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Analysis of the impact increasing the rate and extending eligibility of Parenting Payment Single on financial living standards

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1 Introduction

According to the 2021 Census there were just over half-a-million single parent families with a dependent child under 15 years of age and just over 1.5 million people living in single parent families (Australian Bureau of Statistics (ABS) 2022). The vast majority of single parents are women. Single parent families experience much higher rates of poverty financial stress than couple parent families (Bradbury and Saunders 2021; de Gendre et al 2021; Phillips and Narayanan 2021).

Concerns about the high rates of poverty experienced by single parents are long standing and there has been a recognition of the importance of both ensuring that social security payments are adequate and that paid employment is vital for the welfare of many single parent over the longer-term.

Until 2006, single parents with a youngest child under 16-years of age were eligible to receive the sole parent pension (Parenting Payment Single (PPS)) which was paid at a higher rate than unemployment benefits. In 2003 participation and activity requirements were introduced and from 1 July 2006 eligibility for PPS was tightened so that eligibility ceased once the youngest child turned eight at which time single parents moved to the unemployment payment, which is paid at a substantially lower rate than the single parent payment. This was grandfathered so that those receiving PPS at the time of the change were allowed to continue until their youngest child reached the age of 16. The decision was subsequently made to end the grandfathering arrangements in 2013.

The gap between the unemployment and the higher rate pension payments (including the single parent pension) has been increasing due to differences in the indexation arrangements with the level of the unemployment payments indexed to the Consumer Price Index (CPI) and the pension indexed to wages. Generally, wages have increased at faster rate than the CPI in Australia and this has been the case for virtually all of the period since 2006. Furthermore, the level of the unemployment benefit which single parents with a youngest child over eight are eligible for has fallen relative to average earnings due to the differences in the indexation arrangements (Whiteford et al. 2018).

It is estimated by the Parliamentary Budget Office (PBO) that over the period from 2006-07 to 2018-19 the budget savings from the changes to payment eligibility and rates for single parents was \$5.089 billion.

Summers (2022) in a report into domestic violence and its consequences in Australia argues that the level of social security payments available to many single mothers are inadequate and that this means that some mothers remain in violent relationships because the alternative for themselves and their children is poverty. Summers recommends that the government should: extend eligibility of PPS to all single parents until their youngest child reaches 16 or is still in high school; increase the rate of PPS to be equal to the age pension single rate; and to align the indexation of PPS with the method of indexation of the Age Pension.

The ANU Centre for Social Research and Methods was commissioned by the Paul Ramsay Foundation to model the impacts on poverty and disposable household incomes of single parents and their children of the Summers Proposal.¹ The increase in the rate of PPS modelled is from the current rate (including the pension supplement) of \$941.60 per fortnight to the Age Pension rate of \$1,026.50 per fortnight.

¹ The authors are grateful to staff from the Paul Ramsay Foundation and Anne Summers for comments on an earlier version of the paper.

The Summers Proposal also increases eligibility for PPS for single parents with a youngest child aged up to 16 years of age or while their youngest child is still high school. This is an increase on the existing age limit of 8 years of age. The Summers Proposal is also to abolish activity/participation requirements for PPS.

The Summers Proposal in essence returns the level of income support payment for single parents with a youngest child aged less than 16 to the pre July 2003 situation of the payment being at a substantially higher rate than the unemployment benefit and their being no activity/participation requirement. The Summers Proposal however also increases the rate of PPS above the 2006 relativity to the Age Pension rate.

The modelling reported in this paper considers what the impact of these Proposals on single parent families: poverty rate and poverty gap; number in income poverty; and average household disposable (after-tax) incomes.

The fiscal costs to the Commonwealth budget of the proposed changes are also modelled. The modelling of the impacts on the economic position of single parent families is for the 2023/24 financial years and the costings relate to the four years from 2023/24 to 2026/27 (i.e. the forward estimates).

The paper also provides a summary of the trends in employment rates, hours of paid employment and poverty rates for single mothers and how this compares to couple mothers with dependent children.

2 Methodology

The impact of the proposed changes the rate of PPS and eligibility conditions are modelled using the ANU PolicyMod microsimulation model of the Australian tax and transfer system. This model is based on the ABS Survey of Income and Housing for 2017-18, which has been adjusted to reflect as accurately as possible the projected population in 2023-24 and the three subsequent financial years.² These adjustments have been made using a range of administration data and official statistics and budget forecasts and projections.

