

Federal Budget 2011 – 12 – Summary of impacts on single mothers.

Note: this is a summary of the measures likely to be most relevant to single mothers. Depending on personal circumstances other budget measures may be relevant to individuals. Full information about the budget can be found at: www.budget.gov.au

Provision (from the Budget Statements): see below for more detail.	CSMC Response	Assessment
<p>Changes to Newstart Allowance:</p> <p>From 1 January 2013, the Newstart Allowance taper rate will be changed from the current 50 or 60 cents in the dollar to 40 cents in the dollar.</p> <p>This will allow single parents on Newstart Allowance to keep up to an extra \$3,900 of their income from part-time work each year.</p>	<p>CSMC welcomes the change to taper rates for Newstart Allowance to ensure that single parents will be able to keep more of the income they earn.</p> <p>However, Newstart Allowance has a number of serious deficiencies:</p> <ul style="list-style-type: none"> - payment rate remains inadequate (\$56 per week less than Parenting Payment Single [PPS]) - earnings threshold remains too low (payment reduces at \$62 per fortnight (pf) of other income, compared with \$170.60 pf for PPS) - rates and income thresholds are the same regardless of the number of children. <p>Overall, CSMC does not support single mothers receiving only Newstart levels of payment.</p>	<p style="text-align: center;"><input checked="" type="checkbox"/></p> <p style="text-align: center; font-size: 2em;">?</p>
<p>Changes to Parenting Payment Single</p> <p>From 1 January 2013, the Government will also gradually phase out grandfathering arrangements for Parenting Payment recipients with a youngest child aged 12 to 15, to make eligibility more consistent with the treatment of other parents. Current recipients whose youngest child was born before 1 January 2000 will be exempt from this change.</p>	<p>These recipients will be transferred to the significantly lower Newstart Allowance. When Welfare to Work legislation was introduced recipients on PPS were assured they would be able to remain on this payment.</p> <p>CSMC does not support single mothers receiving only Newstart levels of payment.</p>	<p style="text-align: center;"><input checked="" type="checkbox"/></p>
<p>Extra services and support for employment and training</p> <p>The Government's <i>Building Australia's Future Workforce</i> package balances greater responsibility through increased participation requirements coupled with additional support such as training, child care and employment services, and greater rewards to work.</p> <p>Single parents will be supported through a package of assistance totalling \$103 million over four years,</p>	<p>CSMC in principle welcomes the extra levels of support.</p> <p>However, many women have reported negative and unsatisfactory responses from Centrelink and Job Service Australia providers. We hope that the services and support to be provided is more meaningful and sensitive than has been reported to us in</p>	<p style="text-align: center;"><input checked="" type="checkbox"/></p>

<p>including:</p> <ul style="list-style-type: none"> • \$80 million for additional training places for single and teenage parents delivered through a National Partnership agreement with the states and territories • \$19 million for additional community-based support for parents through the Communities for Children program • \$4 million for access to career counselling. <p>Jobless families with children under 6 years old will be required to attend compulsory workshops and interviews from 1 July 2012. The parents will have access to additional services to meet their plans like childcare, family support and training.</p>	<p>the past.</p> <p>CSMC remains concerned about the use of compulsory requirements, and the types of sanctions that may be imposed if these are not met.</p>	
<p>Teenage Mothers</p> <p>From 1 January 2012, teenage parents on income support in 10 locations will have to agree to a participation plan focused on the parent attaining Year 12 and school readiness for their children.</p> <p>These new plans will focus on improving job readiness for parents and meeting their child’s development needs as they grow. The changes will be trialled and evaluated with a view to rolling them out further.</p>	<p>While CSMC welcomes additional support for teenage parents to remain in school we argue that there is no need to threaten to withdraw payments if they are unable to meet imposed requirements. The children of these mothers also have a right to be parented in the way that suits them best.</p> <p>CSMC is seriously concerned that the welfare of children, and their parents, may be jeopardised if payments are withheld. In extreme cases it could result in the removal of a child from its mother.</p>	<input checked="" type="checkbox"/>
<p>Jobless Families</p> <p>Jobless families with young children in ten locations will be required to participate in interviews and workshops to improve school and employment readiness commencing on 1 July 2012.</p>	<p>CSMC remains concerned about the use of compulsory requirements, and the types of sanctions that may be imposed if these are not met.</p>	<input checked="" type="checkbox"/>
<p>Income Management Extension</p> <p>The Government will extend income management to five more sites and trial innovative service delivery.</p>	<p>CSMC remains opposed to compulsory income management.</p>	<input checked="" type="checkbox"/>
<p>Support for families with teenage children</p> <p>The Government will increase the annual rate of Family Tax Benefit (FTB) Part A for families with dependants aged 16 to 19 years who are enrolled in full time secondary school study by up to \$4,208 to equal the rate for 13 to 15 year olds.</p>	<p>For most families this is a welcome change.</p> <p>However, due to the interaction of the Family Tax Benefit and Child Support systems, single mothers who receive child support will not get the full benefit of these</p>	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/>

