

2. Parents

Background

Parenting Payment (PP) is an income support payment for low income people, both single and partnered, who have primary care of a dependent child aged under 16 years.

AWT aimed to encourage both social as well as economic participation for those on Parenting Payment.

The following AWT measures affected parents on income support:

- From September 2003, parents whose youngest child is aged between 13 and 15 years were subject to modest participation requirements of up to 150 hours of approved activities in each 26 weeks. Approved activities could include paid work, looking for work, participation in Job Network programs, education or training, volunteering and other activities designed to overcome an identified barrier to participation. At the same time, parents whose youngest child is aged between 6 and 12 years were required to attend a participation planning interview but participation was voluntary for this group.
- Parents were provided with more intensive support and services designed to help them with the transition to paid work or to contribute to their community. Personal Advisers, available for personal interviews from September 2002, aimed to provide better individual assessment and assistance to parents early so that they have the best chance of returning to work or staying involved in their community. Parents also had greater access to programs, such as Job Network and Transition to Work, designed to help them overcome barriers or gain paid work. More child care places were made available for outside of school hours care with better access to financial help with child care fees.
- AWT provided extra financial support for parents. From July 2002, parents gained access to Training Credits which could be used to cover the cost of accredited training. Training Credits accrue through participation in Work for the Dole or by undertaking community work activities. Working Credit, introduced from September 2003, was designed to allow more income support recipients take up paid work. The Language, Literacy and Numeracy Supplement, also introduced from September 2003, gave parents access to financial assistance to undertake literacy and numeracy training as part of their plan to return to work.

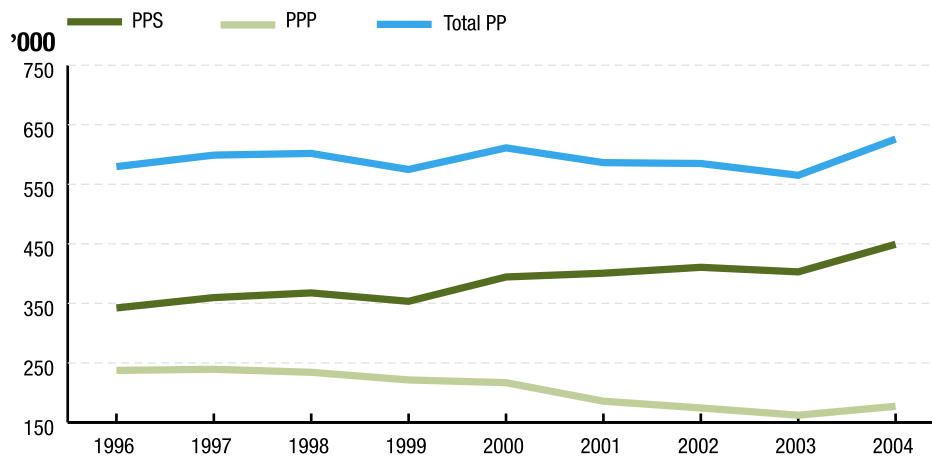
Income support reliance

Chart 3 shows the numbers of single parents in receipt of income support since the introduction of AWT has increased, while the number of partnered parents on income support remained steady.

The overall picture masks divergent trends between inflows and exits from income support for PP recipients.

Inflows to both PPS and PPP declined between 2002 and 2004 — by ten and eight percentage points respectively. The strength of the labour market is likely to have been a factor but it is not possible to isolate reasons for the reduction in new claims.

Chart 3: PP — population, June 1996 to June 2004



Source: Centrelink administrative data

Key:

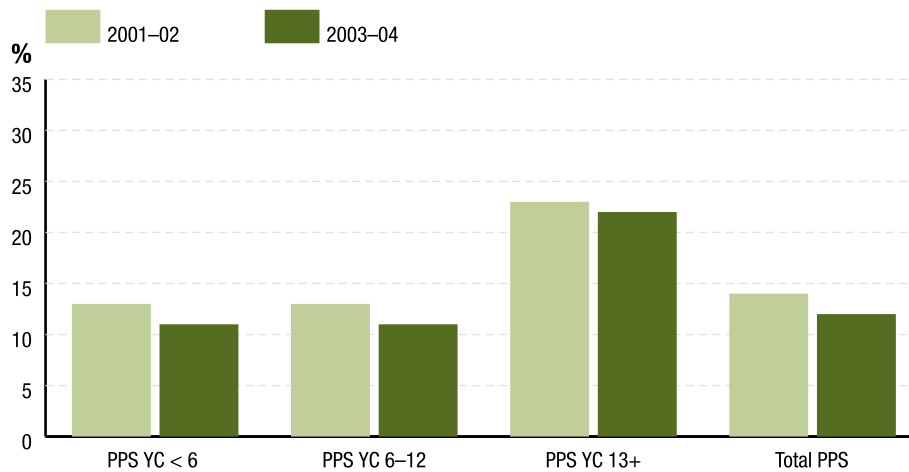
PPS = Parenting Payment single

PPP = Parenting Payment partnered

At the same time, however, exits⁴ from income support for both single and partnered recipients decreased post AWT (Charts 4 and 5). That said, there was less of a decrease for PP recipients

with a youngest child 13 or over, pointing to some positive impact of the increased participation requirements for this group.

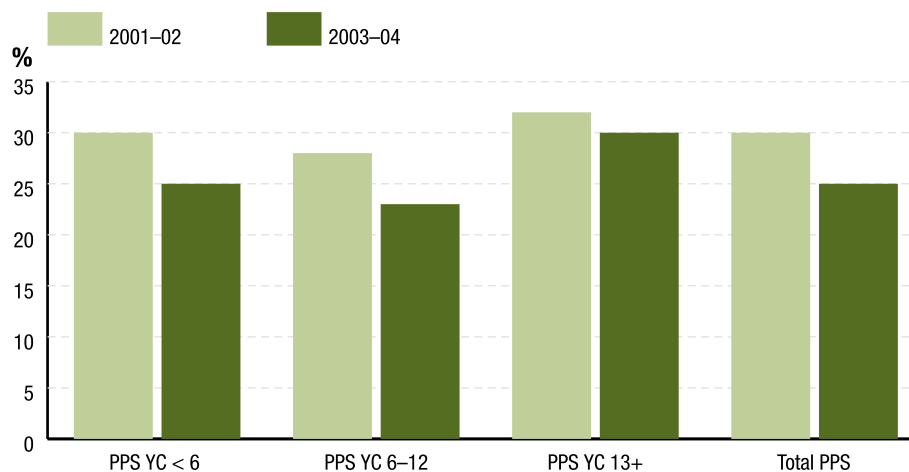
Chart 4: PPS — exits from income support, 2001–02 and 2003–04



Source: Centrelink administrative data

Key:
YC < 6 = youngest child is under 6 years old
YC 6-12 = youngest child is aged between 6 and 12 years old
YC 13+ = youngest child is aged between 13 and 15 years old

Chart 5: PPP — exits from income support, 2001–02 and 2003–04



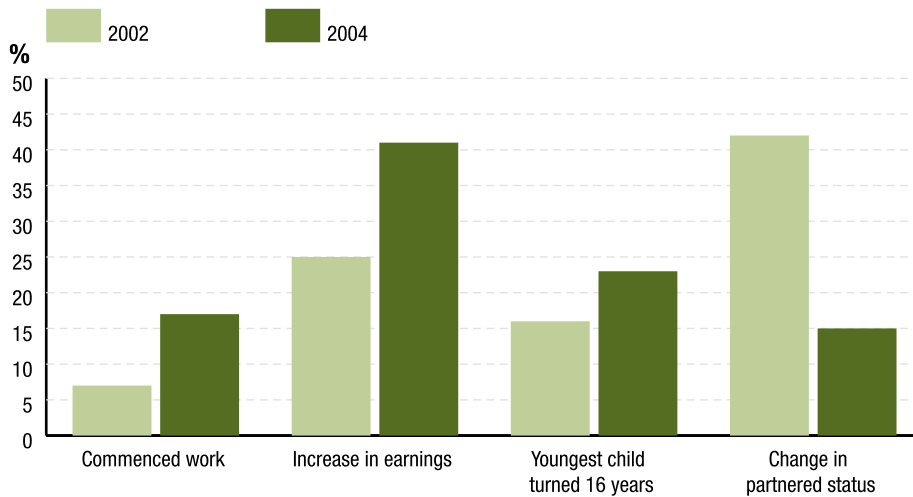
Source: Centrelink administrative data

⁴ Exits do not include PP recipients who exited due to death or reaching Age Pension age.