The PolicyMod microsimulation model simulates the current policy settings of the vast bulk of the Australian tax and transfer system. It is used to simulate the incomes of households once the planned social security and tax system changes have been implemented and to compare these to what we estimate the incomes of households would have been in the absence of the policy changes. This allows the overall fiscal impact of policy change to be modelled and the distributional impact for Australian households to be estimated.

For the modelling of the Summers Proposal, which has no activity/participation requirements for PPS, eligibility is based on application of the current PPS income and asset test.

The modelling is static which means that it is assumed that there are no behaviour changes, which would affect labour decisions and hence household incomes and poverty. It is also assumed in the modelling that the changes will not affect decisions of women to leave relationships and hence become single parents or the incentives for single parents to re-partner.

² The most recent ABS income survey is for 2019-20. However, the unit record file for this survey, which is needed for the microsimulation model, has only very recently been available and there has been insufficient time to update PolicyMod to the most recent income survey.

Poverty is measured using a relative income poverty concept with the poverty line being set at half of the median equivalised household disposable income (that is after tax and social security payments) are taken into account. Equivalising income is a process of adjusting the incomes of households of different sizes and compositions in order to take account differences in the costs of living and are designed to allow the financial living standards of households to be compared.³

There is a debate in the literature as to whether poverty should be measured before deducting housing costs from disposable income (before-housing-cost poverty) or whether it should be measured after deducting housing costs (after-housing-cost poverty). Both measures have advantages and disadvantages with the argument for the after-housing-cost measure being because housing costs are essential and are generally difficult to change in the short to medium term and thus income is an imperfect measure of living standard and poverty (Bradbury and Saunders 2021; Johnson and Webb 1992). Given that there is no consensus as to which is the better measure, the impacts of the proposed policy change on both the before and after-housing-cost poverty measures are reported.

The poverty gap is a similar concept to the poverty rate except that it is based on whether a household is in poverty and if so the depth of the poverty. The poverty gap is the dollar shortfall below the poverty threshold.

3 Results of modelling of the impact of proposed changes to PPS

This section summarises the key results of the modelling of the impact of the Summers Proposal.

3.1 Impacts by family type

Table 1 reports the modelled impact of the proposed changes on poverty and disposable incomes according to family type for the Summers Proposal. Only single parent families are impacted with other family types provided as a point of comparison. The results are reported for the “Base World (2023)” which is the no policy change world and the modelling of what would happen if the proposal were to be implemented in 2023/24.

In the Base World (2023) the maximum rate of PPS is \$976 per fortnight and the maximum rate of JobSeeker Payment for single parents is \$755.80 per fortnight. Under the Summers Proposal these increase to \$1,080.40 per fortnight.

For single parents, the after-housing-cost poverty rate in the absence of policy change is 34.2% cent. If the Summers Proposal were implemented the modelling suggests that the poverty rate would be reduced to 25.0%. While this is a substantial reduction in the rate of poverty, it remains much higher than for couple with dependent children families who have an after-housing-cost poverty rate of 7.7%. The Summers Proposal would reduce the number of persons living in single parent families in after-housing-cost poverty by 197,000 from 731,000 to 535,000 and the number of children in single parent families experiencing after-housing-cost poverty would fall from 337,000 to 229,000. The poverty gap would be reduced from \$2,171 equivalised dollars per annum to \$1,491 per annum. Finally, the average disposable household income of single parent families would increase from \$1,453 per week in the Base World to \$1,518 if the proposed changes to PPS were to be implemented.

³ In this paper the OECD equivalence scale, which takes the value of 1 for the first adult, adds 0.5 for each subsequent adult and 0.3 for each child is used.

The before-housing-cost poverty rate is lower than the after-housing-cost poverty rate. Particularly for single parent families. In the absence of policy change the before-housing-cost poverty rate for single parents is 17.8% and if the Summers Proposal were implemented it is estimated that the before-housing-cost poverty rate would be reduced to 11.8%.