	changes. Some single parent families will be significantly worse off.	
<p>Reform of family payments</p> <p>The Government will pause indexation of family payment higher income thresholds and limits at their current level until 1 July 2014.</p> <p>The Government will pause indexation of the Family Tax Benefit (FTB) Part A and B supplements for three years.</p>	<p>CSMS supports the better targeting of assistance to families on lower incomes.</p> <p>We are concerned that the pause to the indexation of FTB supplements will impact on those who most need the assistance.</p>	?
<p>Support for low income earners</p> <p>The Government is extending the Education Tax Rebate to cover school uniforms, including optional uniforms and sports uniforms.</p> <p>From 1 July 2011, 70 per cent of Low Income Tax Offset will be paid when workers need it — reducing the tax workers pay through the year (the remainder to be paid through the tax return).</p>	<p>CSMC welcomes this provision. However, many low income families, particularly those solely on income support, are not aware of their entitlement. Wider promotion of the ETR to those outside tax system is required.</p> <p>CSMC welcomes this change, allowing low income people to receive the benefit when they need it.</p>	<input checked="" type="checkbox"/>
<p>Child Support Compliance Measure</p> <p>The Government will change the method under which a Child Support payer's income is assessed to more accurately reflect their actual income. The changes will take effect from 1 July 2011 and will only apply to those payers who have not lodged a tax return for two or more years.</p> <p>Currently, Child Support payers who are late lodging or fail to lodge a tax return for two years or more have their Child Support assessment based on a default income of two thirds of Male Total Average Weekly Earnings (MTAWE), often resulting in an under-estimation of their actual income. Under the new arrangements, such clients will have their income assessment based on their last known taxable income, indexed by growth in average wages during the period since their last return.</p>	<p>CSMC welcomes this change to the existing method where payers on incomes above two thirds MTAWE, who didn't submit tax returns for 3 or more years, could potentially avoid paying the correct amount of child support.</p>	<input checked="" type="checkbox"/>

Building Australia's Future Workforce — incentives for single parents and Parenting Payment reforms

The Government will introduce reforms to encourage single parents receiving income support to transition into paid employment.

The Government will provide \$178.9 million over the forward estimates to increase returns to work by adjusting the income test rates for single principal carers with a youngest child under 16 years on Newstart Allowance (NSA). From 1 January 2013, the new more generous income test for those recipients will reduce NSA payments by 40 cents for every dollar of income earned above \$62 per fortnight. Recipients currently have NSA payments reduced by 50 cents in the dollar for income from \$62 dollars per fortnight and 60 cents for income above \$250 per fortnight. This will bring the taper rate for single parents receiving NSA in line with that of Parenting Payment Single (PPS), and reward part time work.

From 1 January 2013, parents who were on PPS or Parenting Payment Partnered (PPP) prior to 1 July 2006 will be eligible for PPS or PPP until their youngest child turns 12 rather than the current 16 years. Parents that transition onto NSA will be eligible for the more generous income test taper. Transitional arrangements will apply to parents whose youngest child will be above the threshold age on implementation:

- parents with a youngest child born before 1 January 2000 (so has turned 13 before 1 January 2013) will continue to be assessed under current arrangements and will remain on Parenting Payment until their youngest child turns 16 years of age;
- parents with a youngest child born between 1 January 2000 and 1 January 2001 (so has turned 13 during 2013) will cease to be eligible for Parenting Payment once their youngest child turns 13 years of age; and
- parent with a youngest child born before after [sic] 1 January 2001 (so turns 12 on or after 1 January 2013) will cease to be eligible for Parenting Payment once their youngest child turns 12 years of age.

These reforms will deliver a saving of \$152.2 million over four years.

In addition to these transitional arrangements, children born after 1 July 2011 will extend Parenting Payment eligibility for parents in receipt of payment before 1 July 2006 in the same way as for parents who came onto payment after 1 July 2006. This means they will extend eligibility until they turn six (partnered parents) or eight (single parents).

In net terms, the two components of this measure will cost \$26.7 million over four years.