Parenting Payment New Claim Survey results indicate that since the introduction of AWT, of those parents exiting income support, more single and partnered parents did so

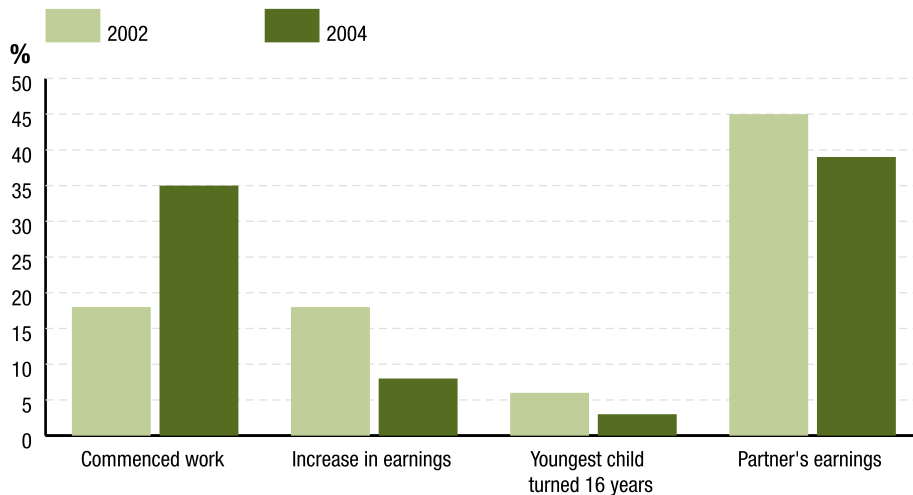
because of commencing paid work (Charts 6 and 7). The number of single parents who exited payment because of higher earnings also increased.

Chart 6: PPS — reasons for exits from income support, June 2002 and June 2004



Source: Parenting Payment New Claims Survey

Chart 7: PPP — reasons for exits from income support, June 2002 and June 2004



Source: Parenting Payment New Claims Survey

The proportion of parents who were heavily reliant on income support — that is, on income support for more than nine months in any year (Charts 8 and 9) did not decrease following the introduction of AWT. Indeed, the percentage of PP recipients who received income support for the entire year increased

— single parents from 70 to 74 per cent and partnered from 49 to 55 per cent. However, given the relatively short period between introduction of the AWT measures and measurement of outcomes in this report, this increase may not have been sustained in subsequent years.

Chart 8: PPS — income support receipt, 2001–02 and 2003–04



Source: Centrelink administrative data

Chart 9: PPP — income support receipt, 2001–02 and 2003–04



Source: Centrelink administrative data

Participation

Overall, the proportion of parents reporting earnings increased, albeit slightly, after the introduction of AWT. Significantly, parents who had participation requirements under AWT (that is, those with children aged 13 years or over) showed the largest increase of three percentage points compared with other parent groups with lesser obligations (Tables 2 and 3).

There was also an increase in the percentage of single and partnered parents who reported average fortnightly earnings from paid work over \$400, from 62 per cent in 2001–02 to 68 per cent in 2003–04 for PPS recipients and from 37 per cent in 2001–02 to 49 per cent in 2003–04 for PPP recipients. Although these changes can be partly attributed to the general increase in wages over the period, the largest percentage increase was for those single parents with participation requirements under AWT.

