and child poverty is unacceptable. To

this end we urge the Committee to recommend the establishment of a review mechanism to monitor the impacts of this Bill and the interrelated Social Security Legislation Amendment (Fair Incentives to Work) Bill 2012. This recommendation would also be consistent with the recommendation from the Joint Parliament Committee on Human Rights (1.101)<sup>i</sup>

7. Explore and report on the merits of an Independent body that would review and set levels of payments and uniform indexation.

## **W***hat is missing in this Bill.*

This Bill fails to respond to single mothers and their children who had been identified as faring poorly but now severely and deeply damaged by the Social Security Legislation Amendment (Fair Incentives to Work) Bill 2012, which came into effect on 1st January 2013.

I. This Bill fails to provide a basic safety net and protection for single parent families who substantially or fully rely upon Newstart Allowance, a payment that is \$279 per week and sits at 77% below the poverty line.

II. This Bill fails to provide a basic safety net and protection for single parent families who cycle in and out of paid work such as short-term contracts, seasonal or insecure employment.

III. The Bill fails to provide single parent families with financial gains for paid work. Mostly, the work undertaken by single parents is part-time and or low paid. The Newstart income free area needs to be elevated to the equivalent of Parenting Payment Single. It fails to counteract the significant loss once forced off the Parenting Payment Single when their youngest child turns eight. The income free area on Parenting Payment Single is \$176.60 per fortnight, plus \$24.60 for each additional child. This level provides an incentive to work which is not available at \$100 (proposed) per fortnight and completely absent at \$62 per fortnight (current).

IV. The Bill fails to provide single parent families with a 'real' opportunity to gain that much required qualification. The extension of the Pension Education Supplement is a positive step but the value of the Supplement is realized when underpinned by a

payment that financially enables the parent to study. The inadequate level of Newstart is a barrier to further study and education.

“Currently a single mother on the Parenting Payment Single and earning about \$200 a week would be just at the poverty line. The same mother, on Newstart, will need to earn about \$400 a week to be at the poverty line”.<sup>ii</sup>

## **P**olicy ramifications

The Social Security Legislation Amendment (Fair Incentives to Work) Bill 2012 which came into effect on 1<sup>st</sup> January 2013 has arrived with deep and distressing impacts but also with a high degree of predictability. Experts with a long and reputable history in measuring and advocating against poverty and deprivation continued to find that single-parent families were always over represented and this occurred despite what measures, snap-shot or approach was used. Contemporary research conducted by ACOSS such as the *Poverty Report*<sup>iii</sup>, Anglicare’s *State of the Family Report*<sup>iv</sup>, research by NATSEM<sup>v</sup> and or the work undertaken by the Social Policy Research Centre (SPRC) presented a consistent and bleak picture.

In November 2012, The National Council of Single Mothers & their Children instituted an 1800 hot line called *Tell it like it is*. 103 calls were received in three weeks, women broke down when articulating what this means for their family. They felt stranded, overwhelmed, that they had failed as mothers, and felt betrayed by a system that had been a corner stone for vulnerable families for the past four decades. They spoke about their incapacity to quarantine their children from the harsh and lived reality of poverty.

NCSMC received recurring reports of utilities cut-offs, housing evictions, abandoned studies and going without food and medication. Services that were once identified as ‘standard’ now fell onto the luxury and unaffordable side of the ledger; such as maintaining a workable family car, accessing preventative health treatment, children playing sport and having access to the internet. The lived experienced is consistent with the analysis of the families impacted who were impacted on 1st Jan 2013.

# The Harsh Reality: 1st Jan 2013.

Welfare Rights completed an analysis upon the impacted families and below is a snap shot of their findings. These findings echo the voices of women, the concerns of various experts and key Parliamentary Committees. Most importantly it dispels the myths and assumptions and it replaces it with facts.

**Employment:** Three out of every five single parents who have been moved off the higher Parenting Payment onto the lower-paying Newstart Allowance are already working. Hence, the significance in increasing the *income free area* to parity with the Parenting Payment Single.

**Additional Barriers to work:** One in ten parents is caring for a child or adult with a significant disability, and a similar number of parents are experiencing major barriers to employment and had a 'vulnerability' indicator through Centrelink. Reasons for a 'vulnerability' indicator include mental health problems, injuries or homelessness. This illustrates the need to increase Newstart.

**Study:** Recipients of the parenting payment single were the largest social security claimants who were undertaking study. The pension education supplement which is designed to assist with study is not available on Newstart. This supplement is most valuable when combined with an adequate payment, enabling recipients to gain that much required qualification.

