

**The Social Services Legislation
Amendment (Budget Repair) Bill
2016**

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

September 2016

[www.ncsmc.org.au]

[ncsmc@ncsmc.com.au]

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. NCSMC can initiate and respond to policy and legislation and ensure that the *lived experience* is heard. NCSMC provides information, referrals and assistance to single mothers through our electronic platforms. In the past year we have responded to over 1,300 individual requests whilst our information post can reach up to 53,000 per week. One of our greatest strengths is our expertise and commitment in working with, and for, the advancement of women and children who are impacted by poverty, hardship and or domestic violence.

Community Affairs Legislation Committee

NCSMC welcomes the Senate referring the *Social Services Legislation Amendment (Budget Repair) Bill 2016* to the Community Affairs Committee. NCSMC supports measures that seek to improve economic resilience and wellbeing for sole parent families, whilst we stand firm against measures that will produce more harm.

NCSMC is clear that this measure will increase the challenge or make it unobtainable to gain a qualification; a much needed stepping stone on the path to paid work. NCSMC views the decision to abolish education support as counterproductive to the public statements made by the Government and will be seeking that this decision is reversed.

Despite access to the Henderson Poverty Line since the 1970's, as a Nation we have abrogated our responsibility to measure and understand the implications of poverty; its' associated loss of productivity the structural contributors and how it increases inequality and fractures our community. Furthermore, we have failed to recognise that some population groups such as single mother families are over-represented in the areas of poverty, hardship, deprivation, violence and inequality. This over-representation has occurred throughout our prosperous periods, indicating that we have the policy settings wrong. The trending of this issue has serious ramifications for our current health and well-being as well as our nation's future and it is time to end the harm.

Our expertise is derived from our own research, collaboration with others and steeped in the rich but often tragic experience of women who have sought our service. It is from this unique, but clear vantage point that we present our submission and recommendations.

*O*ur Recommendations

1. Pensioner Education Supplement (PES)

The Pensioner Education Supplement (PES) provides \$62.40 per fortnight to assist with the ongoing costs of full-time or part-time study in a secondary or tertiary course, at an educational institution as approved by the Australian Government. The supplement is paid to people who are studying, including Disability Support Pensioners, Parenting Payment Single recipients, carers and widows. Single Parents on Newstart gained access from 1 January 2014.

The current reality for single parent families, who are in receipt of income support, is the struggle to obtain access to secure employment. Single mothers already make career compromises as they meet the demands and expectations of sole parenting. They further contend with limited access to affordable and safe child minding options with a no-existent formal care system for children as they transition into secondary school. The compounding prospect of not having a qualification, one that is required by the labour market, increases the challenge to obtain employment.

Abolishing the Pension Education Supplement has the potential to impede access to the labour market and or trap women in hardship as they cycle in and out of low paid, on call and insecure work.

Recommendation: The Committee rejects the Legislation to abolish the Pension Education Supplement.

2. Education Entry Payment

The Education Entry Payment assists with education expenses and is paid once a year to eligible recipients. It is paid at the rate of \$208 per annum. The Education Entry Payment supports eligible people returning to study. It doesn't cover the cost of upfront fees, but for single mothers it can be the difference between undertaking study or it being beyond their financial capacity. Welfare Rights estimate that around 90,000 people benefit from receiving this assistance each year. Again, this measure can only be described as counterproductive as it will remove assistance that can provide a qualification benefitting mothers who are locked out of the labour market and trapped in a cycle of hardship.

Recommendation: That the Committee rejects the Legislation that will abolish the Education Entry Payment.

3. Income Free Threshold - Three Year Freeze

An obvious flaw in our current social security system is the total inadequacy of the Newstart Allowance as well as the Newstart 'income free threshold'.

Currently, once the youngest child turns eight years of age recipients of the Parenting Payment Single will be forced from this frugal payment and onto Newstart, an allowance which sits below the poverty line. The families in paid work continue to report to NCSMC that they incurred unrecuperated losses of up to \$140 per week. The amount lost can be the difference between 'keeping a roof over their family's head' and putting 'food on the table'.

