

**Social Services Legislation Amendment (Omnibus Savings and Child are Reform) Bill 2017.**

economic Security4Women submission to:

The Standing Committee on Community Affairs  
 PO Box 6100, Parliament House  
 Canberra ACT 2600

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# Recommendations

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## Family Assistance

### 1. Family Payments Part B

Evidence provided by the Australian Council of Social Services and Peter Whiteford to several Senate Inquiries stated that Australia has one of the most targeted family assistance schemes in the OECD<sup>1</sup>. Therefore, any cuts will harm the families who cannot manage such a reduction. Furthermore, the measures overwhelmingly impact on single parent families and the majority are headed up by women. It is disturbing that Australia's child poverty continues to track in the wrong direction and that 40% of children from a sole parent household are living in [poverty](#). The Bill seeks to abolish Family Tax Benefit Part B for sole parents aged 59 or less, who are not grandparents, when their youngest child turns 17 in the calendar year.

### 2. End-of-year Supplements

economic Security4Women has member organisations that represent the interest of single mothers. Their field expertise confirms that families factor these supplements into their very tight budgets, and for many households it is the only time that they will have a lump sum payment. These payments are used for such purposes as car registration, replacing broken whitegoods and/or the chance to catch up and or to pay school fees. We note that the National Council of Single Mothers and their Children Inc facilitated a national online survey and they have provided evidence at previous Senate Inquiries outlining the importance of the end-of-year supplements.

The measures will impact upon all recipients of Family Tax Benefit, which is approximately 1.6 million families and that they will lose access to the end-of-year supplements. Again the harshest cuts will be borne by sole parents, mostly single mother households, whose youngest child is aged 16+. These families will lose Family Tax Benefit Part B in full, in the year the child turns 17 years which is in their final years of secondary school.

The measure proposes that all recipients of FTB Part A will receive an extra \$10pw per child. This is an inadequate compensation as families will still stand to lose \$210 p/a per child whilst single-income families will lose an additional \$350pa. A sole parent family with one child aged 16+ will lose \$66pw. A sole parent with two children under 16 will lose \$20pw in 2017/18 and then \$15pw from 1 July 2018. This modelling was provided by the Australian Council of Social Services and endorsed by the National Council of Single Mother and their Children Inc.

**Recommendation:** Oppose the measure that will cut family payments and phase out the end of year Supplements.

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<sup>1</sup> Peter Whiteford, Nov 2015 pp9, Assistance for families in context, Social Policy Institute Australian National University.

## Young People

We further oppose measures that will implement a waiting period for assistance to young people. The 'waiting period' is essentially Australia stepping away from its moral obligation and reducing the safety net. It is essential that all Australians, who are eligible, and in need of a payment will not be forced to endure a period with no capacity for self-support. It is a flawed economic lever. Hardship and poverty can be an obstacle for getting work ready, applying for jobs and gaining a foothold into the labour market. Schedules 13, 14, 15, & 16 seek to implement:

- A four-week wait for young people to access unemployment payment;
- One week ordinary waiting period (to be served in addition to four-week wait for relevant income support recipients);
- Increases Newstart eligibility age to 25, which will affect 700,000 young unemployed people;
- A rapid activation of young people locked out of paid work. Unemployed people will be denied any kind of income support for four-weeks (which will be five with the additional one-week wait included in Bill).

economic Security4Women has accessed modelling completed by the [Australian Council of Social Services](#) and is concerned that a 22-year-old woman who cannot find work after leaving education will lose at least \$1,320 upfront and \$47 per week thereafter. If they rent privately, they will lose over \$1,530 upfront by being denied income support including rent assistance for five weeks.

The unemployment rate for young Australians still hovers around 13%; more than double the country's overall rate. The Brotherhood of St Laurence in their report [Paying A Price](#) noted that there are 290,000 young Australians unemployed and that the report also found a difference in how it impacts on young women. The report stated that more young men are unemployed but once they gain employment they are more likely to be in full time employment. However, this was not the picture for young women: they are more likely to be under-employed, with one in five young women wanting more hours than available, underemployment is not counted in the official unemployment rates, which are published each month. The report stated that it will be common for young women's employment to be in service industries where part-time, casual work and or on call are the norm. Therefore, a safety net minus any waiting periods would enable a young woman to meet the basic cost of her living whilst she strives for secure and adequate employment.

