

## *Family Payments*

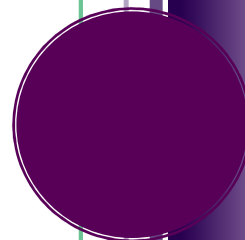
### *Critical Support not a Cost Saving Measure*

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

**February 2016**

**(** [www.ncsmc.org.au](http://www.ncsmc.org.au) **)**

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## *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 mother families.

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

## **Standing Committee on Community Affairs Legislation Committee**

NCSMC welcomes the opportunity to present a submission to the *Social Services Legislation Amendment (Family Payments Structural Reform and Participation Measures) Bill (No. 2) 2015*. It is our hope that the voices of those who vehemently oppose this Legislation will be heard.

The submission will convey that this measure cannot be viewed in isolation. Denying access to the parenting payment single for families whose youngest child is older than eight years has a 'domino effect' such as financial hardship and impeding women's capacity to work their way out of poverty. It reduces the ability to protect women from domestic violence (including post-separation). The harm is further exacerbated due to the failings of child support system with the combined result of trapping sole parent families in a life full of hardship. We seek that the Committee does not support the further entrenching of this hardship by reducing Family Payments.

*'I say 'no' so many  
times that she knows  
that we are poor  
(daughter 10yrs).*

Sole parent families are in deep distress about this measure and it is our role to convey this distress which is grounded in the 'lived reality'. It is our greatest hope that the Committee will react, review and insist that the predictable outcome of these measures, great harm to vulnerable families, will be rejected outright. These families are not in a position to manage further cuts.

## Guiding Statements

The submission is guided by the following statements:

1. Sole parents have borne the brunt of harsh cuts in successive budgets, and as a consequence they are ill-equipped to manage any further reductions.
2. Child Poverty has grown 15% in the last decade and it's concentrated in sole parent families.
3. Australia has the most tightly targeted income support systems in the OECD and therefore any cuts directly impact upon struggling families.
4. 'Family Payments' is an expenditure that has reduced over the years and therefore does not require further reductions.
5. Seeking and staying safe costs money. We can't cut critical support to women and children impacted by family violence.
6. We have failed to undertake any comprehensive review of what is an adequate income for sole parents; we cannot make further cuts in a vacuum of knowledge.
7. 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, thrive and develop.
8. 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.
9. No consideration to the interactions of Child Support and Family Payments with the measure, potentially instituting a contradiction in the Government's position regarding the cost of children. The Child Support formula is premised upon the cost of children is higher for 13+.
10. This measure fails the objective of 'simplification' as there will still be Family Payments Part A and Part. It introduces another benefit for under-one and for this benefit it removes eligibility restrictions. It has also set out recent (and welcomed) exemptions for grandparents.
11. Changes to family payments must be structural, with clear targets and that changes seek to address disadvantage.

*Our expertise is derived from our own research, collaboration with others and steeped in the rich but often tragic experience of women who have sought our service. It is from this unique, but clear vantage point that we present our submission and recommendations.*

## Still Unfair

There was collective concern about a range of announcements from the 2014 Federal Budget. The overwhelming sense was that it was unfair, unnecessary and punitive with a high degree of predicate harm. To the credit of the Government some of the 'sharp edges' have been removed or softened but the measures that will reduce Family Payments for sole parents remain as harsh now as the first legislation. The Australian Council of Social Services undertook an analysis between the current compared with the 2014-15 budget measures.

1. *A sole parent with one child over 13 years will lose approximately \$2500 per year and a sole parent with two children will lose approximately \$3000 per year (\$48 per week and \$58 per week respectively);*
2. *The current bill has a similar impact on single income families with children over 13 years compared with the 2014-15 budget measures. It will have a less harsh effect on single income families with children aged 6-12 years than the previous Budget, but these families will still be worse off than they are currently. Families with younger children will do worse under the current bill than the 2014-15 Budget measures due to the phase out of the supplements (with the exception of families with children under 1 year of age who will benefit from a \$1000 increase to Part B<sup>1</sup>).*

# *O*ur Recommendations

1. **Reject the measures in the Legislation that will reduce critical assistance to sole parent families.**

Family Payments are a critical support – and not a savings measure. *The Social Services Legislation Amendment Family Payments Structural Reform and Participation Measures Bill 2015 (No2)* will result in the removing of several billion, over the forward estimates. As Australia has one of the most targeted systems in the world the

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<sup>1</sup> The Australian Council of Social Services, 20<sup>th</sup> Nov 2015, Supplementary Evidence Senate Standing Committee on Community Affairs.

impact will be felt by the families who are in the greatest need<sup>2</sup>. NCSMC shares the distress of the families who will be most affected, and that it is families with children over the age of 13. Ironically, the cuts hit when assistance is needed the most. We also raise our concerns that access to payments for children who are finishing their secondary schooling (17, 18, 19 years) will be completely abolished. ACOSS analysis states that when all the changes are fully phased in that a sole parent with one child over 13 will lose approximately \$2,500 per year and a sole parent with two children will lose approximately \$3000 per year (\$48 per week and \$58 per week respectively);<sup>3</sup>

Low income sole parents have repeatedly borne the brunt of successive cuts. Struggling sole parent families, mostly headed up by a mother, have no financial capacity to absorb any further reductions. It is a crippling blow, most notably for the families forced from a family payment and onto Newstart once the youngest child is eight. These families report unrecoverable losses of amounts of up to \$140 per week. This remains an unresolved issue and it would be reckless for a Committee to support further cuts to this demographic.

