



BROTHERHOOD
of St LAURENCE

A background submission to the
Reference Group on Welfare Reform

A safety net that allows sole parent families to build fulfilling lives

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Summary

This is a background submission from the Brotherhood of St Laurence to the Reference Group on Welfare Reform.

It discusses actions that would help sole parents, particularly single mothers, to improve their situation through expanding their chances of gaining paid work.

In particular, it examines whether more should be required of sole parents by way of work force or other forms of activity in order for them to qualify for income support.

Why seek to increase sole parents' work force activity?

Lack of employment is a major source of poverty in Australia, and gaining a decently paid job is a key way in which people can build better lives for themselves and their children. However, while this is an important precept for Government action, it is important that this be balanced by two other equally important truths:

- If some people have a very low opportunity of gaining stable and reasonably well-paid work, then employment ceases to be a reliable pathway out of poverty for this group at least.
- Paid employment is not an absolute end in itself, particularly when people have direct responsibilities for children.

The Government should be particularly clear on the reasons why it seeks to assist sole parents to engage in work. In the Brotherhood's view, the reason is so that they can avoid being locked into long-term poverty.

From this perspective, levels or rates of reciprocity are not the central issue. The main intention must be to provide positive ways by which sole parents can enter or maintain paid employment in ways that allow them to care for their children.

Sole parents' efforts to improve their lives through the labour market

There is no doubt that sole parent poverty is far less prevalent than it would have been without the range of improvements to the social security system and broader public initiatives which have alleviated some of its impacts and improved some pathways to opportunity.

The existence of particular income-support payments for sole parents has very little to do with the growth of sole parenthood, however. This is driven by fundamental changes in expectations of marriage and family life, possibly exacerbated by the delayed independence of young people, delayed home ownership and greater employment insecurity for lower-income groups.

The great majority of sole parents are women attempting to build a satisfactory family life after separation from a partner. Their choices and performance in the labour market partly reflect their prior experiences as women and mothers; they also reflect the fact that it is harder for sole mothers to work and look after their children than it is for partnered women. This is the most simple explanation for sole mothers having significantly lower levels of employment than partnered mothers.

Their high unemployment rate, and its persistence, suggests that some sole parents are experiencing significant labour market disadvantage, probably:

- Facing greater difficulties in finding ‘family-friendly’ work opportunities; and
- Having on average less education or less marketable skills (Wilson et al. 1998).

Sole parents have similar aspirations in balancing the needs of their children and the need to work to other parents. However, their decisions are made in a different context. As well as the labour market disadvantage noted above:

1. Sole parents often face low returns from low-paid work—very high effective marginal tax rates, especially so when child care and other costs are taken into account. These may be even more significant because sole mothers tend to be on lower family incomes than partnered women, who may have greater financial capacity to ignore the costs of re-entry to paid work in the expectation of future improvements.
2. Sole parents face higher risks if a problem arises in or around work. The stakes are higher when choosing work.
3. There may be an overrepresentation of disability among children of sole parents which may require mothers to work less.
4. Finally, the children may need more attention and support from their mothers as a result of separation or the pressures of bringing up children alone. These considerations may be just as difficult for parents of teenagers as for parents of younger children.

These factors are reasonably strong explanations for sole parents’ lower levels of work force activity. From this perspective, it would be extraordinary if sole mothers did not have significantly lower levels of work force participation than partnered women.

These contextual factors have little to do with the fact that sole parents are likely to be ‘welfare dependent’. They relate to the particular circumstances which sole parents confront as women raising children largely or completely on their own.

There are groups of sole parents whose circumstances might suggest that they might benefit by particular direction to gain paid work. However, the Brotherhood’s research and service experience suggests that while these women do require some more assistance, the most significant barriers to labour market success are not attitudinal but a lack of real opportunities.

This lack of opportunity requires some serious attempt at remedy. But the Brotherhood’s assessment is that the vast majority of sole parents are seeking to advance themselves in ways which are well understood and supported in the community.

A better balance

Helping more sole parents better balance their responsibilities to their children involves building on some important positive features of the ways in which we have supported sole parents to date. Recent changes in the social security system, particularly the divergence in the social security system between retirement incomes, tax-based payments for children and ‘welfare’ payments for jobseekers, carry some risks for sole parents:

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- A move to further simplify and consolidate work force age payments within the bottom ‘welfare’ tier of the income security system will mean that sole parents might start to miss out on whatever real increases might go to age pensioners;
- It could reinforce popular misunderstandings of the extent to which sole parents—and others who are unemployed or jobless for long periods—are likely to be contributors to what the Government is now starting to claim is a problem of ‘welfare dependence’; and
- The real labour market situations faced by sole parents will be made less visible and they will become treated as just a sub-category of unemployed ‘welfare dependents’.

Australia has traditionally allowed sole parents freedom to work (or not to work) in ways that suited their individual needs. This is in keeping with our treatment of couple families with children. It also makes practical sense, given the variation in circumstances which can influence work capacity. If this is true for couples, it is even more so for sole parents. The pressures associated with parenting alone are greater, for example.

Work or activity-testing sole parents would be a poor way of assisting people to improve their employment prospects. It is unlikely to produce an aggregate shift in sole parents’ labour force participation.

The particular idea of removing access to Parenting Payment for single parents with teenagers would be not only damaging but counter-productive.

- It would further impoverish some families (lower their income);
- It would add yet another pressure (additional reporting) to their lives; and
- It would worsen work disincentives (lifting the withdrawal rate to 70 per cent).

The goal of a single work force-age payment is attractive but holds dangers for sole parents. This could only be supported if payments to sole parents:

- Continue to be provided so that low-income mothers have a secure foundation upon which to build social participation (including paid work) and a safe and caring environment for their children;
- Remain free of activity or work testing;
- Retain the promised 40 cents withdrawal rate; and
- Lead to a narrowing, rather than a widening, gap between different parts of the social security system.

