

**Submission to the Senate Education, Employment and Workplace Relations
Committees Re: the *Social Security Legislation Amendment
(Fair Incentives to Work) Bill 2012***

1. INTRODUCTION

I, Danielle Williams-Brennan, find it of great concern the proposed changes to be made to parenting plan payments (“**single parent payments**”) under the *Social Security Legislation Amendment (Fair Incentives to Work) Bill 2012* (the “**Amendment Bill**”).

As a volunteer at a community organisation that as part of its duties provides assistance to people in need, I have found that single parents constitute a significant proportion of our client base. As a result, I assist single parent families in need by providing:

- Food vouchers (Safeway/Woolworths gift wish cards);
- Food parcels;
- Public transport tickets;
- Telstra bill assistance; and/or
- Information about free and inexpensive food cafes, energy payment plans, No Interest Loans, and a range of other services including referrals to other agencies where appropriate.

From my experience, single parent payments under the current parenting plan, do not in many cases adequately provide for single parent families to meet their basic living expenses such as food, accommodation, clothing and school fees let alone stretch far enough as to cover a “**common life event**”.

A common life event can best be described as *an expense that is unexpected or expected but which falls outside basic living expenses*. For example, such things as car repayments, dentistry and medical assistance all come within the meaning of a common life event. (See “**2. Common Life Events**”).

Under such circumstances, it is evident to me that a reduction of money under the current parenting plan will have a substantial adverse impact on single parent families. It will force many of the 100,000+ estimated single parent families affected by the Amendment Bill to cross the poverty line as they are forced to obtain loans from credit card providers or pay day lenders.

Furthermore, although the Amendment Bill is aimed at creating incentives for single parents to re-engage with the workforce, there are currently insufficient employment opportunities which are parent friendly and suitable for single parent families to do so.

The Federal Government therefore, has incorrectly assumed that reductions in payments to single parent families will somehow result in a re-engagement with a workforce that does not currently exist and for which money has not been earmarked to create.

It is based on my community work experience and my professional legal background, that I reject the current Amendment Bill and submit that further research and consultation with the community, especially single parent families, be undertaken.

2. COMMON LIFE EVENTS

In my current role, I assist many single parent families who do not have sufficient resources to pay for basic living expenses such as:

1. Food;
2. Schooling fees/uniforms/books/camps etc.;
3. Clothing
 - During the winter months more substantial clothing is required which is an added cost to the daily expenses.
4. Accommodation
 - The Melbourne rental market is currently very highly priced causing great difficulties for families with children finding suitable properties.
 - For many, a large percentage of their single parent payment goes towards high rent.
5. Bills (electricity, water, gas)
 - During winter when heat is required, resulting high bills for electricity and gas commonly results.
 - During school holidays and when the single parent is not working, a greater proportion of time is spent at home creating higher bills for single families than Australians who are gainfully employed part-time or full-time.
 - Additionally, the cost of cheap heaters purchased within the single family budget also causes bills being higher as they are commonly not energy efficient.
 - Single families therefore, are more disadvantaged in regards to securing the provision of essential services as compared to working Australians notwithstanding that they have less financial capability.

For these reasons, single parent families are commonly not provided with sufficient resources to deal with everyday living needs let alone meet common life events that may arise.

A common life event can best be described as *an expense that is either unexpected or expected and that is not a basic living expense* such as, but not limited to, the following:

- A tooth of a family member requires dental examination and/or work;
- A car breaks down or requires a service, new tyres, new parts, registration;
- A parent is injured and requires assistance;
- childcare is required so a single parent can attend a job interview;
- A number of tram tickets are required during a payment cycle to attend job interviews;
- Household goods are required due to breakdown (heater, washing machine, fridge etc.)

Under the current single parenting plan, money is paid on a week to week survival basis for the provision of basic necessities of life which allows very little opportunity for single parents to save money. The end result is that many single parent families are pushed into a debt repayment cycle which they cannot manage on their single parenting payments.

3. THE DEBT CYCLE

As a consequence of the current single parent payments not meeting basic living expenses and/or life event/s, in many circumstances, single parent families find that they are faced with either:

- Using credit cards; or
- Accessing pay day loan credit facilities

to temporarily or permanently get them out of financial trouble.

As a result of borrowing credit from usually high interest rate credit providers, the single parent family is faced with paying back to the credit provider money from their single parent payment that has as to date, not met their basic living expenses.

A viscous cycle of debt results and an inability to pay and provide for the single parent family needs becomes apparent. As a result, poverty, arguably evident at the time further financial assistance was required, is inevitable.

A welfare system that throws single parent families into high interest rate debt and poverty is not a welfare system that is working to meet the needs of single parent families. Cutting payments under such circumstances would be disastrous.

6. RE-ENGAGEMENT WITH THE WORKFORCE

The Explanatory Memorandum circulated by the Minister for Employment and Workplace Relations, the Honourable Bill Shorten MP, re-iterates the Federal Governments objectives of reducing single families' payments to:

- Encourage parents to re-enter the workforce; and
- Consequently, provide a better role model for the parent's child/ren.

Notwithstanding, that there is no evidence available to demonstrate that moving single families and their children onto lower payments will increase their job prospects, the Federal Government seems intent on cutting payments.

At present, there is insufficient employment for parents, single or partnered, that is child friendly. Being a single parent therefore, without work is not a deliberate choice made by most but is a matter of circumstances dictated by the employment market. In this context, the Federal Government needs to ask and provide a sufficient answer to, how single parents can re-engage with a workforce that does not exist?

It is more than evident that the Federal Government's fair incentives plan is bound to fail as:

- It does not earmark savings from the payment cuts for the creation of new jobs for single families;
- It does not earmark savings from the payment cuts for the creation of new/further/additional training of single parents.
- There is no evidence that cutting payments to single parents will create the necessary jobs for single parents to re-engage with the workforce.

7. CONCLUSION

Simply put, money under the current single parenting plan does not in many circumstances, allow for basic living expenses to be met. It does not likewise allow for single parents to plan for higher basic living expenses or for common life events as there is little capacity to save money leaving single parents vulnerable to experiencing poverty.

High interest credit cards and pay day loan facilities are not the answer to the financial crisis that a single parent family maybe confronted with. A stronger economic system involving more part-time parent friendly jobs and full training and integration into the workforce is required if the Federal Government is serious about their incentive program.

Payment cuts will result in a greater numbers of some of the most disadvantaged members of our society having to come to my community organisation and ask for food, clothes, and other necessities of life. Such assistance provided however, will only act as a band aid to the greater problem of a sick Australian welfare system.

Many single parents will be forced to crawl through each fortnight until their next payment is received. For many, falling into poverty will be the only option available. Children of these single parent families consequently, will not have the same opportunities as other children and will be left disadvantaged throughout their formative childhood and teenage years.

In conclusion, I am of the view that cutting single parent payments is simply as Dr Cassandra Goldie from ACOSS has said, "... a cost cutting measure [created] at the expense of some of the most disadvantaged families in our community".

Yours sincerely,

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