**The Committee rejects the measure that reduces *Family Payments Part B*.**

## **2. Do not remove Annual Supplements**

The reconciling of end of year supplements is factored into household budgets and provides a much required capacity to enable families to pay those large costs that often cannot be met within the weekly budget. Such items may include outstanding school fees, car registration, and replacement of household appliances. The measure that seeks to 'revise', 'reduce' or 'revert' the end-of-year supplements should be abandoned. We urge the Committee to understand the particular importance of the end of year supplements for struggling families and reject this proposal within the legislation. NCSMC has no faith in the capacity of IT to respond to over-payments. NCSMC was recently informed that mothers must report their earnings both to DHS-CSA and DHS-Centrelink as this IT system within the same department does not have the capacity to share this data.

**The Committee rejects the measure that removes Annual Supplements.**

## **3. Family tax benefit (FTB) Part**

Australia has a highly targeted *Family Payment System* and therefore increases are welcomed such as the proposed increase in the family tax benefit (FTB) Part A by \$10.08

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<sup>2</sup> Peter Whiteford, Nov 2015 pp9, *Assistance for families in context*, Social Policy Institute Australian National University.

<sup>3</sup> ACOSS, Nov 2015, *Reform of the child care and family payments*, The Australian Council of Social Services

for fortnight for each FTB child in the family up to 19 years of age. However, this increase **should not proceed** if it's premised upon a reduction in (FTB) Part B. It a non-sensible approach to have legislation that significantly reduces Part B, contains a slight increase to Part A, both of which have tight eligibility restrictions and then institutes a new payment of \$1000.10 per year for families with a youngest child aged under one and removes the eligibility restrictions.

This highlights that this legislation arrives without any clear understating of what is required to respond to disadvantage and address child poverty. It also challenges the claim that the legislation simplifies the family payment system.

- **The Committee supports an increase in the family tax benefit (FTB) Part A by \$10.08 for fortnight for each FTB child in the family up to 19 years of age,**
- **The Committee continues to ensure that the Family Payment System remains targeted including the proposed increase in the standard rate by \$1000.10 per year for families with a youngest child aged under- one.**

**4. Institute a targeted and sustainable social security system that quarantines Australian children from poverty**

In March 2013 the reputable longitudinal study; the Household, Income and Labour Dynamics in Australia (HILDA) survey found that 24% of children in sole-parent households are living in poverty, compared with 7.6% of those living with two parents. The survey also revealed child poverty in sole parent families had increased over the last decade by 15%<sup>4</sup>. The increase has occurred throughout Australia's prosperous years, indicating a failure of policy settings. Family Payment Part B was a deliberate action to reduce child poverty in sole parent families. Successive governments have curbed its' value through changes and pauses to indexation as well as tightening eligibility, which is now available for families with an income up to \$100,000 per year. There is no capacity or reason for further reductions. A wholesale reduction is inconceivable for sole parents' resultant in increased harm and more Australian children doing it tough and/or living in poverty.

**The Committee rejects proposed cuts to the Family Payments and that it recommends that the Family Payment System is underpinned by targets and a national plan which quarantines Australian children from poverty.**

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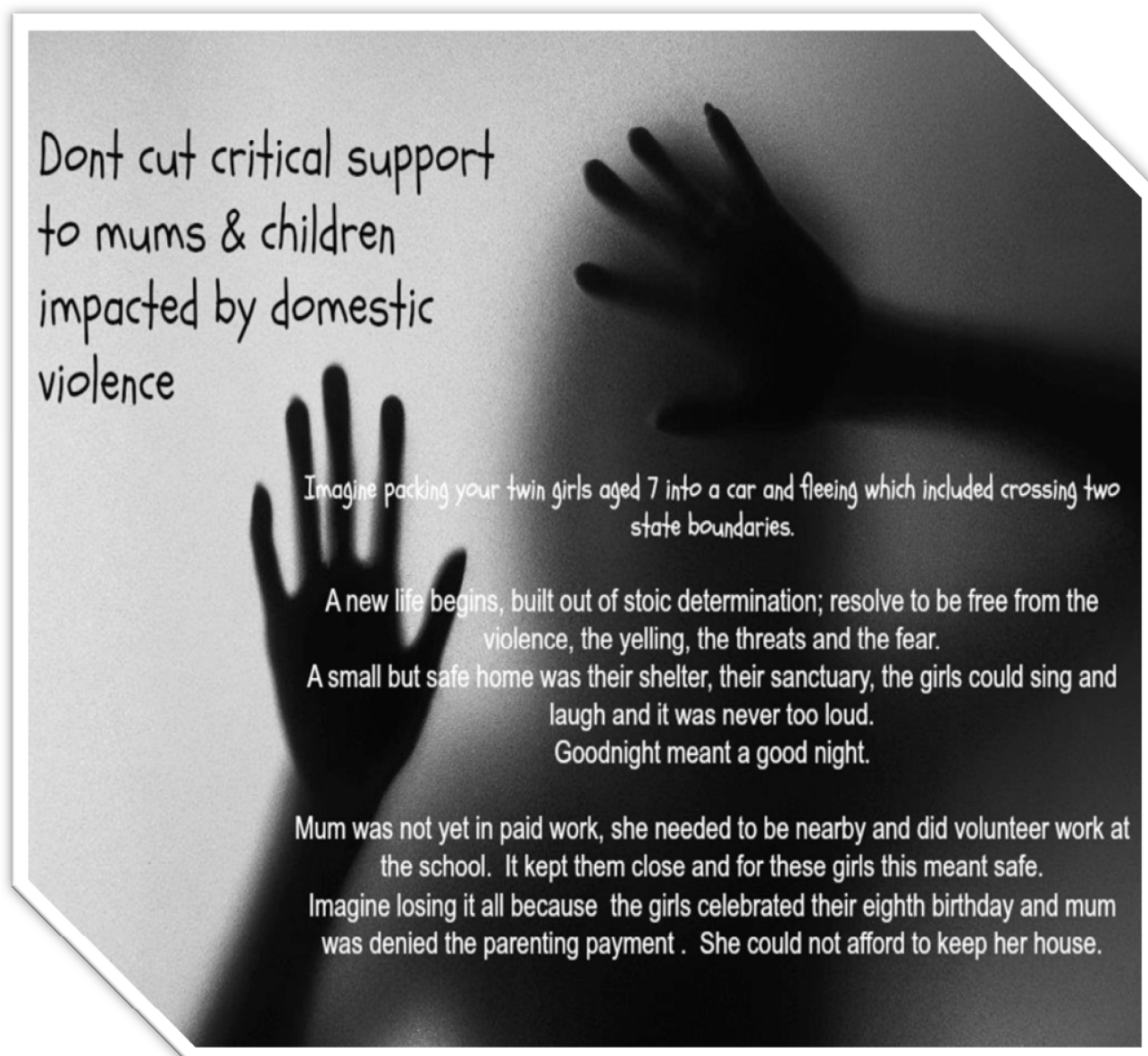
<sup>4</sup> Household, Income and Labour Dynamics in Australia (HILDA) Survey, 2013 *Sounds the alarm on child poverty*, Melbourne Institute