The more useful steps to aid sole parents in working are to be found in efforts to make work more financially rewarding; through providing employment assistance; and through resourcing families and communities.

In particular:

- It would be very unwise to believe that sole parents are no longer affected by high effective marginal tax rates as a result of the tax package;
- A significant reduction in the cost of formal child care for lower-income families is a high priority as a precondition for allowing more sole parents to extend their labour market participation;
- The Jobs, Education and Training (JET) program requires additional funding to allow it to respond to its wider client group and to improve its value to high-need groups. The

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idea of making JET in some way compulsory is not an appropriate response to its apparent under-utilisation by some groups;

- Access to broader education and training assistance is at least as important;
- Local supports for sole parents, particularly in some areas of great disadvantage, are important in shaping the context of employment participation.

Many mothers, and especially single parents, need better encouragement and support to exercise an effective choice in the labour market. Expanding opportunities through more affordable child care, improved access to education and training and more child-responsive working arrangements seem the most pressing strategies.

Introduction: why worry about sole parents?

This is a background submission produced by the Brotherhood of St Laurence for the Reference Group on Welfare Reform.

It discusses actions that would help sole parents, particularly single mothers, to improve their situation through expanding their chances of gaining paid work.

In particular, it examines whether more should be required of sole parents by way of work force or other forms of activity in order for them to qualify for income support.

This section of the submission:

- introduces the Brotherhood;
- discusses why further efforts to improve the labour market position of sole parents are worth considering; and
- outlines the scope and structure of this submission.

The basis for this submission

An introduction to the Brotherhood of St Laurence is provided in the overview submission previously provided to the Reference Group (Brotherhood of St Laurence 1999a).

For many years, the Brotherhood has advocated for better support for sole parents in their efforts to bring up their children. Sole parents often face not only prolonged poverty but serious tensions in their lives; their children too often suffer not just from the disruption of separation but from these other pressures as well. It is essential that these children benefit by the same opportunities as those in two-parent families.

A recent survey undertaken of the extent, nature, causes and effects of child poverty (McClelland forthcoming) is the latest confirmation of the grave need to ensure that children from sole parent families are protected from serious poverty.

This submission draws particularly on two recent pieces of research which gathered information on the work aspirations and decisions of sole parents:

- a paper on work and parenting expectations of young mothers, particularly including interviews with young sole mothers (Probert & Macdonald 1999); and
- research into the work force needs and decisions of sole parents with school-aged children (Brotherhood of St Laurence 1999b).

Copies of these recent publications have been previously provided to assist the Reference Group.

Why seek to increase sole parents' work force activity?

Lack of employment is a major source of poverty in Australia, and gaining a decently paid job is a key way in which people can build better lives for themselves and their children.

This statement is a useful guide to Government action only if we bear in mind two equally important truths:

1. If some people have a very low opportunity of gaining stable and reasonably well-paid work, then employment ceases to be a reliable pathway out of poverty for this group at least.
2. Paid employment is not an absolute end in itself, particularly when people have direct responsibilities for children.

The risks of an unrealistic demand for work force activity

The Brotherhood's overview submission to the Reference Group (Brotherhood of St Laurence 1999a) has pointed out the need for the Reference Group to ensure that the Government does not promote unrealistic aspirations for what it terms 'welfare reform'. In particular, the belief that changes to social security conditions or income tests are likely in themselves to lead to noticeably higher employment levels (and therefore less spending on income security) without eroding the living standards of recipients is implausible. In this sense, the pursuit of 'welfare to work' may be in vain.

There are four reasons why it is particularly important that the Government should guard against an unrealistic focus when it comes to sole parents' reliance on social security.

First, sole parents remain a very vulnerable group, particularly prone to poverty and hardship.

Second, sole parents are readily identified with 'welfare dependency' in the public mind. This is because:

- a majority of sole parents receive at least some Parenting Payment, whereas only a small minority of couple families do;
- the number of people receiving Parenting Payment (Single) (PPS) continues to grow as a share of the population;
- sole parents appear less able to gain a proportionate share of the available jobs (and thereby reduce their call on income support);
- they are likely to depend on income support for some years;
- there remains a disturbingly high public suspicion and even antagonism towards them; and
- there is a ready belief that their children are less likely to gain work and therefore more likely to expect a 'life on welfare'.

Third, many people will assume that there are easy lessons for Australia in the so-called 'welfare reform' measures in Britain and the United States, which particularly aim to have sole parents relying less upon income support. The American and British contexts are very different from the Australian situation, and the broad sweep of what governments have chosen to do there are unlikely to be a useful guide to action here. This is not just because public expectations and our institutions are different; it is also because we have done some things better. Our early education and child care systems, for example, are great strengths of which all governments can be proud.

Fourth, sole parents are likely to be affected even if measures appear targeted more broadly. The Government has not identified sole parents as a particular focus of concern in its discussion paper, instead treating them as a subset of low-income parents more generally (Newman 1999, p.21). However, sole parents are a majority of all those receiving Parenting

Payment, and even if efforts to increase work force activity applied to this whole group of parents, the majority of those affected would be sole parents.

For all of these reasons, it is particularly important that the Government is clear about why it is seeking to increase the work force activity of sole parents.

The main reason: to avoid entrenched sole parent poverty

There are several reasons which could lie behind such a policy goal, and these are briefly discussed in Appendix A. In the Brotherhood's view, there is a strong reason why the community should seek to assist sole parents to be more engaged in the labour market, and that is to avoid them being locked into long-term poverty.

