



## **Australian Council of Social Service**

Sole parents won't be helped to find employment  
by cutting their payments

Submission to the Senate Community  
Affairs Committee regarding the  
Social Security Amendment  
(Fair Incentives to Work)  
Bill (2012)

July 2012

First published in 2012 by the  
Australian Council of Social Service

Locked Bag 4777  
Strawberry Hills, NSW, 2012 Australia  
Email: [info@acoss.org.au](mailto:info@acoss.org.au)  
Website: [www.acoss.org.au](http://www.acoss.org.au)

ISSN: 1326 7124  
ISBN: 978 0 85871 042 9

© Australian Council of Social Service

This publication is copyright. Apart from fair dealing for the purpose of private study, research, criticism, or review, as permitted under the Copyright Act, no part may be reproduced by any process without written permission. Enquiries should be addressed to the Publications Officer, Australian Council of Social Service. Copies are available from the address above.

## CONTENTS

1	Summary .....	4
	1.1 Payment cuts affecting sole parents .....	4
	1.2 Liquid Assets Waiting Period.....	6
	1.3 Recommendations.....	6
2	Payment cuts affecting sole parents.....	8
3	Effects on the incomes of sole parent families .....	10
4	Effects on their employment prospects.....	11
5	Some myths and misconceptions about the proposals .....	16
6	What sole parents have told us.....	17

## I Summary

This Bill has two schedules:

- *Schedule 1* removes the access to the Parenting Payment Single (PPS) payment for sole parents whose youngest child is over 7 years of age that was preserved under 'grandfathering' provisions in the 2006 Welfare to Work policy.
- *Schedule 2* eases the liquid assets test for recipients of social security allowance payments so that unemployed people who apply for income support and have modest financial assets do not have to wait as long to receive payments.

This submission mainly addresses *Schedule 1*, as we recommend that *Schedule 2* (liquid assets test) be passed. ACOSS was also a signatory to a request for the Standing Committee on Human Rights to review the Bill's compliance with Australia's human rights obligations. This was the first referral to that Committee and we await the release of the Committee's findings. Details of that Inquiry and our submissions are at:

[http://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate\\_Committees?url=humanrights\\_ctte/activity/index.htm](http://www.aph.gov.au/Parliamentary_Business/Committees/Senate_Committees?url=humanrights_ctte/activity/index.htm)

### I.1 Payment cuts affecting sole parents

If *Schedule 1* is passed, approximately 100,000 sole parent families would lose some or all of their income support over the four years from January 2013, with around half facing payment reductions in that month. Most would instead receive the lower Newstart Allowance (NSA). It is well established that sole parent families and their children who rely on income support face a high risk of poverty. A sole parent with one primary school age child receives \$455 per week in PPS and Family Tax Benefits. On NSA the family's income drops to \$396 per week. Over 90% of parents affected are women.

The amount of income they lose would depend on whether they transfer to NSA or a higher payment, how much they are earning from wages, and whether they are studying. Those on the maximum rate of PPS (most of whom have no paid employment) who transfer to NSA would lose \$59 per week in payments. Taking account of other measures announced in the Budget, i.e. the Allowance Supplement and increases in Family Tax Benefits, the income losses for these sole parents would typically be \$30 to \$40 per week.

Many of the 50% or so of sole parents affected by the change, who are employed and receive part-rate PPS, would lose more than this as they would be disadvantaged by both the lower maximum rate of payments and the tighter income test (the lower income test 'free area') that applies to NSA.

Those who study full time to improve their future job prospects and who commence their course after they lose eligibility for PPS would also miss out on the \$31 per week Pensioner Education Supplement, increasing their typical income losses to \$60 to \$70 per week.

*To summarise: the policy will entrench poverty among those who are unable to find employment and discourage part time employment among those who can.*

Apart from a small group of sole parents affected by the policy whose youngest child is 6 years old, there is no change to their activity requirements. The vast majority of affected parents are already required to seek part time employment of at least 15 hours a week, and to register with employment services.

Apart from a \$3 million per year telephone career counselling scheme and website, there is no additional investment in employment supports directly associated with this 2012 Budget measure. An increase in expenditure on JET Child Care Assistance announced in the Budget is an artefact of higher demand for that program: in fact, access to the program is being reduced, not extended by that Budget measure. Other employment supports available to those affected by the payment changes, including Job Services Australia (JSA) services and vocational training places, were already budgeted prior to the 2012 Budget.

In the 2011 Budget, which restricted the 'grandfathering' arrangements to those parents whose youngest child was under 12 years old, a number of associated measures were announced to boost training expenditure and ease income tests for those affected. The income test for sole parents on NSA was eased (the 'taper rate' was reduced from 50% to 40%), an additional \$80 million was budgeted over the forward estimates period for vocational training places for young and/or single parents and an additional \$6 million was budgeted for career counselling and other employment assistance.

In contrast, in the 2012 Budget, a \$3 million telephone counselling program was the only additional expense we could find to assist those parents affected by the proposed changes to secure employment.

*To summarise: the policy is a cost cutting measure, not an employment participation measure. It saves \$700 million at the expense of 100,000 of our poorest families. Unlike last year's Budget, the 2012 Budget does not include any significant additional investment in employment and training services for those affected.*

The reasons that around half of the 100,000 sole parents affected by the proposed change are not currently employed include: limited vocational skills, their location in areas with low employment opportunities and/or poor public transport, ill health or a disability, caring for a child with a disability, and the casual or short term nature of most of the jobs available to low-skilled parents who are attempting to juggle employment and child care responsibilities.