Table 1. Impact of proposed changes to PPS on poverty and household disposable income, by family type, 2023/24 (Summers Proposal)

Family Type	Base world (2023)							Summers Proposal (2023)						
	After-housing-cost poverty			Before-housing-cost Poverty				After-housing-cost Poverty			Before-housing-cost Poverty			
	Rate (%)	Persons ('000)	Children ('000)	Poverty gap (\$pa)	Rate (%)	Persons ('000)	Disposable household income (\$pw)	Rate (%)	Persons ('000)	Children ('000)	Poverty gap (\$pa)	Rate (%)	Persons ('000)	Disposable household income (\$pw)
Couple with children	7.7	815	352	819	4.4	471	2,964	7.7	815	352	819	4.4	471	2,964
Single Parent	34.2	731	337	2,171	17.8	380	1,453	25.0	535	229	1,491	11.8	253	1,518
Couple Only	10.1	618		849	9.2	566	2,116	10.1	618		849	9.2	566	2,116
Lone Person	18.6	479		1,592	11.6	299	1,020	18.6	479		1,592	11.6	299	1,020
Other/Group	18.5	992	13	3,631	5.5	292	2,443	18.5	992	13	3,629	5.5	292	2,446
<i>Total</i>	13.6	3,635	702	1,562	7.5	2,009	2,070	12.8	3,439	593	1,517	7.0	1,882	2,074

Notes: The poverty line for the after-housing-cost calculation is \$826 per fortnight and the poverty line for the before-housing-cost calculation is \$991 per fortnight. Both poverty lines are based on all households using person weighted estimate of median equivalised income. Households in bottom 2% of income distribution not in poverty as per the recommended Australian Bureau of Statistics approach. Poverty gap is measured in equivalised income terms.

Source: ANU PolicyMod

3.2 Impacts by main source of household income

Table 2 report the modelled impact of the Summers Proposal by main source of income (population is all households whose main source of income is the particular category). The table also report the differential impacts for single parent families whose main source of income is Working Age Pensions (including PPS) and households whose main source of income is unemployment payments (JobSeeker/Youth Allowance). This distinction is important because the increases in payment is greater for those who are currently eligible for JobSeeker/Youth Allowance than for those with younger children who are eligible for PPS or who receiving another Working Age Pension such as the Disability Support Pension (DSP).

There are small effects for households whose main source of income is wages with the after-housing poverty rate for this group being reduced slightly from 7.3% to 7.0%. The small impact on this group is to be expected because only a small proportion are single parent households and because the increase in benefit level for single parents whose main source of income in wages would be, on average, relatively small. Similarly, there is a slight reduction in poverty for households whose main source of income is business income (after-housing-cost poverty rate decreased from 22.7% to 22.2%).

There are larger decreases in the after-housing-cost poverty rate for households whose main source of income are Working Age Pensions (42.2% to 38.5%) and whose main source of income is Jobseeker/Youth Allowance (86.7% to 85.0%). There is a much larger decrease in the poverty rate for households whose main source of income is Other Welfare with poverty rate being reduced from 61.6% to 48.4%. The larger reduction in the poverty rate for this group is due to a higher proportion of the group being single parents and the poverty gap in the Base World being smaller for this group and hence an increase in benefit is more likely to bring their income above the poverty threshold. The group whose main source of income is Other Welfare includes single parents who have some earnings, which means that they receive part-rate income support but who still receive substantial amount of Family Tax Benefit (FTB) payment.

While the before-housing-cost poverty rates are lower, the overall conclusions about the impact of increasing the generosity and coverage of PPS are similar to those for the after-housing-cost poverty measure.

Focussing on single parent families, the after-housing-cost poverty rate of those whose main source of income is Working Age Pensions including PPS⁴ would fall from 55.4% in the Base World to 44.6% if the Summers Proposal were to be implemented. The number of people living in single parent families whose main source of income is Working Age Pensions experiencing after-housing-cost poverty would be reduced from 239,000 to 192,000 and the poverty gap would fall from \$2,918 equivalised dollars per annum to \$2,507 per annum. For this group there would be a relatively small increase in disposable household income from \$1,104 to \$1,143 per week.