From this perspective, levels or rates of reciprocity are not the central issue. The main intention must be to provide positive ways by which sole parents can enter or maintain paid employment in ways that allow them to care for their children.

Scope and structure of this submission

This background submission does not seek to comprehensively address the ways in which all the needs of sole parents could be better met by the income support system, or within the Family and Community Services (FaCS) portfolio more generally. Rather, it focuses on what changes would assist sole parents to gain from work opportunities—and in particular whether changes to direct sole parent recipients into labour force-related activity would be desirable.

This submission therefore starts with some observations on the ability of sole parents to access paid employment.

It then goes on to discuss possible ways in which sole parents can be assisted to improve their chances of not only surviving, but prospering.

Sole parents and the labour market

This section aims to sketch the extent to which sole parents are already taking part in paid employment and the limits and constraints on this, particularly as perceived by the parents themselves.

It therefore:

- makes some general observations on the situation of sole parents;
- discusses the labour market situation of sole parents as a group;
- outlines constraints under which sole parents have to make decisions about labour market activity; and then
- explores difficulties faced by two particular groups of sole mothers.

The situation of sole parents

A most striking characteristic of sole parent families is their propensity to be living in poverty, irrespective of the poverty line used (McClelland forthcoming).

Over the past 30 years the Brotherhood has supported a range of strategies to make it more likely that children and adults in sole parent families have the same opportunities as those in two-parent families:

- the establishment of a separate payment for sole parents rather than widows;
- the development and public funding of sole parent organisations;
- expansion of child care, particularly Family Day Care, not just as a provider of care but as a provider of employment for lower-skilled mothers;
- the development of community-based children's services and neighbourhood learning centres which are readily accessible to mothers with few resources;
- the creation of the Guardian Allowance in recognition of the costs of sole parenthood;
- the development of the Jobs Employment and Training (JET) program;
- improved child-related payments, including the Family Tax Benefit and expanded Rent Assistance; and
- the establishment of the Child Support Scheme.

Achievements of the social security system

There is no doubt that sole parent poverty is far less prevalent than it would have been without these measures—a conclusion reinforced by studies such as Harding and Szukalska (1999) and Barrett (1999). More importantly, improvements to income support have reduced the depth of poverty; key health initiatives such as Medicare have alleviated some of its impacts; and improvements to social infrastructure have improved some pathways to opportunity.

Despite this, however, sole parents continue to be over-represented in poverty statistics and in terms of households presenting for emergency aid—suggesting that more needs to be done to lift the living standards of these families. Some of this may be due to the 'start-up' costs faced

in creating a new household upon separation. But the general consensus among emergency relief agency and financial counselling workers is that this reflects an ongoing insufficiency of income.

In addition, sole mothers remain subject to a degree of public disdain—a surprising degree given that nearly one-in-five families with children have only one resident parent and that more than one-third of all children will spend some of their childhood in sole parent families.

Does the income security system create sole parenthood?

Occasionally, there have been suggestions that provision of income support for sole parents is contributing to separation and drives the growth in sole parenthood. On balance the Brotherhood's assessment is that this is highly unlikely to be a major factor; income support has been a response to higher levels of marital separation rather than its creator.

It is true that a strong income support system for sole parents does allow people to separate with more choice and dignity; in this way it is a major source of freedom for women, particularly where violence is a factor in relationships. It certainly means that separation becomes more possible without gross forms of hardship, but this is a very different thing from encouraging or providing a motive to separate.

Poverty and reliance on social security is primarily a result of separation rather than its cause, but it would be unwise to completely discount the reverse dynamic.

It is not hard to imagine how prolonged experiences of unemployment and poverty may contribute to separation, increasing family stresses and making it harder to sustain a satisfactory relationship. Certainly families with low incomes in the Brotherhood's longitudinal Life Chances study tend to report more family stress (Taylor & Macdonald 1998).

It is equally not hard to imagine how later independence, less stable employment patterns and delayed home ownership for less well-off young people may lead in turn to some greater likelihood that those women who do become pregnant are more likely to bring up their children alone.

On balance, however, the growth of sole parenthood has very little to do with the existence of particular income-support payments for sole parents. It is driven by fundamental changes in expectations of marriage and family life; this may be exacerbated by the delayed independence of young people, delayed home ownership and greater employment insecurity for lower-income groups.

Extent of paid employment

The great majority of sole parents are women attempting to build a satisfactory family life after separation from a partner. Given the diversity of backgrounds prior to sole parenthood, care must be taken in characterising their ability to enter or sustain paid employment. There are however some striking aggregate facts which clearly concern decision-makers looking at the continuing growth in sole parent numbers. Wilson et al. (1998) report that:

- In June 1998, 270,000 sole parents—around half of all sole parents—had no paid work;
- The unemployment rate for sole parents was 17 per cent; and

- In contrast with rates for partnered women with children, this unemployment rate had increased over the past two years.

McHugh and Millar (1997) report that while sole mothers have much the same labour force participation as in earlier years (around 50 per cent), that of partnered women has moved from being well below to well above that of sole parents.

However, it is important not to unfairly single out sole parents as a problem.