The vast majority of sole parents on income support would prefer to be employed and off payments but the present employment services and training systems are not meeting their needs. JSA providers assisting long term unemployed people are typically funded to interview them once every two months together with \$500 to assist with training and other costs. Few receive what could accurately be described as career counselling, yet for many, this is a necessary first step. Although they particularly benefit from vocational training, and many are keen to train, sole parents on income support have difficulty with the fees and other costs, and the training they receive is often poorly connected to employment opportunities.

## **1.2 Liquid Assets Waiting Period**

ACOSS supports *Schedule 2* of the Bill, as this would enable people who are recently unemployed to retain more of their savings to help them adjust to the much lower income they receive on Newstart and other Allowance payments. The proposed easing of the Liquid Assets test is similar to that announced as a temporary measure during the Global Financial Crisis to assist retrenched workers affected by the economic downturn. We argued at the time, that if an easing of the test was justified then, it was justified in all cases where people lose their jobs and face a period of much lower incomes on Newstart Allowance. The Henry Report recommended that the Liquid Assets Test be abolished.

## **1.3 Recommendations**

1. That *Schedule 1* of the Bill (sole parent payment cuts) be opposed.
2. That *Schedule 2* of the Bill (liquid assets waiting period) be supported.
3. That the following measures be recommended to improve the employment prospects of parents and ensure that they are better off in employment:
  - A program similar to the former Employment Preparation program should be introduced for parents on income support who lack recent employment experience. This would be a component of JSA assistance to principal carers in receipt of income support payments. It would comprise career counselling, in-depth discussion of personal strengths and barriers to employment, brokerage of assistance to overcome those barriers (such as vocational training and child care services), and an additional credit in the Employment Pathway Fund (the 'credit' for in the former Employment Preparation program was \$300) to help with the costs of these services. It could be offered within the first 3 months of registration for those with no recent employment experience, and between 12 to 18 months in other cases.

- Additional vocational training places should be earmarked for sole parents on income support payments. At a minimum there should be a doubling the 30,000 additional training places at Certificate II level and above, which were budgeted in 2011 to assist sole and young parents. The outcome measures for the National Agreement for Skills and Workforce Development should include access to training, successful completions and employment outcomes for disadvantaged jobseekers including sole parents.
- Centrelink and employment service providers should offer information on domestic violence exemptions from activity test requirements, in a plain English format, to new applicants for income support who are the principal carers. Additionally, Centrelink and employment service providers' staff should regularly be trained to assist clients who are victims of domestic violence.
- Principal carer parents should not be required to accept a position where they can demonstrate that they will not be better off financially as a result.
- Any major changes to entitlements or activity requirements for principal carer parents should not be introduced in January, and should be discussed individually with them well in advance of the start date.

## 2 Payment cuts affecting sole parents

If *Schedule 1* of the Bill is passed, sole parents who have received PPS since 2006 whose youngest child is between 8 and 11 years old would no longer be eligible for that payment after January 2013. Most would instead receive the lower NSA.

Under new rules *already* legislated following a Budget decision last year, they will lose PPS once their youngest child reaches 12 years (this was previously 16 years). ACOSS and community organisations representing and working with sole parents strongly opposed that change. The new policy would reduce this further to 8 years so that sole parents whose youngest child is already 8 to 11 years old would lose PPS from January 2013.

These parents received PPS in 2006 when 'Welfare to Work' rules were introduced by the previous Government. That policy had three core elements in regard to sole parents on income support:

- It diverted new applicants (post July 2006) for income support from the higher PPS to the lower NSA, if their youngest child was 8 to 15 years old.
- It introduced activity requirements – to search for employment of at least 15 hours a week, and register with employment services – for those whose youngest child was 6 years or older in the case of new applicants (on NSA), or 7 years or older in the case of existing PPS recipients.
- It expanded various employment and training services to assist those affected by the new activity requirements.

In order to prevent existing PPS recipients at that time from losing income support, that group was 'grandfathered' so that they would continue to receive the higher payment, if still eligible, until their youngest child reached the age of 16 years. However, *this group was still subject to the new activity requirements described above.*

The same rules applied to partnered parents, however they were not diverted to lower payments because the Parenting Payment Partnered (PPP) payment was already paid at the same rate as NSA for partnered recipients.

A parent could lose their 'grandfathered' status if they lost eligibility for PPS for more than 13 continuous weeks. This could happen if they obtained employment with earnings exceeding the income test 'cut out point' for that payment (currently around \$47,000 per year), or if they repartnered. At the time, the grandfathering arrangements applied to children born after 2006, so that additional children would 'extend' the grandfathering period. That provision was removed by legislation earlier this year.

While ACOSS supported reasonable and realistic activity requirements, and supports sole parents in securing employment, we are strongly opposed the payment cuts.



ACOSS regards these payment cuts as a cost saving measure that was not needed to improve employment outcomes. It is deeply disappointing to find that this socially regressive feature of the Welfare to Work policy is now being extended to the families who were deliberately 'saved' under the original policy.

