

# Friends of Sole Parents Inc



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The Committee Secretary  
Senate Standing Committee, Community Affairs  
PO Box 6100  
Parliament house  
Canberra ACT 2600

*Adequacy of Newstart and related payments and alternative mechanisms to determine level of Income support payments in Australia*

## Executive Summary

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## I Background and Context

Friends of Sole Parents Inc 'FoSP' was established in NSW in 2012 in response to the gap in advocacy and service provision to sole parent families in NSW. According to the 2016 census there were 190,048 sole parent families in Greater Sydney and over 959,500 across Australia.<sup>1</sup> This demonstrates a growth in numbers of sole parents from the 2011 census figures and the trend confirms the ABS forecast figure in excess of 1.1 million families by the mid 2020's. Currently, 25% or over 959.5K families i.e. one in four families with children in Australia are sole parent families, as shown in Fig.1.

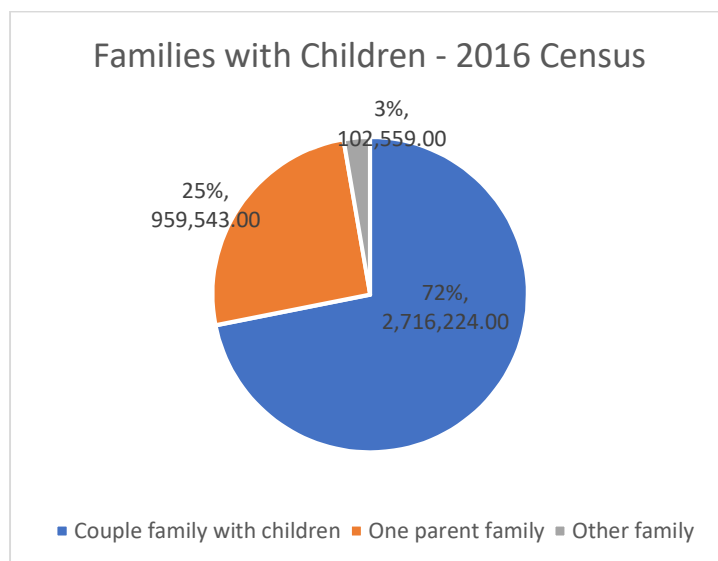


Fig. 1

Following changes made to eligibility for the receipt of Parenting Payment Single (PPS) in 2006 by the Howard Government, the Gillard Government passed a law In October 2012 which would eventually result in the transference of 163,000 grandfathered single parents to Newstart from PPS once their youngest child turned eight (8). The grandfathering system meant that prior to October 2012, if the family had been eligible for PPS prior to 1<sup>st</sup> July 2006, PPS would continue until their youngest child turned sixteen (16). This change has been documented by ACOSS and anecdotally by sole parents as resulting in a loss of approximately \$ 85 dollars per week in income, a huge impact for families living near to or below the poverty line.

**I was feeling angry and confused when Centrelink informed me that my parenting payment will end when my child turns 8, as it was 16 before that...When I asked them to explain, all they said was 'the legislation had changed'. As a result, I was still raising a child of primary school age on my own, but the payment had decreased by about \$200 a fortnight. It had a major impact on my budget and our quality of life.**

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[https://quickstats.censusdata.abs.gov.au/census\\_services/getproduct/census/2016/quickstat/1GSYD?opendocument](https://quickstats.censusdata.abs.gov.au/census_services/getproduct/census/2016/quickstat/1GSYD?opendocument)

Further, as reported by Peter Whiteford et al in the Conversation,<sup>2</sup> in the 2009-2010 Budget, Family Tax Benefit (FTB) Part A was unlinked from the married rate of the pension, resulting in a shrinkage of FTB per child of \$13 per week for each younger child and \$17 per week for each older child. Further legislative changes to water down FTB initially put forward by the Abbott Government to FTB subsequently passed under the Turnbull Government in 2016 and 2017. Among other changes, rates of pay no longer increase with inflation.