The inadequacy of Newstart has been publicly stated and widely accepted as *insufficient*. The shared position which is held by many including KPMG, the Business Council of Australia and the Australian Council of Social Services is clear that the Government needs to address the Newstart Allowance commencing with an immediate increase of \$50 per week. The payment is too low to actually enable any *unemployed* Australian to actively search for work. It does not recognise the role and the contribution of unpaid care, and it prohibits a single mother to combine part-time work, parenting and/or study as the income thresholds are punishing.

A sole parent with three children can earn and retain \$118.00 per week on Parenting Payment Single but when on Newstart it reduces to \$62 per week. As reported by National Welfare Rights a mother working 15 hours per week on minimal wage would need to work 28 hours per week to retain the same earnings.¹

This Legislation compounds the already accepted inadequacy of Newstart and any measures that further erode this scare payment such as the freeze for three-years to the income thresholds must be rejected outright.

Recommendation: That the Committee rejects the Legislation that will abolish the freeze on Income free thresholds and that it recommends that 'Newstart Principle Carer' has the same income free areas as 'Parenting Payment Single'.

¹ ¹ National Welfare Rights, analysis Senate Community Affairs Committee, released 24 January 2014, Answers to Questions on Notice, Social Security Portfolio, 2013-14 Supplementary Estimates Hearing, Question: No. M0090_14.
www.aph.gov.au/Parliamentary_Business/Senate_Estimates/claccte/estimates/sup1314/DSS/index

The Reality: Family & Domestic Violence

We are starting to learn that a mum cannot ‘just leave’. Women speak about feeling ‘trapped’, they fear that they won’t be believed or that her experience will be trivialised. Mums speak about concerns that they won’t get the help and support that they so desperately need. After many years of the verbal abuse they may start to believe the words and that somehow they are responsible and/or worthless. Mums talk about their sense of isolation due to the violence and the image others may hold of the abuser, such as “he is a really good guy” or that he holds a “position of influence” within their community. Furthermore, it is possible that she will not have any money, or have limited access to money, and/or she will feel such paralysing fear she will be unable to leave or even be able to see a way to be safe. As statistics tell us that separation is the most dangerous time for a woman and children fleeing violence and that separation in itself is not a guarantee for safety. The NSW Coroner, Michael Barnes reported that:

“Separation, in fact, can be the most dangerous time, because it seems to be based on a need for the perpetrator to control his intimate partner. That can go quite quickly from controlling, jealous behaviour to fatal violence.”¹

As a country we fail these mums on so many levels. If her youngest child is older than eight years her income support will be the Newstart Allowance, a payment of \$40 per day. It is beyond comprehension that women and their children are expected to survive.

We work with mums, who endure hardship which can span her lifetime because of the impact of domestic violence. Mums on Newstart will struggle to keep a roof over their head and food on the table, let alone cover expenses for clothing and education that all children require. This is the harsh reality of what lies ahead for these women. NCSMC is in awe of every mum who has spoken, reached out and ‘done her darnedest’ to protect herself and her children, often against the collective power of a naïve culture and a failed system. Even with such incredible resolve, the reality of poverty will impact greatly on her child or children.

The Legislation that is before the House will remove the hope of gaining a qualification to cycle out of the part-time, low paid and on call employment. The Hilda study stated that:

Lone mothers on average have a lower level of educational attainment than partnered mothers and the education gap appears to have widened.”²

The current punishing *income free area* will be further damaging due to the decision to freeze the inadequate amount for three-years. A decision consistent with supporting families to increase their financial resilience would be to institute the income free areas of ‘Newstart Principle Carer’ to the level of ‘Parenting Payment Single’.

² [The Household, Income and Labour Dynamics in Australia Survey: Selected Findings from Waves 1 to 14 \(page 19\)](#)

‘Basics’ are the new luxury

Successive Governments have made decisions that have resulted in reducing the main income of sole parent families. The same families who are in the most need and would have an immediate benefit with a hand up rather than increased harm. Irrespective of which ‘lens’ is applied to measure hardship such as the [ACOSS Poverty Report](#) or [The Household, Income and Labour Dynamics in Australia Survey](#) (Hilda) its sole parent families, 88% are headed up by a mother, who are the struggling just to survive. New research from Good Shepherd Microfinance found that single mothers are over-represented among ‘payday lending’ borrowers. The research found that while 15% of women are single mothers they now represent 47% of women using payday loans and the use of payday loans was to provide the basics.

