

5th February 2010

Committee Secretary
Senate Standing Committee on Community Affairs
PO Box 6100
Parliament House
Canberra ACT 2600
Australia

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Dear member of the Senate Community Affairs Committee,

RE: Submission to Senate Community Affairs Committee Inquiry into Social Security and Other Legislation Amendment (Welfare Reform and Reinstatement of Racial Discrimination Act) Bill 2009 and related bills

The National Council of Single Mothers and their Children Incorporated welcomes the opportunity to present our submission and would be most willing to discuss this in person.

Kind Regards,

Terese Edwards
CEO

Recommendations.

1. The government cease with the planned roll-out of compulsory income management and review alternative policy options which can better respond to the causes of poverty and exclusion. Alternative policy options should contain incentives rather than commence from a deficit model of 'punishment and monitoring'.
2. The government commit to a review of the adequacy of income for single parent families whose main source of income is derived through the social security system. This would include the *Parenting Payment Single* and the *Newstart Allowance*. Such a review should be similar in scope and purpose to the Harmer Pension Review. This knowledge would provide the government with a current understanding of the financial challenges and hardships, and in turn support an informed and well-targeted policy response.
3. The development of the income management policy is flawed as it has not taken into consideration the recommendations arising from the independent review of the Northern Territory Emergency Response (NTER) which was established by the government. Furthermore, the development of a national policy should not occur, and certainly not be implemented, without consultation with the Australians who would experience the impact.

The National Council of Single Mothers and Their Children

The National Council of Single Mothers and their Children incorporated (NCSMC Inc.) is the peak body actively lobbying for the rights of single mothers and their children Australia wide, and was formed to act as a national voice for the existing network of state based councils in Australia. The organisation has been operating since 1972 when it was formed by a group of women committed to improving the social conditions for single and unmarried mothers. These women and NCSMC were instrumental in securing income support for single mothers and changing the legal status of their children in the 1970s. NCSMC continues to monitor the policy impacts for single mothers and their children, who represent the majority of all sole parent Australian families.

NCSMC Aims & Objectives

- To ensure that children of single mothers have a fair start in life;
- To recognise single mothers and their children as a viable and positive family unit;
- To promote the understanding and acceptance of single mothers and their children in the community so that they may be free from prejudice;
- To work for improvements in the social, economic and legal status of single mothers and their children;
- To advocate for the interests of single mother families in the government, legal and community sectors;
- To act as a central focus for those concerned with single mother issues and to facilitate discussion and co-operation between relevant government and non-government agencies;
- To promote and facilitate positive parent/child relationships where appropriate to the safety and well-being of the child;
- To conduct, promote and participate in research on matters affecting single mother headed families;
- To encourage and support existing organisations and the formation of member organisations in any State or Territory in which they do not already exist.

The role of the social security system

It is vital that the role of the social security system is maintained and does not become blurred or its primacy of purpose and function is diluted; to protect income recipients from the prospect of poverty and its subsequent impacts. This new style of income management extends well beyond this function and will commence with a range of negative consequences as evidenced by the NTER. Income management arrives with a sharp increase in administration cost and complexity resulting in increased errors which expose vulnerable families to additional financial hardship.

It is the concern that the key purpose of the social security system; protection against poverty, could become marginalised given the increased need to focus upon and monitor the implementation of the income management policy,

Overview of the impact of the legislation

The National Council of Single Mothers and their Children have supported families through a range of income changes such as the introduction of *Newstart Allowance* (July 2006) and the change in the Child Support Formula (July 2006), both of which reduced the available income. It is expected that income management would have similar impacts such as making it harder for some families to cope with large bills. Based upon previous experience this can lead to more rental evictions, utilities disconnections, and repossessions.

It is important that the government understands that families living on low incomes need to be able to be flexible when they have unusually high bills. It is not plausible that the government can make the most appropriate decisions about family expenditure for hundreds of thousands of families in diverse situations.

An important role of the government is to lead public sentiment and to this end they play an active part in protecting income recipients against the consequence of stigma and discrimination and seek to have a system where people are treated with dignity and respect. It is concerning that *income management* begins from a view that people claiming income support have something wrong with them that requires increased intervention and scrutiny. This policy model reveals a deficit view of individuals and families who are doing it tough such as coping with unemployment, poor health or family breakdown. The negative message overrides the reality of purpose; supporting Australians who are facing hard times.

Furthermore, income management is in opposition with a known truth that people do best when they are empowered rather than be faced with additional layers of disempowerment and punishment.

Known Flaws of the Legislation

Income management will be rolled out despite conflicting evidence from the indigenous communities. The feedback that NCSMC has received is that Indigenous communities who have been subject to income management have complained about the added stigma and the higher costs of travelling to designated stores. Such flaws were heightened over the

Christmas period when some Australians were without access to quarantined income when they travel interstate and then being unable to provide presents to children. This insight does not provide a robust foundation for the further implementation of income management.

Sole parents were not part of the *Harmer Pension Review* and therefore the government does not have a clear indication of the current adequacy of income support and therefore can not predict the impact of income management. As the government proposes income management NCSMC would like to remind the government of the reality of the over-representation of sole parents in the Australian poverty statistics.

Adverse Impact of Poverty

The ABS General Social Survey (2007 p.47) identifies that 42.8% of one parent households with dependent children were principally reliant on income support payments compared to 6.2% of couple households with dependent children.

Poverty, particularly in early childhood, has been identified as the single most important contributing factor to adverse outcomes for children. Severe poverty in a household with young children translates to the following circumstances:

1. Inability to purchase nutritious food. Developing children will have skipped meals, eat low nutrition cheap and unhealthy foods such as cordial, packet noodles and white bread, proudly counting as a skill that they have learned not to be hungry. ABS data (2007, p.75) identifies that 6% of one parent families with dependent children went without meals compared to 1% of couple families with children.
2. Inability to purchase prescribed and pharmacy medicines. Children's illnesses and chronic health problems go untreated.
3. Loss of utilities due to non-payment of bills and reconnection and debt collection fees means living without electric lighting, hot water, refrigeration, cooking facilities, temperature control, and washing machine. This makes it difficult to prepare home-cooked meals, wear clean clothes, stay warm, do homework at night. ABS data (2007, p. 75) notes that 34% of sole parent families with dependent children were unable to pay utilities bills on time, compared to 12% of couple families with dependent children.
4. Inability to pay rent leads to loss of housing, couch-surfing, sharing house with other adults, sleeping in a car, sleeping in shelters. Children accompanying homeless parents are the largest group turned away from emergency housing according to SAAP data.
5. Inability to participate in the community due to lack of private transport, poor public transport and the difficulty of using public transport with young children (*solomums Australia, June 2009*)

Conclusion

The income management approach does not have an established track record of assisting Indigenous Australians. The categorical approach to imposing income management on selected social security recipients is stigmatizing and discriminates against vulnerable Australians. Income management policy approaches undermine the function and purpose of Australia's social security system and disempowering and discriminate against affected claimants. Income management policies need to be (1) voluntarily entered into by claimants (2) be appropriate to the specific needs of the individual. The policy has not been developed in consultation with the targeted groups and it should cease.