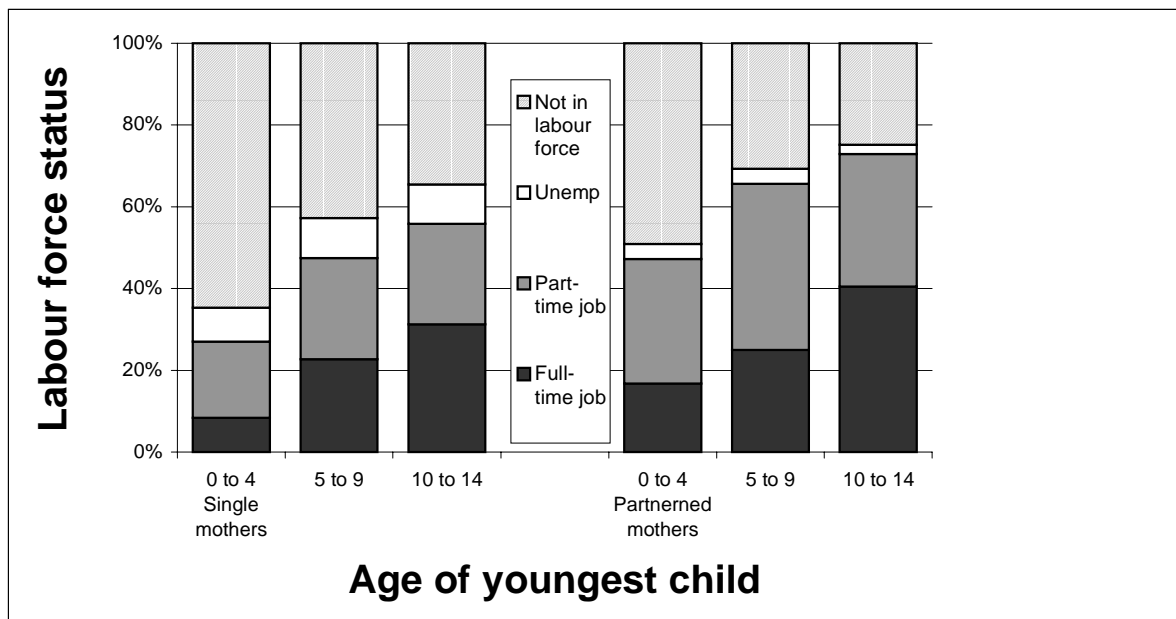
As Figure 1 shows, sole mothers do have a lower labour force participation than partnered mothers: about half of all the sole mothers have no paid work, about ten percentage points more than partnered women with children, around 40 per cent of whom also have no work.

The trend to increased levels of labour force participation and full-time work as children grow older, however, is the same.

Looking across the life cycle, sole mothers seem to be broadly following the same path as partnered mothers. The most simple explanation for their higher propensity to be jobless is that it is harder for sole mothers to work and look after their children than it is for partnered women.

Figure 1: Labour force participation for mothers by different ages of youngest child

Source: data from Wilson et al. 1998



What is perhaps most striking in this data is the much higher levels of reported unemployment among sole mothers.

The high unemployment rate, and its persistence, suggests that these sole parents are experiencing significant labour market disadvantage (that is, they are not finding work despite trying repeatedly for some time)¹.

Sole parents' decisions about work

Recent research by the Brotherhood of St Laurence (1999b) on how sole parents with older children make decisions about work provides some insights into the likely nature of this labour market disadvantage.

The mothers and the one father interviewed, in common with parents more universally, were determined to do the best by their children. This may sound obvious, but it reinforces the point that sole parents see their primary responsibility as the care of their children.

This is not an issue of competing community norms regarding a choice to stay home to care for children. The point seemed rather to be that sole parents had to be there for their children because if they weren't, who would be?

In addition, sole parents are much more likely to be living on very low incomes—often below or near the poverty line. And they face additional costs and pressures because there is only 'one pair of hands'.

Their aspirations about work were also similar to other parents. However, they have to decide about what is best for the children in a somewhat different context.

The context of work decisions

First, as noted earlier, sole parents have a much higher unemployment rate than married women. This probably reflects them:

- Facing greater difficulties in finding 'family-friendly' work opportunities; and
- Having on average less education or less marketable skills (Wilson et al. 1998).

Second, sole parents often face low returns from low-paid work—very high effective marginal tax rates (Polette 1995), especially so when child care and other costs are taken into account (Tasker & Siemon 1998). These may be even more significant because sole mothers tend to be on lower family incomes than partnered women, who may have greater financial capacity to ignore the costs of re-entry to paid work in the expectation of future improvements.

Third, sole parents face higher risks if a problem arises in or around work. There is no one else there if transport breaks down, if an injury results, or if work is just extremely stressful. The stakes are higher when choosing work.

¹ High reported rates of unemployment among sole mothers—presumably very largely PPS recipients—suggests a high degree of commitment to finding work on their part. The ABS criteria distinguishing 'unemployment' as opposed to other forms of joblessness are quite strict, and there is no advantage to be gained by exaggerating work intentions to an ABS interviewer.

Fourth, Brotherhood service experience suggests an overrepresentation of disability among children of sole parents, something observed in the US for sole parent AFDC recipients (Olsen & Pavetti 1996). This may require mothers to work less.

Finally, the children may need more attention and support from their mothers as a result of separation or the pressures of bringing up children alone. These considerations may be just as difficult for parents of teenagers as for parents of younger children.

Sole mothers and women's employment choices

These contextual factors are reasonably strong explanations for sole parents' lower levels of work force activity. From this perspective, it would be extraordinary if sole mothers did not have significantly lower levels of work force participation than partnered women.

These contextual factors have little to do with the fact that sole parents are likely to be 'welfare dependent'. They are all about the particular circumstances which sole parents confront as women raising children largely or completely on their own.

The implications of this are discussed in the following section.

It is worth reiterating that these factors compound the constraints on labour market participation which mothers more generally face. For example, McHugh and Millar note that a significant group of sole parents is made up of:

older, divorced or separated women with two or three children of school age, including adolescent children. For these women marriage and motherhood have been a central part of their adult lives and have already had a significant impact on their employment pattern. (1997, p.152)

The capacity of women within this group to enter or sustain paid employment is a function of these prior decisions or experiences, heavily structured by their gender. If choices made by these women were recognised and appreciated when they were married, they should be taken very seriously as possible labour market barriers, not least since their difficulties in returning to work are compounded by the difficulties of sole parenthood, as discussed above.