**4. Family & Domestic violence: Keeping Mothers and Children Safe**

The prospect of reducing critical financial support to mothers and children impacted by family violence is inconsistent with the *National Plan to Reduce Violence against Women and Children*. Sadly, it is single mother families who are overwhelmingly subjected and impacted by family violence. These families endure the additional direct cost associated with seeking and staying safe and as well as increased parental demands. Committee members need to take into account that separation does not equate to safety. In a recent national survey conducted by NCSMC only 12% indicated that they were not subjected to post-separation violence. Family Payments are critical for women and children impacted by Domestic Violence and that there aren't any comparable income supports despite the high level of crisis and trauma.

**The Committee rejects family payment cuts that reduce crucial support to sole parent families impacted by family & domestic violence.**





## Fix the Flaws

NCSMC seeks that the current flaws are addressed and that any changes to family payments are structural, with clear targets and that changes seek to address disadvantage.

We highlight the current issues Child Support and bring to the Committees' attention the interaction between Family Payments and Child Support. This correlation



appears to be absent in the key areas of consideration of this Legislation, as is the correlation in the state recognised Cost of Children.

## 1. Child Support Debt \$1.3 BILLION

Child support debt; non-payments, late payments, sporadic payments and partial payments are a phenomenon for families which creates financial uncertainty, distress and poverty. The Committee needs to be cognisant of this current and ever increasing debt and the children who are missing out because of the failings in our current system. Furthermore, the 'real' debt is higher and unknown as the stated debt does not include debt for customers who have a private collect, and this is a sizeable and growing population the debt is underrepresented. The Ombudsman stated that the actual percentage of private collect cases in 2012-13 was 54%<sup>5</sup>.

The child support scheme is designed to interact with family benefits and therefore any changes to family payments will produce consequences to child support customers which include 1.1 million children.<sup>6</sup> The Interactions include.

- **Maintenance Action.** This is the process of having an agreement approved by the Child Support Agency. 'Failing' to undertake a Maintenance Action will result in the recipient receiving the base rate of family payments irrespective of eligibility.
- **Family Payment levels.** A fair way to 'reduce' family payments would be to commit to addressing, reducing and eliminating Child Support debt. Family Payments are reduced when child support is paid on time and in full. However, we note an absence of recovering this significant debt or in investigating, engaging with, or taking enforcement action against these non-payers who blatantly refuse to support their own children.
- **Changes to FTB in 2008.** Changes to FTB were made to complement the design of the new child support formula:
  - Parents with 10 to less than 14 per cent care were excluded from eligibility to receive a share of FTB.

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<sup>5</sup> Colin Neave Commonwealth Ombudsman, June 2014 pp10, Submission to the House of Representatives Standing Committee on Social Policy and Legal Affairs Inquiry into the Child Support Program July 2014

<sup>6</sup> Department of Social Services and Department of Human Services, July 2014 pp 6,

Joint submission to the House of Representatives Standing Committee on Social Policy and Legal Affairs Inquiry into the Child Support Program July 2014

- Parents with 14 to less than 35 per cent care ('regular care') were excluded from eligibility to receive a share of 'child component' amounts of FTB.
  - Parents with 35 to less than 45 per cent care had their rates of FTB reduced.
  - Parents with 46 to less than 55 per cent care had a range of small changes to their rates of FTB.
  - Parents with 56 to 90 per cent care had their rates of FTB increased.<sup>7</sup>
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- **The Costs of Children table** provides broad average costs at the level of the parents' combined child support income. It includes costs associated with care such as infrastructure costs (accommodation, bedding) and consumption costs (food, entertainment, transport) and is net of the **average levels of FTB that families at particular income levels are assumed to receive**. They take into account a number of assumptions about the differences between couple families and separated parents, **FTB policy settings at a point in time**, administrative simplicity and the need for certainty for families<sup>8</sup>.

In addition to family payments influencing the cost of children table, the current measure has the potential to institute a contradiction in the Governments position regarding the recognised cost of children. Child Support legislation is premised upon children 12 to 18 years costing more than children less than 12 years. In the DHS Cost of table (2015) they state that the calculation for a one child below 13 years is \$21,603 while a child + 13 years are \$26,914. In arriving at the Costs of Children table<sup>9</sup> DHS states;

*The Ministerial Taskforce produced consensus estimates of the gross costs of children by averaging together the different sets of estimates developed by experts in costs of children research. It then produced agreed gross costs of children figures as a percentage of gross family income for middle-income families across two broad age ranges (0-12 and 13+) and for different numbers of children.<sup>10</sup>*

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<sup>7</sup> Department of Social Services and Department of Human Services, July 2014 pp 10,

Joint submission to the House of Representatives Standing Committee on Social Policy and Legal Affairs Inquiry into the Child Support Program, July 2014

<sup>8</sup> Department of Social Services and Department of Human Services, July 2014 pp16 ,

<sup>9</sup> <http://guides.dss.gov.au/child-support-guide/2/4/2>

<sup>10</sup> Department of Social Services and Department of Human Services, July 2014 pp 16,

NCSMC urges the Committee not to make further cuts to family payments especially as it had not taken into consideration the interactions between Family Payments and Child Support and that it will compound the current consequences of Child Support debt.

