

Standing Committee on Community Affairs
Legislation Committee
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Dear Committee,

**The Social Services Legislation Amendment (Maintaining Income Thresholds) Bill 2018
seeks to pause indexation to Family Tax payments.**

The submission will convey the clear message that this measure cannot be viewed in isolation, and the families who will be affected cannot afford another cut to crucial family assistance. Denying access to the Parenting Payment Single for families whose youngest child is older than eight years entrenches financial hardship and due to Newstart's low earning thresholds, women's capacity to work their way out of poverty is impeded, making a mockery of the statement that 'the best way out of poverty is to get a job'. This decision reduces the ability for women to seek and stay safe. It's distressing to report the findings of an online survey which found a little under a quarter of the respondents, women affected by domestic violence, returned to the place of abuse and to the hands of their abuser because they did not have the necessary financial support to provide the basics for themselves and or their children. The harm is further exacerbated due to the failings of the Child-Support system with an outstanding debt totalling [\\$1.5 billion](#), all of which has the combined result of trapping sole parent families into a life full of hardship. We strongly urge that the Committee does not support any further cuts that reduce in real terms, the value of the Family Tax Benefits.

Sole parent families are in distress about this measure and it is our role to convey this distress which is grounded in the 'lived reality'. It is our expectation that the Committee will react, review and insist that the predictable outcome of these measures, great harm to already vulnerable families, will influence their findings and that the measures will be rejected outright.

Recommendation

- 1. Reject the measures contained within the *Social Services Legislation Amendment (Maintaining Income Thresholds) Bill 2018* which seeks to pause indexation to Family Tax payments. If this measure proceeds it would affect some of our poorest Australian families. These families are not able to manage further cuts.**



National Council for Single Mothers and their Children Inc.

Eliminate and respond to violence, hardship and inequality for single mothers and their children

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Family tax benefits are a critical support and not a savings measure. The Social Services Legislation Amendment (Maintaining Income Thresholds) Bill 2018 seeks to pause indexation to Family Tax Benefits. The measure is as follows:

The family tax benefits (A) and the family tax benefits income limit (B) will not to be indexed on 1 July 2018, 1 July 2019 and 1 July 2020.

The FTB gross supplement amount (A) and the FTB gross supplement amount (B) are not to be indexed on 1 July 2018, 1 July 2019 and 1 July 2020.

Australia has one of the most targeted systems in the world, which means that these cuts, in real terms, will be felt by the families who are in the greatest need¹.

The submission is guided by the following statements:

1. Sole parents have borne the brunt of harsh cuts in successive budgets, and therefore they are ill-equipped to manage any further reductions.

Research by the Australian National University Centre for Social Research and Methods has examined the cumulative impacts of cuts made since 2005. The welfare-to-work program reforms have harmed single parent families. The main policy change was to move single parents from the Parenting Payment to the Newstart Allowance. This change meant a lower payment rate and a lower rate of indexation where the youngest child was 8 or older.

- A family with no private income and two children over the age of 8 policy changes since 2005 have left them around \$5,750 a year worse off, or about 17.2 % by 2018.
- A single parent who works three days per week on the minimum wage they will be \$6,391 worse off, or 14.8 %.

Overall, due to lower government benefits and lower payment indexation many single parent families are considerably worse off as a direct result of policy change enacted by various governments since 2005. [Click](#) here for more information.

2. Child Poverty has grown in the last decade and it's concentrated in sole parent families.

The findings of the ACOSS Poverty Report ([2016](#)) is disturbing but predictable. The report found that child poverty is on the rise with 731,300 children under the age of 15 (17.4% of all children) living below the poverty line whilst 40% of children raised in a sole parent family will live with poverty. The findings use the latest available ABS data (2014) and it's the first data to capture the Gillard Government's effect of denying access to the parenting payment on 1st January 2013. The impact of this decision is a 4% increase since 2012 (2 years). Child Poverty has increased despite 25 years of economic growth, indicating a failure in our policy settings.

3. Australia has the most tightly targeted family support systems in the OECD and therefore any cuts directly impact upon struggling families. 'Family Payments' is an

¹ Peter Whiteford, Nov 2015 pp9, Assistance for families in context, Social Policy Institute Australian National University.

expenditure that has reduced over the years and therefore does not require further reductions. Income thresholds have been reduced from \$200,000 per annum, to \$150,000 per annum and currently it sits at \$100,000 with payments reducing once the annual income is [\\$53,728](#) (Part A).