Difficulties faced by different groups of sole parents

However, within the aggregate data is considerable diversity, and it may be that there are particular sub-groups of sole parents whose circumstances might warrant particular investigation or policy responses. These are groups where the experience of long-term poverty or long-term reliance on social security might influence employability through impacting on work readiness, attitudes, health or family pressures.

At least two sub-groups of sole parents are ready objects of public concern.

Teenage mothers

The first group is young sole mothers: women who have had their first child in their teenage years. This is a group which receives disproportionate public attention, mainly due to our exposure to images of overseas 'social problems'. As the Brotherhood first pointed out nearly 20 years ago (Montague 1981 & 1991), this is a very small group, mainly due to access to

contraception and sensible public health policies in Australia. Teenage fertility is now very low.

Some women do become mothers in their teenage years, however. Of the declining numbers who do so, a growing proportion are likely to bring up children alone, giving rise to some public comment.

Probert and Macdonald (1999) interviewed three groups of young sole parents as part of a broader examination of young women's employment aspirations and experiences. They found that:

- having a child was not driven by the young woman's perceived employment situation—it was rather an unplanned event to which these young women had had to adjust;
- the young women identified having a child as contributing to their maturity and a sense of individual responsibility;
- the young women were very conscious of their responsibilities as breadwinners, and were neither seeking to rely upon the public purse nor upon prospective future partners to support themselves or their children; and
- even while the children were very young, there was strong evidence of their mothers' planning or already undertaking education or training so that they would be better positioned to earn an income.

Young sole mothers make up a significant sub-group of the young adults described by McClelland and Macdonald (1999) in a related study as 'in marginal activities' and therefore requiring special attention if they are not to suffer long-term labour market disadvantage. But there is little evidence that their attitudes to work are a barrier, nor that their sole parenthood was a path chosen to escape from the world of work.

Long-term low-income mothers

A second group of sole parents also attracts disproportionate attention, and this is the group of long-term low-income women which the American term 'welfare moms' most easily brings to Australian minds.

Stereotypically, such women are likely to be public housing tenants and as unsuccessful in relationships as in the labour market. Their child-rearing is popularly viewed as problematic. If young women they may be drug users; if older, the parents of drug users. In any case they are suspected to be the progenitors of intergenerational poverty.

The public willingness to think the worst of such mothers was graphically illustrated in the infamous *HeraldSun* story of four sole parent families with 11 children each—purportedly drawing in total nearly \$250,000 annually in social security payments from the taxpayers².

In the Brotherhood's service experience, the women for whom this stereotype masquerades as description are often both far more capable and far more positively engaged than is visible to casual eyes. They have often suffered serious deprivation because they lack money. They have had to rely on social security for long periods mainly because of a striking lack of

² The Minister for Social Security rightly condemned this story and the families were later revealed to be non-existent. A less obvious scandal, however, is that under our social security system we expect around fifty people to exist on the pay of one senior public servant.

opportunity in their lives. They often would benefit by more intensive support and skilled, long-term assistance than they currently receive.

In many cases, however, they are not divorced from the labour market. Like many women in past generations they have to work where and when they can in order to scrape by. Their capacity to do so is restricted by:

- *experiences of long-term or intense poverty*: to the extent that such women are public housing tenants, this is generally testimony to prolonged poverty or past homelessness. Access to public housing has for many years involved long waiting times, while today entry is increasingly confined to those in housing crisis;
- *their own often limited education*: instability associated with prolonged poverty and personal crisis makes it very difficult to improve education or undertake training; and
- *limited work opportunities in areas of low-cost housing*: some public housing estates developed to service past industries are now centres of high unemployment, but so too are some coastal towns or fringe suburbs where cheap private rental housing is to be found and where public transport is scarce at best.

Such women are, in some cases, the core of local community networks.

Reflections

This section has sought to explore the labour market behaviour of sole parents and the factors which lead both to relatively limited success in obtaining work and, as a result, to high levels of reliance on income support.

Their labour market experience is best seen as that of one group of mothers. In this light statistics on participation and employment are far from exceptional and scarcely surprising given their situation and backgrounds.

There are particular groups of sole parents whose lack of opportunity requires some serious attempt at remedy. But the Brotherhood's assessment is that the vast majority of sole parents are seeking to advance themselves in ways which are well understood and supported in the community.

Finding a better balance

This section discusses possible strategies to improve the access of sole parents to paid employment on conditions that support, rather than detract from, the care of their children.

In particular, it examines:

- the direction of change in the social security system;
- the idea of aligning the treatment of sole parents with that of other ‘work force age’ recipients, including introducing new requirements to seek work;
- ways in which positive incentives to take up work opportunities can be provided;
- employment assistance for sole parents; and
- better ways to resource families through their community networks and social infrastructure.

Directions of change in the social security system

During the 1990s, British and American ‘welfare reform’ has concentrated on ‘welfare to work’ strategies for sole parents far more than in Australia. Here, the focus of mutual obligation—a cluster of new demands upon social security recipients—has been unemployed teenagers, reflecting both the high level of community concern at their dwindling job prospects and some public belief that motivation is lacking and they require greater supervision than in past years.

This is not to say that sole parents have lacked close scrutiny within the social security system. Far from it; but the scrutiny has traditionally derived from concerns about sole parents ‘cheating’ by sharing income or expenses with a partner, rather than their work force status. There have been occasional calls for sole parents to be forced into working rather than relying upon ‘the pension’. But until recently, the task of parenting (usually mothering) children has been seen as deserving of support in itself.