## II Response to Terms of Reference:

### A - Consideration of what constitutes an acceptable standard of living including the cost of safe and secure Housing

According to ACOSS, the relative poverty line is considered to be below 50% of median household disposable income; \$565.26 per week after housing costs and \$692.37 before housing costs for a sole parent with two children<sup>3</sup>. Parliament advised in 2013 that a sole parent family with two children would receive about 30,000 per annum or \$82 per day once moved to Newstart.<sup>4</sup> Further, it advised that:

**Providing food and clothing for a family of three on \$30 000 a year (on which no tax would generally be payable) may be reasonable if there are no accommodation costs.**

In 2018 ACOSS reported that sole parent families have the highest poverty rate of all family types in Australia with 32% such families living below the poverty line.<sup>5</sup> This means large numbers of children are living in poverty within sole parent households; 39.4% of the 739,000 children in Australia living in poverty, or over **291,000**. Children in sole parent families are **three times as likely to live in poverty** as their counterparts in couple families, of whom 13% are in poverty.

Further, ACOSS identified the transference of sole parents to Newstart from PPS as contributing to a rise in the rate of poverty among unemployed sole parents from 35% in 2013 to 59% by 2015; a mere two years later. Studies in other OECD countries have demonstrated the prevalence of poverty in sole parent households, for example in the United Kingdom, Single Parent Charity *Gingerbread* reported 1 in 3 children with a working single parent lives in poverty.<sup>6</sup>

### Housing

According to the annual 2019 housing study by Anglicare,<sup>7</sup> zero properties were found to be “affordable and appropriate” in any capital city for a single person on Newstart or Youth Allowance. In the category of single parent with one child over the age of 8 and on Newstart, having been moved off PPS, the Anglicare study found that only 75 properties across the whole country were

<sup>2</sup> <https://theconversation.com/its-not-just-newstart-single-parents-are-271-per-fortnight-worse-off-labor-needs-an-overarching-welfare-review-107521>

<sup>3</sup> [https://www.acoss.org.au/wp-content/uploads/2018/10/ACOSS\\_Poverty-in-Australia-Report\\_Web-Final.pdf](https://www.acoss.org.au/wp-content/uploads/2018/10/ACOSS_Poverty-in-Australia-Report_Web-Final.pdf)

<sup>4</sup> [https://www.aph.gov.au/About\\_Parliament/Parliamentary\\_Departments/Parliamentary\\_Library/FlagPost/2013/January/Can\\_single\\_parent\\_families\\_survive\\_on\\_Newstart\\_It\\_might\\_depend\\_on\\_where\\_they\\_live](https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/FlagPost/2013/January/Can_single_parent_families_survive_on_Newstart_It_might_depend_on_where_they_live)

<sup>6</sup> <https://www.bbc.com/news/uk-43140285>

<sup>7</sup> <https://www.anglicare.asn.au/docs/default-source/default-document-library/final---rental-affordability-snapshots302da309d6962baacc1ff0000899bca.pdf?sfvrsn=4>

affordable and appropriate, representing **0.1% of properties surveyed**. NSW waiting lists were reported in 2018 by Family and Community Services (FACS) to be between five to ten years for a Department of Housing dwelling for some areas, however the majority are noted as over ten years wait for a property with 2 bedrooms or more,<sup>8</sup> meaning that the vast majority of these families are dependent on the private rental market. As at 30/06/18 NSW Family and Community Services notes that 48,337 Applicants were on the list for Department of Housing properties, with 4,595 deemed 'priority'.

In private rental properties, sole parents and their children are particularly vulnerable to:

- Damp, poor quality and poorly maintained dwellings
- Rent increases, intrusive inspections, with some Agents or Landlords enforcing unrealistic standards or deciding to sell up, creating stress and uncertainty.
- Relocating, an exercise families can ill afford. Sole parents who are renting report having to move often. When they move, reports are that Agents try to retain part or all the bond by claiming there is damage needing repair - this delays receipt of the bond which is needed to secure their next property and has a net financial impost. Should a parent wish to lodge an appeal, this is time consuming and delays return of the bond. If the sole parent is due to receive bond assistance, the process is even longer and convoluted.