“Single mums, whose carer duties often limit their earning potential, are also over represented in repeat borrowers and those with concurrent loans, and are far more likely to borrow for essential items like food, children’s needs and school trips. These women are having to borrow at huge interest just to provide for their children – and they’re being charged a premium for it”.³

The current environment requires a sole parent to compete with job seekers and new data by the ABS stated that there were 345,000 people registered with Centrelink. This does not include under-employment and the under-employed person indicated that they are seeking an extra 15 hours per week⁴. These numbers are imposing enough but are magnified as single mothers do not start from an equal footing. It is more likely than not that these *job seekers* will be living in housing stress and only one small step away of feeling the consequences of an insecure tenancy and/or homelessness for their family.

A sole parent family, when undertaking their mutual obligation activities, may do so from a nearby internet café that offers free WI-FI because their own service has been reduced or ceased. These *job seekers* must be careful not to outstay their welcome as they sip on water and most likely be hungry as food security is also a reality in poor families. It is also likely that they will have ignored their health as health care is now beyond their affordability and it’s no longer universal.⁵ As a country we then tell the parent who is meeting the demands of sole parenting; providing the care, the love and the nurturing and every other parental aspect, that once they find employment that they will be able to retain \$62 of their income per week before their \$285.95 it is reduced (Newstart principle carer). This will occur even if the employment is low paid, part time and/or insecure. We further tell this family that this is the best that they can expect as the already inadequate income free threshold will freeze for the next three-years. As a country we ignore the plight of child poverty and the impact that it has on the child as they will struggle to reach their full potential and talents. Child Poverty remains concentrated in sole parent families and the [Hilda Study](#) again had it as unacceptable and stubbornly persistence at or above 20%.

³ Women vulnerable to high cost credit

⁴ AUSTRALIA’S unemployment rate is at 5.7 per cent, which sounds pretty low. But the true story can be a lot worse.

⁵ Medical costs forcing Australians to skip healthcare

‘The child poverty rate is consistently below the communitywide poverty rate, averaging approximately 10% over the 2001 to 2014 period. However, this largely reflects the very low poverty rates for children in couple families. The probability of being in poverty is very high for children in lone-parent families, in most years hovering between 20% and 25%’⁶

Our policy response to child support is stagnant and it appears that we accept \$2.1 BILLION owed to children as we fail to remedy the alarm that children are missing out. The harm grows when policy remains ‘gendered blind’ and we accept the inherent discrepancies in the Superannuation system, a stubborn wage gap and we don’t account for the contribution and cost of providing unpaid care, all of which disadvantages single mothers. The situation is not ‘wicked’ we are not without solutions. The system is broken but we are not without practical options.

1. Immediately restore the Parenting Payment Single, a modest payment that was structured to support sole parent families. It provides a foundation that enables a mother to participate in part-time work and/or study whilst meeting the demands of sole parenting. The Parenting Payment was not ‘poverty proof’ but it is a significant improvement than forcing families onto Newstart when the youngest child turns eight years.
2. Develop a system where paid work becomes the financial gain for a family and that income free area for Newstart is elevated to that of the Parenting Payment Single. This is a sensible response noting that the Parenting Payment Single was structured for single parents to enter and engage in the labour market and meet the demands of sole parenting.
3. Institute an income support system that is not a ‘political game’ but rather the product of a reputable and independent body. A body that will make an assessment which is based in solid research and that will quarantine Australians against poverty and build economic resilience.
4. State guaranteed child support would immediately cease the practice of post-separation financial abuse and control. The current situation forces mothers to *hope* that the nominated amount is collected and then paid on time. It’s flawed budgeting and one that families should not have to endure.