We further highlight the **'Welfare to Work' policy failure** and cite the academic research of Brady (University of Queensland) and Cook (RMIT University). The published article, the *impact of welfare to work on parents*, stated that:

*Our review finds little evidence that these reforms have had positive impacts on parents' and children's overall wellbeing, and suggestive evidence that they have had negative impacts on subjective and financial wellbeing.*

*Contrary to policy expectations, the literature suggests that parents' experiences with the income support and employment services systems are commonly highly frustrating and negative, and frequently do not support their aspirations for increased economic participation. The review also finds evidence that primary carer parents receiving income support report high rates of poor psychological health.*

*Furthermore, the literature suggests that parents' subjective wellbeing does not increase as they move into employment or increase their employment hours, and that the financial wellbeing of single parents has worsened as a result of the 2005 Welfare to Work reforms.*

*Finally, we find that official evaluations of these reforms and government-funded research have devoted little attention to the impact of welfare reforms on the wellbeing of parents and their children. We therefore conclude that future policy research and evaluation should incorporate a focus on this important issue<sup>11</sup>.*

Irrespective of which modelling or research is undertaken comparable and negative impacts of recent policy decisions for single parent households are identified. A similar impact was also identified by the National Centre for Social and Economic Modelling (NATSEM). In their analysis of the 2015-16 Federal Budget (page 24) they found:

*For single income families we find that impacts of new policy are greatest. For a single income, single parent family with children aged 4 and 6 the loss of income it typically between \$1,500 per year for low income cases to \$2,000 per year for the higher income cases. The loss is substantially higher for families with older children here there is a loss of FTB B. In this case the losses over the income range are between \$4,000 and \$6,100 per year.*

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Joint submission to the House of Representatives Standing Committee on Social Policy and Legal Affairs Inquiry into the Child Support Program July 2014

<sup>11</sup> Michelle Brady & Kay Cook, 2015 Vol 3, *The impact of welfare to work on parents and their children*, University of Queensland

NCSMC urge that the Committee does not further contribute to an alarming policy direction by reducing Family Payments.

### **I. A new approach**

A more sophisticated and well-targeted social security system would provide a safety net that accurately considers the needs of sole parent, that quarantines children from poverty, and provides assistance that reflects the employment patterns of sole parents so they can combine sole-parenting and employment.

Sole parent families in receipt of Newstart and are low paid or have insecure and/or part-time work are harmed due to the Newstart earning thresholds. For example, a sole parent with three children can earn and retain \$118.00 per week on Parenting Payment Single but when on Newstart it reduces to \$51 per week. Consequently, families who were forced from a parenting payment reported non-recoupable losses of up to \$140.00 per week. As stated by National Welfare Rights, a mother working 15 hours per week on minimal wage and in receipt of Parenting Payment Single, would need to work 28 hours per week once on Newstart to retain the same earnings<sup>12</sup>.

### **II. Family and Domestic Violence**

On 13 October 2015 NCSMC released a national survey to gain an understanding of Domestic Violence and Income Security. Single mother families impacted by family and domestic violence stated that Family Payments were 'essential' as they exhausted their savings and borrowed money. We further learned through this survey that single mother families encountered ongoing cost to protect themselves and their children and that it continued way beyond separation. The results from the survey are both harrowing and informative. All of the respondents indicated that their income is reduced and/or significantly reduced due to their exposure to family and domestic Violence. Family Payments play a crucial role in supporting women to seek and stay safe.

NCSMC also brings to the Committee concerns for New Zealand women residing in Australia who have fled a violent relationship. Depending upon the on the visa, New Zealand citizens residing in Australia may not claim Parenting Payment or Newstart. Women exposed to Domestic Violence, and with primary care of their child, may not be court ordered to stay in Australia, and therefore they rely greatly upon family payments.

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<sup>12</sup> National Welfare Rights, analysis Senate Community Affairs Committee, released 24 January 2014, Answers to Questions on Notice, Social Security Portfolio, 2013-14 Supplementary Estimates Hearing, Question: No. M0090\_14.  
[www.aph.gov.au/Parliamentary\\_Business/Senate\\_Estimates/clacctte/estimates/sup1314/DSS/index](http://www.aph.gov.au/Parliamentary_Business/Senate_Estimates/clacctte/estimates/sup1314/DSS/index)

### **III. Simplification of Payment System**

Much has been reported about the complexity of family payments. This in itself should not be a green light to reduce payments. We further point out that in 2000 six payments/tax rebates were rolled into the current Family Tax Benefits Parts A and B<sup>13</sup>. Struggling families 'scrape' together every piece of assistance and constantly search for every saving just to access the basics and to balance the family budget. This measure does not seek to simplify the system but to cut and further reduce critical supports.

### **IV. Breadth of Harm**

NCSMC submission and evidence is on behalf of and for single mother families as this is our role and focus. We welcome the exemption for grandparents but remain concerned about the impacts on low income two-parent households and foster carers. Inquiry into the Social Services Legislation Amendment (Family Payments Structural Reform and Participation Measures) Bill (No. 2) 2015 will result in the removing of several billion, over the forward estimates. As Australia has one of the most targeted systems in the world the impact will be felt by the families who are in the greatest need impacting upon vulnerable children.