**Indigenous:** Six and a half per cent of parents affected by the policy were Indigenous, and the payments cuts will exacerbate other problems, such as violence and lack of services, that weigh heavily on remote Indigenous communities.

**Housing:** Parents who are losing between \$60 and \$110 a week are anxious about how they will be able to afford to maintain their existing accommodation. Around 32,000 parents whose incomes will be cut are living in the private rental market, with 49 per cent receiving Rent Assistance. Around 15,000 (23 per cent) single parents are either paying a mortgage or own their own homes. A further 15 per cent are living in public housing. Providing reasons as to why housing stress, forced evictions, relocations and homelessness is an increasing occurrence.

**Further impacts:** A disturbing 22 per cent of working single parents, 8,834 in total, has lost eligibility for any income support payment, under the stricter Newstart Allowance income test. These parents would also lose access to the highly valued Pensioner Concession Card (PCC), which can be worth about \$30 per week. Access to the PCC was

factored into the consideration before women entered into mortgage repayments or private rental contracts; it is also a safety net for the families that cycle in and out of contract, seasonal or insecure work.

## *Single Mothers and Poverty*

The financial circumstances of single mother led households and the increased risk of poverty and deprivation is well documented. The Social Policy Research Centre identified certain population groups that consistently face higher than average risk of poverty and stated that among family types, single people and lone parents were at the highest risk. ACOSS who completed research into deprivation and multiple deprivation stated that whilst 19% of the Australian population experienced multiple deprivation, sole parents face a much higher risk of multiple deprivation with 49% of all sole parents experiencing multiple deprivation. This level of deprivation was significantly higher for sole parents than any other family type<sup>vi</sup>.

Joint research led by the Australian Institute of Family Studies has found that equivalised household income after divorce declined for women but not for men. The research found that some women were able to recover their income after six years through repartnering, increased labour force participation, and an increased proportion of income coming from government benefits. However, this is not the case for divorced women with dependent children. Divorced women with dependent children found it difficult to recover their income post-divorce and that sole mothers with dependent children experienced difficulties combining paid work and family responsibilities

Evidence provided to the Joint Parliamentary Human Rights Committee drew upon the recent report from the National Association of Community Legal Centres. This report found that '44 of the 50' Local Government Areas in Australia with the highest rates of lone parent households are also some of the most disadvantaged areas of the country<sup>vii</sup>. NCSMC is concerned that the population most impacted by this Bill already reside in areas that are more likely to have less infrastructure, support and services whilst they will need to compete amongst their peers for the same and scarce parent friendly jobs and limited child care.

The recent Household Expenditure Survey conducted by The Australian Bureau of Statistics found that lone parents were most likely of any groups of people on benefits to

experience financial stress. In addition, lone parents have low incomes and also very low assets. For example, 70% of lone parents are in the poorest 20% of the population, and they are about three times more likely than any other type of family to have both low income and low assets<sup>viii</sup>. Therefore, without additional financial assistance, single mothers will not have the disposable and required income to become work ready and participate in the job market.

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<sup>i</sup> Parliamentary Joint Committee on Human Rights, Recommendation 1.101 page 25, Social Security Legislation Amendment (Fair Incentives to Work) Bill 2012, Commonwealth of Australia.

<sup>ii</sup> Parliamentary Joint Committee on Human Rights, 21 June 2012 Hansard page 6, *Social Security Legislation Amendment (Fair Incentives to Work) Bill 2012*, Commonwealth of Australia.

<sup>iii</sup> [http://www.acoss.org.au/uploads/ACOSS%20Poverty%20Report%202012\\_Final.pdf](http://www.acoss.org.au/uploads/ACOSS%20Poverty%20Report%202012_Final.pdf)

<sup>iv</sup> [http://www.anglicare.asn.au/site/sotf12\\_notenoughtoeat.php](http://www.anglicare.asn.au/site/sotf12_notenoughtoeat.php)

<sup>v</sup> <http://www.natsem.canberra.edu.au/publications/?publication=ampnatsem-income-and-wealth-report-31-prices-these-days-the-cost-of-living-in-australia>

<sup>vi</sup> ACOSS, March 2012 Paper 187, *Who is missing out? Material deprivation and income support payments*, The Australian Council of Social Services.

<sup>vii</sup> Parliamentary Joint Committee on Human Rights, 21 June 2012 Hansard page 4, *Social Security Legislation Amendment (Fair Incentives to Work) Bill 2012*, Commonwealth of Australia.



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<sup>viii</sup> Parliamentary Joint Committee on Human Rights, 21 June 2012 Hansard page 4,  
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