For single parent families who in the base world are receiving JobSeeker/Youth Allowance the after-housing-cost poverty rate is very high at 89.1% with 62,000 persons in poverty. While the Summers Proposal would substantially increase average household disposable income from \$786 per week to \$936 per week, the poverty rate remains very high at 77.4%. For this group of single parent families who currently receive JobSeeker/Youth Allowance, the reduction in

⁴ Does not including JobSeeker/Youth Allowance, which are allowance payments rather than pension payments.

before-housing-cost poverty is much larger falling from 57.2% to 34.4%. There is also a substantial reduction in the poverty gap from \$7,805 equivalised dollars per annum in the Base World to \$4,057 if the Summers Proposal were implemented.

Table 2. Impact of proposed changes to PPS on after-housing-cost poverty and household disposable income by main source of income, 2023/24 (Summers Proposal; no activity test)

	Base world (2023)							Summers Proposal (2023)						
	After-housing-cost poverty				Before-housing-cost Poverty			After-housing-cost poverty				Before-housing-cost Poverty		
	Rate (%)	Persons ('000)	Children ('000)	Poverty gap (\$pa)	Rate (%)	Persons ('000)	Disposable household income (\$pw)	Rate (%)	Persons ('000)	Children ('000)	Poverty gap (\$pa)	Rate (%)	Persons ('000)	Disposable household income (\$pw)
Main Source of Income														
Wages	7.3	1,333	225	946	2.3	414	2,450	7.0	1,283	208	922	2.1	387	2,454
Business	22.7	275	82	2,985	15.5	187	1,929	22.2	269	79	2,939	15.4	187	1,935
Working Age Pensions (inc PPS)	42.2	533	125	2,899	17.4	220	935	38.5	487	98	2,801	15.3	194	945
Age Pension	16.9	446	0	1,266	13.9	368	793	16.9	446	0	1,266	13.9	367	793
JobSeeker/Youth Allowance	86.7	413	48	10,554	52.9	252	678	85.0	405	44	10,152	49.6	236	697
Other Welfare	61.6	348	200	3,770	49.3	278	1,056	48.4	273	147	2,870	40.1	226	1,133
Other Income (eg Shares)	12.4	287	21	2,094	12.5	288	2,877	12.0	276	17	2,073	12.3	284	2,879
Single Parents Only														
Working Age Pensions (inc PPS)	55.4	239	104	2,918	18.4	79	1,104	44.6	192	77	2,507	12.3	53	1,143
JobSeeker/Youth Allowance	89.1	62	24	7,805	57.2	40	786	77.4	54	20	4,057	34.4	24	936

Notes: The poverty line for the after-housing-cost calculation is \$826 per fortnight and the poverty line for the before-housing-cost calculation is \$991 per fortnight. Both poverty lines are based on all households using person weighted estimate of median equivalised income. Households in bottom 2% of income distribution not in poverty as per the recommended Australian Bureau of Statistics approach.

There are many households who receive a range of social security payments for which their adult payment may not be the main source of income (eg could be family payments or wages).

Poverty gap is measured in equivalised income terms.

Source: ANU PolicyMod

3.3 Fiscal cost

Table 3 shows the estimated fiscal cost of the proposed changes to PPS in 2023/24. It also shows the total number of single parents receiving PPS and JobSeeker in the current world and if the Summers Proposal were implemented. In order to provide more information on how the changes impact the numbers receiving PPS and JobSeeker, the cost and numbers of single parents receiving PPS and JobSeeker for rate change only and eligibility change only are also reported in the table.

In 2023/24 the additional cost to the Commonwealth Budget would be \$2.65 billion increasing to \$2.81 billion in 2026/27. The cost of increasing the rate of PPS but not changing the eligibility conditions is estimated to be \$0.63 billion in 2023/24 and the cost of changing the eligibility conditions only is \$1.41 billion in 2023/24.

As shown in Table 3, the fiscal cost results from the increase rate of PPS as well as the increased numbers in receipt of PPS due to eligibility being extended to single parents with a child under 16 or a child still at a high school and continued receipt of PPS to higher levels of earned income due to the operation of the income taper rate.

The total additional cost over the four years of the forward estimates is \$10.91 billion (\$2.65 billion 2023/24, \$2.71 billion in 2024/25, \$2.74 billion in 2025/26 and \$2.81 billion in 2026/27).