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<sup>13</sup> Peter Whiteford, Nov 2015, Assistance for families in context, Social Policy Institute Australian National University.

# What women told us (2016)

The cutting of family payments cannot be viewed in isolation. The denying of access to the parenting payment single for families whose youngest child is older than eight years has a 'domino effect', it increases poverty it impedes a women's capacity to work their way out of poverty. Furthermore it reduces the ability to protect women from domestic violence (including post-separation). The harm is further exacerbated due to the failings of child support system with the combined result of trapping sole parent families in a life full of hardship.

Sole parent families are in deep distress about this measure and it is our role to convey this distress which is grounded in the 'lived reality'. We seek that Committee does not support the further entrenching of this hardship by reducing Family Payments. Below is the current reality for eight women.

*We ask the Committee to imagine the trauma if the reality for these women also included the proposed cuts to Family Payments*

## The Reality 1: Newstart, Domestic Violence & Child Support Failings

*'Losing PPS meant that I was unable to keep up with the credit card interest repayments through the debt that I incurred with the ex. I had never missed a payment before. I had to borrow money from family who eventually paid the debt for me, and I am still paying them back.'*

*'The worst thing about the Government not being able to recover child support from my ex as well as the loss in money being changed over from PPS to Newstart was the impact it had on my ability to access specialist health care for my child who spent years with chronic respiratory illness. Waiting times for hospital appointments and operations meant her illness was prolonged, she was unnecessarily pumped with antibiotics and other medications and it also meant I couldn't work because I had to constantly look after a sick child, which has in turn impacted my employability and ability to access more appropriate housing options. We still share a bedroom! My ex has apparently NEVER lodged a tax return, even though he has been a PAYE employee'*

## **The Reality 2: Newstart, Domestic Violence & Child Support Failings**

*“After 17 hospitalisations in an 18 month period the changes to parenting payment single came in for me. This meant an already below poverty line existence became \$160 a fortnight instantly worse off. .... I was unable to tell the child support agency my son's biological father's details for two reasons: I did not know them & if I sort money the abuse would instantly become worse. Eventually, after ten plus years we were granted an exemption.*

*The impact on my son:*

*He doesn't do after school activities, we can't afford a car, he cannot swim, he's still in the old school uniform after it changed, I couldn't always afford my non PBS medication so he dealt with a sick mother.*

*The impact of no child support is huge. I have been met with violence every time I have dared to mention money.*

*My ex has fines and major debt to the ATO for non-compliance. He gets a lot of cash jobs but his on the books income is over \$75,000 per annum.*

*The removal of parenting payment single led me to a low paying high stress job that breached work place relations law. I earned little more than the pension but had to then find childcare costs, corporate clothing and pay a lot for taxis*

*Now I am on Austudy simply to try to get away from the nightmare.*

*That one act of the government led me to be ten times more controlled by an abusive monster and a million more times less likely to ever be able to stand on my own two feet.”*



### **The Reality 3: Newstart, Domestic Violence & Child Support Failings**

*"I fled DV with my 2 sons and had to go on Newstart and I wasn't eligible to apply for rental properties as my income was too low we were practically homeless for about 2 months couch surfing I was one of the lucky ones to get a QLD gouv house.*

*Even with the low rent we still struggling I went to work for 6 months had to give up I couldn't mentally and physically cope due to having meltdowns, anxiety attacks on a daily basis. Back to square one again. Newstart again now having to look for work at a reduced capacity as of my health awaiting outcome of DSP.*

*No wonder a lot of women stay in abusive situations as they cannot cope financially it scares any mum. Especially the ones without support network.*

*Myself and my boys are doing ok but struggling financially and I am trying to keep myself mentally well.....*

*Bring back PPS please.... Thanks"*

### **The Reality 4: Newstart, Domestic Violence & Child Support Failings**

*I was in an abusive relationship and it was impacting on my wellbeing and my children were also affected. I continue to have anxiety attacks. I now survive on Newstart allowance and find it hard to cope with keeping up my rent, electricity bill and other basic necessities. I worry all the time about myself and my children becoming Homeless. I am trying to find paid work but it is extra challenging without a partner and having two children to take care of. I have put myself through university and currently volunteer three jobs but it is really difficult finding employment. I feel single parents and our children have been marginalised and disadvantaged. There are no adequate support services that help single parents and we are expected to just magically find work without any support mechanisms in place. I feel pessimistic there will be any change in policy as single parents are stigmatised. How can single parent families get ahead when they are already disadvantaged? I hope my comments are helpful and I strongly believe all single parents should be receiving parenting payment as Newstart is inadequate for single parent families. Children begin costing more as they get*

*older and cutting off parenting payment when the youngest turns eight has negative effects on wellbeing. My child deserves better than governmental cost cutting measures.*

### **The Reality 5: Domestic Violence & Child Support Failings**



*Documented history of DV and he's still able to financially abuse me and the children!*

### **The Reality 6: Newstart & Child Support Failings**

*Ex. hasn't lodged a tax return since we separated in 2004. I assume the only reason he gets away with this is he's a sub-contractor? This has affected our family as I wasn't aware of the disbursement method until 2011, so were receiving less FTB. We were struggling as it was on Newstart & took 3 months to sort out between FAO & CSA as we'd had a private arrangement up until that point. My youngest is now 18 & CSA rang to say they were still chasing for child support. My fear now is at some point CSA will catch up with the ex., recalculate and I'll end up with a huge debt. How can he get away with not paying tax, let alone child support for that length of time?*