**Recommendation:** Oppose the 'young people' measures which are schedules 13, 14, 15 & 16.

## Energy Supplement

The Bill seeks to cease the Energy Supplement for new income support recipients (Schedule 9). In August 2016 a coalition of welfare groups called on the Government to abandon its Budget 2016 measure to discontinue the Energy Supplement, which tops up all major social security payments, including the Age and Disability Support Pensions, Family Tax Benefit Parts A and B, Parenting and Carer Payments, and Newstart and Youth Allowances. The Crawford School released several analyses that stated that the [pain of the cut will disproportionately hit the poorest](#). These cuts were abandoned for current recipients but the measures in this Bill would see people who become new recipients of a payment on or after 20

September 2016 would lose entitlement to the Supplement. It is estimated that this measure will impact on two million income support recipients over four years. Specifically the impact will be experience by:

- People living on Newstart and they stand to lose \$4.40pw from a payment that is stuck below the poverty line.
- A pensioner will lose \$7pw which is particularly bleak for older single women who are now a growing face of housing stress, homelessness and financial vulnerability.

**Recommendation** Oppose the measures (schedule 9) which seek to abolish the Energy Supplement for new income support recipients.

## **Reduce Age Pension portability**

The Bill contains measures that will cease the Pension Supplement and the Education Entry Payment (EEP) for people who spend six weeks or more overseas. ACOSS's modelling suggests that this will impact upon 190,000 Age Pensioners over four years. In previous Inquiries the strongest voices opposing the portability restrictions were organisations representing the interest of Australians who were born overseas. Therefore, Economic Security4Women supports that their expertise is sought and included in these Senate Committee deliberations. It is reasonable to state that women in receipt of the age pension are likely to travel overseas to provide support and assistance to their overseas family. We trust that as a minimum, there are exemptions and mechanisms that will enable women to attend to their extended overseas family's needs without incurring a financial penalty.

**Recommendation** At a minimum, exemptions to travel on compassion grounds should be included and we further recommend that organisations representing the interest of Australians who were born overseas informs the Committee's recommendations.

## **Education**

The Pensioner Education Supplement is a measure that provides assistance for training and education for women who are in receipt of income support. To qualify for the Pensioner Education Supplement the recipient needs to be studying an approved course at an approved institution. Studying can be full-time or part-time (again approval is required) and part-time study is at least 25% of a full time study load. Eligibility is for persons who are:

- A single parent with a dependent child aged under 16;
- A carer receiving Carer Payment or Department of Veterans' Affairs Partner Service Pension in combination with Carer Allowance;
- Have a substantial disability, illness or injury which affects your ability to study full time; or
- Be an eligible student receiving Youth Allowance or Newstart Allowance.

Studying can be for a secondary or tertiary approved course, including:

- School and adult secondary courses;
- Under-graduate and graduate courses
- Some Masters courses; or
- TAFE certificate and diploma courses.

The payment to an approved student who is studying fulltime is \$62.40 whilst the payment to an approved student who is studying part time is \$31.20.

The [Education Entry Payment](#) is a taxable payment of \$208 paid once each year with subsequent payments paid annually. Eligibility for the Education Entry Payment is determined by approval of for the [Pensioner Education Supplement](#).

Education is essential for women who have not been in paid work and are likely to require a qualification to gain a foothold into the labour market. Furthermore, qualifications gained can also assist women moving beyond insecure, low paid and or part-time work. The stated available alternatives as presented by the government such as HECS does not assist with cost of books, travel cost and/or associated child care costs. The Bill seeks to abolish various payments, which are important in supporting women to access education, and at various times throughout their life. Economic Security4Women has members who have a long standing interest and expertise in advocating on behalf of women to access education including but not limited to [Women in Adult and Vocational Education \(WAVE\)](#). WAVE is a network of women involved in VET, adult and community education, and the broad field of work-related education and training. WAVE in their advocacy refers to a lifelong learning focus and will call for educational arrangements that reflect these needs. This Bill is inconsistent with this principle and could not be supported by Economic Security4Women.