Given that activity requirements already apply to the vast majority of sole parents affected by the proposed change, *the main change in their circumstances that would be brought about by the present legislation, is that they would receive a much lower payment with a tighter income test.*

If this Schedule is passed, approximately 100,000 sole parents would no longer be eligible for PPS over the forward estimate period, of whom around 60,000 would lose eligibility in January 2013. We understand the vast majority would transfer to the lower NSA. The amount of income support they would lose would depend on which payment (if any) they transfer to, how much (if anything) they are earning, and whether they are studying. Taking account of the Allowance Supplement, and the increases in Family Tax Benefits announced in the Budget, the income losses for those with no earnings from employment would typically be \$30 to \$40 per week. (see below).

Regardless of whether this particular policy is pursued, we are concerned about the very tight timeline for implementation and the proposed January start date. When the Welfare to Work changes were introduced for 'grandfathered' Parenting Payment recipients (this mainly affected their activity requirements rather than rates of payment), a large number of parents were interviewed and informed of the new requirements and many were not prepared for the change.

If the Government proposes to introduce any major changes to entitlements or activity requirements that simultaneously affect as many as 60,000 parents, it is very important that those affected receive adequate warning, and unambiguous information well in advance. This should include personal letters written in plain English and a personal interview by Centrelink. It is also vital that the current problems with access to Centrelink call centres be resolved speedily, and that additional staff are recruited to deal with any anticipated 'peaks' in enquiries. We doubt that these things can be done before a start date of January 2013.

Such changes should not, in any event, be introduced in January. This is a time when many clients will be difficult to contact. It is also well established that the post-Christmas period is the time when parents on income support are under the greatest financial stress, when debts accumulate, and when demand for emergency relief services reaches its peak.

### 3 Effects on the incomes of sole parent families

Based on recent OECD child poverty estimates,<sup>1</sup> around two thirds of the children of the 50% or so of sole parents with no earnings who rely fully on social security payments are already be living below the poverty line. Over 90% of these sole parents are women. The fact that the poorest sole parent families face a cut in their already meagre incomes is our foremost concern.

Social research and the experience of our member agencies also confirms that sole parent families on income support struggle to meet essential living costs, and sacrifice their own living standards to shield their children from poverty. Research conducted by the Social Policy Research Centre in 2011, which measured the extent of material deprivation (lack of access to items most people regard as essential), found that 56% of Parenting Payment recipients surveyed described their household as 'poor' compared with a national average of 11%, and 58% experienced 'multiple deprivation' (lacking at least 3 of the essential items identified in the research) compared with a population average of 15%. More specifically:

- 47% reported that they could not afford dental services when needed (compared with 17% of the overall population);
- 44% could not afford home contents insurance (compared with 8%);
- 37% could not raise \$500 in an emergency (compared with 21%); and
- 28% could not afford to purchase up to date schoolbooks and clothes for their children (compared with 3%)<sup>2</sup>.

These are the current circumstances of sole parent families on the higher PPS payment. If *Schedule 1* is passed, 100,000 of those families would be even worse off. Those who drop from PPS to NSA and have no current earnings – the poorest sole parent families - would lose around \$55 per week in income support. Their income support payments would fall from \$324 per week to \$269. That includes the proposed new \$210 a year (an average of \$4 per week) Allowance Supplement for single people on social security allowances.

Their Family Tax Benefit payments would be increased by two other measures announced in the Budget – the increase in Family Tax Benefit, and the Schoolkids Bonus. The size of the increase depends on the number, and ages of their children, and how much the parent earns. A sole parent with one primary school-age child and no earnings would gain \$710 a year, or an average of \$14 per week in extra family payments. A sole parent with one high school aged school age child and no earnings would gain \$1,120 a year, or an average of \$22 per week in extra family payments.

So, the overall loss of income for a sole parent family with no earnings and one

---

<sup>1</sup> OECD, 2011: Doing Better for Families, Paris. The poverty line used was 50% of median household income.

<sup>2</sup> ACOSS 2012, Who is missing out? ACOSS Paper 187.

primary school age child would average \$41 per week, and the loss for the same family with a high school age child would average \$33 per week.

If the proposed payment cuts are introduced, many sole parents who commence study to improve their future job prospects would also miss out on the \$32 per week Pensioner Education Supplement which is not paid to recipients of NSA, increasing their potential income losses to \$65 to \$73 per week<sup>3</sup>.

The 50% or so of PPS recipients affected by the policy who have part time earnings would face additional losses of income support due to the tighter NSA income test.

In last year's Budget, the income test for NSA and other allowances for sole parents was eased so they lose 40 cents per dollar earned (instead of 50 cents) above \$31 per week. However, sole parents on PPS can earn up to \$88 per week (plus \$12 per week per extra child) before losing any of their income support so the NSA income test is still tighter than that for PPS.

This means that some sole parents with earnings from part time jobs will lose more income support than those with no earnings as they are adversely affected by both the lower maximum rate and the tighter income test.

Parents earning between \$200 and \$500 a week would see their disposable income reduced by around 11%, according to analysis provided by the Department of Education, Employment and Workplace Relations.<sup>4</sup> Those parents whose earnings lie within the range between the 'cut out point' for Newstart Allowance (\$25,000) and that for Parenting Payment Single (\$47,000) would lose their remaining entitlement to income support.

#### **4 Effects on their employment prospects**

Importantly, given this proposal has been promoted as a 'welfare to work' initiative, there is no change in the activity requirements of the vast majority of the parents affected by the policy: they are already required to seek part time employment. The only exception is a small group of 'grandfathered' parents whose youngest child is 6 years old, who we understand will face part-time employment requirements for the first time.