A discussion of housing must factor in domestic violence or the threat of domestic violence. Sole parents may need to suddenly flee a violent scenario with their children. The policy of 'Staying Home Leaving Violence' in NSW is viewed by many to have been underfunded and the model itself problematic.

The Guardian reported in May 2019<sup>9</sup> that a sole parent on Newstart experiencing domestic violence can access a crisis payment of \$300.55 up to four times per year, however this same article also noted that National Social Security Rights network has recommended the amount should be raised and made available more frequently throughout the year to facilitate escaping the trap of intimate partner violence. We note that short deadlines and bureaucratic hurdles exist to apply for these crisis payments. The structure of income support and having to provide proof of single status is problematic for sole parents, meaning that they and their children are financially dependent on their violent partner for survival.

Economic abuse is a common feature of domestic violence. A parent needing to leave a violent partner must fulfil Centrelink requirements such as finding a referee to confirm the person has a single relationship status. In a domestic violence situation, referees may be hard to find. As the Guardian stated:

**"Violence against women is the key driver of homelessness"**

Without safe and secure housing, interactions with Centrelink and other related providers is vastly more complicated and physical and mental health of the sole parent and her or his children may be affected.

C - The changing nature of work and insecure work

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<sup>8</sup> <https://www.facs.nsw.gov.au/housing/help/applying-assistance/expected-waiting-times>

<sup>9</sup> <https://www.theguardian.com/australia-news/2019/may/16/ask-a-policy-expert-does-centrelink-support-single-mothers-exiting-violent-relationships>

August 2019 figures released by the ABS showed a creation of part time jobs (+50,200) but fulltime positions were shed (-15,500), confirming the ongoing trend toward an increase of casual, part-time, contract and gig economy jobs. This means that if in casual or contract employment, a sole parent who is ill or whose child is ill or needs to go to a Dr's appointment will not be paid for the time she or he is not at work. It also makes it practically impossible to take out a loan or find a rental property; the lack of a regular salary places them at a disadvantage when applying for rental accommodation.

In 2015 The McClure report identified sole parents as facing barriers to employment that other job seekers do not, citing access to affordable and safe housing, cost of living, lack of access to support services and the income test applied to income support payments<sup>10</sup>. We would add the following factors:

- Insufficient rent assistance
- Casualisation of the work force
- Inflexible work hours
- Balancing child-caring responsibilities and working
- Lack of affordable and accessible child-care\*
- Poverty

\*The end of this paper includes recommendations our NFP already made regarding Child Care to the Productivity Commission in 2014. The Guardian reported in 2017 that sole parents were more likely to use paid child-care than coupled parents. It reported that in 2014 and 2015, 50.7% of single parents with children were using paid childcare, compared with 46.5% of couple parents.<sup>11</sup>

Sole parents need flexible work arrangements; however a lack of suitable jobs means that these are extremely difficult to find. As at August 2019, ABS Labour Force (seasonally adjusted) estimates for August 2019 are that 1,884,000 workers were found to be unemployed or underemployed, hence competition is fierce for available jobs.

#### F) impact of the current approach to setting income support payments on older unemployed workers, families, single parents.

The current approach of setting income support payments has been largely dictated by Governmental budgetary constraints, not by need. The failure to acknowledge rising housing, electricity and other costs of living while moving sole parents to a lower income support regime in the form of Newstart has already had a significant impact and the negative consequences will last into the future.

As mentioned in the term of reference, it would appear a single parent exists in isolation, apart from her or his children. Instead, it should read 'single parent families' because as we have demonstrated, the effect of the low rate of Newstart is adversely affecting children in sole parent families of whom 291,000 are considered below the poverty line.

