



Submission
Social Security Legislation Amendment
(Fair Incentives to Work) Bill 2012

Contacts:

Carmel Franklin

Liisa Wallace

Director

Coordinator

Care Inc. Financial Counselling Service and the Consumer Law Centre of the ACT

Telephone 02-62571788

carmel.franklin@carefcs.org

liisa.wallace@carefcs.org

The agency

Care Inc (Care) has been the main provider of financial counselling and related services in the ACT and region since 1983. Care is a not for profit community organisation that provides financial counselling, information, support and advocacy to people on low to moderate incomes who are experiencing financial stress. It is a free, independent and confidential service.

Care's financial counsellors work in a holistic way with their clients recognising that for many people there are a range of social and emotional issues that can have a direct impact on their financial situation. These issues include relationship breakdown, loss of employment, health issues and lack of affordable housing. Care is founded on the belief that the people who use our services have a right to self-determination and the right to be able to make informed choices.

Care's integrated service model includes information services, casework, advocacy, community development and education and policy, social action and law reform comment. Care also operates the ACT No Interest Loan Scheme (NILS) and hosts the Consumer Law Centre of the ACT.

Background

Care's client group includes a significant number of sole parents who access the service because they are in financial difficulty. These clients have a combination of inadequate income, particularly those existing on the current system of payments provided by government, and debts that they cannot pay. They come to Care for financial counseling at times of emotional and financial distress because they are no longer able to cope with the burden of debt on a very low income. Many of them have difficult or traumatic backgrounds including domestic violence, abuse and poor physical and mental health.

Care's concerns if there is a change to current Parenting Payment arrangements

Clients dependent solely on Centrelink Parenting Payments as currently paid have a difficult time trying to make ends meet particularly if they have a family member with an illness, or there are debts. Many of the sole parent clients who access Care's services already manage their family budget very effectively. However the demands on such a limited income make it a constant struggle to meet all ongoing living expenses. Any additional pressures such as excessive medical costs place a significant burden on low income sole parent households.

Clients with a combination of part Centrelink and part wages are only marginally better off and often are in low paid, casual or insecure employment.

Any reduction in the amount of Parenting Payment will hit those who exist solely on the payment the hardest. This group stands to lose around \$41 per week¹ if they have one child in primary school. It is inconceivable that this will be of benefit to any sole parent, the majority of whom are women.

¹ ACOSS Briefing notes on cuts to payments for sole parents. Accessed at www.acoss.org.au 17/07/12

Women with children are generally acknowledged to be disadvantaged in terms of ongoing secure employment, superannuation and wages; and for those with children dependent on Social Security, their lives are already often stressed and difficult. Putting undue pressure on women to seek more employment outside of the home will not necessarily add to their quality of life and may indeed, in some circumstances, reduce it. Meeting the needs of children, particularly during after school hours, makes it practically very difficult for many women to find appropriate paid employment.

In the current climate of ever increasing costs of living, reducing incomes will affect the people least able to absorb it and have a negative effect on the lives of the children involved.

Over many years, Care's experience of these parents is that they generally put their children's needs before their own; including forgoing medical/dental attention and sometimes food and clothing. Many sole parents go without any Child Support payments from their children's other parent, sometimes as a result of domestic violence.

Some sole parents come to Care for financial counselling with credit cards over limit, personal loans that are behind and a myriad of other bills such as phone/electricity or gas overdue. The only option they may have is to consider having to go bankrupt.

Care sees many clients including sole parents with mental health issues. While it is not always possible to tell whether financial difficulty or mental health issues arose first it is often very clear that living on a low income with children in today's society appears to exacerbate poor mental health.

When sole parents are stressed, exhausted and have little or no room to move in their very tight budgets, reducing their money will only add to their already difficult lives and affect both them and their children.

We urge the government to reconsider the current proposal to transfer any sole parents from Parenting Payment to Newstart Allowance.

Thank you for the opportunity to provide this submission.