Parents affected by these reforms will also be assisted with employment and skills support under the *Building Australia's Future Workforce- services to assist single parents enter the workforce* measure.

Press release:

http://www.deewr.gov.au/Ministers/Evans/Media/Releases/Pages/Article_110510_190753.aspx

Building Australia's Future Workforce — services to assist single parents enter the workforce

The Government will provide \$22.7 million over four years to assist single parents to improve their skills and plan for a transition to the workforce when they move off Parenting Payment Single.

The funding will provide professional career advisory services for single parents provided through employment service providers. It will also provide support for parents and their children through

Communities for Children services, including activities to develop personal skills, confidence and parenting capacity; improve educational and health outcomes for children; and facilitate entry or return to the workplace.

The enhanced services will be available from 1 January 2012.

Building Australia's Future Workforce — training places for single and teenage parents

The Government will provide \$80.0 million over four years to provide additional training places for single and teenage parents in receipt of income support to assist them gain skills to return to work.

The funding will provide up to 31,000 training places, at the Certificate II level or above, for single and teenage parents on income support.

Funding for this measure will be provided to States and Territories under a new National Partnership covering the period 1 January 2012 and 30 June 2015. The distribution of funding will be subject to negotiation with the State and Territory governments.

Building Australia's Future Workforce — Compulsory Participation Plans and Support for Teenage Parents — targeted locations

The Government will provide \$47.3 million over four years to support the long-term participation and productivity of teenage parents by addressing barriers to completion of education.

Teenage parents accessing Parenting Payments for the first time from 1 January 2012 in 10 targeted Local Government Areas (LGAs) will be required to attend six-monthly interviews with Centrelink once their child turns six months old. Once the child is one year old, this interview will be used to develop and implement a participation plan, which will include activities to improve education outcomes for themselves and their children.

The compulsory participation plans will focus on supporting teenage parents in achieving educational qualifications to assist them to gain future employment. Education pathways covered by the plan could include school completion, foundation skills, or certificate level qualifications. Support for plans and regular interviews will continue until the participant achieves a year 12 or equivalent qualification or until their child turns six years old.

The measure also enhances support services provided through Communities for Children sites in the 10 targeted LGAs to assist teenage parents achieve outcomes under their participation plans. Services may include facilitated playgroups and parenting programs aimed at developing skills for young parents. Parents may also be eligible for support with costs of childcare through the Jobs, Education and Training Child Care Fee Assistance program.

Funding is also provided so parents can benefit from access to Youth Connections which will provide additional support to help them connect with school or training.

Media release:

http://www.deewr.gov.au/Ministers/Evans/Media/Releases/Pages/Article_110510_190006.aspx
(Evans, Ellis, Macklin & Plibersek)

These measures will be trialled in ten disadvantaged communities across Australia

Playford (SA)	Wyong (NSW)
Hume (Vic)	Shellharbour (NSW)
Shepparton (Vic)	Rockhampton (Qld)
Burnie (Tas)	Logan (Qld)
Bankstown (NSW)	Kwinana (WA)

See also: <http://www.humanservices.gov.au/customer/budget/measures/job-seekers/ptf3a> Clarifies that it is single *and* partnered Parenting Payment recipients 19yrs and under

Building Australia's Future Workforce — Compulsory participation requirements for jobless families — targeted locations

The Government will provide \$71.1 million over four years to introduce new participation requirements and support services for parents who have been on income support for more than two years or who are under 23 years of age in 10 targeted Local Government Areas (LGA's). Parents will be required to attend compulsory workshops and interviews with Centrelink to set personal and family goals. They will also be assisted to access services to overcome pre-vocational barriers to employment, engage with their community and improve health and education outcomes for their children. The new requirements and support services will commence on 1 July 2012 and will be available in 10 targeted locations.

This measure includes \$19.4 million in funding for Communities for Children (CfC) services. CfC services in these 10 targeted LGA's will provide support for children and families to assist in meeting the requirements of participation plans. The measure will also extend the Jobs, Education and Training Child Care Fee Assistance program, which covers the gap fee for child care, from 26 weeks to 52 weeks to support parents' participation in employment related activities in these locations.

Media release:

http://www.deewr.gov.au/Ministers/Evans/Media/Releases/Pages/Article_110510_190006.aspx
(Evans, Ellis, Macklin & Plibersek)

Reads that the 10 locations are the same as above.

