

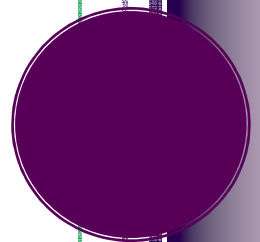
**Social Security Legislation
Amendment (Fair Incentives to
Work) Bill 2012**

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

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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; it has led the way in obtaining a range of beneficial outcomes; has actively sought to reduce systemic prejudice; continually challenges existing norms, and over many years has achieved improved opportunities and outcomes for single mothers and their children.

One of our greatest strengths is our expertise and commitment in working with and for the advancement of women and children due to poverty, violence, exclusion and gender inequality.

“We advocate for equality of opportunity, financial security and access to justice, legal

Human Rights

The Bill will further impoverish approximately 100,000 vulnerable families and this will occur when the youngest child turns eight.

The extent and depth of our concern is expressed in an inaugural request for a hearing with the Joint Parliamentary Committee on Human Rights. NCSMC in partnership with the National Welfare Rights, National Council of St Vincent’s De Paul, Social Policy Research Centre, the Australian Human Rights Centre and led by the Australian Council of Social Services articulated and presented evidence to the Joint Parliamentary Committee on Human Rights which spoke to this legislation and is currently under deliberation.

Furthermore, NCSMC remains convinced that an Australian Social Security System is most effective and functions as expected by the community, when payments are aligned to the population that they are designed to support. It does not serve its purpose when single mother families are forced from a parenting

payment to an unemployment benefit. Newstart is an allowance which commenced as an unemployment benefit and is structured accordingly. NCSMC strongly urges the Committee to reject the element of the Bill that seeks to cease parenting payments when a single parent's youngest child turns 8 years.

Our Recommendations

1. NCSMC strongly urges the Committee to reject the element of the Bill that seeks to cease parenting payments when a single parent's youngest child turns 8 years - as per schedule 1.
2. Engagement with single mothers should be at the core of all policies that overwhelmingly impacts upon them. A further ground to reject this Bill is the failure to engage with single mothers.
3. The Committee should recognize that Newstart is not structured or an appropriate payment for families and that all families should have access to a parenting payment. Particular concerns are the inadequate level, no support to study and the disincentive to work due to the low *allowable earnings*. NCSMC believes that the Committee would be reckless in forcing more single mothers onto Newstart whilst noting the announced Inquiry; *The adequacy of Newstart and other allowances and changing labour market*.
4. The Committee to seek a review of the current access and use of the *Financial Suitability Test*. The review should include clear evidence that Job Providers, the Government and Job Seekers are informed and that it is applied as per the Social Security Guide. Such indicators would be the disclosure on the Employment Pathway Plan. Furthermore, the \$25.00 per week to be increased to reflect cost increases since its implementation in 2006.
5. The Committee requires The Department of Human Services, The Department of Education, Employment and Workplace Relations Department of Education, its contracted Job Network Providers and the Disability Employment Network to provide a measured and full response to the Australian Law Reform Commission Inquiry; *Family Violence and Commonwealth Laws—Improving Legal Frameworks*.ⁱ

6. The Committee recommends the establishment of an Independent Body to monitor and review the access and granting of Exemptions on the grounds of Domestic Violence.
7. A lesson learnt from the 2006 Welfare to Work confirms that women were not informed or prepared for the impacts until it became their reality. Consultation and information are essential and commencement dates such as January 1 are avoidable concerns.
8. The Committee endorses the stated changes for the *Liquid Assets* as per schedule 2.

Policy ramifications & concerns

NCSMC is informed of the Social Security Legislation Amendment (Fair Incentives to Work) Bill 2012, have been inundated by concerned single mothers and provided with copies of correspondence between single mothers and the Minister, Bill Shorten MP, who has responsibility for the Department of Education, Employment and Workplace Relations. In considering the available information NCSMC states that the Bill, its underpinning assumption, its formation (absence of engagement with single mothers), and the lack of robust evidence all contributes to poorly formed policy.

