



Solomums Australia for Family Equity

SAFE - support, information, referral, research & policy by and for Solomums Australia for Family Equity
Email: Elspeth.mcInnes@unisa.edu.au Steering Committee Convenor: ph 0421 787 080

Community Affairs Legislation Committee

PO Box 6100
PARLIAMENT HOUSE
CANBERRA ACT 2600
Tel: (02) 6277 3515
Fax: (02) 6277 5829
Email: community.affairs.sen@aph.gov.au
Website: www.aph.gov.au/senate_ca

Dear Committee

Social Security and Other Legislation Amendment (Pension Reform and Other 2009 Budget Measures) Bill 2009

Please find attached a submission from SAFE with regard to this legislation.

Elspeth McInnes

Dr Elspeth McInnes AM

Convenor SAFE Steering Committee

18 June 2009

About SAFE

SAFE Steering Committee was formed in 2008 by a group of single mothers from around Australia and presently includes representation from Queensland, New South Wales, ACT, Victoria, Tasmania, Northern Territory and South Australia. The steering committee aims to develop the organisation to prepare for incorporation as a not for profit online network, information and advocacy group for single mothers and their children.

The SAFE mission statement is

Solomums Australia for Family Equity provides an online support network, information sharing, solomum -friendly professional/agency referrals, research, policy development and advocacy to promote equity and well-being and reduce disadvantage across issues impacting on solomums and kids in Australian society.

SAFE Aims to:

- promote the economic wellbeing of mothers raising children alone to the benefit of all sole parent families (with particular attention to well-being and equity of opportunity for families on the lowest incomes), including accessible, adequate and effective income support and child support systems.
- promote mothers' and children's rights to safety, choice, quality care in pregnancy, birth, post-partum and child-rearing.
- promote parents' right to determine their workforce participation in line with their family's needs.
- promote parents' and children's rights to safety in family relationships and before the law.
- promote solomother families' equality of access to basic services and resources including housing, childcare, education, transport and health care.
- raise awareness of social policy which discriminates against sole parent and mother-headed families and their children and to advocate for the removal of discriminatory policies.

RESPONSE TO THE LEGISLATION

The Bill increases the single maximum basic rates of certain social security pensions by \$1,560.00 per annum, or \$30 per week, on 20 September 2009. Single parents claiming Parenting Payment Single and Newstart Allowance will be excluded.

The value of Family Tax Benefit payments will also reduce in relative terms with a shift in indexation to the Consumer Price Index instead of average earnings.

The exclusion of single parent pensioners from the pension increase will increase relative and absolute poverty in these families.

Other recent policy changes which reduce income in single parent households include:

- Welfare to Work changes lowered the youngest child's age of eligibility for Parenting Payment Single to 8 years and imposed activity requirements on sole parents when the youngest child is six. PPS claimants are moved to the lower Newstart Allowance when their youngest child is 8; the taper rate clawback on earnings is increased; the exempt earned income thresholds are reduced and do not include a per child threshold of allowed earnings.
- Child support changes substantially reduced the cap on payers' earned income to be assessed for child support, reduced the formula percentage of income for children aged 0-12; give 25% 'discounts' of payer child support if the payer sees the child once a week; includes payee earnings in child support assessment from a substantially lower threshold. These combined changes mean that most households where children 12 and under primarily reside will receive less child support. The child support changes DID NOT include the recommended (recommendation 9.3) adjustments to the Maintenance Income Test to ensure that children living in sole parent households did not receive less FTB than children would be entitled to in couple-parent households.

Moves to link FTB to the Consumer Price Index will further erode the value of these payments.

The combined effects of changes to income support and child support mean that single parent families have fallen further behind other families in access to income. Many single mothers have become single parents after the breakdown of a relationship due to domestic violence (Butterworth 2003,2004; McInnes 2004; Evans 2007). Violence in relationships carries ongoing financial costs for victims after separation as they manage the costs of relocation, health and legal costs and the

SolomumsAustraliaforFamilyEquity@yahoo.com.au Solomums Australia for Family Equity provides an online support network, information sharing, solomums-friendly professional/agency referrals, research, policy development and advocacy to promote equity and well-being and reduce disadvantage across issues impacting on solomums and kids in Australian society.

impact of the violence on earning income and caring for their children. Financial abuse continues after separation in the form of withholding child support and property of the relationship (Branigan 2007 Evans 2007).