It would therefore be misleading to claim that the proposal is mainly about requiring more parents to seek paid employment.

The effect of the tighter income test on the employment incentives facing affected sole parents is ambiguous. It is likely to discourage part time employment (due to the

---

<sup>3</sup> We understand those who have already started an approved course will continue to receive the PES.

<sup>4</sup> Senate Standing Committee on Education, Employment and Workplace Relations, Questions on Notice, Additional Budget Estimates, No. EW1039\_12.

substantially lower 'free areas') while encouraging some who are already employed part time to seek fulltime employment (since part time employment would no longer be supplemented by income support to the same degree). However, many sole parents are not able to secure part time employment due to their caring role and the nature of the jobs that are typically available to women returning to paid employment after caring fulltime for a child (especially if they have limited qualifications). Among sole parents using JSA services in 2011, 42% obtained a part time job and only 8% obtained a fulltime job<sup>5</sup>.

The present policy requires them to seek paid employment for 15 hours a week only, in recognition of their child care role. There is a clash between the intent of this policy and an income test, which in effect forces parents to seek fulltime employment. This was a widespread criticism of the original Welfare to Work policy, since the income test for sole parents on NSA was also much tighter than that for PPS at that time. Parents were told to seek 15 hours a week of paid work, but the NSA income test meant that it was often not financially worthwhile for them to do so.

There is no evidence to suggest that reducing the maximum rate of income support in itself increases employment among sole parents. Even if that were so, there is a brutal logic to this approach. If that logic is followed to its conclusion, we would not provide income support for sole parents out of paid work at all.

The 2006 Welfare to Work policy was evaluated by the Employment Department<sup>6</sup>. Regrettably, the evaluation was not publicly released until a number of years after completion. By comparing exits from income support among similar populations of sole parents before and after the policy change, the evaluation estimated that the policy increased exits from income support (6 months after people claimed it) by 12 percentage points among sole parents affected by the policy whose youngest child was 6 to 7 years old, and 11 percentage points among those whose youngest child was 8 to 15 years old. The difference in employment outcomes between these two groups was probably not statistically significant<sup>7</sup>. The significance of these results is that the former group (with children aged 6-7) was activity tested but remained eligible for PPS while the latter group (with children 8-15) was activity tested on the lower NSA. This strongly suggests that it was the activity requirements and supports, not the drop in payments, that increased employment among sole parents affected by the policy.

From our analysis of program evaluations and feedback from members providing employment and support services to sole parents, the following factors are important determinants of their employment prospects:

---

<sup>5</sup> DEEWR 2012, Labour market assistance outcomes, Year to September 2011

<sup>6</sup> DEEWR 2010, Welfare to Work evaluation.

<sup>7</sup> The evaluation found that most of those exits were to paid jobs. Note that both groups of sole parents in this study were new applicants for income support after July 2006.

- **Qualifications and skills:**  
Among sole parents not in paid employment, 50% have not completed Year 12<sup>8</sup>.
- **Career counselling and support:**  
Many parents returning to paid employment have not had experience in the labour market for many years. This means that many are not confident of their abilities (especially if affected by domestic violence), and are not aware of the employment options and services available to them. In these circumstances, a telephone counselling service with a website is not good enough.
- **Family-friendly employment:**  
One of the most common complaints we hear from sole parents seeking employment (especially low skilled jobs) is the inflexibility of working hours and employment arrangements, together with the insecure nature of the jobs available. Many sole parents have to cycle on and off income support because they are unable to obtain a regular job. The inflexibility of the '15 hour rule' (30 hours employment per fortnight) makes finding and keeping employment more challenging, since as soon as the working hours fall below this level, a parent is required to seek a second or alternative job. A rule which averages the hours requirement over a longer period of time, such as three months, would be more appropriate.
- **Child care:**  
Formal child care is still not readily available in many parts of the country, especially in regional areas. While Child Care Benefits and the JET subsidy substantially reduce the cost, even small gap payments put pressure on the budgets of parents living on very low incomes.
- **Financial disincentives:**  
The strict income test for Newstart Allowance discourages part time employment among sole parents, even though they are required to seek employment for a minimum of 30 hours a fortnight. The income test free area is just \$31 per week (which is not indexed) and income above that is income-tested at rates of 50 and 60 cents in the dollar. This leads to high effective tax rates for part time employment. While these 'taper rates' are now being reduced to 40 cents the free area remains the same. When other expenses such as child care costs and transport are taken into account there remain substantial disincentives to undertake part time employment. When the original 'welfare to work' policy was introduced in 2006 a 'financial suitability test' was announced which allowed parents to decline a job offer where they could demonstrate that they would not be better off financially.

---

<sup>8</sup> Baxter & Renda 2011, Lone and couple mothers in the Australian labour market, Exploring differences in employment transitions. Research Paper No. 48, Australian Institute of Family Studies.