The proposed Bill does not address the complexity of single mother families, the economic ramifications of sole parenting, the gendered nature of the sole parent population and or the labour market; it is silent on the provision of unpaid care or the high demands placed upon one parent within a sole parent family. Furthermore, the Bill assumes that there are available jobs and that those jobs are parent friendly with access to leave and that retained earnings will be at a level that increases the families' disposable resources.

The Bill further assumes that there is access to affordable child support and it is silent on the matter that childcare cost has increased from 10c to \$1 per hourⁱⁱ. There is no acknowledgment that single mother families may not have the support of the other parent or access to both extended families, all of which play a critical role in meeting the demands of care and paid work.

It also assumes that single mothers have capacity to be immediately engaged in the labour market, or endure increased financial hardship; it does not account or offer additional services to respond to the impact of domestic violence.

Furthermore, the Bill appears indifferent to the low levels of education for single mothers and as a consequent of the Bill more women will be forced to cease their education, as it will be financially unmanageable to study once moved to the lower payment.

Additionally, this Bill will increase barriers for women to commence study as the Pension Education Supplement which is paid at \$32 a week to assist with the cost of study and training is not eligible for recipients of Newstart.

The Bill is formed upon the belief that single mother families have safe, secure and affordable tenancies and access to transport; both assertions are incorrect and refuted by evidence. Homelessness Australia reported that women make up 44% of the nation's 105,000 homeless people, and many of them are mothers with young childrenⁱⁱⁱ whilst Equality and Rights Alliance stated that there are more than 44,000 women in Australia every night who "couch surf" because they can't afford a safe place to live.^{iv}

However, the greatest concern as expressed by women is the notion that they need to slide from financial hardship (Parenting Payment Single ~ \$324 per week) into poverty (Newstart ~ \$279 per week) in order for them to be motivated to gain employment.

The 2012 Budget announced that this measure would produce \$700 million in savings over four years. The only additional assistance for the families impacted is in the form of a \$3 million telephone counselling service^v.

Who will be impacted by this Bill

Overwhelmingly this Bill will impact upon women and it will be the women who have been identified as already faring poorly. The latest data from the Department of Education, Employment and Workplace Relations reveals that of the 320,000 current single parents, 10.5% are Indigenous and 95% of Parenting Payment Single recipients were female. There were only 15,388 males receiving the

Parenting Payment Single. Males comprise just one in every twenty single parents in receipt of the single parenting payment^{vi}.

The financial circumstances of single mother led households and the increased risk of poverty and deprivation is well documented. The Social Policy Research Centre identified certain population groups that consistently face higher than average risk of poverty and stated that among family types, single people and lone parents were at the highest risk. ACOSS who completed research into deprivation and multiple deprivation stated that whilst 19% of the Australian population experienced multiple deprivation, sole parents face a much higher risk of multiple deprivation with 49% of all sole parents experiencing multiple deprivation. This level of deprivation was significantly higher for sole parents than any other family type^{vii}.

Evidence provided to the Joint Parliamentary Human Rights Committee drew upon the recent report from the National Association of Community Legal Centres. This report found that '44 of the 50' Local Government Areas in Australia with the highest rates of lone parent households are also some of the most disadvantaged areas of the country^{viii}. NCSMC is concerned that the population who will be impacted by this Bill already reside in areas that are more likely to have less infrastructure, support and services whilst they will need to compete amongst their peers for the same and scarce parent friendly jobs.

The recent Household Expenditure Survey conducted by The Australian Bureau of Statistics found that lone parents were most likely of any groups of people on benefits to experience financial stress. In addition, lone parents have low incomes and also very low assets. For example, 70% of lone parents are in the poorest 20% of the population, and they are about three times more likely than any other type of family to have both low income and low assets^{ix}. Therefore, without additional financial assistance, single mothers will not have the disposable and required income to become work ready and participate in the job market. This Bill does not address this issue and will increase the financial hardship.