4. **Seeking and staying safe costs money.** We can't cut critical support to women and children affected by domestic violence. There is no domestic violence exemption that would enable retention of the parenting payment single if the youngest child is 8 years plus. There is no specific domestic violence payment/assistance. There is a broad payment known as a 'crisis payment' with a range of limitations; it can only occur if a claimant is already in receipt of income support, the amount is equal to a week's pay of that income support and a claim must be made within '[seven-days](#)' of an *incident*. The tight time-frame limits women from accessing the payment despite their need and eligibility.
5. We have failed to undertake any comprehensive review of what an adequate income for sole parents is, we cannot make further cuts in a vacuum of knowledge. Sole parents were not part of the comprehensive [Harmer Review](#) of 2009.
6. We have not set any anti-poverty targets or measures to ensure that all children have the same opportunities as their peers to safety, to learn, to thrive and to develop. Its not beyond Governments as demonstrated by New Zealand who have recently introduced child poverty laws that will force Government to set targets against measures including material hardship, income poverty and persistent poverty.
7. An absence of any population impact review of this measure. NCSMC is concerned that cuts will be sharply felt in remote, rural and regional areas. Areas where employment options are limited, and the cost of essential services are high. We are fearful that it will compound disadvantage.
8. It's our view that the Australian government has breached its human rights obligations to tens of thousands of single mothers by denying access to the parenting payment. Australia has not upheld the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW). We bring to the Committee's attention that the United Nations has registered a communication lodged by the National Council of Single Mothers and their Children Inc and that the United Nations and have written to the State in January 2018. Do no further harm to this demographic and resolve the current outstanding human rights issue.

Tell it like it is

In preparing this submission NCSMC facilitated an online survey known as **Family Payments ~ Tell it like it is**. At the time of writing this submission 933 respondents had completed the survey, 96% were a sole parent family, and a further 53% indicated that their children had needs or disabilities that require substantial extra parenting time either on an *ongoing* basis or *sometimes*. Respondents were asked to nominate the lived reality of their hardship. It's worthy for the Committee to understand the reportable annual income of the respondents: 44% stated that their annual income was under \$20,000 whilst 35% stated an annual income between \$20,000 to \$30,000.

Which of these have you experienced in the last 12 months?

Had difficulty in paying the mortgage and fell behind, incurring late fees	12.24%
Had difficulty in paying the rent and will be late, miss and/or made partial payments and had late fees	32.65%
Received eviction notice and forced to relocate due to inability to meet housing cost	6.12%
Lived with housing stress ie pay more than 30% of income on house	55.10%
Experienced food insecurity ie run out of food and did not have money to replace	66.33%
Skipped meals and forced poor nutrition choices	68.37%
Struggle to ensure that child has school lunches and/or forced choices such as not having a filling for sandwich	41.84%
Child/children can no longer participate in sport or other activity as I will not be able to afford uniform/equipment	63.27%
Child has spoken about, or is thinking about, dropping out of school due to the cost	13.27%
Child wants to take up part-time work to assist with family budget	29.59%
Child has hidden school notes that require money	25.51%
Said no to children's birthday parties, family gatherings or sports evenings etc	56.12%
Could not afford a low cost treat once per month such as take away dinner, movies, friend sleepover etc	65.31%
Could not afford toiletries or other household items such as washing powder (we ran out)	38.78%
Forced to give up the family pet	14.29%
Increased difficulty in paying utilities and incurred late fees threats of disconnection	68.37%
Threats that utilities will be disconnected	41.84%
Child/children has missed medical appointments or other healthcare/therapeutic needs	41.84%
Self will miss medical appointment, not fill prescription(s) or other healthcare needs	71.43%
Struggled with school fees, books & uniform and will not meet the expected cost	72.45%
Could not afford the school camps or other school costs	50.00%
Inadequate clothing eg coat in winter, inappropriate footwear	44.90%
Reduced or ceased internet access	32.65%
Reduced or ceased mobile phone	39.80%
Limit the use of motor vehicle or could not maintain a roadworthy car	61.22%
Cease health or household insurance	45.92%
Ran out of savings and needed to rely on goodwill of charities, friends/family	56.12%
Borrowed money including high interest loans/pay day loans	35.71%
Cashed in superannuation due to hardship	18.37%

Table 1

Respondents were asked to declare what they have spent family payments on in the last 12 months.

Essential school costs (expected by school) such as books, school fees and school uniform	79.80%
School costs as expected by child such as school camps, school activities, school sports	52.53%
Rent/mortgage in order to keep 'a roof over our heads'	75.76%
Keeping the car on the road	75.76%
Payment towards Utilities (gas/electricity) to provide heating/cooling	92.93%
Internet/mobile phone	69.70%
Food on the table/school lunches	95.96%
Cost for child to play sport/school band etc	37.37%
Clothing for child/children	89.90%
Healthcare for child/children	76.77%

Table 2

Respondents were provided with the same set of answers as per table 1 and were asked to predict the effect to the household if family payments were reduced in real terms over the course of the next three plus years. The responses that are included in this submission scored 70% or higher.

Proposed changes would 'pause' indexation to the 2018, 2019 and 2020 payment. Predict what impact this could have on your family.