When moved to Newstart, there is an immediate drop in the family's standard of living. As mentioned, children in sole parent families are three times more likely to live below the poverty line; and it is likely the numbers have increased since this data was produced, as more sole parents are moved onto Newstart from the PPS payment as their primary source of income support. The case of

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<sup>10</sup> [https://www.dss.gov.au/sites/default/files/documents/02\\_2015/dss001\\_14\\_final\\_report\\_access\\_2.pdf](https://www.dss.gov.au/sites/default/files/documents/02_2015/dss001_14_final_report_access_2.pdf)  
p.218

<sup>11</sup> <https://www.theguardian.com/australia-news/2017/aug/02/poverty-on-rise-in-single-parent-families-as-childcare-costs-bite>

Emily Lightfoot as reported by the Guardian in April 2019 points to a daily struggle to survive.<sup>12</sup> Emily and her son were placed on Newstart once her son turned eight, but she waited three months before being deemed eligible. She describes not eating at all or when she did, could only afford instant noodles.

‘Older unemployed workers’ includes sole parents who due to family responsibilities and insecure work, may find themselves on Newstart once their children are no longer considered dependents and due to many years of being in survival mode, have forgone opportunities to improve their qualifications and work opportunities.

When children are removed from their parents care by a State Agency, losing PPS and being placed on Newstart creates more financial hardship and other difficulties for parents who in our experience, take several years to work toward restoration of their children to their care. During this time, they may be required to do parenting courses, attend counselling, rehab etc, apart from their Newstart obligations.

Before their youngest child turns eight, under the Families First program, sole parents must adhere to onerous reporting requirements and attempt to balance that with the demands of family. Sole parents obligated to participate in the program once their youngest child turns six report high levels of stress as they endeavour to fulfil their requirements under an unbending compliance system in order to retain income support. Many times it is counter-productive and as with Newstart, they report finding jobs of their own accord. Frankly, it is a meat-grinder approach, which was roundly criticised by submissions to the recent Senate Committee Enquiry.

The Benevolent Society noted:

**The lack of oversight and accountability for decisions made by ParentsNext providers is jeopardising the ability of parents to care for their children, provide for their healthy development and forcing disadvantaged families deeper into poverty. The Benevolent Society believes the administration of income support payments and the power to impose penalties should be the sole responsibility of properly resourced and trained government agency employees.**

As one parent commented:

**My payments were cut off because I didn't attend a Parents Next meeting. Thing is, I wasn't told about the meeting (no letter sent) received no phone calls about it and then wasn't even informed my payments had stopped until I checked my bank account...It was a complete nightmare ..I also got cut off a month ago for not submitting a relationship status document they never told me to submit.**

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<sup>12</sup> <https://www.theguardian.com/australia-news/2019/apr/19/its-soul-destroying-the-stress-and-stigma-of-being-a-single-parent-on-welfare>

H Adequacy of payments and whether it allows people to maintain an acceptable standard of living in line with community expectations and fulfil Job search activities and secure employment and training.

Under the mutual obligation welfare prism, a parent is primarily a job seeker rather than a parent. This is not in line with community expectations nor would the community expect parents or children to go without food.

Sole parents are already under enormous pressure and the systems and programs in place do not help; many are poorly designed and implemented. Errors on the Centrelink Side such as under Robodebt, have resulted in time consuming processes and have heightened parents stress.

The objective to improve qualifications and job readiness is a good one however the implementation of such programs are not helpful to the majority of sole parents. Many sole parents report having to give up their studies due to being placed on Newstart, their financial situation having suddenly become more dire.

**I'm soon to be put onto Newstart and am very concerned about my children and myself financially. I'm worried I won't be able to afford to keep my house, let alone pay the rising bills and expenses. The kids' father doesn't pay child support and I have them 100 percent of the time.**

**Single parent, full time student doing the right thing but terrified I won't be able to afford the basics (food, rent, utilities, school and uniform costs, medicine) when I am switched to Newstart from my PPS.**

Poverty makes it vastly more difficult for sole parents to find and hold down a secure well-paying job. The reasons for this are:

- Lack of suitable jobs and being disadvantaged as a job seeker, as mentioned in C – The Changing Nature of Work and Insecure Work
- Lack of, or poor-quality housing
- Multiple constant demands of caring for their children
- Energy and time spent trying to stay safe where there is a threat of domestic violence
- Inability to afford appropriate clothes for interviews and the work environment
- No regular or reliable access to the internet
- Transport without a reliable car or being able to adequately maintain it and pay for petrol.
- The cost and poor availability of child-care/ Out of School Hours Care(OOSH)
- Child/children needing to attend Doctor's or Specialist appointments mid-week or needing to stay home/be collected from school if unwell.

