



Submission to the Inquiry into the Social Services Legislation Amendment (Omnibus Savings and Child Care Reform) Bill 2017

27 February 2017

Dear Senators,

The Council of Single Mothers and their Children Victoria (CSMC) is a member based community organisation that has worked for 47 years to improve the lives of single mother families in Victoria and, through collaboration with the National Council of Single Mothers and their Children, across Australia.

Women become single mothers for many reasons including domestic violence, marital breakdown, death of a husband or partner, and an unexpected or planned pregnancy. While media and many politicians speak as though the majority are lazy, drug using teenage mothers, the reality is very different. The majority of current single mothers gave birth in what they thought was a stable and safe relationship. Evidence from a range of sources [HILDA, Save the Children State of Mothers 2016 etc.] demonstrate that it is the poverty and low economic status of single mothers that creates disadvantage for them and their children, not the fact they are parenting alone. Significantly, for the purposes of this inquiry and the proposed legislation, research from many quarters demonstrates that 'low family income can adversely affect the health, education and self-esteem of children'.¹

Evidence also clearly demonstrates that significant numbers of fathers are not paying reasonable child support; most employers do not offer flexible work options; and quality childcare is unaffordable often even for two parent families. Thus, single mothers struggle between many rocks and hard places to raise their children well despite much social opprobrium and moral judgement.

CSMC believes it is important to Australia's future to ensure that all children, regardless of their parents' circumstances, have a fair start in life. Evidence from every country in the world demonstrates that the conditions under which women are able to raise their children are critical to the life outcomes for each child and thus, to the social and economic outcomes for the country.

The 2016 Boyer lectures highlighted the work of Sir Michael Marmot and the relationship of social health determinants to the continuing well-being of the country. While Australia still rates well in global scales, Marmot points to growing inequalities that will affect the health and well-being of citizens and thereby, our economy. He contends that remedies include “greater equity of power, money and resources”. Local researcher Petra Bueskens highlights that in the marked gender pay gap in Australia, mothers fare worst among women and single mothers worst of all.ⁱⁱ Recent research from the OECD supports an emerging consensus that “addressing high and growing inequality is critical to promote strong and sustained growth”.

CSMC notes this work because several sections of the proposed legislation will negatively affect single mother families and thus, as 40% of Australian children in lone parent families are living in poverty,ⁱⁱⁱ a significant generation of children.

We are grateful to the members on the crossbenches who have examined the Bill and understood the dangers it poses to both vulnerable Australians and the future well-being of our national health, education levels and economy. We particularly note and thank Melbourne Senator Derryn Hinch for standing alongside senators from Tasmania and South Australia to ensure struggling families have a greater chance of supporting their children to finish high school. We ask that you press upon the Australian Government the need for it to listen to these members and respect the political process should the Parliament vote against the Bill.

CSMC fully supports the submission of the National Council of Single Mothers and their Children, and makes brief comments on specific issues.

Regards

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Family Tax Benefit payment rate changes – Schedules 1, 2 and 3

CSMC is perturbed by the proposed changes to the Family Tax Benefit and notes that:

- Despite a number of comments in the explanatory memorandum that the changes will provide greater clarity for recipients, the proposed changes fit a pattern of meddling that we believe only confuse recipients further both in regard to the intention of social security in Australia and the detail of entitlements.
- While we welcome the proposed increase of \$10 per week to Family Tax Benefit-Part A for families with children, we do not believe this will make up for cuts to the supplements. We expect a single mother with two children aged 13 and 15 will lose between \$14 and \$20 a week and up to \$1,000 a year. For the many single mothers who depend on this money to help pay the rent, food, education and clothing costs, this loss will be significant.
- We ask the Committee to consider in analysing the cuts that the government is simultaneously tolerating a national unpaid child support debt that sits at around \$1.5 billion (without accounting for unpaid money in private collection arrangements). While some of the defaulting parents are mothers, the vast majority are fathers who rely on the inaction of the government and the generosity of the taxpayer to regularly default on their child support obligations. It is ironic that the majority of these fathers, who at the time of the birth of their child/children were in a relationship or marriage with the women who are now single mothers attract none of the opprobrium government members direct toward single mothers. We suggest to the committee that you recommend to the government that changes to the child support assessment and collection measures might be appropriate and an effective means to reduce the national welfare expenses.
- We suggest the proposed cuts to Family Tax Benefit part B are part of a sustained and punitive attack on vulnerable single mothers that entirely neglects to examine or account for the consequent penalty on their children.