Table 2: PPS — per cent in paid work while on income support, 2001–02 and 2003–04

% reporting	PPS YC < 6		PPS YC 6–12		PPS YC 13+		Total	
	2001–02	2003–04	2001–02	2003–04	2001–02	2003–04	2001–02	2003–04
Fortnightly earnings from paid work	33	34	48	49	51	54	40	42
Of those with earnings:								
Distribution of fortnightly earnings^(a):								
Less than \$100	6	4	5	3	5	3	5	4
\$100 to \$399	36	33	31	26	28	23	33	29
\$400 and over	58	62	64	70	67	74	62	68

Source: Centrelink administrative data

(a) Not indexed for inflation

Table 3: PPP — per cent in paid work while on income support, 2001–02 and 2003–04

% reporting	PPP YC < 6		PPP YC 6–12		PPP YC 13+		Total	
	2001–02	2003–04	2001–02	2003–04	2001–02	2003–04	2001–02	2003–04
Fortnightly earnings from paid work	19	19	26	26	26	29	21	22
Of those with earnings:								
Distribution of fortnightly earnings^(a):								
Less than \$100	16	11	13	9	13	9	15	10
\$100 to \$399	48	41	48	41	47	40	48	41
\$400 and over	35	48	39	50	39	51	37	49

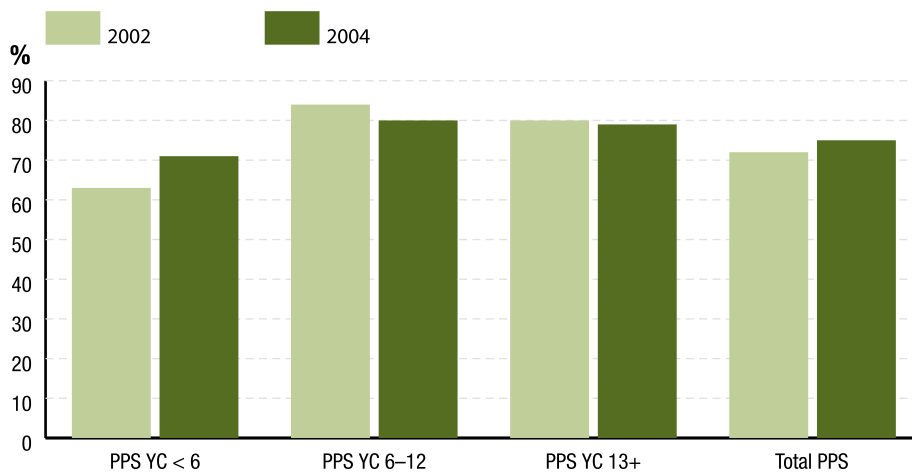
Source: Centrelink administrative data

(a) Not indexed for inflation

Job Network job placements for parents increased from 10 171 in 2001–02 to 13 658 in 2003–04. While this in part reflects the strengthening labour market over this period, greater access for parents to Job Network services as a result of AWT may also have been a factor.

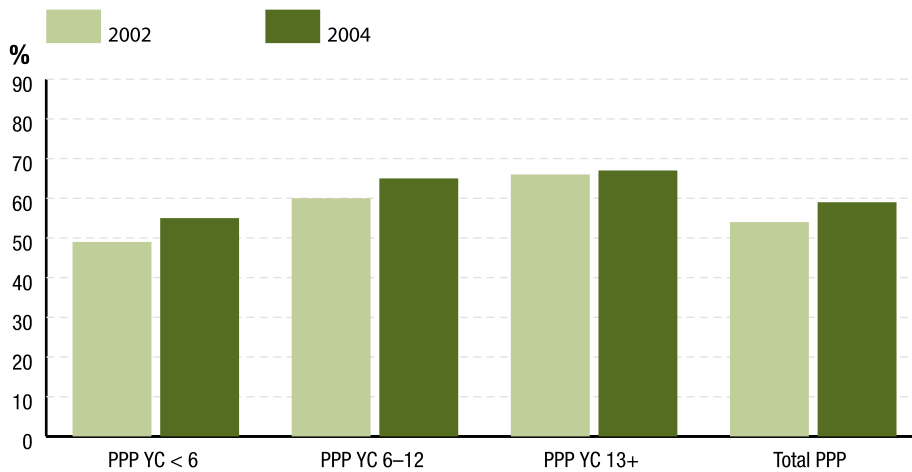
Parenting Payment New Claims Survey results indicate that among parents who were not working, more than 70 per cent of single parents and almost 60 per cent of partnered parents preferred to be working (Charts 10 and 11).

Chart 10: PPS — preference for work, June 2002 and June 2004



Source: Parenting Payment New Claims Survey

Chart 11: PPP — preference for work, June 2002 and June 2004



Source: Parenting Payment New Claims Survey

AWT appears also to have had some positive effect on the share of PP recipients participating in study or voluntary work. Such activities are often a first step towards gaining paid work.

