

Senator Rachel Siewert
Senator for Western Australia
Committee Chair
Senate Standing Committee on Community Affairs
PO Box 6100
Parliament House
Canberra ACT 2600
Sent via email - community.affairs.sen@aph.gov.au

Friday 12 February 2016

RE: SOCIAL SERVICES LEGISLATION AMENDMENT (FAMILY PAYMENTS STRUCTURAL REFORM AND PARTICIPATION MEASURES) BILL (NO. 2) 2015

Dear Senator Siewert,

The Parenthood welcomes the opportunity to provide feedback on the *Social Services Legislation Amendment (Family Payments Structural Reform and Participation Measures) Bill (No. 2) 2015 (the Bill)* and contribute to the Senate Committee's inquiry.

The Parenthood considers this inquiry a chance to demonstrate to Senators, and to the Parliament more broadly, the devastating consequences of this legislation if it's passed.

The Parenthood strongly advises Committee members not to support this Bill.

We urge Senators not to support reducing the rate of the Family Tax Benefit (FTB) Part B to \$1000.10 per year for individuals with a youngest child aged 13 to 16 years of age or support the phasing out the FTB Part A and Part B supplements over the next two years (2016-18).

What these changes will mean in real terms for Australian families is that they will no longer be able to buy the new school shoes when needed or the books and other school essentials; they'll no longer be able to afford to keep enough petrol in the car to take their kids to and from school or afford the fresh fruit and vegetables to keep their children healthy and well fed; and it will mean that after all the essentials are covered they'll lose what little they had left to buy their children the occasional treat like a trip to the movies.

These changes will hit the lowest paid the hardest and are simply unfair and wrong.

Parents are well placed to understand the importance of managing budgets - so we appreciate the government's need to explore ways to balance our nation's budget. However, just as we do with our household budgets, we implore our government to get the priorities right on where and how much to spend and where and how much to save. Savings that directly hit the living standards of the families and their children who can least afford it, is in our view a very misguided savings priority.

THE PARENTHOOD: REPRESENTING THE PARENTS' PERSPECTIVE

The Parenthood is Australia's leading parent advocacy and campaigning organisation and has in excess of 40,000 parent members across Australia.

To date over 10,000 Australian parents have participated in The Parenthood's call on the government to increase its support of sole parent families and stop its attack on FTB payments.

Thousands of sole parent families have been struggling since the former government took sole parents off the single parent payment and put them onto Newstart, (ruling in a loss of up to \$160 a week). However, the current government appears to want to make matters significantly worse for these families as they continue to pursue cuts to FTB payments since first announced in the 2014-15 federal budget.

Since that time The Parenthood has been campaigning for a *Fairer Families Package* - one that doesn't leave families, in particular low income, sole parent families, struggling to keep food on the table or roofs over their children's heads.

The Parenthood seeks to ensure that the voices of parents, especially those who will be directly affected by the current proposed changes, are heard.

We have also encouraged parents to make their own individual submissions to the inquiry and understand that several have taken up this opportunity.

THE PARENTHOOD REJECTS THE GOVERNMENT'S CUTS TO AUSTRALIA'S FAMILY PAYMENT SYSTEM

Whilst the current Bill is less severe than what was originally proposed in the 2014-15 federal budget, its affects will be extensively felt by thousands of parents and their children.

About 1.5 million families who receive FTB Part A and 1.3 million families who receive FTB Part B will be affected by the rapid phase out of the end of year supplements. Around 1.3 million families receive both FTB Part A and FTB Part B.¹

These supplements equate to \$726.35 per child for Part A recipients and \$354.05 per child for Part B recipients. For families with one, two or more children this quickly adds up to be a significant loss in annual income and will be acutely felt by the half a million families who currently have incomes less than \$50,000.

¹ Answers to estimates questions on notice social services portfolio 2015-16 supplementary estimates hearings, http://www.aph.gov.au/Parliamentary_Business/Senate_Estimates/claccte/estimates/sup1516/SocialServices/index

*“My children will get less food to eat
And probably less clothes
And less shoes
And no special outings”*

- Mum, Sydney

“In my household we barely make it pay to pay. As a single parent of a disabled child working is not an option. Removing ftb b from my budget would cause more hardship than we already face. And would cause homelessness as there is not anywhere else left to cut in my budget. With the cuts to pbs our medication bill has risen for my asd child with rheumatoid arthritis in both ankles who cant take tablets.”