We are arguing that there is work to be done; that there are opportunities and the benefits would be immediately felt by the families who are in need. This action should be first in the ‘Order of Business’ and take precedence over Legislation that increases hardship.

ⁱ Hitting Home: The hard truth about Australia's domestic violence crime wave

⁶ [The Household, Income and Labour Dynamics in Australia Survey: Selected Findings from Waves 1 to 14 \(page 31\)](#)

The Reality: Mothers Voices

NCSMC is deeply grateful that single mothers will share with us their experience and their wisdom, and they do so with honesty and trust. Below is a small glimpse into their world which could be so much brighter if their voice is heard.

‘they could have matched the earning threshold of Newstart with parenting payment, as that’s the reason parents who were working took the biggest hit. At least it won’t be reduced any further in the next few years. But really, the threshold should increase. It would have a positive impact on so many low income families. They have made the system even more inequitable than it already was. A family’s expenses don’t all of a sudden diminish by \$200-400 per fortnight (the amount most working parents lose) the day their youngest child turns 8. If they are already working how does this measure “encourage” them to find work?’

‘After leaving family violence, my kids need me more, not less! They subsequently have different issues which means added pressure to give them the added care they need for health and wellbeing. Working is a positive thing - but yet having to work a considerable amount of hours in low paid school-hour hours is not helpful to the most vulnerable - our kids. Our country’s future’

“It’s illegal to leave kids home alone and rightly so, but no allowance is made for that when forcing the issue of ‘participation’. Single parents have no leg to stand on and nowhere to turn”.

“I have raised 3 kids on my own for past 9 years. As they are getting older and have more needs it’s getting tougher for us all. They are now aged 14, 15 & 16. I need to take them to school, pick them up, take them to extra curricular activities and ensure their health & wellbeing is monitored as we’ve been

through so much hardship and still are. I feel we on Newstart are disadvantaged. Although I had an agency assigned through centerlink to assist me in finding work its difficult when I have 3 dependants and really at times their services were so poor - I ended up searching on my own when I was able to and found a contract job. That's ending and I fear for what weeks and months to come.

It's extremely stressful & difficult not being able to provide basic needs to my children at times. So many sleepless nights, can only pray for something to change for the better. Always grateful for some services and kind people who help”.

“I have one last parenting payment and then I will be applying for Newstart and the whole thing is extremely depressing. I am not sure if I will be able to afford our rent anymore”

“I am a single mum of one 14 almost 15 year old. I have been in and out of work her entire life. I've lost jobs due to lack of Childcare or affordability to travel to and from work. I currently work - I am almost \$900 behind in rent- \$700 behind in electricity- car rego looming in a week- and next to no food in the house. I cannot afford a new pair of work shoes at \$12 a pair - these debts are incurred from when I was out of employment. How can a single parent survive each week as it is - as well as play catch up on bills when we can't get a fair go. The income free threshold is stupidly low. It really needs an increase more than anything. Even if they set it at a higher rate for a certain period of time to give people a chance to get a leg up when starting work- say 4-6 months- then drop it- even that would help. These days people need at least \$1000 minimum per week in their pocket to survive comfortably. The cost of living is so high. If people could feel comfortable knowing their finances were good a lot less people” would suffer anxiety and depression”.

“Tried to get into Age Care course at Tafe but there is waiting list of 80 people with Tafe only able to take 24 people and first preference goes to people already working in Age Care. Plus my job network provider Max Employment can't help me with courses for I am a stream 1 customer due to being made redundant from Sitel (Call Centre) last Christmas and my youngest child is 17 months old”.

“We want to build a better a live but they (Govt) makes it harder than what it should be”

“Apparently now I have to change to full time study as well as part time work so that centrelink will recognise my study. Apparently they do not recognise part time study even if it is a university bachelor degree??”

“Can not financially afford to study please invest not reduce”

“Would love to do additional study but can't afford it and feel stuck”.

“I won a scholarship but didn't graduate because the immense strain...my budget.... having to get to campus (petrol, parking) so badly that I got into trouble with my rent arrears”

“I was very lucky and finally got after/before school care positions. Had been on the waiting list for months. It's very hard with 3 children finding available spots for all 3.”