Commentators have been united in their concern, *I have always been a strong advocate of sole mothers working - even if it is hard. But the federal government's four-year plan to reduce the incomes of 100,000 sole parents on the Parenting Payment - 90 per cent of whom are women - is a harsh and possibly counter-productive way to motivate more of them into jobs.*^x

The table one illustrates the dollar and percent loss per fortnight for single which is inclusive of weekly earnings.^{xi}

Weekly Earnings	\$ loss per fortnight	% loss per Fortnight
\$0	- \$114.90 ▼	- 9.6 ▼
\$100	- \$169.78 ▼	- 12.2 ▼
\$200	- \$172.09 ▼	- 11.4 ▼
\$300	- \$202.09 ▼	-12.8 ▼
\$400	-\$223.32 ▼	-12.8 ▼
\$500	-\$203.02 ▼	-11.1 ▼
\$600	-\$185.80 ▼	-9.7 ▼

Table 1

Currently a single mother on the Parenting Payment Single and earning about \$200 a week would be just at the poverty line. The same mother, on Newstart, will need to earn about \$400 a week to be at the poverty line.^{xii}

Creating Equity

A recurring rationale for the Bill is to provide equity within the social security system. NCSMC would welcome greater equity such as similar levels of payments which would shield all Australians from poverty, similar earning thresholds, taper rates and the same treatment of indexation. This Bill takes one segment of the population, single mothers, and provides less favorable assistance than what is available to other recipients of income support and then identifies this as 'equitable'. It is misleading to claim that the Bill increases equity. In fact it increases disparity and complexity between Australians who access the social security system.

National Welfare Rights points out that in 2006 the difference for parents between Newstart and Parenting Payment was \$29 per week. However, due to differential indexation arrangements the gap between the two payments is now \$59. This gap will continue to increase between both payments as the six monthly increase will continue be less for parents on Newstart.

E **DU**CATION

NCSMC acknowledges the education entry payment but we point out that this was available to single parents who are involved in educational training and it is not a new initiative. Moreover, there are some inherent problems as outlined in a recent email.

I have just checked out the education entry payment and it is a farce. A one off payment per annum of \$200.00, there is a waiting period of twelve (12) months of no benefit at all and it is only applicable to a full course of study. NO flexibility. Clearly this is not intended to assist women to move out of the lowest socio-economic rung on the ladder. Any study course is at least \$1,000 and books cost at about \$400 (email received 26/7/2012).

We are pleased that the Pension Education Supplement, which is paid at \$32 a week to assist with the cost of study and training, will have some transferring provisions. However, the reality for women is that studying will become more tenuous on Newstart due to the lower payment. The Pension Education Supplement is not available for women on Newstart. NCSMC is fearful that the 40% of lone parents, who have been on benefits for a year or more, and have not finished year 10, will be left behind.

The National Welfare Rights estimates that overall there are about 26,000 parents on the Pension Education Supplement.

Unfortunately, these mothers will experience greater difficulty to maintain their study once transferred to Newstart.

The Bill will cease and or reduce women`s access to education.

Earning thresholds: The amount that can be kept before it reduces the payment.

In 1973 women could earn 100%.

In 1987 women could earn 78%.

In 2012 (Newstart) women can

Financial Suitability Test

The cost to become work ready and then to participate in the labour market can be expensive. This understanding was realized in 2006 and expressed in the *Financial Suitability Test*.

Essentially, recipients of Newstart (Principal Carer) would not be forced or incur penalties if they did not accept a job that would not have a net weekly gain of \$25.00. This is stated in the Social Security [guide](#) but its level of knowledge and use by the Department of Human Services, Job Network Providers and Job Seekers appears limited and information is difficult to locate. NCSMC has a copy of the 'Fact Sheet' produced by the Department for Employment and Workplace Relations and known as the *Financial suitability test for use with principal carer parents - Step-by-Step instructions*. NCSMC calls upon the Committee to review the current access and use of the *Financial Suitability Test*^{xiii}. The review should include clear evidence that Job Providers, the Government and Job Seekers are informed. Such indicators would be the disclosure on the Employment Pathway Plan or a statement confirming that it has been discussed. Furthermore, in noting that the \$25.00 per week was implemented in 2006 the Committee should recommend a new weekly figure taking into account cost increases since 2006.