### **The Reality 7: Newstart, Domestic Violence & Child Support Failings**

*My children's father currently owes \$26,000 in child support. I'm working but on a low income as a research assistant and PhD scholarship recipient. Apparently the CSA lawyers are going to try to take him to court. Since I left the abusive de facto relationship 13 years ago, he has only consistently paid child support for 10 months or so. There have been times they found where he was working, set up garnishing processes, just for him to leave the week it started. This occurred multiple times. He would never update his income. Two years ago he earned \$85,000 for 2013-14 but was assessed at way below that. Yet there never seemed to be any penalties put in place for failure to meet his legislated responsibility to disclose such information. I'm raising my two boys aged 13 and 16 without any money from him. I manage because I'm in social housing, but they can't possibly have the same standard of living add kids growing up in a two income family because their father is too selfish to meet their responsibilities. Meanwhile, I'm 45 with only \$8,000 in superannuation. I cannot do anything about my financial future, and I can only rarely have things for myself that other working women can afford. He is keeping me in poverty because he knows I'd always make sure the boys' basic needs were met.*

### **The Reality 8: Newstart, Domestic Violence & Child Support Failings**

*Ok, since being changed from PPS in January 2013 (I think it was), I was able to manage ok on PPS this is my story, I am a 55 year old female with 3 children all dependant on me at the start of my story*

*After getting out of a DV situation, myself and my 3 children have lived in 6 different houses including 2 different states, as I was not working and trying to support my family the best I could on Newstart, within 3 months of being on Newstart our lives took a downward spiral, after suffering a spinal injury that I cannot get disability for, I was getting \$520 pw on Newstart and my rent was \$350 when I was changed over to Newstart, within 3 months of being put on Newstart it went up to \$380 we could no longer afford to live there, so had to move, we moved in with some friends of ours whilst waiting to find another house, got another house within a couple of months got into trouble again as I was not*

*able to secure a job due to my injury and my age, not to mention my teeth were falling out, we lost that place and were given another opportunity for another place so we took it and again not able to keep up with the rent, so moved into another property where I tried as hard as I could to maintain the rent and bills and finally had to succumb to the fact that I would have to move back to the state and back onto my ex partners property where the DV had happened, I had no choice, we had nowhere to go.*

*The DV started within 2 months of arriving there, my children changed and became withdrawn, my life changed as I could not move out until I could get a housing home as I knew I was not able to keep up with rent on my own.*

*My children went without so much, clothes, food, shoes, realistically the basics of living and sustaining a healthy life, they didn't have outings like their friends did, in the end they were never asked to go out with their friends and they stopped asking me because they knew I couldn't afford it*

*My ex did not hit me but verbally and emotionally abused us in every way he could, My children and myself had to deal with this for 18 months, especially on the weekends when he drank, he also taught my 2 boys how to smoke pot and drink at the ages of 13 and 15, oh yeah, real hero this one, now I have a son who into hard drugs and has been in and out of court so many times I really don't think he will walk out of his next court case, and my other son who smokes pot every day is not the son I knew before we moved back here, he was a very bright intelligent young man who was going places, not now, he has lost his licence and looks to be on the same dark path his brother is walking.*

*My teenage daughter, well I am scared for her and what will come with her future.*

*In July last year due to me jumping up and down and having so many DV's I was offered a house by housing thanks to Rosie Batty, who I wrote to with my story, we are in a safe house now, and I still struggle with bills as I still have to pay rent, electricity, water, food, etc and I get a part payment of NS as I was forced to work part time with my back injury, again I had no choice, I clean for a company and it is so taxing on my back injury that I am like a cripple when I get home it takes me 3 or 4 days to recuperate and then it all starts again.*

*I have 2 teeth left on top and are desperately needing to get them pulled out and false teeth but have been on the waiting list for a few years now, I guess by the time I get on top of the list I will need top and bottom teeth*

*So if you would like to know what my life has been like the last few years after being changed from PPS to NS, I didn't ask to be made to feel like I should be looked down on, I have always worked but after my back injury it was so hard.*

*Name withheld but if you need it I would be happy to provide it*

The above snap-shot is a small but real sample of the impact of an inadequate support system and the failings of the child support scheme; it demonstrates what occurs when we place the wrong emphasis upon policy and fail to listen to the voices of the lived experience.

## **Child Poverty: Heading in the Wrong Direction**

In March 2013 the reputable longitudinal study; the Household, Income and Labour Dynamics in Australia (HILDA) survey found that 24% of children in sole-parent households are living in poverty, compared with 7.6% of those living with two parents and that child poverty in sole parent families had increased over the last decade by 15%<sup>1415</sup>. The increase has occurred throughout Australia prosperous years indicating a failure of policy settings<sup>16</sup>.

The changes made to eligibility for parenting payments have to be part of the causes. Despite some increases in workforce participation of sole parents over the past two decades, reducing the payments targeting those with sole parental time demands has not increased but decreased the incomes of the majority of sole parents. The details of the changes are below.

- Parenting Payment Single maximum rate per fortnight is \$731.20 (includes pension supplement), Newstart is \$566.30.
- Australian Institute of Family Studies found that 67 % of sole mums who had a child aged 6 to 9 years were employed, which increased to 74% for children aged 10 to 14

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<sup>15</sup> Household, Income and Labour Dynamics in Australia (HILDA) Survey, 2013 Sounds the alarm on child poverty, Melbourne Institute

years, indicating employment capacity increases with the child's age. (This includes sole parents who are not on payments).<sup>17</sup>

There is no logic in the assumption that by reducing sole parents' already sparse income they will then bounce into secure time employment. There is no supporting evidence for this claim from the initial decision in 2006 to stop paying the more generous Parenting Payment to new applicant sole parents, once their child turned eight. This lack of data undermines the claim for the latter including the 140,000 'grandfathered' recipients. The then Government failed to offer any valid evidence that the earlier move onto the lower Newstart payment, in itself, had increased the proportion of sole parents who were in paid work.

