

Sole parents worse off under proposed welfare-to-work reforms

Three National Secretariats for Women are calling on the Federal Government to review its proposed welfare reform agenda, following the release of a study by the National Centre for Social and Economic Modelling (NATSEM) into the impact of proposed changes on sole parents.

The study aimed to analyse the impact of the new system, where sole parents with a youngest child over the age of 5 who seek income support after 1 July 2006 will receive Newstart Allowance rather than the current support payment – Parenting Payment Single. This study provides the most thorough data to date on the consequences of the Government's proposed welfare policy changes.

Results of the study indicate that the proposed new system will almost certainly not support the Government's intention of increasing opportunities for sole parents but instead will decrease the standard of living enjoyed by sole parents and their children across the board.

WomenSpeak member Dr Elspeth McInnes, Convenor of the National Council of Single Mothers and their Children today noted that "while the stated aim of this policy shift has been to encourage labour force participation and support parents to return to work when their children are of school-age, the NATSEM study has found that the proposed system will reduce the real income of sole parents by around \$100 per week in some cases. In addition, it has found that as much as two thirds of any additional income earned through paid work will be clawed back by the Government through taper rates on earnings and tax". Dr McInnes also noted that larger families will be the hardest hit, with Newstart taper rates not varying with the number of dependent children.

Due to sharp increases in the effective marginal tax rate under the proposed new system, sole parents working on award conditions for 15 hours per week may take home as little as \$81 for their labour, with \$114 of their earnings going back to government through reduced allowance payments and increased income tax payments.

Key concerns with the proposed system are that the Newstart Allowance has a lower payment rate, a harsher income test and recipients are obliged to seek part-time work for at least 15 hours per week, with high marginal tax rates.

Alex Haynes of Security 4 Women said today "We call on the Government to re-consider the proposed system based on the outcomes of this study, and commit to a 'no disadvantage' guarantee in the implementation of its welfare reform agenda. In this way, the Government will be able to support the aspirations of sole parents and their children and provide them with genuine opportunities."

Robyn Gaspari of the Australian Women's Coalition today commented "This timely report substantiates the concerns raised by a host of women's organisations at the WHAT WOMEN WANT forum in Canberra last month. We join with our partners from WomenSpeak and Security4Women in voicing our concerns and calling on the Government to take these identified issues into their deliberations on industrial relations and welfare reform".

The NATSEM study was commissioned by the National Foundation for Australian Women (NFAW) and funded through a range of private and organisational donations and the University of Canberra's Collaborative Research Grants Scheme. The Secretariats have applauded NFAW for taking the initiative in commissioning independent and rigorous research, which highlights the consequences of the significant reforms announced in the May 2005 Budget.

The Secretariats, whose membership base includes over 60 national women's organisations, have pledged to raise their concerns with Government and will meet in mid September with the Hon. Kevin Andrews, Minister for Employment and Workplace Relations and the Hon. Kay Patterson, Minister assisting the Prime Minister for Women's Issues and Minister for Family and Community Services to discuss the implications of proposed welfare and industrial relations reforms.

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