Indeed, the decision in the 1980s to provide sole parents with a ‘pension’, rather than a ‘benefit’ as unemployed people then received, acknowledged the reality that bringing up a child alone is likely to significantly constrain most parents’ ability to fully support themselves and their children for some years³.

Gradually, however, income support for sole parents has been moving away from the status of ‘the pension’. In its current form, for example, Parenting Payment (Single) has a tougher assets test than do pensions.

Changing policies

³ The Australian policy debate has in this way been far more thoughtful than that overseas. Near the end of a long review of whether welfare reform can work in the US, Kalil et al. (1998, p.25) comment that ‘Notably absent from discussions of welfare policy is the fact that welfare recipients make decisions regarding work and welfare in the context of their roles as mothers.’

Behind these shifts lie some significant changes in policies and to some extent in community expectations. The challenge for the Reference Group will be how well it is able to respond to such changes in ways which protect families.

The most inescapable change is in women's labour force participation. This rose markedly over the 1980s. As a result, 'community expectations', at least as understood within Government, increasingly view paid work as quite compatible with caring for dependent children.

Other changes are a result of medium-term policy shifts. Perhaps the most important is that the social security system is quietly being split into three parts, potentially very distinct. While it may not be overt policy to do this, the trends are clear:

- The way we support retired people (age pensioners and superannuants) is gradually becoming more privileged over the way we support others.
- Support for children is predominantly provided to 'taxpayers' who are seen as receiving a tax-equity measure.
- Last there are those 'on welfare' (jobseekers, students), whose activity requires far more surveillance.

The prospect emerges that, in terms of their base payment at least, sole parents may increasingly be seen as just another group of workforce age adults 'on welfare'. Their entitlement would then cease to be on the grounds of 'needing to care for a child' and become 'is unable to find enough work to support themselves'.

Aligning the treatment of sole parents with other work force-age recipients

Some of the change to date may have had real side-benefits. In the past, Sole Parent Pension could be construed as meaning that 'sole parenthood' in itself had special—perhaps even government-promoted—status. This provoked attacks from critics who favoured a stronger norm of marriage (and who by implication emphasised the deviance of sole parenthood).

Renaming the payment, and associating it with the Parenting Payment available to women in couple families, has made it clear that it was for parenting irrespective of marital or partner status.

While this has benefits, it also opens up a range of risks for sole parents.

Risks

While some areas of social security have seen real increases in recent years (particularly associated with GST compensation), there appears to be a grave reluctance within government to increase rates of basic unemployment allowances. A move to further simplify and consolidate work force-age payments within the bottom 'welfare' tier of the income security system will mean that sole parents too might start to miss out on whatever real increases Governments are able to provide.

A second risk of any sharper redrawing of the boundaries of social support is to reinforce popular misunderstandings of the extent to which sole parents—and others who are unemployed or jobless for long periods—are likely to be contributors to what the Government is now starting to claim is a problem of 'welfare dependence', the parents of

children who are unlikely to gain work and whose lives are conducted within an expectation of a 'life on welfare'.

This thinking partly underlies the new interest in encouraging greater work force activity upon the part of Parenting Payment recipients (Newman 1999, p.9), and which represents the third major risk: that the particular labour market situations faced by sole parents, discussed in the previous section, are made less visible, being subsumed under the general category of 'welfare dependence'.

Freedom to find the best balance

In particular, any shift towards unifying payments to sole parents and unemployed people raises the question of work or activity testing. Should more be required (or at least expected) of sole parents by way of work force activity than now? More importantly, is this likely to be of any benefit to the sole parents (and their children) involved?

Australia has traditionally allowed sole parents freedom to work (or not to work) in ways that suited their individual needs.

It is important to realise that this is not a freedom extended to sole parents alone. We allow this freedom to parents living together as a couple. Indeed, we support it quite heavily though our social security system (Parenting Payment, Family Tax Payment B and much of Family Allowance go to support couple families with one person out of the work force).

This support is now largely directed in gender-neutral terms, reflecting a belief that parenting is a shared task, and that fathers can take on a primary carer role. Beneath this continues a fairly strong community norm of allowing mothers the freedom to care for children and not to have a job.

Norms and principles aside, there is a more pragmatic rationale for leaving decisions about employment to the individuals involved. The variety of expectations about work among mothers, and the ways in which individual circumstances can quickly change, are unsuited to prescriptive government direction. Individual circumstances such as a child's disability, slow development or behavioural problems are probably best dealt with by allowing parents the freedom to find work when and as best they can.

If this is true for couples, it is even more so for sole parents. The pressures associated with parenting alone are greater, for example. The difficulties in finding work which matches sole parenting are also greater, as discussed in the previous section.

For many sole parents, decisions about work are not simple choices between comfortable alternatives. Their freedom is already severely limited, their choices hard and sometimes risky.

It is hard to see what the introduction of work testing or activity testing would achieve for sole parents as a whole or for most individuals.

- On the Brotherhood's reading of the evidence, it seems highly unlikely to produce any aggregate shift in sole parents' labour force participation, since it does not appear that unwillingness to, or attitudes to, work are major elements in this; and
- There are far better ways to provide positive opportunities that are more urgent priorities for reform.

The danger of doing harm

Two alternative paths to further gradual integration of income support for sole parents and single unemployed people would be:

- To further restrict access to Parenting Payment by lowering the qualifying age of the youngest child from 16 years; or
- To introduce work or activity testing for Parenting Payment recipients with older children.

It is easy to make the case for mothers not to have seek work when children are young.

