

fac making a difference

**What are the characteristics,
circumstances and aspirations of
parents new to Parenting
Payment?**

(Results from the New Claims Survey conducted by
the Social Research Centre for the Department of
Family and Community Services)

**AIFS Conference Presentation
12-14th February 2003**

**Anne Gregory
(Department of Family and Community Services)**

The opinions, comments and/or analysis expressed in this paper are those of the author and do not represent the views of the Minister for Family and Community Services or the Department of Family and Community Services, and cannot be taken in any way as expressions of government policy.



Commonwealth Department of Family and Community Services

What are the characteristics, circumstances and aspirations of parents new to Parenting Payment?

Little was known about new claimants for Parenting Payment, their pathways on to payment, their experiences, needs and aspirations. The Department of Family and Community Services has recently undertaken research to increase understanding in this area. The Parenting Payment New Claims Survey collected information from new claimants and a comparison group who had been in receipt of Parenting Payment for more than six months. The survey design allowed comparison of new claimants with existing customers, as previous research indicated new claimants may have different characteristics and stronger workforce attachment than people already on payment. This also provided an opportunity to collect baseline data before the implementation of the *Helping Parents Return to Work* initiative in September 2002.

Some Background

Parenting Payment is the income support payment provided to a parent with a low, or no, income who has main caring responsibility for a dependent child under 16. Sole parents receive Parenting Payment single, which replaced Sole Parent Pension. Partnered parents receive Parenting Payment partnered. Their partners may also receive income support, usually Newstart, but they may also be low wage earners. A single parent is able to earn more than the combined income of a partnered parent and their partner before losing eligibility for payment. Families receiving Parenting Payment also receive Family Tax Benefit.

The *Helping Parents Return to Work* initiative, is part of the Australians Working Together package, and builds on the Jobs, Education and Training program. It provides an extra \$250 million over four years to give parents on income support more assistance to make the transition from Parenting Payment to paid work as their children get older. It was developed in response to widespread concern about the effects on families of long term reliance on income support and the difficulties many parents who have been out of the work force for extended periods encounter when they seek to return to work.

The initiative includes an additional 15 minutes in the new claim interview to discuss planning for a return to work in the future and the assistance available. An information package, *Parents and Employment – A Guide to Support Your Workforce Participation*, is also given to parents. Parents who have been on payment for six months and whose youngest child is aged 12-15 receive an annual participation planning interview with a Centrelink Personal Advisor, who can also refer them to appropriate services and programs.

Design of the Parenting Payment New Claims Survey

A sample of parents granted Parenting Payment in the four weeks up to 22 March 2002, and parents who had received Parenting Payment for six months or more at 22 March 2002 was drawn from administrative data. Parents transferring between Parenting Payment single and Parenting Payment partnered due to a change in partnered status were included as ‘new’ claimants, as were parents who were claiming payment after a break in income support receipt. Parents were sent a letter informing them of the research and seeking their agreement to participate.

A sample of 2,444 was interviewed. The following proportions were targeted:

- 60% (1,466) new claimants and 40% (978) existing recipients;
- 50% Parenting Payment single and 50% Parenting Payment partnered; and
- One third parents with a youngest child aged 0-5, one third aged 6-12 and one third aged 13-15.

The first interviews were conducted in June and July and collected information on characteristics and circumstances, work and income support histories, activities and barriers, difficulties experienced and knowledge of services, and expectations, aspirations and perceptions.

A follow-up interview three months later when new claimants had been on payment for six months, collected information on any changes in circumstances, attitudes and activities. Five focus groups were held to collect qualitative information.

Findings

Findings reported here are largely based on results from the first interview and focus on the characteristics and circumstances of new claimants, pathways on to payment, difficulties experienced, perceptions about benefits of working and plans to return to work. Findings on activities and work and study preferences will be the subject of a separate paper.

Reasons for claiming payment are diverse

As expected, single parents were most likely to be coming on to payment due to breakdown in a relationship. The most common pathway for partnered parents was that their partner lost their job. In total, 60% of partnered parents are claiming payment for job related reasons - loss of a job or reduced earnings for their partner or themselves. Only 20% of partnered parents were claiming payment because they had a new baby.

New claimants have different characteristics

Findings established that new claimants do differ in some important ways from existing customers. They were younger by around three years, their children were younger and they were less likely to report a long term health issue that restricted them in everyday activities. While education levels were low for both new claimants and existing customers, a greater proportion of new claimants had completed Year 12.

One hypothesis is that new claimants might be part of a younger cohort with stronger labour force attachment. New claimants were more likely to have worked full time, and more likely to have worked in jobs classified as intermediate clerical or above. However, similar proportions of new claimants and existing customers had worked since leaving school (90%) and were working immediately before claiming payment (around 43%), so work histories are only slightly different.

