

9th December 2013

Senator Sue Boyce

Chair Senate Community Affairs Committee

Parliament House – Canberra

community.affairs.sen@aph.gov.au

Dear Senator,

Re: Social Services and Other Legislation Amendment Bill 2013

The National Council of Single Mothers and their Children Incorporated acknowledges that this is a short submission which is reflective of the extremely short timeframe for this inquiry. Notwithstanding this, it is positive that the legislation has been referred to the Senate Community Affairs Committee and we welcome the opportunity to raise awareness and to speak on behalf of single mother families. It remains a concern that it is these families that disproportionately experience financial hardship and content with poverty; a key constituent when considering social services legislation.

Age Pension Income Test

We recommend that this schedule of the Bill be passed.

Our recommendation is based upon the principle of fairness and equity. Additionally, we point to the Henry Report which recommended that the concession be removed allowing a similar treatment of superannuation pensions as other investment income. We respect the proposed phased-in process and reiterate that adequate timing for new legislation is always considered by the Committee.

Family Payments

We recommend that the proposed changes to indexation of Family Tax Benefits be passed.

Our greatest concern is for low and middle income families. It is our view that the family tax payments which was revolutionised in the late 1980s has lost its way, and

that the fundamental principle, which was to eliminate child poverty, has been eroded.

Consequently, and in a tight financial environment, changes that primarily affects families on incomes at or above around \$100,000 provides the government with an opportunity to pause indexation. We further recommend that the savings be hypothecated to support low income and vulnerable families.

We categorically oppose the Freezing of the Supplements and the abolishment of the Schoolkids Bonus: As the Supplements and Schoolkids Bonus benefit low income families. Supplements and lump-sum payments are important for struggling families, in particular those families in receipt of the Parenting Payment Single and Newstart Allowance to meet the cost of essential needs such as education, nutrition and health care. We believe that if Australia instituted a sustainable and targeted family payment system that such payments would not be required. However, until we have achieved this goal, and children are protected from poverty, the freezing of Supplements and the abolishment of the Schoolkids Bonus will hurt the families who are already struggling and can least afford any reduction in financial assistance.

As the Senate Community Affairs Committee makes their deliberations we point to some very recent and concerning research undertaken by the Australian Council of Social Services which analyses poverty in Australia ⁱ and The latest Household, Income and Labour Dynamics in Australia (Survey, produced by the University of Melbourne. The research paints a persistent and bleak picture regarding child poverty and hardship in Australia. The Hilda survey found that 24.1% of children living with a single parent (overwhelmingly headed up by mothers) are subjected to poverty, compared with just 7.6% of children in two-parent homes and the rate of lone parent child poverty has jumped a staggering 15% since 2001. It is these households, who have already fallen behind, that will experience greater hardship if legislation reduces access to very scarce and much required income.ⁱⁱ

We further oppose the link for School Attendance and Eligibility Family Tax Benefits (FTB): Contending with financial hardship and poverty in itself is a barrier to education (amongst other well-being indicators) and this policy approach does not address the issue rather it compounds it. NCSMC cites the new research completed by Suncorp Bank's Cost of Kids. *Teenagers take the mantle for being Australia's most expensive children, with seventeen being crowned the single most expensive year in a child's life, Teenagers cost their parents \$227.40 per week.*

This compares to \$220.15 per week for infants, \$184.73 per week for toddlers and \$170.70 for primary school aged children. ⁱⁱⁱ

A more progressive and reasonable method would allow Family Tax Benefits to continue until the child turns 18 years and/or completes their final secondary year. We argue that hitting the poorest families entrenches poverty and is counter-productive in obtaining increased school attendance, vocational participation, further education and engagement in the labour market.

In conclusion, I wish to alert the Senate Committee to our interest and expertise in representing and advocating for low income and vulnerable single mother families; a key constituent when deliberating on Social Security Legislation. NCSMC will be in Parliament house tomorrow afternoon which provides an opportunity to attend the hearings in person should this be granted by the committee.

Yours sincerely,

Terese Edwards

Chief Executive Officer.

ⁱ The Australian Council of Social Services, November 2013, Poverty in Australia
<http://www.acoss.org.au/policy/poverty/>

ⁱⁱ Labour Dynamics in Australia (HILDA) Survey, March 2013, *2013 Hilda Report Sounds the Alarm on Child Poverty*. <http://phys.org/news/2013-06-hilda-alarm-child-poverty>

ⁱⁱⁱ Suncorp Bank's Cost of Kids Report, 2nd December 2013, Millennium children' Australia's most expensive. <http://www.suncorpbank.com.au/news/%E2%80%98millennium-children%E2%80%99-australia%E2%80%99s-most-expensive>