Domestic Violence

NCSMC are strong supporters of the Government's commitment to reduce violence against women and children and have been an ally in promoting community awareness and advocating for the recent Family Law changes as well as the National Plan to Reduce Violence against Women and Children.

The understanding of the impact and the cost of violence upon victims, their families and the community is an issue that does not garner the attention that it warrants. McInnes in her research found that single mothers' access to non-market income and assets after separation was extremely limited, however survivors of violence were likely to experience deeper, longer-term economic

disadvantage than other single mothers and that the income support system was single mothers' primary source of non-market income.^{xiv}

It is estimated that there are 37,811 sole parent families who are claimants of Newstart and within the past 12 months one in four claimants was a victim of domestic violence^{xv}. NCSMC is concerned, and given the absence of any countering research provided by the Department, that it maybe women who have been subjected to violence that will be 'stranded' on the inadequate payment. It was recently reported that the average time people spend on Newstart will rise steeply by nine weeks annually over the next four years and that the increase was contributed to the forcing of more single parents from the Parenting Payment to Newstart. In 2011, the average time people spent on the Newstart was 178 weeks. This is projected to rise to 213 weeks by mid-2016, an increase of 35 weeks according to figures from the Department of Education, Employment and Workplace Relations^{xvi}. It is clear that an unemployment benefit is not an applicable payment for parents.

Exemptions are the key protective strategy for victims of family violence in both child support and family assistance contexts^{xvii}. Despite the passage of new laws aimed to assist women experiencing family and domestic violence they have not been applied. The new laws allow for an extended exemption from the stated participation obligations if a person has experienced domestic violence. Under social security law, exemptions from activity test or participation requirements can be granted for a specified period. The maximum exemption for domestic violence is 16 weeks.

**“ Domestic violence and relationship breakdowns
accounted for just 0.086 % of all activity test
exemptions ”**

In March 2011, 61,590 social security recipients were exempt from the activity test for a variety of reasons. The main reason for an exemption was a temporary illness or injury, which accounts for around 38,000, or 62% of all exemptions. Domestic violence and relationship breakdowns accounted for just 0.086 % of all activity test exemptions^{xviii}. This low level of activity test exemptions for domestic violence is of concern given that about one in three Australian women experience physical violence and about one in five women experience sexual violence in their lifetime. NCSMC views this as a long standing issue and despite raising these concerns for several years the figures indicate little progress. Legislative changes since July 2010 make clear that a 16 week exemption must be given from activity agreements. NCSMC points to the recent and comprehensive Inquiry conducted by the Australian Law Reform [Commission](#) and is aware that that the Department of Human Services is in the process of providing a response. Irrespective of the Department of Human Service`s response NCSMC would urge the committee to take action on this deeply concerning matter which would also include the Child Support *Partial Exemptions* and the Maintenance Action Test, and recommends the establishment of an Independent Body to monitor and review the access and granting of *Exemptions* on the grounds of domestic violence.

“Separation and marriage breakdown in itself is both a cause and a contributor to problem debt and financial insecurity”

Gender and Separation

Much of the Bill is formed upon the notion that single mothers require ‘tough love’ which is one dimensional and simplistic. A more sophisticated Bill would have included a gendered perspective. As Baker indicated, it is a common practice that in the event of relationship breakdown, couples usually divide their material assets. Most couples will have few assets but considerable debt; typically this is in the form of a mortgage but may also include other household debt such as credit card, motor vehicle or higher education fees.

Baker's research found that the separated living arrangement was a contrast between mothers and fathers and that they differ substantially. The level of problem debt or unmanageable debt can lead to repossession, eviction, mortgagee sales, bankruptcy and utility disconnections. However, the impact of problem debt was not equally felt between separated fathers and mothers. It is more common that the mother will have a greater role of the unpaid care and that based upon these family responsibilities their pattern of employment will be part-time, casual and intermittent. Furthermore, future earnings for separated mothers will continue to be less than that for fathers.