**Recommendation:** Oppose the measures that will cease the Pensioner Education Supplement and the Education Entry Payment

### **Fairer Paid Parental Leave Bill 2016 (Schedule 17)**

A national Paid Parental Leave (PPL) scheme was introduced in 2011 and the 18 week public scheme was a safety net while allowing employers to top up parental entitlements so mums could spend more time bonding with their babies. It is progressive that Paid Parental Leave is now recognized as a workplace matter and that the links between the scheme and productivity is above reproach. It is a positive sign that the Government recognises that all employed parents should be entitled to paid leave to spend important bonding time with their newborn or newly adopted child in those important early months after birth.

We furthermore note that at present mothers can access both 18 weeks of paid parental leave as well as any employer-provided parental leave pay. They can also choose to access parental leave pay at the same time as other paid leave if they wish an approach that does not necessarily extend the time taken off after birth. We support that from 1 January 2018, the maximum number of weeks of government-provided parental leave pay will be increased from 18 to 20 weeks, thus strengthening the scheme.

It is our view that any measures should enhance the PPL through increased access and the amount of paid leave available to parents. Therefore introducing a cap to government-provided parental leave pay limited to 20 weeks when looking at the combination of their employer-provided and government-provided parental leave pay is a regressive stance.

The Bill seeks to restrict access to Government Paid Parental Leave where parents has access to employer scheme commencing at least 9 months after the Bill receives Royal Assent, with an earliest commencement date of 1 January 2018. It is estimated that 70,000 parents will be worse off and that parents will lose up to \$13,500 over 20 weeks or \$12,100 under current program.

**Recommendation:** Opposes (Schedule 17) that seeks to restrict access to Government Paid Parental Leave where parent has access to employer scheme.

### **Indexation freeze for working age payments (Schedule 8)**

The Bill seeks to freeze working-age payments' income free area and income bank thresholds for three years. It is estimated that around 330,000 recipients will be affected at any point in time.

Although this does not directly cut payments, it erodes the level of income that can be earned before payments are reduced, adding to high effective marginal tax rates, heightening the risk of Centrelink debts and reducing the value of paid work. Whilst women undertake the majority of unpaid work it is critical that paid work can result in a financial gain for a woman and/or her family. The income free areas for sole parent families in receipt of Newstart Principal Carer are already contending with an inadequate income free area. Currently a woman supporting three children in receipt of Newstart Principal Carer can earn and retain [\\$52 per week](#) before her payment is reduced. This compares unfavourably to women in receipt of the Parenting Payment Single, they can earn and retain \$118 per week. The discrepancy illustrates that the Parenting Payment Single was structured for sole parent families to juggle the demands of family and paid work. It further illustrates the complete insufficiency of the income free area for all Newstart recipients and therefore freezing this amount would further compound its inadequacy.

**Recommendation** Oppose measure (Schedule 8) that seeks to freeze working-age payments' income free area and income bank thresholds.

### **Automation of income stream assessments (Schedule 11)**

This measure will allow the sharing of data between income stream providers and the Department of Human Services and that it will largely be Aged Pensioners affected by this change. This measure should not proceed given the current distress, inadequacies and the projection of more incorrect debts

It would be reckless to expand the automation whilst there is a review conducted by the Ombudsman and an announced Senate Inquiry. There are a range of organisations assisting Australians who are already impacted by the debt to make a [submission](#). Automation presents a substantial risk, and that it will lead to mistakes in assessments and that older woman in receipt of the pension will be impacted by this measure.

