



## **Social Services Legislation Amendment (Family Payments Structural Reform and Participation Measures) Bill 2015**

The National Foundation for Australian Women (NFAW) is dedicated to promoting and protecting the interests of Australian women, including intellectual, cultural, political, social, economic, legal, industrial and domestic spheres, and ensuring that the aims and ideals of the women's movement and its collective wisdom are handed on to new generations of women.

NFAW is a feminist organisation, independent of party politics and working in partnership with other women's organisations, including the national women's alliances Equality Rights Alliance and Economic Security 4 Women. These organisations include those committed to increasing support for women in Australia as well as those with a special interest in women's history.

NFAW is concerned about the effect of the changes to FTBB contained in the Bill on the poorest families in Australia, and particularly concerned about the effect on sole parents.

The first point that we would make is that the change to the primary earner income threshold from \$150,000 to \$100,000 was only implemented with effect from 1 July 2015. There is no data publicly available as yet as to the effect that this change has had on the number of eligible claimants, or the savings to the budget. The most recent data, in the DSS Statistical Paper no 12 relates to the 2013 income year when the primary earner income threshold was \$150,000. It does not segregate the data into children over 13 or under 13, but it shows a disproportionate number of single parents receiving FTBB: 98% of sole parents receiving Family Tax Benefits received FTBB compared to 70% of partnered claimants.

Given the reduction in the primary earner threshold to \$100,000 in July 2015, the benefit has already been restructured to target not just single income families, but lower income families. In 2013-14 75% of two income families with children aged 8 to 14 have both parents in the paid workforce, and 71% of sole parents were employed (ABS 6523.0). The measure is proposed to remove entitlements from parents aged over 13 to remove a disincentive to increase workforce participation. Few parents would be happy to have a 13 year old child unsupervised before and after school, yet there are very limited options for out of school care for parents of older children. NFAW has previously argued that appropriate care arrangements are an essential component of programmes to encourage mothers to increase workforce participation.

Sole parents, who are predominantly women, will be particularly affected by the proposed changes as the primary earner test is based on their earnings. The proposal would see the FTBB available to sole parents reduced by \$1785, or \$69 per fortnight. This is further exacerbated by the withdrawal of the Supplement of \$354 pa.

The Survey of Income and Housing (ABS 6523.0) for the 2013-14 year gives an analysis of household income by household composition. It shows the median income for households with a single adult and children is \$1,037,



consisting of \$644 private income and \$393 in government benefits. More than 90% of sole parents have a household income of less than \$1,018 pw.

Given that few sole parents earn incomes approaching the current withdrawal level of FTBB, access to the FTBB is unlikely to contribute to lower levels of workforce participation among sole parents. The reduction of FTBB for sole parents as their children turn 13 is going to increase the financial pressure on these families.

This increased pressure will be at a time when the children in the household need support to successfully complete their own education. At the time of the changes to move sole parents from Parenting Payment to Newstart, we heard many stories of children whose continued participation in education was at risk due to financial pressure; including the ability to pay for required school uniforms, shoes and textbooks.

We welcome the proposed increase to FTBA rates, but note that this increase will be completely offset by the withdrawal of the FTB supplements; and families will in fact be receiving less by the end of the phasing out period. The proposed increase is \$260 per child, but the supplement, currently \$726 is to be reduced by \$124 in 2016 and \$300 in 2017 before being withdrawn completely.

The increase of FTB in respect of children under the age of 1 is also welcome, but resolving uncertainty over the future of the Paid Parental Leave Scheme would give more certainty to the parents of young children.

Overall, NFAW cannot support the proposals in this bill.

They will have a detrimental effect on low income families. The rate of FTB will be reduced overall both for families receiving FTBA and (substantially) single income families when their children reach the age of 13. For low income families who will be most affected by these measures the availability of appropriate childcare and an adequate paid parental leave scheme are more relevant to participation in the paid labour market.

This submission has been endorsed by the NFAW Board.

Marie Coleman  
Chair, NFAW Social Policy Committee  
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