Baker asserts that separation and marriage breakdown in itself is both a cause and a contributor to problem debt and financial insecurity for sole mothers and that this also occurred for mothers with adequate education and employment experience. A significant contributor was not such the personal level or circumstances but influenced by gendered patterns of earning, partnering, and caring all of which can lead to problem debt. Problem debt is a debt that is directly related to the impact and living standards of the mother and her children. Problem debt reduces the living standards it increases stress and leads to poor health all of which contributes to the growing wealth disparities at the national level.

Moreover, household combined net worth is higher in couple households where there is a male earner simply due to their capacity to have higher incomes. Men are more likely than women to occupy lucrative managerial and professional positions and men's jobs tend to receive higher remuneration regardless of qualifications or skills required. Women's financial contributions to their households are reduced by lower employment rates, shorter working hours and lower pay than their male partners (who are often older)^{xix}. Clearly, the financial circumstance of families headed up by women requires a different approach to what is offered by this Bill.

Single mothers are acutely aware of their circumstance, barriers and aspirations. The wisdom of lived experience should be central in all policy deliberations and it is notably absent in the development of this Bill.

Women's Voices

The 2012 Federal Budget announcements that plan to force women from a parenting payment (Parenting Payment Single) to the Newstart Allowance when their youngest child turns eight has resulted in deeply distressed and dismayed mothers who do not understand how and why such a decision would be made. Single mothers are acutely aware of their own circumstance, their barriers, their challenges and their own aspirations. Above everything else they wish to provide for their family and find no pleasure when they and their children are left behind. They are the experts in their own lives and do not find the proposed Bill as 'supportive' or that it will provide 'assistance' but it will increase their immediate hardship and intergenerational disadvantage. Sadly, their voice is discounted.

NCSMC continues to be inundated by women and below is a snap shot of their stories. The comments are not edited and each one is lifted from an email and each printed email represents shared circumstances and concerns from women across Australia. It is clear that women are in fear of losing their home, work which is hard to come by will no longer be a financial gain and that study and long term plans will need to be discontinued. Additionally, these families are already contending with financial disadvantage, post separation safety, inadequate access to transportation; child care and a shortage of parent friendly jobs. This is their reality (in their own words):

- I pay \$300 per week rent (Sydney) - Newstart is \$264 – there goes my house.
- I am studying to get a good job – a primary school teacher. Will need to give up my degree as wont make it on Newstart. We were just rowing out of hardship – three years of study all wasted.
- I do casual work – and when needed to work in the evening I pay a nanny service which cost me \$180 per evening. There is no child care for these hours and no rebates. I am owed \$4,000 in child support. I will need to

give up my job as I have just found out that I can't keep the money that I earn on Newstart– it wont even cover the cost the nanny service.

- Have just pulled both kids out from Saturday morning soccer – I feel like the meanest mum in the world – it ment everything to them – do not know what to do next. Cant find any more savings.
- We don't have any friends over for tea (anytime). Cant afford the extra meals –will struggle just to feed my kids. If I could find work I would be there. No one chooses to struggle every day. Have they tried to live on newstart, have they tried to raise kids alone...
- I have gained casual employment with the Salvos (retail) maybe 2 days per week which is usually Saturday and Sunday and occasionally 1 day during the week, it has taken me 2 years to find this job as employees don't seem to offer parent friendly hours for people who have limited childcare, my elderly parents are 2 hours away and come when they can to look after her. We are just managing but wont on Newstart. I wont be able to keep what I have earnt.
- We have started a new life – crossed the country, no money, no job but we are safe. For the first time we are safe. Can not leave my children can not explain why my eight year old daughter wets her pants and don't want her to be bullied. He sexually assaulted her. Just starting to breath out loud and now this. We will need to move again wont be able to afford the rent.
- Monday to Friday I spend almost 4 1/2 hours a day on the train commuting to the city for work, then often off to work at my local Kmart on the weekends, which is closing in November, all whilst trying to raise 4 children, one of which has special needs, another two have anxiety disorder because of being abducted by their father when they were young. I am the Parenting Payment and just won't make it on the dole.