However, we need to value the importance of parenting teenagers as well. Children in sole parent families, as a group, are much more likely to face the difficulties of life on a low income, pressures on their parents and sometimes continuing family conflict and even violence. It is surely no surprise if some of this translates into more visibly engaging in 'at risk' behaviours during adolescence, something which Governments are currently seeking to prevent.

We should certainly avoid making lives of this group of children harder. In particular, removing access to Parenting Payment for single parents with teenagers would be not only damaging but counter-productive.

- It would further impoverish some families (lower their income);
- It would add yet another pressure (additional reporting) to their lives; and
- It would worsen work disincentives (lifting the withdrawal rate to 70 per cent).

In short, it would be more likely to harm the life chances of the children than to improve them.

Longer-term moves to integrate payments

The goal of a single work force-age base payment is attractive because it could:

- offer some simplification of the social security system and its administration;
- recognise that people's lives do not fit categories neatly; and
- smooth over transitions between payment types.

These ideas were fundamental to the introduction of the Youth Allowance. It is important to realise that some of these advantages can be achieved without an integrated payment, however. For example, within Newstart Allowance there is already provision for people to combine job-searching with a whole range of activities; we do not have separate base payments for undertaking study or training or setting up a small business.

The risks for sole parents in the pursuit of a single work force-age payment, discussed above, mean that any further action along this path could only be supported by the Brotherhood if payments to sole parents:

- Continue to be provided so that low-income mothers have a secure foundation upon which to build social participation (including paid work) and a safe and caring environment for their children;

- Remain free of activity or work testing;
- Retain the promised 40 cents withdrawal rate; and
- Lead to a narrowing, rather than a widening, gap between different parts of the social security system.

Positive incentives to make work financially rewarding

As noted earlier, sole parents have been very likely to experience high effective marginal tax rates on their additional earnings. This is compounded by the costs of working, particularly child care.

These reduce the returns from work and make employment opportunities less attractive.

The recent changes to family payments, particularly the 30 per cent withdrawal rate, and the reduction in the PPS withdrawal rate to 40 per cent, will assist this. However, these changes were made in part to provide some of the 'compensation' for the inflationary effects of the net increase in indirect taxes arising from the GST. Further investigation is required to assess whether the final tax package as legislated will improve returns from work for sole parents.

Until this is done and some assessment of the impact of the lower withdrawal rates is made, it is probably premature to propose further changes to withdrawal rates. It would be very unwise however to believe that sole parents are no longer affected by high effective marginal tax rates.

There is however one other area in which work disincentives could be immediately reduced.

Costs of child care

Access to child care is a major factor in sole parents' ability to work and engage in retraining or education.

Lower-income sole parents are particularly vulnerable to declines in child care affordability, and this decline has been marked over the 1990s (Tasker & Siemon 1998). The unprecedented fall in spending on Childcare Assistance, the income-tested subsidy, in financial year 1997–98 suggests that rising real costs of care have particularly begun to hold down use by lower-income families. While the tax package involves additional spending on child care subsidies, this is too small to keep up with the combined impact of past and projected increases in the costs of care (Siemon & Ford 1999).

A significant reduction in the cost of formal child care for lower-income families is a high priority as a precondition for allowing more sole parents to extend their labour market participation.

Employment assistance

Reaffirming sole parents' freedom to work or not to work, and doing what is possible to minimise poverty traps and work disincentives, are necessary to allow low-income sole parents to build better lives for themselves through employment. However, they are not sufficient and there are further actions that need to be taken by governments.

The unemployment rates of sole parents suggests real labour market disadvantage, and the particular difficulties of finding work which matches the needs of the children compounds this.

JET

The Jobs, Education and Training (JET) program offers some assistance, particularly as a gateway to some training and employment programs and helping organise the preconditions for this, particularly through accelerating access to child care.

There is apparently some Government concern that mothers who are particularly disadvantaged in the labour market do not access JET. If this is so, this suggests that JET is not structured in such a way that it meets the need of this group. The correct response to this situation is not to compel participation in JET as it stands, but to:

- Establish a better knowledge of the realities facing this group of mothers;
- Clarify whether or not JET is useful to them (for example, do they gain assistance through other pathways); and
- Design program approaches which are demonstrably of assistance so that the group increases its access if this is needed.

More funding is required for JET to accommodate the broader client group which it now has.

Broader education opportunities

However, access to broader education and training assistance is at least as important as JET, particularly as many single parents are seeking qualifications. Higher TAFE fees and HECS are a significant barrier to sole parents' study, however, as are child care costs (Tasker & Siemon 1998). The reduction in the 1999 Budget in the supplementary payment for part-time study was disappointing in this regard.

Resourcing families and communities

Irrespective of what else they do, sole parents have to protect and nurture their children. Their ability to engage in paid work depends, therefore, on the extent to which these families can turn to others in their communities or friendship networks in times of need, and on the extent to which local communities can offer secure supports by way of child care and transport in particular.

Local services such as Maternal and Child Health services, community health centres and neighbourhood houses, as well as small voluntary agencies are all important in shaping the context for employment participation.

In some localities where need is particularly concentrated, the most important things to allow greater sole parent employment will be localised community and economic development strategies. Such approaches are necessary where people have long faced very limited opportunities.

Implications

The Brotherhood's assessment is that there is no strong case for demanding more from sole parents by way of labour market activity as a condition of access to income support. Indeed, it may be quite damaging, particularly if access to Parenting Payment is reduced further.

Many mothers, and especially single parents, need better encouragement and support to exercise an effective choice. Expanding opportunities through more affordable child care, improved access to education and training and more child-responsive working arrangements seem the most pressing strategies.

Appendix:
Are there good reasons for the Commonwealth to encourage sole parents' work force activity?