- **Housing and transport:**  
Sole parents on income support cannot afford to live in locations where jobs (especially service industry jobs which offer the best prospects for many) are readily available, unless they are supported by family or live in social housing (and much social housing is poorly located). Only about half sole parents on income support have a car, so many must rely on public transport to search for jobs. Once they obtain employment they must rely on public transport to drop off and pick their children from child care, as well as travel to their workplace. This poses major logistical challenges, especially in outer urban and rural areas.
- **Poverty:**  
Sole parents on income support must budget very carefully to provide their families with the essentials, and struggle to do so on inadequate payments. Searching for jobs and upgrading skills costs money.
- **Social and health barriers:**  
In addition to the above problems, many sole parents on income support face social barriers to employment, such as the need to care for a disabled child, experience of domestic violence, depression, and the energy-sapping aftermath of recent marital separations including family court disputes and/or the need to move house and help their children adjust to a new life. Although there are legislated temporary exemptions from activity requirements for victims of domestic violence, these are rarely applied, both because parents are reluctant to disclose violence, and because they are unaware of the exemptions.

This suggests that policies to improve their employment prospects must range beyond traditional employment services to include career counselling, skills enhancement, family support and domestic violence services, housing and transport, child care, and health and disability services. On the positive side, most sole parents on income support are very keen to secure employment and improve their qualifications in order to make a better life for their children. As indicated previously, around half of those affected by the proposed changes are already in paid employment.

One modest employment program that had a substantial impact on the employment prospects of sole parents was the former Employment Preparation program that operated from 2006 to 2008. Delivered by Job Network providers, it offered career counselling and a modest fund (averaging \$300 per person) to parents and carers lacking recent experience in paid employment, to assist with training and other costs.

As the table below (drawn from an official evaluation of employment services) indicates, this program was estimated to boost employment prospects by an average of 18 percentage points, well above most of the other programs assessed. Previous programs with similar features, such as the Jobs Education and Training (JET) scheme, were also cost effective and popular with parents. It is likely that if a program such as this was added to the services offered by JSA providers for parents

and carers, it would more than pay for itself through improved employment outcomes.

#### Impacts of employment programs on exits from income support one year later

Program	Comparison group	Treatment group	Net impact
	(%)	(%)	(Percentage points)
Intensive Support customised assistance 1	49.0	54.8	5.8
Intensive Support customised assistance 2	41.0	47.4	6.4
Intensive Support job search training	66.5	73.2	6.8
Mutual Obligation	51.5	58.4	6.9
Employment Preparation	55.3	72.9	17.6
Work for the Dole Commenced	42.1	48.2	6.1
Full-Time Work for the Dole Referral <sup>2</sup>	25.9	40.9	15.0
Full-Time Work for the Dole Commenced	25.8	36.1	10.3
Disability Employment Network	29.4	39.4	10.0
Vocational Rehabilitation Services	31.4	36.3	4.9
Personal Support Programme	26.6	22.3	-4.3
Job Placement, Employment and Training <sup>3</sup>	37.5	30.4	-7.1

1. Job seekers who commenced in assistance in February 2007 and outcomes achieved in March 2008. Results are only for job seekers who were on Newstart Allowance or Youth Allowance (other) in February 2007.
2. Only includes those who were referred to Full-Time Work for the Dole but never commenced.
3. Outcomes for the Job Placement, Employment and Training program were measured 11 months following commencement.

Source: DEEWR administrative systems and net impact study.

Source: DEEWR 2010, Labour market assistance, a net impact study, p12.

Employment programs such as JSA and Employment Preparation can only succeed if relevant vocational training is available to parents to upgrade their skills. In the 2011 Budget, approximately 30,000 additional training places at Certificate II level and above (over the 4 year forward estimates period) were budgeted to assist sole and young parents improve their future employment prospects. This is a modest start, but it was not extended in the 2012 Budget.

The former 'Productivity Places' program is being replaced by a new Commonwealth-State vocational education and training agreement, the National Agreement for Skills and Workforce Development, which commits Governments to guarantee universal access to courses up to at least at Certificate III level for those with lower qualifications. To make this a reality for disadvantaged jobseekers on income support payments, it is vital that State and Territory Governments have strong incentives to target disadvantaged individuals (including sole parents specifically) for assistance, to invest in training and support that meets their particular needs (including mentoring and assistance with training costs), and to ensure that as many disadvantaged jobseekers as possible complete their courses and secure employment. At the time of writing it is not clear that the draft Commonwealth-State training agreement provides sufficient incentives for State and Territory Governments to do so, and that the Australian Government will receive the necessary data to monitor the effectiveness of training for these groups.

## 5 Some myths and misconceptions about the proposals

A number of misconceptions have emerged in policy debate on the proposed changes to payments for sole parents. Although most of these issues have been addressed above, it is worthwhile to revisit the main ones.

**MYTH:** It's unfair that some sole parents with school age children are still on PPS while others have to go on NSA.

**RESPONSE:** The decision to move sole parents from PPS to the lower NSA after 2006 was unfair. Shifting more sole parents onto that payment now only exacerbates the unfairness. This is similar to an argument that all pension payments should be lowered to NSA levels to remove the unfair gap between payments.

**MYTH:** 'Grandfathered' sole parents can extend access to PPS if they have another child.

**RESPONSE:** Contrary to media reports, recent legislative changes mean that a 'grandfathered' sole parent will no longer have extended entitlements to PPS if they have another child.

**MYTH:** Shifting sole parents to NSA will encourage them to find employment.

**RESPONSE:** The vast majority of the affected sole parents are already required to seek part time employment, and around half are already employed. The reasons that the other half do not currently have paid jobs, include low skills, poor local job prospects, caring for a disabled child, and illness or disability.