The ABS General Social Survey (2007 p.47) identifies that 42.8% of one parent households with dependent children were principally reliant on income support payments compared to 6.2% of couple households with dependent children.

Poverty, particularly in early childhood, has been identified as the single most important contributing factor to adverse outcomes for children. Severe poverty in a household with young children translates to the following circumstances:

1. Inability to purchase nutritious food. Developing children will have skipped meals, eat low nutrition cheap and unhealthy foods such as cordial, packet noodles and white bread, proudly counting as a skill that they have learned not to be hungry. ABS data (2007, p.75) identifies that 6% of one parent families with dependent children went without meals compared to 1% of couple families with children.
2. Inability to purchase prescribed and pharmacy medicines. Children's illnesses and chronic health problems go untreated.
3. Loss of utilities due to non-payment of bills and reconnection and debt collection fees means living without electric lighting, hot water, refrigeration, cooking facilities, temperature control and washing machine. This makes it difficult to prepare home-cooked meals, wear clean clothes, stay warm, do homework at night. ABS data (2007, p. 75) notes that 34% of sole parent families with dependent children were unable to pay utilities bills on time, compared to 12% of couple families with dependent children.
4. Inability to pay rent leads to loss of housing, couch-surfing, sharing house with other adults, sleeping in a car, sleeping in shelters. Children accompanying homeless parents are the largest group turned away from emergency housing according to SAAP data.
5. Inability to participate in the community due to lack of private transport, poor public transport and the difficulty of using public transport with young children.

The impact of poverty and its adverse contexts detailed above, combine to inhibit children's optimum development and create an environment of chronic stress which in turn inhibits learning and social and emotional development (Evans & Schamberg 2008). This is manifesting in the rising number of young children being excluded or restricted from early childhood education and care services due to behavioural problems.

The poverty effects of excluding single parent households caring for young children from increases in income support present a contradictory challenge to the Government's policy projects of social inclusion and support for the lifelong significance of early childhood development.

The exclusion of single parent households from the proposed pension increases will further entrench a two-tier income support system which relegates single parents, young people and unemployed people to a lower income than others claiming income support. If payment rates on the pension cannot adequately sustain a single age pensioner, it is not clear why lower rates of payment are adequate for sole parents, unemployed people and young people. Sole parent households with older children who are surviving on Newstart Allowance and Youth Allowance experience cumulative disadvantages of exclusion.

Single parent pensioners, Newstart Allowance and Youth Allowance claimants should be paid a percentage increase in line with the aged and disability pension increases proposed in this Bill.

It is counter-productive to the social inclusion and early childhood policy agendas to exclude the most vulnerable families in Australia from additional financial support. If the rationale for exclusion rests on the need to keep this group in relatively poor financial circumstances so that they are forced to take paid work, it is based on the false premise that income is the main driver of workforce participation. Parents' lives are constrained by the care needs of their dependents. We need to be helping, not hindering them in this vital task for the nation's future.

REFERENCES:

Australian Bureau of Statistics, (2007) *General Social Survey Australia*, Catalogue Number 4155.0, Canberra, AGPS.

Branigan, E. 2007 'Who Pays in the End?' The Personal and Political Implications of Financial Abuse of Women in Intimate Partner Relationships' *Just Policy* No. 44 pp 31-36.

Butterworth, P. 2003 'Multiple and Severe Disadvantage among Lone Mothers Receiving Income Support', *Family Matters* No. 64, Autumn pp. 22-29.

Butterworth, P. 2004 'Lone Mothers' experience of physical and Sexual Violence: Association with Psychiatric Disorders,' *British Journal of Psychiatry*, 184, pp. 21-27.

Evans G. and Schamberg M 2008 Childhood poverty, chronic stress, and adult working memory

<http://www.pubmedcentral.nih.gov/picrender.fcgi?artid=2662958&blobtype=pdf>

Evans, I. 2007 *Battle-scars: Long-term effects of Domestic Violence*, Centre for Women's Studies and Gender Research, Victoria, Monash University.

McInnes, E. 2004 'The Impact of Violence on Mothers and Children's Needs during and after Parental Separation' *Early Childhood Development and Care*, Vol 174, No. 4 pp.357-368.