There are five quite separate reasons why the Commonwealth Government might seek to increase the work force activity of sole parents:

- It might wish to simply reduce the call on public funds (hopefully without reducing the standard of living of sole parents);
- It might wish to slow the growth in sole parenthood, since the growth in numbers of sole parents is driving the increase in the number of families relying on Parenting Payment (Single) (PPS);
- It might wish to reduce sole parent dependency levels, measured as the number of people in receipt of PPS, perhaps because it believes that it is politically unsustainable to have too many social security recipients;
- It might wish to make sure that sole parents are effective competitors in the labour market, thereby producing a more efficient economy; or
- It might wish to avoid sole parents becoming locked out of the labour market and thereby locked into long-term poverty.

Each of these possible purposes is considered briefly.

Reducing the call on public funds

Outlays on sole parent payments continue to rise. Since social security payments make a major part of the Commonwealth budget, and the effect of the tax reform package is to reduce the visible size of the budget⁴, it is possible that 'fiscal objectives' may create pressure to curtail or wind back the growth in outlays in this area.

The most direct way of achieving this goal would be to cut access to, or levels of, payments to sole parents.

An alternative approach is to provide better incentives to work. If sole parents earn more, then outlays are cut back as these earnings are clawed back through the withdrawal of payments.

From the point of view of minimising public outlays, there is a trade-off between:

- a complete claw-back (a withdrawal rate of 100 per cent) which might however discourage work or declaration of earnings; and
- a very low withdrawal rate which will reduce work disincentives but will involve higher levels of ongoing public expenditure.

⁴ This is because the tax package trades off some Commonwealth taxes and grants to the states for a GST which is fully allocated to state governments and is therefore excluded from the Commonwealth budget. The effect is to make the Commonwealth budget shrink from around 27 to about 20 per cent of GDP. Social security outlays loom much larger in this smaller budget.

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The optimal withdrawal rate from the point of view of minimising public spending can only be determined empirically for particular groups. It should be noted, however, that there is no reason to presume that minimum expenditure will necessarily be very far below that which currently exists.

Slowing the growth of sole parenthood

The number of sole parents is growing quite rapidly, by about 30,000 a year, so that today over one family in five has only one parent resident. Such growth itself could be seen as undesirable, if for no other reason than this growth drives the number of PPS recipients.

There are two possible ways in which changing the income security system in order to increase work force participation might be thought to slow the growth in sole parent numbers.

- First, it might make life as a recipient of PPS harder and less attractive, thereby discouraging separation. But separation is not a decision motivated by financial advantage. Short of very drastic changes, this would seem fairly unlikely to make any discernable difference to the current trend.
- A second but less direct effect on sole parenthood would be through influencing the family lives of sole parents so that they are less likely to remain sole parents. This might happen if higher levels of work and/or earnings make it more likely that sole parents will repartner.

Neither of these amount to a plausible basis for seeking to increase work force activity. Stemming the growth of sole parenthood seems unlikely.

Reducing sole parent dependency levels

A third rationale for Government action could be that the public perceives the growth in numbers of people visibly receiving income support (that is, base payments such as PPS rather than family payments alone). A Government response to this could be to adopt a target of reducing the 'dependency level' of sole parents, that is the number of people who rely on PPS.

The number of sole parents relying on income support is driven by the growth in sole parenthood and the extent to which sole parents are able to support themselves. Increasing work force activity of sole parents is seen as a possible way of reducing this second factor.

A problem from the point of view of the Government's target, however, is that sole parents who might be able to work more will in many cases not gain enough work or a high enough rate of pay to take them beyond the cut-out range of the base PPS (around \$23,000 pa).

What would be the effect if sole parents were to maintain full and part-time work in the levels which partnered women do? This would lead to a lift of less than 10 percentage points in each case; an additional 50,000 sole mothers would be in part-time work and a further 50,000 in full-time work.

However, women's pay rates are not high enough to move all of these mothers off base payments. Average part-time earnings for women are less than \$300pw. For full-time female workers, the mean is around \$680, but the bottom quintile earn less than \$485 pw (ABS 1998). Given the likely spread of earnings of these additional workers, many of whom would

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be moving into lower-paid occupations, the number of mothers to entirely move off PPS would probably be more like 30,000.

This should be compared with an annual increase in PPS recipients of around 15,000 over the last 10 years, levels which are forecast to increase (Newman 1999, p.20).

Any increase in sole parents' paid work would not take place overnight. It would take some time to be realised. Furthermore, most probably any programs to effect this increase would target families with older children, making the total impact lower.

If successful reform of the income security system is measured by the levels of sole parent dependency, then efforts to get sole parents to work more is likely to have only a small visible impact. The failure to address this growing problem could inspire a futile and damaging cycle of getting ever 'tougher' with the growing number of welfare dependents.

Making sole parents more effective competitors in the labour market

A fourth reason why the Government might wish to increase sole parent employment is that their skills are needed in the economy, or that their presence in the labour market will mean that there is greater competition for jobs where wages might otherwise rise too quickly and constrain growth.

From this perspective, the issue is whether there are barriers in the income security system which are suppressing labour supply and, if so, whether these are more urgent to address than barriers to entry by other groups (semi-retired, other women not in the work force, younger people, long-term unemployed).

The starting point for improving the situation may lie more elsewhere than the social security system: in the access of long-term jobless sole parents to training or in some cases to intensive assistance.

Ensuring sole parents are not locked out of the labour market and in future trapped in poverty

The final reason, and in the Brotherhood's view, the strongest reason for seeking an increase in labour force activity by sole parents is to avoid the individuals being unnecessarily locked out of the labour market and into long-term poverty.

This starting point suggests that levels or rates of reciprocity is not the central issue. The main intention must be to provide positive ways by which sole parents can enter or maintain paid employment in ways that allow them to care for their children.

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