Dropping sole parents to lower payments does not improve their employment prospects. It only makes them poorer.

**MYTH:** The Budget improves employment supports for sole parents

**RESPONSE:** The only increase in employment supports for these sole parents ACOSS can find in the 2012 Budget is \$3 million to extend a telephone career counselling service. We understand that the increased allocation for 'Jet Child Care Assistance' reflects higher demand for an existing child care subsidy, not an extension of access to that program (indeed, the guidelines are being tightened to reduce demand).

Also, in this Budget JSA funding is being cut by about \$50 million a year despite the low level of assistance available to most unemployed people. For example, JSA providers are only funded to offer people in their second year of unemployment an interview every 2 months, and investments in training and other assistance averaging \$500. Unlike last year's Budget, there is no increase in vocational training places for sole parents affected by the proposed changes.



## 6 What sole parents have told us

When ACOSS sought feedback from sole parents about their experiences with the income support system and views on the Budget proposals, we received many responses, including the following. Names and addresses have been removed to protect privacy.

### Case Study 1:

I am writing to you to express my concerns over the governments so called “family friendly” “battlers” budget and the proposed changes to the eligibility to the Parenting Payment. I notice that you are interested in finding single parents who are interested in telling their story.

I am a single parent of 3 children (although my older 2 are in their late teens) and I have a daughter who is 8. I currently work 12 hours a week, and I also study part time at Edith Cowan University doing a BA in Psychology, to further my future job prospects.

I work in a small community services agency where we offer support to vulnerable families with children under the age of 12. Most of our families are low-socio economic and a lot of the them are single parents. Currently they battle make ends meet, barely having the money to pay rent, put food on the table and pay bills. We often make up food parcels by way of support, and offer donated clothes for free.

Under the proposed changes our clients will be severely disadvantaged by the drop in income, leaving the children of these families even more vulnerable and prone to poverty than they already are.

There are often complicated reasons for people not being able to work, it may be lack of education, it may be mental health issues, it may be lack of a support network to assist with child care, to name but a few. By putting people on Newstart this will not encourage them to go out to work. In fact research has shown there are more single parents working on the pension than there are on Newstart.

From a personal point of view I will lose approximately \$280 a fortnight even though I am doing what the government wants with regards to working, and studying to fulfil my mutual obligations. A combination of a reduced benefit amount and a harsher income cut off point coupled with losing my pensioner education supplement will do this to me. I don't understand how the government can justify these changes.

If they wish to treat all single parents in the same manner maybe they should look at allowing all single parents to stay on the pension until their youngest child turns 16. Newstart is not a benefit designed for principle carers of children. I agree that people should be prepared to work or study in exchange for their benefit but under

the proposed changes study will be put out of reach of many – condemning them and their children to poverty, with no way of bettering themselves. By way of work, there are simply just not enough school hours friendly jobs out there.

A single parent by definition is doing the job of 2 by themselves, this puts them (us) under considerable pressure. Possibly the government could look at allowing volunteering to be included in the mutual obligation to Centrelink. This gets people back out into society and improves their job prospects by increased participation and confidence building. It also benefits the many organisations out there that are crying out for volunteers.

On the point of generational welfare, both my teenage sons were told by me that if they wanted money they should go work for it. Both sons got jobs when they were 16. My oldest son is now turning 19 and works full time as a manager at Red Rooster, and my 2nd son who is turning 18 is about to finish year 12 with a view to starting an apprenticeship. He works every Sat and Sun as a check out boy to earn his money. So although they were raised by a single parent this did not then mean they went on to claim benefits themselves.

I thank you for taking the time to read my email, and I am hoping that this personal account will lend further support to your concerns for these grossly unjust changes the government are proposing

## **Case Study 2**

I have 2 children- 1 is severely disabled- in a wheelchair and totally dependent on me. I do get carers allowance not single parenting.  
BUT I want to work. I have post graduate education but I can't get work. ANY work!

If I go for cleaning jobs say- they tell me I am over qualified. If I go for jobs in sales or jobs with qualifications – they say I don't have recent work history- or really they are saying we would rather employ the young girl in the short skirt with the big boobs who does not have any children so she can be available 24/7 to us....

They ask: AND what am I going to do with my daughter in the school holidays? And what am I going to do with her? There is no support in school holidays. It is an outrageous situation.

I am VERY qualified – I am very willing. But where do I find someone to give me a start?

To me the government cannot have it both ways- they need to fix the system- provide the supports for women TO work.

I am also in the situation where the father does not pay child support – has been found to owe \$15000 in child support- claims he is not working and does not answer

the phone so child support says “Oh well, we can’t get hold of him” he owes you this money, we have to reduce your payments by what he owes you but since we can’t collect it, you don’t get it”....

We know he is working, we know where he works – “dodgy bastards incorporated” but there is no will to follow through. Again, I as the mum is penalised by deadbeat dad getting away with it.

How much could be “saved” if CSA had the power to do something meaningful?

Why doesn’t the government do that? Enforce dads to pay? Instead of ripping off the mums caring for our most vulnerable next generation of adults. Oh, I know how it is.

I worked for a short time in an employment agency. I had to give it up to care for my daughter. I saw in this time – the agency gets paid HEAPS to put mums through café courses. Then they have to go find a job in a café. What hope do they have working on minimal wage and especially in such jobs. The employment agencies don’t care- they get paid lots and lots of money to churn women out- not to really get to the heart of the issues.

