

Community Affairs Legislation Committee  
Parliament House  
Canberra Act 2600

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Dear Committee Secretary,

### Question on Notice 21: No Assistance = No Study

Single parents who lost their 'grandfather provision' and forced onto Newstart on 1st January 2013 had many impacts including the loss of the Pension Education Supplement and the Entry Education Payment. NCSMC captured some of the consequences in our online survey when engaging in the *welfare reform review consultations*. We note that the education focus was a small part of the survey but it should provide some insight for the current deliberations and respond, as best as we can, to the *question on notice (21)*.

NCSMC sought to understand the education levels of women impacted by the loss of the Parenting Payment Single. Due to tight consultation timelines, NCSMC only had the survey open for one week. However, 712 single mothers responded to that survey question and the answers are below.

### What was the highest level of formal education you have completed?

Answer Choices	Responses
Part high school	16.01%
Completed high school	18.54%
Tafe certificate	28.65%
Tafe diploma	14.89%
University undergraduate	14.04%
Post graduate	7.87%

The majority of the single mothers who undertook the survey, 57.5%, indicated that the highest formal education obtained was a TAFE Certificate or lower. In the following question, 13% of the respondents stated that despite only enrolling in the past **twelve-months** they were forced to cease their studies due to a lack of assistance. NCSMC did not revisit this survey to ascertain if others, who had lost the Parenting Payment Single (1<sup>st</sup> Jan 2013), also ceased their studies at a later



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date and or before the Pension Education Supplement and Entry Education Payment was instituted for Newstart recipients effective 1<sup>st</sup> January 2014.

We suspect that if we tracked this outcome the picture would be bleak. Furthermore, NCSMC did not ask women if they could afford to study would they have undertaken further education. Below are some comments that provide insight.

*“Was full time but I had a breakdown from the pressure as I now can't pay for Child Care. Now part time, which causes me further stress as I can't finish it sooner, and I want to get off welfare!!”*

*“I would love to but can't afford to”*

*“Yes, but concerned about affordability to finish my degree once my son turns 8 due to changes in parenting payments”.*

*“No lost all support – gone – only had one year left – I feel so alone”.*

The National Welfare Rights Network released data from the Senate Standing Committee on Education, Employment and Workplace Relations (Senate Estimates) on 15 February 2013. It revealed some disturbing outcomes regarding the single parents who lost their ‘grandfather provision’ and forced onto Newstart on 1st January 2013. Points that are relevant to this matter are:

- 22% of working single parents, 8,834 in total, lost eligibility for any income support payment, under the stricter Newstart Allowance income test. In addition, to losing the Pensioner Concession Card they would also have lost access to the Pension Education Supplement and the Entry Education Payment;
- Employment Barriers: One in ten (6,496) parent’s Centrelink records indicate that they have one or more “vulnerability indicators”, which included 264 recipients who lacked significant literacy and numeracy skills.

It is deeply disappointing to understand that there are not any population studies to ascertain what were the immediate and the longitudinal impacts to such a significant policy decision. NCSMC points to the ACOSS poverty report (2016) as a clear indicator that this was a policy failure resultant in an increase in child poverty concentrated in sole parent families. Therefore, access to education assistance and not proceeding with further cuts is the only plausible outcome or we will further compound entrenched hardship.

NCSSMC was contacted by Jane\*<sup>1</sup> and her circumstances illustrate how harsh the new measures and their impacts will be felt by her and her son, which includes the loss of the current education assistance.

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<sup>1</sup> \* Jane is a pseudonym

## Jane

- Jane is a single mum raising a son who is 16 years.
- Son is completing year 10 and hopes to finish year 12 in 2019.
- Son is repeating year 10 as it was 'disrupted'. Family moved interstate to leave behind an abusive situation. The son had become a victim of the physical abuse as he felt 'big enough' to protect his mother from his father's violence and intervened. Jane has a protection order (and has requested that no identifying information be submitted)
- Jane has an exemption to collect child support due to the domestic violence. It increases her safety but it means that her son won't financially benefit from any child support.
- Jane is currently undertaking her second year of a four-year course (fulltime equivalent).
- Jane completed the first year part-time which took two calendar years. Now that her son is 16 years and more independent (and feels safe in their new community) she has enrolled as a full-time student and it is her aim to complete years 2, 3 and 4 as a full-time student. Her study plan and family budget is reliant upon the Pension Education Supplement and the Entry Education Payment.
- Jane has a regular 3 hour shift on Friday evenings at a local cafe. Minimum rate plus afternoon rate penalty has her earning \$61.6 plus 3 hours on Sunday, again at minimum hour rate but with penalty rates it increases her earnings to \$106.20. Jane will work additional shifts when available but it is sparse and unpredictable.
- Jane keeps \$104 of her \$335.60 fortnightly earnings before her payment is reduced (the \$104 won't increase) if the measure that seeks to 'freeze' the \$104 maximum income free threshold is enacted. Jane informed NCSMC that her reportable taxable income was a little under \$50,000. NCSMC used \$50,000 to ascertain the potential impact for Jane and her son.

Jane	Current	Proposed Changes
Family Tax Benefit Part A	237.86	257.86 *\$10 p/w increase
Family Tax Benefit Part B	108.64	0
Energy Supplement Part A	4.48	4.48
Energy Supplement Part B	1.96	1.96
<b>Family Payments</b>		
<b>Sub Total Per fortnight</b>	<b>352.94</b>	<b>264.30</b>
<b>Family Payments</b>		
<b>Sub Total per annum</b>	<b>9176.44</b>	<b>6378</b>
Family Tax Benefit Part A Supplement (annual)	726.35	0
Family Tax Benefit Part A Supplement (annual)	352.94	0
Pension Education Supplement (annual)	1622.4	0
Entry Education Payment (annual)	208	0
<b>Total</b>	<b>\$12,086.13</b>	<b>\$6,378.00</b>

Jane is clear that she won't be able to study if she loses the Education Assistance as proposed in the *Social Services Legislation Amendment (Omnibus Savings and Child Care Reform) Bill 2017*. Jane has informed NCSMC that she has 'no option' as to how she will overcome the combined magnitude of the projected loss from both the Family Payments cuts and removal of the education assistance, which is close to \$6,000 p/a. At this stage, Jane is resolute that she cannot return to the place of the abuse and to the hands of her abuser because of the direct impact on her son. Jane fears that she will slide from housing stress and into homelessness if the cuts proceed. Jane dreads a future stuck on Newstart, in poverty, and in a job that has minimum rate which is both insecure and has limited hours. Jane is already bracing herself for the loss of her Sunday penalty rates and is unsure of what the \$ impact will be.

NCSMC has welcomed the opportunity to accept and respond to the *Question on Notice* (21). Please do not hesitate to contact me if we can provide further information.

Warm Regards,

Terese Edwards: Chief Executive Officer