There is a deep contradiction in the rhetoric and the push onto lower payments with tighter means tests on extra income. The policy recognises that sole parenting imposes both time and other demands that make full time work very difficult. It even states that sole parents would not be expected to take on jobs that either interfere with their parental responsibilities or leave them financially worse off, once costs of working are deducted. Yet the new policies set up a payment that undermines the possibility of both holding a part time job and retaining an ongoing adequate subsidy so both roles can 'fit' in the time demands of children.

The current changes and policy also breach possible human rights as well as common sense. The Joint Committee on Human Rights report on the Bill recommended:

- It be delayed.
- It accepted the then government claims that it seeks to provide greater incentives and opportunities for Parenting Payment recipients, particularly for single parents, to re-engage in the workforce
- Provide greater equity and consistency in the eligibility rules for Parenting Payments, but questioned whether the cuts in payments really provides the answer.
- It stated clearly: 'However, the Committee notes that it does not necessarily follow that the measures seeking equity are justified as it is not apparent to the Committee that the government has considered any alternative options in this regard.'

1.55 'The Committee considers that these are legitimate objectives. However, the Committee notes that it does not follow that the measures seeking to achieve equity are justified as an alternative and ostensibly fairer approach would be to give later recipients the same benefits as earlier recipients, rather than reducing the benefits of earlier recipients. It is not apparent to the Committee that the government considered any alternative options in this regard'. They conclude: 'The Committee notes, but is not convinced by, the

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<sup>17</sup> Jennifer Baxter, November 2013, Australian mothers' participation in employment

department's assertion that this measure is fair and would promote workforce participation<sup>18</sup>. It remains a concern that the United Nation concerns are un-answered.<sup>19</sup>

NCSMS impresses upon the Committee to understand what has 'gone before' and the continued harm as they deliberate upon making further cuts to this demographic. We therefore urge the Committee not to institute further cuts through the family payment assistance. We bring to the Committee the lived reality and entrenched hardship for sole parent families. The Sole Parent Alliance conducted a survey of a little under 1,000 single parents, mostly mothers and asked what had affected them in the past 12 months.

Q9: Which of the following have affected you in the last 12 months?

Have difficulty paying the mortgage	14.1%
Have been evicted	3.9%
Have difficulty in buying groceries each week	66.2%
Skipped meals or poor nutrition	48.6%
Child/children can no longer participate in sport or other activity as I cannot afford uniform/equipment/fees	58.5%
Have difficulty in paying utilities and had late payment fees	74.3%
Utilities have been disconnected	13.6%
Child/children missed medical appointments or other healthcare needs	26.8%
Struggle with school fees, books & uniform	63.9%
Cannot afford school camps or other school costs	44.7%
Inadequate clothing eg coat in winter, inappropriate footwear	37.2%
Reduced or ceased internet access	31.5%
Reduced or ceased mobile phone	30.1%
Difficulty in running and maintaining a roadworthy car	57.3%
Cannot afford health or household insurance	62.6%
Forced to change schools	7.3%
Other (please specify)	

18<sup>th</sup> July 2014

<sup>18</sup> Parliamentary Joint Committee on Human Rights, 21 June 2012 Hansard, Social Security Legislation Amendment (Fair Incentives to Work) Bill 2012, Commonwealth of Australia.

<sup>19</sup> Special Procedures Of The Human Rights Council, 19th of October 2012, REFERENCE: UA Poverty (1998-11) AUS 2/2012, The United Nations. [https://spdb.ohchr.org/hrdb/22nd/public\\_-\\_UA\\_Australie\\_19.10.12\\_\(2.2012\).pdf](https://spdb.ohchr.org/hrdb/22nd/public_-_UA_Australie_19.10.12_(2.2012).pdf)



## Tell it like it is: The Impact on Children

NCSMC asked women to provide their stories in response to this Inquiry:

*“My son never passes on school notes regarding anything that costs money. I've found them ripped up in his school bag, hidden in his room, etc. I think he has noticed my hands shaking so many times from monetary stress that he will do anything to keep things like this from me. He's 13 and has desperately wanted to get a job since he was 11. He constantly asks why I hardly ever eat dinner but, fortunately, he still seems to believe that I absolutely love toast and 2 minute noodles when I do eat”.*

*“Sometimes I wish I wasn't here. I suppose we all do”.*

*“I had to send my daughter's rented flute back and she dropped out of the school music program because she was so demoralized and embarrassed that her father stopped paying child support and we could no longer afford a decent flute.*

*‘My daughter thought I did not ‘like’ her grandmother, my mum, as we stopped our weekly visits. Just could not afford the trips’.*

*‘Lucy, our 8 year old Lab (pet) was ‘given’ to another loving family. We could not afford her, we still cry and miss her..... So sad.’*

*‘Benny, he is 14 and is begging me to let him give up school and work.... he knows that we just don't have enough. I am on call and work whenever they need me but it's mostly 10 hours a week. Just can't get ahead’.*

*‘When I forced onto Newstart I did not think that I could keep my son and daughter together. Can you believe that! Somehow I get through but this..... This next cut will kill us’.*

*‘Please Please Please tell them... all the pollies that we will go over the edge if there are any more cuts. My luxury is our 18 year old Corolla’.*

*'We fall behind every year at school, they are kind, we often get the jump on the 'lost and found' basket, my kids pretend that they don't mind but they are so embarrassed... they are beautiful and I keep embarrassing them.'*

*'Why would they do this, how dare they say they worry about domestic violence. I left and ran. I left when the violence became more intensive and it was in front of the kids. My 10 years old is so happy that we left and now doesn't get why he can't play footy. What the hell! Do they want me to go back to him!'*

*'Jessie, is 12 and told me that she want to become a vegetarian and to pack biscuits with vegemite for school. Found out she is worried about our money and wants to help with eating less and cheaper.'*

*'Jack is great at sports; he pretended that he was injured, so he would not get picked for the inter-school competition. It was \$35. We just don't have spare cash.'*