Some of their money should be re directed to meaningful work outcomes rather than just churning.

### **Case Study 3:**

The current situation with this whole funding issue is ridiculous! It does seem as though they need to get down on OUR level to be able to get a bit more of an understanding of what is REALLY going on here.

I had kids, and as a single mother with minimal support from family, and no support from the father, I was unable to do ANYTHING until my kids went to school! At 26, having had to be available to raise my boys by myself for 5 years prior, when I started looking for work I had no skills!

So the chances of being able to get a 'family friendly' job (which are often more flexible, and have more staff to fill in in case the kids are sick or something) are very minimal.

I knew the chance of studying was out, since I barely had enough money to pay the rent and feed my children let alone pay for textbooks, uniforms, and any fees that the VET fee system doesn't cover. Also I had no one to pick the kids up for me or help me out during the proposed vocational placement (nursing) that was required to be completed during the course.

So I waited until both my children were in school to study, but even then, by the time my required courses is finished my boys will be well over 8!

If they want parents to go out and work, the government NEEDS to offer much more support than what is being offered at present. Yes it costs lots of money, but it's an investment! If the government supports people into study, then they are helping themselves as well by eventually having those people come off welfare payments and be off into genuine work! It's not rocket science.

On another note, it was very daunting for me to even consider going to get a skill! The government also should consider a counsellor for single parents who would like to get back into study but have no idea where to start. If they want people back into paid employment, they need to offer more than just a scare tactic. Where's the support in 'you get less money if you're not working when your child turns 8 years old'?

It almost makes me laugh that the people who make these decisions just have absolutely no clue as to what is REALLY going on, and why single parents aren't in paid employment.

Yes, there are some people who are just too lazy to get a job. But mostly I can bet that these people either don't have updated or relevant skill levels to get work, and don't have the means or support around them to be able to get these required skills, OR they have no idea where to start. Looking after children as a single parent for so long, you lose who you were as a worker before the kids came along, and when you suddenly find yourself with new obligations, the task at hand is extremely daunting!

I think any decision that supports a lower amount of support is just going to create not only more stress and hardship, but more homeless and starving families living in near poverty.

#### **Case Study 4:**

I am a 20 hour per week single mum, that had to reduce my full time hours due to my sons ADHD as he didn't sleep and I was attending full time employment on approx. 3 hours sleep per night. I have recently had a second child to my former husband, after a brief re-uniting that failed but had a second child who is currently 5 months old.

I have used an accrual of long service leave, maternity leave & annual leave for the last six months & was due to start "the paid parental leave" on 21/05/12, but due to a system error through Centrelink, my payment has been delayed by a month, even though I applied prior to going on maternity leave.

I was supposed to have received a call from Centrelink but never did?

They claim the payment was cancelled due to no current bank account details, yet I already receive carers payment, carers allowance, tax A, tax B and the paid parental leave is paid to my employer who then forwards the payment to me?

Due to the paid parental leave being scheduled, Centrelink has cancelled my tax benefit B and even though they are rectifying things my payment to my employer is scheduled for the 12/6 which if I'm lucky means I will receive some form of income the following week which is my employers pay cycle week?

I have had to ring St Vinnies this morning & the salvation army as I doubt I can stretch the \$420 of final pay that I received on the 21/5 until they get this sorted & although I do my part for society by working & I would happily work more hours if my sons impairment allowed me to, I have been placed on the poverty line by a ridiculous government idea that supposedly allows mothers to stay at home with their babies!

The amount of time I have spent on the phone to Centrelink is deplorable & anyone that can organize a job around Centrelink's inconsistencies needs a medal, as it is a full time job, following up & chasing payments, details, etc...

I have a single mother work colleague who works 25 hours per week & since her youngest child has turned 8 she regularly receives letters from Centrelink to say she needs to get a job? She walks into Centrelink in her uniform, they acknowledge she is working, she leaves & then 3 months later receives the same letter?

I just thought you should be aware of the pitfalls of single motherhood & dealing with Centrelink.

### **Case Study 5:**

I'm writing in response to the media call out for single parents working or trying to find work. this is my story:

I'm a single parent and new to motherhood with my first child, daughter now 4 months. I separated from her father when I was only 10 wks. pregnant as he did not want to keep her. Knowing that I would be raising her alone, during my pregnancy I saved every cent and worked my fulltime job up until birth so that I would be financially able to keep her out of day care and look after her myself (for as long as possible). When she was only 4 wks. old, my employer contacted me as my maternity replacement didn't work out and they were able to offer the work to me (knowing my situation - single parent) I was able to work part time (20 hrs. wk.) from home for the time that I should have been on maternity leave.

I took this opportunity only for financial reasons - I much rather would have been enjoying every second with my newborn baby. Today my employer has made me redundant, which is unsettling as I was not expecting to be out of the job at this point. This is very stressful as it will be very difficult to find another job with the flexibility so that I can still look after my 4 month old baby and not put her in childcare. Instead of enjoying the most precious months of her life I've been trying to fit in work around her sleeping and feeding and now will be stressing about what the future holds for us as if I'll be able to support her. Being that I've been made

redundant I have received a small pay-out but most likely mean I will be paying a lot of tax back this year and will also have to pay back government assistance money (which was very minimal anyway) as well as child support.

