

Target = Single Mothers



BDVS AGM 2005

By Dr Elspeth McInnes

Three Policy Upheavals

- ❑ Welfare to Work cancels Parenting Payment once the youngest child turns 6 from July 2006.
- ❑ Family Law Reform – to require parents to consider the child spending maximum time with each parent.
- ❑ Child Support changes to cut \$ for 60% of child support children.

Welfare to Work

- ❑ *Parent whose youngest child is 6 receiving/ applying for Parenting Payment Single (PPS) prior to 1/7/06:*
- ❑ As of 30/6/2006 existing Parenting Payment recipients stay on PPS until their youngest child turns 16; **unless they go off this payment for more than 12 weeks;**
- ❑ From **1/7/2007** or when their youngest child turns 7 (whichever is later) – parents will be required to seek/undertake part time work of at least 15 hours per week.
- ❑ Parents undertaking full time study will satisfy the activity test.

New Claimants after July 06

- ❑ *Parent whose youngest child is 6 applying for income support after 1/7/06:*
- ❑ Parents applying for income support on or after 1/7/2006 receive PPS until their youngest child turns 6; then transfer to “enhanced” Newstart Allowance and be required to seek part-time work of at least 15 hours per week.
- ❑ From 1/7/06 parents whose youngest child is 6-15 when applying for income support will be placed on Newstart Allowance and will have an **immediate** requirement to seek at least 15 hours part time paid work.
- ❑ This requirement may be satisfied by participating in Job Network or other services, or parents who are not in paid work may be required to undertake an annual Mutual Obligation activity.
- ❑ Work requirements will be modified in special family circumstances, such as a child having a **significant** disability.
- ❑ Parents undertaking full time study will be transferred to Austudy, which is less than Newstart.

Financial Impacts

	Prior 1/7/06	On or after 1/7/06
Type of Payment	Parenting Payment Single	Newstart Allowance
Current Payment Amount	Up to \$476.30 per fortnight	\$432.00 per fortnight
Income Test (amount you can receive before reducing your payment)	\$146.60 + \$24.60 each additional child pf	\$62.00 pf
Taper Rate (the percentage the government takes off your earnings)	40 cents in the dollar	Over \$62 - \$250: 50 cents in the dollar Over \$250: 60 cents in the dollar
Indexation	Average Weekly Earnings	Consumer Price Index

Family Law Changes

- ❑ Compulsory FRC mediation/counselling without legal advice.
- ❑ Requirement to consider maximum time with each parent.
- ❑ Requirement to consult other parent about schooling, health, religion, place of residence.
- ❑ More restricted definition of DV
- ❑ Expanded penalties for contravention

No Improvement to Family Safety

- ❑ The right to safety is included but there are no new processes to properly investigate and assess safety problems.
- ❑ No action on Family Law Council advice re domestic violence and child protection.
- ❑ Stuck in a state/federal game of government chicken.

Child Support Plans

- ❑ Outcome of Ministerial Taskforce to review Child Support headed by Prof. Patrick Parkinson.
- ❑ Driven by lobbying by fathers' groups
- ❑ Set to deliver reduced child support to an estimated 60% of payers' children.
- ❑ Legislation is pending but apparently approved by Cabinet.

Income Measurement

- ❑ The definition of taxable income to include income support payments which are currently exempt (disadvantage mothers).
- ❑ Each parent to have the same self-support component equivalent to $1/3$ MTAW (disadvantage mothers).

Children Costs

- ❑ Reduce formula assessment for children aged 0-12 (disadvantage mothers) and increase the rate for 13-17 (advantage mothers of teens).
- ❑ Combined parental child support income to assess child support not exceed 2.5 times MTAWWE (disadvantage mothers).
- ❑ Parents to contribute equally to the cost of children proportionate to income (disadvantage mothers).

Contact & Shared Care

- ❑ Regular contact to count as child support contribution for fathers (disadvantage mothers).
- ❑ $1/7^{\text{th}}$ contact = $1/4$ child support discount (disadvantage mothers).
- ❑ FTB A and B not to be split under 35% care (advantage mothers = restores pre-2000 situation).

\$ for payer and cuts for kids

- ❑ Case Study: One six year old, mum on PPS, dad earns \$50,000 pa.
- ❑ With no contact, the new formula cuts his child support by just over \$20 pw and after FTB is restored, the children's household income is cut by around \$10 pw.
- ❑ With one night contact, he pockets around \$50 pw and the child loses just over \$20 pw

Minimum Payments

- ❑ Minimum payments not required if payer has regular contact (disadvantage mothers).
- ❑ Minimum payments to increase to \$20 per child per week where there is no reasonable explanation for low income (advantage mothers).

Maintenance Income Test

- ❑ MIT should only apply to child support children (advantage mothers)
- ❑ The Maintenance Action Test should be extended from 28 days to 13 weeks to allow parents time to work out a parenting plan.

Results = + POVERTY - SAFETY

- ❑ Single parent and families will experience significantly increased financial stress due to income support and child support changes.
- ❑ Mothers and children fleeing violence or abuse will have less access to safety.
- ❑ Child protection outcomes will continue to leave children exposed to abuse through family law system failures.

What to Do

- ❑ Write/visit/ring your federal member and express the concerns arising from your workplace observations.
- ❑ Go to <http://acoss.org.au> and join the Acoss Action Network.
- ❑ Visit <http://www.ncsmc.org.au> for other details on sole parent impacts.
- ❑ Encourage others to express their concerns.