- No car – cant afford the rego – no public transport where I live. My name is down at every location where I can walk to!
- I got work about 9 hours per week. 3 to 4 mornings every week packing shelves at our nearby fruit and veg shop. I did this in the morning and took the boys to before school care. When they said I had to do the night shift I said I couldn't no one to look after my 9 year old twin boys. I got the sack.
- Already stopped internet no landline –nothing more to stop.
- I had casual work then it turned to winter. My son has asthma. No sick leave, no pay, and I because 'unreliable' and was asked to leave.
- I am being squeezed in all directions at the moment. My head is spinning and need to look after 3 children. Please don't do this
- Mum of 3 with no child support due to family violence, and no extended family support, I work 2 jobs, often 7 days a week and somehow still cannot make ends meet. My poor 23 year old car hasn't had a service in well over a year and breaks down on a regular basis, but can I afford to get it fixed.
- The government should be tackling the 1.2 billion dollars in child support debt! We are so poor what about our rights.

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ⁱ ALRC, 8 February 2012 Report 117, *Family Violence and Commonwealth Laws—Improving Legal Frameworks*, The Australian Law Reform Commission.

ⁱⁱ Parliamentary Joint Committee on Human Rights, 21 June 2012 Hansard Page 7, *Social Security Legislation Amendment (Fair Incentives to Work) Bill 2012*, Commonwealth of Australia.

ⁱⁱⁱ Jared Owens, 3rd September 2010, *Rent rises making single mothers homeless*, The Australian.

^{iv} Emma Davidson, 16th July 2012, *Single parents deserve support, not scapegoating*, The Drum ABC.

^v ACOSS, May 2012 Paper 189, *Initial Analysis Federal Budget 2012-13*, The Australian Council of Social Services.

^{vi} Parliamentary Joint Committee on Human Rights, 21 June 2012 Hansard page7, *Social Security Legislation Amendment (Fair Incentives to Work) Bill 2012*, Commonwealth of Australia.

^{vii} ACOSS, March 2012 Paper 187, *Who is missing out? Material deprivation and income support payments*, The Australian Council of Social Services.

^{viii} Parliamentary Joint Committee on Human Rights, 21 June 2012 Hansard page 4, *Social Security Legislation Amendment (Fair Incentives to Work) Bill 2012*, Commonwealth of Australia.

^{ix} Parliamentary Joint Committee on Human Rights, 21 June 2012 Hansard page 4, *Social Security Legislation Amendment (Fair Incentives to Work) Bill 2012*, Commonwealth of Australia.

^x Adele Horin, 21st July 2012, *Solo mothers down to the wire*, Sydney Morning Herald,

^{xi} Patricia Karvelas, 11th May 2012, *Parents to go 'from welfare to poverty*, The Australian.

xii Parliamentary Joint Committee on Human Rights, 21 June 2012 Hansard page 6, *Social Security Legislation Amendment (Fair Incentives to Work) Bill 2012*, Commonwealth of Australia.

xiii Standing Committee on Family and Human Services, 31 May 2006 Hansard page 12, *Balancing work and family*, House of Representatives Commonwealth of Australia.

xiv E McInnes, 2001, *Public Policy and Private Lives: Single Mothers, Social Policy and Gendered Violence*, Thesis Collection, Flinders University of SA.

xv ACOSS, May 2011 paper 175, *Beyond stereotypes Myths and facts about people of working age who receive social security*, The Australian Council of Social Services.

xvi Patricia Karvelas, 3rd July 2012, *Sole parents marooned on dole*, The Australian.

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xviii Rights Review, September 2011, *Domestic violence Exemptions Not working*, National Welfare Rights.

xix Maureen Baker, 22 January 2009, *The ‘Quintessential Problem Debtor’? Mother-Led Households in Economic Hard Times*, Australian Social Policy conference 2009