- Sole parent mum of one, Adelaide

It is expected the proposed changes will diminish the incomes of 136,000 sole parents with children over the age of 13 when their rate of FTB part B is reduced and around 46,000 sole parent families with children aged 17 to 18 when they lose eligibility for FTB Part B²

“I receive \$108.78 a fortnight part b family supplement. That is \$54.39 a week. To some people this is pocket change – they spend it so freely but for me it is the difference between my 12 year old son and I eating vegetables or eating only the specials we can find at the supermarket. These specials don’t include meat.”

- Sole parent mum of one, Brisbane

FAMILIES ARE ALREADY STRUGGLING – DON’T MAKE MATTERS WORSE

“I’m a single parent with a daughter who’s 12 years old, things are beyond tough at this point and these cuts are going to make it impossible. I’m currently unable to work due to a serious back issue, which may require surgery to fix. My daughter misses out on so much now, because of the finances. I’m currently back living with my parents, because I have no hope paying \$300 a week in rent. My daughter has just started high school and already extra cost are coming in, I try my best to make sure she doesn’t miss out, but a lot of times she’s does and it’s not fair, none of this is her fault and my health situation is out of my hands! PLEASE don’t allow these cuts, so many single parents will cop the brunt of this, and we are all struggling badly”

- Sole parent mum, Queensland

In 2014 The Parenthood ran a national survey to explore the impact of the cuts to the Single Parenting Payment and found that of sole parents pushed onto Newstart, 88 per cent were struggling to cover the cost of groceries each week and 53 per cent were finding it difficult to meet basic travel costs for their family.³

² Ipid

³ See Appendix A for a copy of the The Parenthood Sole Parent Survey

The Parenthood

A significant number of sole parents (73% of parents surveyed) reported a decline in their mental health, needing to skip meals (65%) and having incurred debt with family (61%), credit cards (51%) and with school (47%) just to make ends meet.

Their children have been suffering as a consequence – with a significant number of parents reporting their children have had increased experience of social and emotional distress (67%), a decline in nutrition (48%) and a decline in school performance (31%).

This is the experience now – what will happen if these families lose another \$3,000 in their yearly income, especially as their children get older and become more expensive to care for?

CONCLUDING REMARKS

The Parenthood again thanks Senate Committee members for the opportunity to provide input and feedback to contribute to your review of the *Social Services Legislation Amendment (Family Payments Structural Reform and Participation Measures) Bill (No. 2) 2015*.

We urge Committee members to listen to the parents of Australia, especially those sole parent families, struggling to give their kids the best they can and who simply can not afford to see the income support they depend on reduced any further.

This Bill, if passed in its current form will have devastating consequences for thousands of Australian families. The Parenthood urges you to reject this Bill and recommend to the government they seek budget savings elsewhere – not by asking those who can least afford it pay for it.

Kind regards,

Jo Briskey
Executive Director
The Parenthood

APPENDIX A



The Parenthood Sole Parent Survey - 5 February 2014

Full data set: 546 respondents

What expenses have you struggled with, if any, since the Parenting Payment Single was cut?

- Groceries (480 respondents / 88%)
- Education (411 respondents / 75%)
- Rent (314 respondents / 58%)
- Mortgage repayments (95 respondents / 17%)
- Travel expenses (287 respondents / 53%)
- Out of school activities (435 respondents / 80%)
- None (17 respondents / 3%)

How has the payment removal impacted upon your child?

- No impact (40 respondents / 7%)
- Social / emotional distress (367 respondents / 67%)
- Child struggles at school (167 respondents / 31%)
- Child's nutrition has declined (263 respondents / 48%)
- Child missed medical appointments (176 respondents / 32%)
- Child has less personal contact with sole parent (246 respondents / 45%)

How has the payment removal impacted you personally?

- No impact (18 respondents / 3%)
- I've had to stop studying (99 respondents / 18%)
- My mental health has deteriorated (398 respondents / 73%)
- I sometimes skip meals (356 respondents / 65%)
- My social life has suffered (344 respondents / 63%)
- Other (209 respondents / 38%)

How has your personal financial situation changed?

- No change (17 respondents / 3%)
- Slight change (41 respondents / 8%)
- I've incurred debt with family / friends (334 respondents / 61%)
- I've incurred debt with the school (259 respondents / 47%)
- I've incurred credit card / bank debt (281 respondents / 51%)
- I have sought charity assistance for food and / or housing (307 respondents / 56%)