*'I watch my daughter and her two girls wrap themselves in blankets to keep warm as they don't run the heating.'*

*'Yes, my son hasn't brought an excursion note home in 5 years, even when I've told him it's ok we'll find a way to pay he refuses to attend.'*

*'My daughter is 14, and in an accelerated learning program for gifted kids. We can't afford printer ink, so her assignments are not printed out and usually late.'*

*'We regularly have our phone and Internet disconnected, so she cannot do her assignments for school which require research and submission via the Internet.'*

*'We cannot afford the compulsory school laptop for her next year, so she is wanting to drop out. She misses excursions because we can't afford the fees. She is often out of uniform as I can't afford a 2nd uniform. She is dropping out of netball as I can't afford the \$6 for a game. Last year she received awards for best player.'*

*'She wants to get a job so she can afford to help pay the rent. She never has lunch and often skips other meals as there is very little left in stock. I no longer pay the school fees as I can't afford them...and it's a public school! Every year there are text books I can't buy, even 2nd hand so they go without.'*

*'I am unwell and have stopped the blood test.... I am now worried that my 16 year old hides when he is unwell. In our house a tip to the doctor is unplanned bill.'*

*'Two beautiful, bubbly, social, energetic boys. Stopped soccer we go for a 'kick' in the park. They miss their friends'*

*'No sleepovers at our house, can't afford the extra food (it's just popcorn) but still...'*

*Just had Christmas, we took our sandwiches to the park and pretended that there was dessert.*

*I have \$7 left in my purse and worried about the rent. She can't understand why she had to start school without pencils and is embarrassed that she had to ask her friends.*

*Can't get Tony to go back to school (year 11), in the holidays he works three shifts per week at KFC and earned \$40 per shift. At the end of the shift he brings home what was going to be thrown out. I can't even offer him anything better than three lousy shifts at our local fast food!*

*School holiday meant some time spent with dad (he won't have them doing the school year). They don't want to come home. I don't have the full fridge."*

## Family Violence:

NCSMS impresses upon the Committee to not only understand successive income support cuts but that women and children impacted by family and domestic violence will be harmed by the reduction of family payments. We bring to the Committee the lived reality of family and domestic violence and entrenched hardship for sole parent families. The Sole Parent Alliance conducted a survey of a little under 1,000 single parents, mostly mothers and asked a range of question. Below is one of the questions which focused upon Family and Domestic Violence.

### Q6: What has been the financial impact of Family and Domestic Violence?

No impact	0.00%
<b>Borrowed money from family or friends</b>	<b>60.00%</b>
Personal Loan from a bank or financial institution	27.27%
Sold or pawned items	50.91%
Borrowed money from a 'Pay Day' or 'Instant Cash' lender	10.91%
Increased costs in purchasing new household items	45.45%
Paid legal fees/court costs	38.18%
<b>Used all my savings</b>	<b>65.45%</b>
Accessed my superannuation	30.91%
<b>Needed to cover cost of rent, bond and relocation (removalists/storage)</b>	<b>61.82%</b>
Increased costs due to changing schools (uniforms, books, etc)	36.36%
Needed to purchase a car	27.27%
Medical and/or dental expenses due to violence	21.82%
Sought counselling for self and/or children	81.82%
Cost of installing security	12.73%
Needed to purchase a new mobile phone	36.36%

We are distressed to report that only 12% of the survey respondents stated that are not subjected to Post- Separation Violence. The comments are harrowing and it's clear that the social security system is critical. The system needs to support vulnerable families and be a safety net, underpinned by the knowledge that investment into families improves the wellbeing of children, their safety and opportunities to learn, thrive along with their peers

The survey attracted several thousand comments and honoured that the women have trusted us to bring their lived experience to the Committee.

*“Hidden where I hope he cannot find us.”*

*“Threaten to shoot me, keep taking children to places for days without informing me... informing court about all the violence .....Court ordered him take children normally and for half school holidays as well..... ”*

*“I live in fear”.*

*‘Spent over 200,000 broke but need to keep us safe. He takes us to court to get  
‘time with the girls’ they are petrified’*

*‘On waiting list for public dental, he smashed my mouth, cant afford a private  
dentist’*

*‘Have a spinal injury and headaches, most likely due to the violence, cant stand  
for long hours, cant get a disability support pension. Have migranes managing  
everything’*

*‘Our car is not registered, its our ‘get away’ when he comes looking for us.  
Breakign the law but ... cant afford the registartion BUT cant let him get us’*

*‘Have you tried to get security, it cost a fortune and he just keep breaking the  
sensor light’*

*“I worry about child protection We live in a crowed one bedroom flat (four of us), I  
eat once per day and I suspect that the girls also skip meals. We don’t talk about  
food. Any further cuts and we would be gone.... But we are safe... for now”*

*‘Bloody hell, I lie about child support (he does not pay) but he has threatened to  
take the kids (just take them) they are terrified*

*“I am so dam angry, dam angry at everyone who walks around with a white  
ribbon badge and then wham - cuts our support”*

*Each day I ask the question ‘should I go back!’ ‘Should I suck up the beatings’.  
Would that give my two girls a better life because I cant on Newstart. I work  
weekends and will pick up any shift but they are so over us being poor.*

*“‘Yep, got the sack last year... unreliable.... He had slashed our tyres and I could  
not get to work”.*

*Had a good job, it worked Ok with the kids (missed Thursday night basketball). I  
loved it – loved working – great mates. He could not stand to see me happy.  
Stalked me, took pictures of my colleagues. I was just too hard... asked to leave.*

We share a collective frustration that policy that severely impacts upon women (and in particular vulnerable women) appears to be viewed as a source for possible ‘savings’. It arrives at such a great cost and we cease this practice. Don’t cut critical supports.