Parenting Payment New Claims Survey results for June 2002 and 2004 showing the proportion of parents with participation requirements undertaking study increased by 10 percentage points to 23 per cent for PPS and five percentage points to 16 per cent for PPP. For PPS recipients whose youngest child was aged between six and 12 years and who had a requirement to have an interview with a Personal Adviser, the increase in those undertaking study was eight percentage points to 19 per cent. A similar change was not evident for partnered parents.

In 2002–03,⁵ 91 per cent of participants in the Transition to Work (TTW) program were parents. For those receiving income support in 2002–03, Post Program Monitoring surveys show that 32 per cent of PPS recipients and 33 per cent of PPP recipients were employed three months after leaving TTW. Also, 34 per cent of PPS and 25 per cent of PPP recipients were in education after 3 months.

In the Personal Adviser Evaluation survey, most parents who had attended an interview with a Personal Adviser, reported that they valued the personalised assistance they received. However, despite the positive motivational elements of the Personal Adviser service, the assistance was generally not enough to encourage people to find paid work and become less reliant on income support.

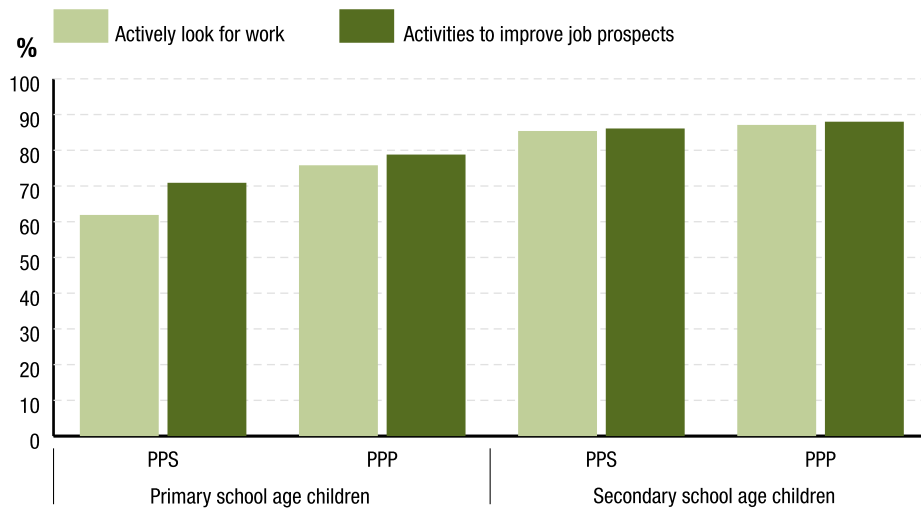
A qualitative study of parents found that both parents and children assessed the effect of the parent having activity requirements as positive overall. Parents and children welcomed the opportunities that participation requirements gave for greater child responsibility and mutual trust. However, there were lower reported levels of involvement in the child's school, homework, sporting or social activities.

Many parents also noted improvements in general wellbeing and optimism about the future. Parents noted that having a job made them a better role model and they valued the benefits of social connectivity for themselves and their children. Some parents also reported increased levels of stress and more time pressures.

⁵ Data limitations at the time of preparing this report means that it is not possible to report on 2003–04.

The community strongly supports single and partnered parents having to actively look for work and participate in activities to improve their job prospects (Chart 12).

Chart 12: Community support for participation requirements for PP recipients, 2004



Source: Customer and Community Attitudes survey

Conclusion

Overall, results show little change in levels of self-reliance and participation among PP recipients following the introduction of AWT.

By and large, this reflects the voluntary nature of most of the AWT measures, which were designed to encourage and assist income support recipients to move off welfare and into paid work. The very short time period between the introduction of the AWT measures and the preparation of this report also constrains the effectiveness measurements.

Significantly, however, some modest change in participation and self-reliance was evident for PP recipients with specific requirements to enter into a participation agreement and undertake up to 150 hours of approved activities in each 26 weeks.

Moreover, there appears to be strong support, both among income support recipients and in the broader community, for increased participation requirements for parents.