To that, the father is no longer paying child support which is deeply impacting our finances. The extra \$40 a wk. worse off we will be is more than a box of nappies (which we go through more than one box a week). I'm also having to pay large legal fees in ensuring her safety and welfare regarding contact with her father.

I've had it tough and now will be even more of a struggle, but I know there are others that are in harder situations as I am.

I hope my story can help shed light on the matter in some way and hopefully contribute to a change.

### **Case Study 6:**

I am a single Mum and last year was moved from PPS to Newstart, without any notice that my income would drop. My daughter and I were already living on a seriously strained budget. At the same time my child support payments stopped. I was working towards our future by studying part time, doing volunteer work and actively looking for part time work with child friendly hours so therefore competing with 1000's for few positions!

I had been out of employment since 2008, being an older Mum, having had a business and been a manager in past employment seemed to all work against me. The financial duress meant my studies suffered, bills were not paid on time, we were living below the poverty line and all of this impacted on my plans to complete studies for a better paying job, I had to take a minimal paying job which was a disaster and we had to move house. Fortunately I now have a great job but in a different direction to where I was hoping to be. With no family support and no financial reserves this was an extremely stressful time. It was handled so badly by Centrelink, with judgement, no compassion and no respect.

Cutting income this way caused major financial duress and impacted on our future choices. There is so much negative judgement in society against single mums and we are really doing it tough from all perspectives. On a positive note: the hardship sure is character building!

### **Case Study 7:**

I am the single parent of two girls aged 10 & 4.

I was divorced Jan this year after being separated since Sep 2008. As my youngest was only 11mths when I first separated I was unable to look for work until she was accepted into child care in Sep 2010. I left my relationship due to domestic violence

(emotional & financial...am still experiencing that due to having shared custody of my children).

Although my ex is currently on approx. \$200,000.00 per year (he kicked us out of the family home which is owned by his parents, pays no rent, and enjoys the benefits of his executive career, only due to me supporting him while he took time off work to complete his Master of Business while we were still together), he only pays the minimum of \$1179.00 per month in child support. I had to start working because we were unable to afford our weekly rent of \$530.00 per week (we are still struggling to meet that, and at times are at risk of homelessness). I have no family here in Australia and therefore have to financially rely on child support, parenting payment & approx. \$300 pw from my part time job.

I have been finding it extremely difficult to find work around school/preschool hours. I did have a job for a year in retail which gave me approx. 25hrs per week (still didn't cover rent), however during that time I was not only grossly underpaid, I also had to endure bullying & discrimination from my manager. I only put up with it as I was scared of losing my job.

After developing a stomach ulcer, due to the stress, I had to leave as because I spoke up about pay issues (via Fair Work), my hours were reduced 12hrs per week. So now I have a new job where I basically work 14hrs (during times I don't have my children), and am currently trying to find a 2nd job to work around my girls. I pay approx. \$100 per in childcare, and my eldest is unable to get into before/aftercare, so basically I can only work from 10:00-2:00 Mon-Wed so I am able to drop off & pick up my eldest from school.

Most employers are turned off by single parents, they feel that they would be unreliable, yet don't acknowledge the fact that they are trying to earn a living to survive. I hate relying on Child Support & the Parenting Payment. If it wasn't for the generosity of charities like Anglicare, we certainly would not have made it.

### **Case Study 8:**

Being a single mother without exception in my busy and varied life has been the most hardest thing I have ever had to do. A huge chunk of the challenge is the systematic poverty of being a single mother.

To clarify two points before my own experiences:

1. The vast vast majority of women who are raising their children alone have left partners because of serious reasons.... abuse, addictions etc... we all would prefer the father of our children to part of a safe and healthy family unit. To leave the father of your children is a huge huge step that takes so much courage and not one taken lightly.

2. The reason there are so many children of single mothers represented in at risk behaviours, crime, early school dropout, addictions, mental health problems etc is simple.... poverty. poverty creates a systematic marginalization of single mothers and their children.

It's pretty simple equation: being poor... having no money... is so stressful that it directly affects our parenting which in turn affects our children and therefore society. It also creates a microcosm of poverty replicated in every part of every city and town. Single mothers live where housing is cheap which is generally in areas where schools have less funding, where social infrastructure is weak and services limited. All compound to churn out an underclass with nothing much to give society.

The practical reality for me being a single mother on state support was the following....

It meant no specialist care for my child when she was diagnosed with a disease. It meant waiting for any healthcare for a long time. It meant no dental work whatsoever for any of us. It meant lack of opportunity for my children to partake in extracurricular activities or to go to events or join a sports team or even visit the museum. It meant being around other kids from families with no money and exposing my children to all the behavioural problems economic distresses ripple effect has.

It has meant crummy run down houses usually filled with mould and damp because that was all I could afford. This resulted in sickness and moving again and again in fact three times in one year with a two year and a seven month old. The cycle perpetrates itself. it meant shame when my children had holes in their clothing and I couldn't afford to buy new proper shoes for my growing children. It meant feeling trapped, like I wasn't able to mean anything in the world. I was held back, tied down, surrounded by nothing but the burden of being powerless. It's a vast feeling that surrounds your daily life, knowing that there is no buffer. A gust of wind could blow your house down.

I am free now of the poverty trap because I found a part-time job and I have supportive grandparents and every day I am thankful for my full fridge, my stable accommodation and my girls health.