Of particular interest is the finding that new claimants were more likely to be partnered than existing customers (just under a half of new claimants were partnered compared with a third of existing customers). Since the stock of Parenting Payment partnered recipients is declining, this means that partnered parents are moving off payment at a more rapid rate than single parents.

Few new claimants are new to income support

Another hypothesis is that few new claimants will be new to the income support system. Only 17% of new claimants had no history of income support and 60% had received Parenting Payment before. Of interest too is that new claimants were more likely than existing customers to have received income support before and to have multiple episodes of Parenting Payment.

After Parenting Payment, the most usual other previous income support payment was Newstart or Youth Allowance. A proportion of these would be people who were unemployed and already in the income support system when they become parents and then transferred to Parenting Payment. Others may have had a period of unemployment, left income support, become parents and then qualified at a later date for Parenting Payment.

Are many just moving between Parenting Payment single and Parenting Payment partnered?

As relationships begin and end and partnered status changes, many parents may simply be transferring between Parenting Payment single and Parenting Payment partnered, or vice versa. While 60% of new claimants had received Parenting Payment before, only thirty per cent of these were immediate transfers between Parenting Payment single and Parenting Payment partnered as partnered status changed. Immediate transfer was more common for Parenting Payment single recipients than Parenting Payment partnered, consistent with the reasons for claiming payment being mainly about relationships for single and mainly job related for partnered.

Most experience episodes on Parenting Payment interspersed with periods off Parenting Payment

For the other seventy per cent of parents with multiple episodes on Parenting Payment, there was a gap between spells of Parenting Payment, most typically less than a year. A likely experience for these parents would be spells in work for themselves or their partner, interspersed with spells on income support as jobs cease or earnings reduce. Another common experience would be re-partnering resulting in

increased household income that precludes eligibility for Parenting Payment, followed by a return to Parenting Payment when the relationship ends. A small proportion would be due to changes in care arrangements for children.

New claimants were more likely than existing customers to have experienced gaps between periods of Parenting Payment. This suggests that for new claimants, cycling between periods of Parenting Payment and some other means of support such as their own or their partners' earnings is a more common story than just changes in partnered status.

Many experience difficulties when they are first claiming payment

Parents were asked about the sorts of difficulties they experienced prior to receiving Parenting Payment. Single parents generally had a higher incidence of reported problems than partnered parents. Financial hardship was the most common difficulty experienced by all new claimants when they first claimed payment, with over 70% of both single and partnered parents reporting this. The next most common problems were emotional or stress related. Single parents were much more likely than partnered parents to report emotional or stress related problems.

Many see working as financially worthwhile and plan to return to work

New claimants not already working were asked what they thought the main advantage of working would be. 81% reported having more money and a more comfortable lifestyle as the main advantage, 12% the socialisation or communication with adults and 11% to improve their self confidence. Only 6% responded that there were no advantages.

When asked what the main disadvantage might be, 20% responded that there were no disadvantages. However, many worried about balancing work and family responsibilities. Over a third cited being away from children as the main disadvantage, 22% worried about not being able to fulfill caring responsibilities and 18% were concerned about childcare. Parents in the focus groups also expressed these concerns. These issues were less of a concern for parents with older children.

Eighty three per cent of new claimants not already working were planning to do so, 43% within the next year. The reasons for choosing the time frame nominated included in order of incidence: their youngest child in primary school, ready to send their youngest to child care, hope to find a job and be qualified by then.

New claimants were more likely than existing customers to be planning to return to work, as were single rather than partnered parents. Somewhat surprisingly, parents with younger children were more likely to be planning to return to work than those with older children. The group most likely to be planning to return to work were single parents with a youngest child under five.

When asked about assistance to help them find work, around half of new claimants were aware of the Jobs, Education and Training program, Job Network and Centrelink self help facilities. Around a third were aware of referral services for career counselling and disability employment services. Feedback from the focus groups was that parents were interested in getting more information about training possibilities and information they could take home.

Conclusions

Findings confirm that new claimants do have different characteristics from existing customers. They are also more likely to be partnered and the majority have a history of income support receipt. While a relationship ending is the most common pathway on to payment for single parents, a substantial proportion of partnered parents appear to be churning between work and income support as their partner's or their own earnings reduce. This is partly due to the comparatively less generous income test for partnered parents and also as in a partnered household there are two adults who might potentially find work.

Parents report that they were experiencing many difficulties when they claimed Parenting Payment prior to receiving payment. Emotional and stress related problems are a major concern for single parents. Even so, new claimants are very positive about the benefits of working, especially the financial benefits. Many are concerned about managing family and work responsibilities but still plan to return to work, especially those with young children.