See also: <http://www.humanservices.gov.au/customer/budget/measures/job-seekers/ptf4>

Building Australia's Future Workforce — targeted locations income management and extension of the School Enrolment and Attendance Measure

The Government will provide \$117.5 million over five years (including \$25.8 million in 2015-16) to introduce, from 1 July 2012, Child Protection and Voluntary Income Management in five locations experiencing high levels of social disadvantage. The scheme will also introduce the Vulnerable Welfare Payment Recipient measure currently operating in the Northern Territory, and will offer the matched savings scheme, the voluntary income management incentive payment, and financial management support services to all eligible clients.

Income management will be targeted at high risk groups, such as very long term unemployed, people referred by a state or territory child protection authority, a Centrelink social worker, or a State Housing Authority (where they have debts or arrears greater than four weeks rent). The trial will be capped at 1000 people per site.

The Government will also provide \$6.4 million over two years to continue the School Enrolment and Attendance Measure (SEAM) in 12 trial locations across the Northern Territory and Queensland for a further 12 months until 30 June 2012.

SEAM places conditions on parents' income support payments to increase the level of school enrolment and attendance in identified communities where school attendance is low. If parents do not take reasonable steps to comply with the requirements, they risk having their income support payments suspended.

Media release:

http://www.deewr.gov.au/Ministers/Evans/Media/Releases/Pages/Article_110510_190006.aspx

(Evans, Ellis, Macklin & Plibersek)

The five communities are

Playford (SA)

Rockhampton (Qld)

Shepparton (Vic)

Logan (Qld)

Bankstown (NSW)

In these communities from 1 July 2012, income management will apply to vulnerable families and individuals including:

- Parents referred for income management by state or territory child protection authorities
- People assessed by Centrelink social workers as being vulnerable to financial crisis which could include people referred by housing authorities who at risk of homelessness due to rental arrears and
- People who volunteer for income management.

This is a similar approach to the model of income management operating in Western Australia since late 2008.

Under voluntary and vulnerable income management, 50 per cent of income support payments are set aside for spending on essential items, while 70 per cent of income support is quarantined under child protection income management.

See also: <http://www.humanservices.gov.au/customer/budget/measures/payments-and-services/ptf6a>

Building Australia's Future Workforce — supporting families with teenagers

The Government will provide \$771.9 million over five years (including \$5.9 million in capital funding) to improve the adequacy of Family Tax Benefit (FTB) Part A for dependent 16 to 19 year olds in full time secondary study. This will simplify the assistance provided to families with children in this age group, removing the need to choose between Youth Allowance and FTB.

FTB and Youth Allowance will be changed to:

- match the payment rates of FTB Part A for dependent 16 to 19 year olds in full time secondary study to the rates for 13 to 15 year olds. This will increase the level of support provided by FTB by up to \$4,208 a year for 16 and 17 year olds, and up to \$3,741 a year for 18 and 19 year olds;
- align the participation requirement for FTB Part B and the Multiple Birth Allowance with the existing FTB Part A participation requirement. This change will require 16 to 19 year olds to be undertaking full time secondary study, or be exempt from this requirement, to be eligible for these payments; and

- include all 16 to 19 year olds in full time secondary study for the purposes of calculating the Youth Allowance parental income test. This will ensure Youth Allowance recipients do not experience a lower rate of assistance as a result of siblings aged 16 to 19 years old in full time secondary study remaining in the FTB system.

Youth Allowance will continue to be available for 16 to 19 year olds who are independent, away from home or not in full time secondary study, and for people aged 19 years and older. All Youth Allowance recipients aged 16 to 19 on 1 January 2012 will have the option to remain on Youth Allowance.

Reform of family payments — pause indexation of Family Tax Benefit supplements for three years

The Government will pause indexation of the Family Tax Benefit (FTB) Part A and B supplements for three years. The FTB supplements will be fixed at the current 2010-11 levels of \$726.35 per annum per child for FTB Part A and \$354.05 per annum for FTB Part B until 1 July 2014.

The supplements would ordinarily be indexed by the Consumer Price Index. The measure is expected to result in net savings of \$803.2 million over five years.

Reform of family payments — pause indexation of upper limits and thresholds for a further two years

The Government will pause indexation of family payment higher income thresholds and limits at their current level until 1 July 2014.

The following higher income thresholds and limits will remain fixed until 1 July 2014: Family Tax Benefit (FTB) Part B primary earner income limit, which will remain at \$150,000; the income limit for receiving the dependency tax offsets, which will remain at \$150,000; the Baby Bonus eligibility limit, which will remain at \$75,000 of family income in the six months following the birth or adoption of a child, equivalent to \$150,000 a year; the Paid Parental Leave primary carer income limit, which will remain at \$150,000 in the financial year before the birth or adoption of a child; and the higher income-free threshold of FTB Part A, which will remain at \$94,316 of family income, with an additional \$3,796 provided for each child after the first.