**Recommendation:** Oppose the automation of income stream assessments.

### **New measures: Seasonal workers:**

As part of the 2016-17 Mid-Year Economic and Fiscal Outlook, the Government announced a two-year trial of incentives aimed at increasing the number of eligible jobseekers who undertake horticultural seasonal work, such as fruit picking. The measure responds to concerns about the ability of the Australian Horticulture Industry to attract sufficient numbers of seasonal workers by introducing three incentives aimed at increasing the number of job seekers who undertake horticultural seasonal work.

The incentives will commence as a trial from 1 July 2017 for two years and will be capped at 7,600 participants. There are three incentives:

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- Newstart and youth allowance (other) recipients who have been receiving those payments continuously for at least three months will have access to a seasonal horticultural work income exemption, under which they will be able to earn up to \$5,000 each year without it being assessed under the social security income test. Qualification rules will be relaxed for this group so that they continue to qualify for Newstart and youth allowance (other) while undertaking eligible horticultural seasonal work. The amendments in this bill mainly relate to this incentive;
- Newstart and youth allowance (other) recipients who have been receiving those payments continuously for at least three months would be eligible for a seasonal work living away and travel allowance of up to \$300 each year, if they undertake horticultural seasonal work more than 120 kilometres from their home. This would not be assessed as income for income support purposes;
- Employment providers, including 'job active', 'transition to work' and 'disability employment services', would receive a provider seasonal work incentive payment of \$100 a week for up to six weeks a year for each eligible jobseeker that they place with eligible farmers.

**Recommendation:** eS4W support measures that respond to concerns by the Australian horticulture industry, while it appears sensible that the jobseekers who undertake seasonable work can earn up to \$5,000 each year without it being assessed under the social security income test. We further support that this is a trial to ensure that it is beneficial to both the Australian horticulture industry and jobseekers who undertake seasonable work.

## **Mind the Gap: It's bigger than you think**

economic Security4Women remains disturbed that Australia's national gender pay gap currently stands at an unsatisfactory and persistent 16.2%. However, this unacceptable reported gap of 16.2% could be argued to airbrush a real story which is much bleaker for women. In Australia, women's full-time wages were 82.8% of men's resultant in a calculated wage gap of 17.2%. It is of concern that the gender pay gap has grown over the last decade from 14.9% in 2004, reaching its highest point of 18.8% before falling slightly again in 2016. The takeaway message is that women are earning less on average compared to men than they were 20 years ago; a key factor in rejecting measures that will further weaken women's financial resilience.

However, as much as these statistics raise 'red flags' this figure is calculated without including overtime and bonuses all of which substantially increase men's wages. Furthermore, the wage gap does not measure part-time employment, which substantially decreases women's wages. Recently, this matter was raised by Petra Bueskens and she made the argument that if Australia measures the gap of the 'actual experience of the male and female workforce' the gap could widen to a little over 30%. This is concerning in itself, but if we examine Bueskens analysis a little deeper and focus upon the workforce aged at 35-44 years, the gap would have grown to nearly 40%. These figures and analysis were recently produced by Bueskens as entered into the discussion about the Basic Income and she concluded that there was an argument for '[Mothers' to have access to a 'Basic Income'](#)'. Economic Security4Women has not engaged with this Basic Income debate but we have invested resources into measuring and advancing the understanding of the *Care Economy*, and similar to Bueskens, a gendered lens is applied.

Our recent work was at the ‘Who Cares’ forum. Economic Security4Women through the Federal Government and partnered with JERA (Justice Equality Rights Access) International brought together experts, academics and international delegates to share their expertise. An outcome of the forum was to reaffirm the requirement for Australia to uphold its obligations to ‘all its families and home environments’. It was agreed that Australia has a social and moral obligation for all citizens, including the [Care Economy](#) that is, those who receive and those who deliver care, in all its forms and stages, from birth to death. The forum built upon the recent 2016 pre-budget submission that called for an Investment in the care economy with the aim to enable higher rates of female participation in the workforce. The recommendation (1.1) sought to increase government investment in paid care and to improve the wages and conditions of paid care workers to overcome skills shortages; improve participation of women and girls in education and training to ensure they have access to skilled and well paid work. The symmetry continues in the Government, ‘[Parenting, Work and the Gender Pay Gap](#)’ report which found that there is a personal and economic cost to raising children. That report stated:

“Economists have reported that raising children accounts for a 17% loss in lifetime wages for women. Many women move into ‘mother-friendly’ occupations when they have children. These occupations may be lower-paid than the work a mother may have done prior to having a child, and often do not reflect the woman’s abilities, education level or work experience (‘human capital’)”.