Pensioner Education Supplement & Education Entry Payment

CSMC considers the proposed changes at odds with other government commitments and intentions to enhance Australia's prosperity.

PES is available to certain recipients of social security payments and payments under the Veterans' Entitlements Act 1986 who are undertaking qualifying study to assist with the ongoing costs associated with study. Qualifying study includes secondary courses, tertiary courses, open learning, Certificate courses, Bachelor degrees, Advanced Certificate courses, Graduate Certificate courses, Graduate Diplomas and Degrees, Master qualifying courses or Approved Masters by coursework programs.^{iv}

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- In CSMC experience, PES and EEP are enormously valuable to the most vulnerable of our members who seek to better their education and to make a more stable future for themselves and their children.
- Relying on a HECS debt is a challenging prospect for a single mother in a job market where there is considerable gender disparity and discrimination against women with children. It is also true that HECS does not pay for things like books, and we know single mothers often use the PES money for this purpose.
- We ask you to recognise that these payments enable rather than disable economically vulnerable people and to recommend against these changes.

Indexation freeze for working age

While the proposed indexation does not have an immediate or direct impact on payments, it does erode the amount of income that can be earned before payments are reduced.

There was much public discussion last year about whether social security payments provide a disincentive for single mothers to work. CSMC experience is that it is helpful to increase the taper rates rather than freezing income levels. The latter is likely to have the possibly unintended consequence of adding to higher effective marginal tax-rates and risking Centrelink debt.

We thus ask the Committee to oppose this change and in so doing, stress that this change will have greatest impact on welfare recipients who are doing all they can to work and become financially independent.

Close the energy supplement to new welfare recipients

We have consistently opposed any removal of energy supplement from current welfare recipients and feel no less strongly about future single mothers who we know will struggle with similarly high energy bills.

These cuts represent over \$4 per week for someone on Newstart and \$7 per week for pensioners and are thus significant. They are also the only real increase in these payments in 22 years, and removing them would reduce benefits already below the poverty line.

We recognise that in a future time when technology and policy combine to ensure a stable and cheaper energy supply, these supplements will not be required. We know however from the single mothers who ring our support line from all around Australia that these supplements are a lifeline.

We ask the Committee to oppose this cut.

Automation of income stream review processes

While generally in favour of streamlining processes and making them more efficient, we do not believe it is good governance to prioritise efficiency over effectiveness. The current Centrelink robo-debt debacle is an example of the latter and makes us very wary of further automation without evaluation, investigation and preparation of areas of current problems.

The Explanatory Note (pg. 236) states that ‘amendments in the Schedule are compatible with human rights because they do not limit access to social security.’ We contend however that inappropriate automation that inadvertently leads to welfare recipients feeling so harassed they pay without challenging the debt, or even feeling so distressed they take their own life is indeed a breach both of human rights and good government stewardship.^v

We therefore urge the Committee to recommend further investigation of the systems and processes to ensure they are fully tested and satisfactory before they are required and implemented.

Waiting periods

The waiting periods proposed seem in general to disadvantage further the young and the poor without creating any employment or alternate opportunity. Making young people who become unemployed wait five weeks to receive income support not only further punishes the person who loses a job but severely disadvantages poor families who may not be in a position to feed and shelter an additional member.

Paid parental leave

CSMC made a detailed submission to the Inquiry into Fairer Paid Parental Leave Bill, 2016 that outlines our position.^{vi} We are pleased a longer time is considered but maintain 26 weeks is required to meet the evidence-based well-being of both child and mother.

References

- ⁱ Australian Government, AIHW 2011: Family Economic Situation Available at:
<<http://www.aihw.gov.au/child-health/families-and-communities/#economic>>
- ⁱⁱ Petra Bueskens: Mothers And Basic Income: The Case for an Urgent Intervention, published in
NewMatilda.com 23rd February 2017. Available at < [https://newmatilda.com/2017/02/23/mothers-
basic-income-case-urgent-intervention/](https://newmatilda.com/2017/02/23/mothers-basic-income-case-urgent-intervention/)>
- ⁱⁱⁱ ACOSS: Poverty in Australia 2016 pg.22
- ^{iv} The Parliament of the Commonwealth of Australia: Social Services Legislation Amendment
(Omnibus Savings and Child Care Reform) Bill 2017 - Explanatory memorandum pg. 224
- ^v See for example: [The Guardian, December 2016](#), [Sydney Morning Herald, January 2017](#) and [The
Conversation January 2017](#)
- ^{vi} [CSMC submission Fairer PPL Bill](#)