Increased food insecurity ie run out of food	84.78%
Will skip meals and/or forced poor nutrition choices	81.52%
Child/children can no longer participate in sport or other activity as I will not be able to afford uniform/equipment/fees	72.83%
Will not be able to attend children's birthday parties, family gatherings or sports evenings etc	77.17%
Increased difficulty in paying utilities and will incur late payment fees	88.04%
Threats that utilities will be disconnected	70.65%
Will give up a low cost treat once per month such as take away dinner, movies, friend sleepover	77.17%
Will run out of saving and need to rely on goodwill, charities or support of others	73.91%
Self will miss medical appointment, not fill prescription(s) or other healthcare needs	84.78%
Will struggle with school fees, books & uniform and will not meet the expected cost	85.87%
Won't be able to afford school camps or other school costs	82.61%
Forced to limit the use of motor vehicle and/or won't be able to maintain a roadworthy car	72.83%

Table 3

Family Payments Supplements (Part A and B)

In speaking to families regarding the use of the annual supplements, providing the basics was the most typical answer such as putting food on the table and keeping a roof over their family's head. Women further spoke about the use of the annual supplement for purposes such as education and its related cost (school fees, uniforms, camps etc). It provided the necessary funds to keep the family car on the road and it offered a chance to pay debts that had accumulated due to hardship. More specialist health-care and or therapy for child(ren) were nominated as another regular use of the family payments supplements, whilst other single mothers waited for the annual supplement to purchase large household items such as replacing a broken washing machine. Other shared responses were to meet the cost and payment of child(ren) activities such as annual memberships, the necessary uniform and or equipment.

*Yal' our car is back
on the road; do you
know how cold
Melbourne is in
winter*

Groundhog Day

The National Council of Single Mothers and their Children Inc have continued to fight against cuts to family payments since the 2014-15 budget and we are deeply grateful that the harshest elements of the proposed cuts for sole parents have not proceeded, although we remain troubled that low income two-parent families suffered significant losses once their child turned 13 years. Family payments were once perceived as assistance that received bipartisan support, the worth was understood and that the only changes related to threshold levels. I bring to this Committee's attention the absence of meaningful modelling, with no attempt to understand the 'accumulation of policy-harm' and the levels of poverty and deprivation associated with sole parent families. The most eloquent way to illustrate this is through evidence presented at the Community Affairs Legislation Committee on 18/02/2016 for the inquiry into Social Services Legislation Amendment (Family Payments Structural Reform and Participation Measures) Bill (No. 2) 2015

Senator MOORE: The other thing that came out consistently today, and in the previous inquiry, was the fact that you cannot take **these measures in isolation from all of the other things that have happened to this particular cohort over the last several years**. We have asked many times in this Committee, but I have to ask again: when the department is actually doing its consideration of proposed legislation, is there an attempt to look at the range of impacts for a particular group—in this case, sole parents, because sole parent changes have been happening. **Certainly, in the Rudd—Gillard government there were changes to sole parent entitlements.** There have been changes under this government, as well. Is there any way that there is any kind of cross—departmental consideration of the impact to a group, as defined as sole parents?

Ms Halbert: Normally, when we are developing a specific measure, our starting point is where that group is at now. There are often requests or interest in the historic changes that have gone on over several governments, or whatever, and we can look at that. But it would be very difficult — accept this historic information that

18th July 2018

we will have through the valuation — to look at a particular family and see how they had been impacted by all of the measures. For that reason, **when we are starting we are looking at where they are at now — what assistance they would be getting now and how this measure would impact on that.**

Senator MOORE: In the evidence we have received today, groups — and these are groups such as Single Mothers, The Parenthood and also Children with Disability — were talking about the immediate response they had got from their memberships, who had used words to the effect that this was the final blow. They had been able to survive changes to entitlement — this was particularly with single parents — because of moving from the pension system to the Newstart system and their loss of income included with that. They raised issues around the ineffective way that child support payments can be gathered and the great child support debts that there are. There were other things, I am sure; I just cannot mention them all. But the point we are getting to is that this is but one series of changes for a group that is already being dynamically affected. The question asked was: how do people quantify the composite impact? I know we have had these discussions before and we cannot get a clear answer because you have to look only at what you are looking at, at the moment. But to reflect the concerns of the people who have come to us it is important to put on record that people are concerned that the composite impact is too great to bear.

Senator SIEWERT: Can you pick that up in your consideration of the modelling question that I asked?

Ms Halbert: I do not believe we will be able to provide an answer to that question.

Ms Halbert: Which modelling has been commissioned? I cannot imagine that that sort of modelling would have been commissioned. We have taken your question on notice and we will let you know what modelling has been commissioned².

In closing, NCSMC would be most interested to understand what modelling has now been commissioned, some two-years later, noting that again there is legislation that has the capacity to reduce the value of family tax benefits to struggling sole parent families. NCSMC trust that the Committee will demonstrate ‘understanding and compassion’ resultant in the rejection of the measures. Family Payments and the assistance that it provides to sole parents is a matter of deep importance to NCSMC. Therefore, we would welcome the opportunity to appear before the Committee.

Yours faithfully

Terese Edwards
Chief Executive Officer

² Official Committee Hansard, Thursday, 18 February 2016, Senate Community Affairs Legislation Committee, Social Services Legislation Amendment (Family Payments Structural Reform and Participation Measures) Bill (No. 2) 2015, Commonwealth of Australia