As A. Crawford pointed out in a 2014 <sup>13</sup>article *This isn't working – Single Mothers and Welfare*, the 2012 Parliamentary enquiry into Newstart expressed concern at the loss of income when sole parents were transitioning from Parenting Payment to Newstart. This has not changed, in fact the descent into poverty is much faster, due to the increase in the cost of living including rapidly increasing housing costs, Newstart not keeping pace with this and other supplementary payments failing to bridge the gap.

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<sup>13</sup> <https://meanjin.com.au/essays/this-isnt-working-single-mothers-and-welfare/>



Due to the likelihood of sole parents being in insecure irregular work, it is difficult to estimate income for a future period. In the years after separation, this is being done at a time of enormous upheaval when a parent's attention is pulled in a number of different directions while trying to maintain a sense of normalcy for their children. Parents may be going through a protracted process in the family court, having to document appeals through the child support agency etc, all of which are hugely time and attention consuming.

**Case study: Sally (not her real name), Parent of twins who due to her part time role inadvertently underestimated her income by less than 10% over two years. This occurred at a time when her mother was dying of cancer and she was her mother's primary carer, she was appealing to the Child Support Tribunal due to her ex-husband paying 50c per day in child support despite earning \$400,000 per annum. This resulted in a Centrelink Debt of \$7,000 which is now being deducted from her payments over the next years in order to repay it. It should be noted that her family court proceedings lasted for six years during which she was self represented for part of the time.**

Quality of life doesn't appear to be part of this enquiry however surely it is relevant. If sole parents are busy running on the hamster wheel, they cannot spend necessary valuable time with their children. Does the community consider it is more important for the parent to work rather than spend time with their child or children who may be traumatised following the separation?

**I cannot give my child my time and the best of life and the same time. If I work two full time jobs I miss everything – school events, after school activities and basically paying someone else to raise my child. My son needs at least one parent to be there... I work hard and still have to report to Centrelink and attend job search for a payment of 100-200 per fortnight.**

### III Recommendations

Thank you for the opportunity to contribute to this enquiry. We acknowledge the insights provided by so many sole parents and hope that these will be considered, in order that systemic change may occur to benefit sole parents and their children.

- Access to Parenting Payment Single be reviewed with a view to it being paid to sole parents for much longer than the present cut-off of when the youngest child turns eight (8) and to age twelve (12) at a minimum. There are virtually no jobs within school hours.
- Child support payment avoiders by the non-lodgement of tax returns, minimising income and other means etc be pursued more vigorously by the Child Support Agency and the Australian Tax Office. Investigate the interaction of Child Support Payments with FTB payments.
- Newstart be reviewed and raised to an appropriate level for adult children of sole parents and sole parents themselves once their children are deemed independent.
- Family flexibility in the work-place be more enforceable instead of the current situation by which it can be requested but employees ostracised. We highlighted one such case during



the 2014 Round Table on Supporting Working Parents Study, led by the Anti-Discrimination Board.

- That child-care needs of sole parents should be examined in more depth, particularly in light of the changes to income support and the transfer of sole parents to Newstart:
  - Child-care be more heavily subsidised for sole parents to counter the disadvantage in the labour market experienced by sole parents – Cf our submission to the Productivity Commission in 2014.
  - Increased access to flexible child-care hours should be prioritised and accorded appropriate funding.
  - That the practice of collection of bonds equivalent to several weeks' child-care fees by some childcare centres be investigated, as it represents a discriminatory barrier for workforce participation and an ongoing financial strain to low income families.

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## Acronyms

PPS – Parenting Payment Single

OECD – Organisation for Economic Co-Operation and Development

ACOSS – Australian Council of Social Service

OOSH – Out of School Hours

FACS – Family and Community Services (NSW)

FTB – Family Tax Benefit