Income limits are the amount a family can earn before they are no longer eligible for family payments, and the higher income-free area for FTB Part A is the income level at which FTB payments begin to reduce. The FTB Part A income cut-off for each family varies depending on the number and age of their children.

These thresholds and limits would ordinarily be indexed by the Consumer Price Index. The measure is expected to result in savings of \$1,201.9 million over four years. The measure reforms family payments by better targeting family assistance to those families most in need of help with the cost of raising their children.

Family Tax Benefit Part A — more flexible advances

The Government will provide families in receipt of Family Tax Benefit Part A with more flexible access to advance payment of their entitlements, allowing them to better meet unexpected expenses, at a cost of \$62.4 million over five years (including \$2.9 million in capital funding).

From 1 July 2011, families will be eligible for an advance of up to 7.5 per cent, up to a maximum of \$1,000, of their annual Family Tax Benefit Part A entitlement. Advances will be repaid over six months by reducing future fortnightly Family Tax Benefit payments. Payment of advances will be subject to an assessment of a family's ability to repay the advance without falling into financial hardship. Advances can be taken at any point throughout the year.

Families will also be able to apply to receive an advance of the minimum amount of around \$160 on a regular basis, paid every six months. Families who choose to receive a continuous advance will also be able to take one-off advances to cope with unexpected expenditure requirements.

Strengthening Compliance for Child Support

The Government will change the method under which a Child Support payer's income is assessed to more accurately reflect their actual income. The changes will take effect from 1 July 2011 and will only apply to those payers who have not lodged a tax return for two or more years. This change will increase the average rate of Child Support payments, reducing Child Support recipients' Family Tax Benefit entitlements, which will result in savings of \$78.7 million over four years.

Currently, Child Support payers who are late lodging or fail to lodge a tax return for two years or more have their Child Support assessment based on a default income of two thirds of Male Total Average Weekly Earnings (MTAWE), often resulting in an underestimation of their actual income. Under the new arrangements, such clients will have their income assessment based on their last known taxable income, indexed by growth in average wages during the period since their last return. The default income of two thirds of MTAWE will still be used in cases where the last known taxable income, indexed by growth in average wages, is lower than the default income.

Child Care Rebate — additional payment option

The Government will provide families with the additional option of receiving Child Care Rebate (CCR) payments directly to their bank account on a fortnightly basis from 1 July 2011 at a cost of \$30.8 million over five years. This will allow families to choose from a greater range of CCR payment options.

This measure builds on the *Mid-Year Economic and Fiscal Outlook 2010-11* measure *Child Care Rebate — fortnightly payment*, which allowed families to receive CCR payments fortnightly as a fee reduction via their child care service.

Funding of \$2.5 million for the Department of Education, Employment and Workplace Relations to administer the arrangements will be met from within its existing resources.

Allow Bereavement Allowance for Parenting Payment recipients

The Government will provide \$0.2 million over four years to allow Parenting Payment recipients to receive Bereavement Allowance for up to 14 weeks on the death of their partner. Bereavement Allowance provides temporary support to allow the person who has lost his or her partner time to seek alternative arrangements such as employment or other income support.

This change will require an amendment to the *Social Security Act 1991* and will come into effect from 1 January 2012. This brings bereavement arrangements for Parenting Payment in line with other social support payments.

Personal income tax — increasing the Medicare levy low-income thresholds

The Government will increase the Medicare levy low income thresholds to \$18,839 for individuals and \$31,789 for families, with effect from 1 July 2010. This measure has an ongoing cost to revenue which is estimated to be \$125 million over the forward estimates period.

The additional amount of threshold for each dependent child or student will also increase to \$2,919. The increase in these thresholds takes into account movements in the Consumer Price Index and ensures that low income families and individuals are not liable to pay the Medicare levy.

The Government will also increase the Medicare levy threshold for single pensioners below Age Pension age to \$30,439, with effect from 1 July 2010. This increase will ensure that pensioners below Age Pension age do not pay the Medicare levy when they do not have an income tax liability.

Family Law and International Criminal Court — savings

The Government will achieve savings of \$8.1 million over four years through a reduction in expenditure in administered programs delivered by the Attorney-General's Department. Expenditure will be reduced by capping Commonwealth expenditure under existing agreements with the states and territories under the *Family Law Act 1975*; and by reducing funds allocated to meet Australia's contributions to the International Criminal Court and its programs.