In previous reports and submissions eS4W have highlighted the barriers to material numbers of Australian women holding leadership roles and that it seems slow to tumble. As eS4W continues to reiterate that there is no ‘ambition gap’ when women and men start their careers, but this erodes over time, the most significant barrier to gender parity being unconscious gender bias and systematic barriers. A recent Senate Committee Inquiry into economic security for women in retirement painted a disturbing picture of how the different way in which women and men experience work has a lifelong impact on women’s earnings. Of particular concern is the ‘participation gap’ that arises after children, when women often enter part-time employment; and how these factors subsequently leave women at greater risk than men of experiencing poverty and homelessness in retirement ([Senate Economics References Committee \(2015\) Inquiry into Economic security for women in retirement](#)).

Education Matters: [The 2016 pre-budget submission](#) outlined a range of recommendations aimed at improving gender equality and empowerment of women and girls including stating the function that education have for greater employment security and enhanced opportunities. The submission recommended that gender informed career guidance and development in schools, especially in ensuring young women have access to a wide range of careers. It confirmed the merit in supporting women and girls into non-traditional occupations and STEM careers, including through well-resourced and sustainable networks in a range of industry areas and emergent occupations. It further sought strategies that would make education both accessible and affordable for women and girls, including through the public VET system. Education is a requirement for young women embarking on initial careers and women seeking to return to the workforce and it is most effective when it is a high quality, inclusive and relevant for the diversity of all Australian women and girls. The submission sought programs to prepare women including migrant women and other marginalised women to re-enter the workforce should be restored. Succinctly, education matters.

## Overview

eS4W is one of six National Women's Alliances funded by the Australian Government. Our members – women's organisations from across the country (see attachment) – agree that lifelong economic well-being is a high priority for all Australian women. It empowers women to make choices and live independently and it enriches all aspects of women's lives including their education, health, employment, personal safety and financial security over their lifetime

Our members:

- identify barriers to women's economic security
- prioritise the key issues for action to bring about change
- engage with Government on behalf of all Australian women and
- advise and encourage government to formulate appropriate policy directions.

eS4W submission illustrates our interest and concerns for women in all trajectories of their lives and that they will be provided with the assistance and or the removal of the systemic barriers and bias that impair their economic resilience. This Bill contains measures that are inconsistent with these well-considered principles and overwhelmingly, the Bill negatively impacts upon women who have little to no capacity to manage the impacts. It includes but not limited to:

- Single mothers who stand to lose critical assistance from reductions in Family Payments and the phasing out of Supplements (page 2);
- Young women impacted by imposed 'waiting periods' for unemployment payments (page 3);
- Women who become new recipients of a payment on or after 20 September 2016 will lose the energy supplement (page 3 & 4);
- Women born or have family members overseas will incur a penalty if they spend more than 6 weeks overseas due to age pension portability restrictions (page 4);
- Women of all ages and in receipt of income support (subject to approval) will find the barriers to seek education prohibitive due to the removal of the Pensioner Education Supplement and the Education Supplement (page 4 & 5);
- Women who are in part-time, low paid, insecure and/or on call work will have their value of the work reduced to the pausing of indexation of the income free areas (page 6);
- Women in receipt of the Age Pension are likely to be exposed to the published automatic 'robot letters' (page 6);
- Women access to Paid Parental Leave to be capped (page 6)

eS4W is able to provide supporting information, or contacts for further discussion, on any of the topics within this submission, as well as on other issues affecting women's economic security.

Please contact our Finance & Project Officer on 1300 918 273 or email [coordinator@security4women.org.au](mailto:coordinator@security4women.org.au)

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