Table 3. Fiscal cost and number of single parents receiving PPS and JobSeeker, 2023/24

	Base World (2023)		Summers Proposal (2023)	
		Rate and eligibility change	Rate change only (PPS and JobSeker)	Eligibility change only
PPS	234,600	488,400	260,300	446,600
JobSeeker single parent	100,300	0	101,400	0
Additional cost		\$2.65 billion	\$0.63 billion	\$1.41 billion

Source: ANU PolicyMod

Note: The components 'Rate change only' and 'Eligibility change only' do not sum to the total 'Summers Proposal' as these two components interact.

One factor not taken into account in the costing of the Summers Proposal is the potential effect of enabling some women to leave violent relationships that they would otherwise not be able to leave for financial reasons. This would increase the number of single parents and hence the number receiving PPS. This would increase the total fiscal cost of PPS. The impact of such an increase in single parents has not been modelled due to a lack of data on how many mothers would be enabled to leave violent relationships by the increased social security payments.⁵ It is also worth noting that there are no restrictions on the number of

5 Summers (2022), using data from the ABS Personal Safety Survey estimates that in 2016 there were 22,600 women who say they would like to leave a violent relationship and who said that that a lack of money and financial support was the main reason they were unable to leave. Summers estimates that there are a further 12,000 women who had temporarily left their violent partner but had later returned because they had no money or nowhere else to go. These estimates, however, do not provide a basis for forecasting how many women might leave violent relationships due to an increase in their social security payments. First, Summers estimates include women who are childless and women with grown up children who would not be eligible for the more generous PPS. Second, It also unclear for how many mothers with dependent children currently in violent relations the proposed increase in PPS would be sufficient to allow them to leave, particularly given that the rates of poverty and financial hardship would still remain high, There are also inherent limitations of survey responses

people who can receive social security payments provided they meet the eligibility requirement and that the additional cost to the social security system would be relatively small in the context of total social security expenditure.

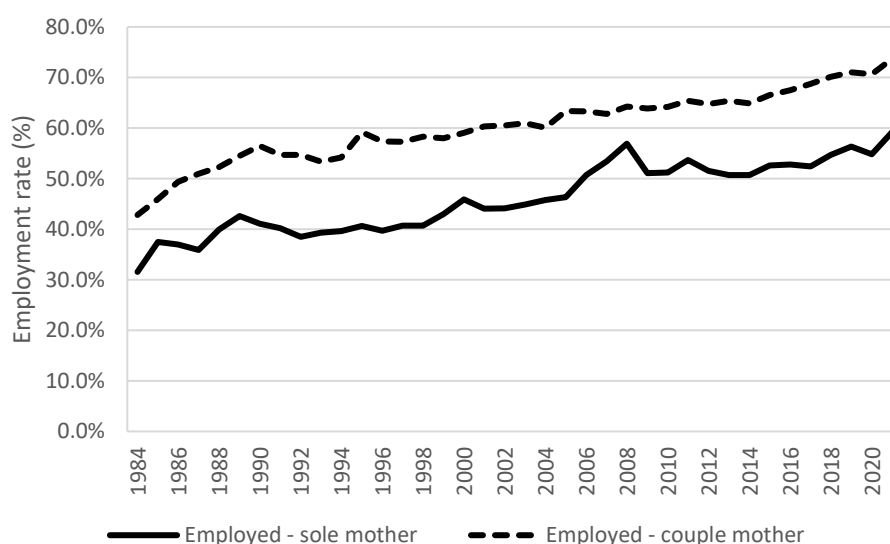
4 Longer-term trends in employment and poverty

4.1 Employment trends

This section provides an overview of the employment trends of Australian single-mothers and couple mothers over the period 1984 to 2021.⁶

Figure 1 shows the trend in the employment to population rate for single and couple mothers with a dependent child aged less than 15. Employment rates of single and couple mothers have increased dramatically over this period (Figure 1). The trends for single and couple mothers with a youngest child aged 0-14 years are broadly similar. Between 1983 and 2021, the employment rate of single mothers increased by 27.7 percentage points and for couple mothers it increased by 30.9 percentage points. Couple mothers have always had a higher employment rate than single mother over the period 194 to 2021.

Figure 1. Employment rates of single and couple mother, youngest child aged 0-14 years, 1984 to 2021



Source: ABS survey Labour Force Status and Other Characteristics of Families, Various years.

Figure 2 shows the part-time and full-time employment rates (as a percentage of the population) of single and couple mothers with a youngest child aged 0-14 years since 1984. For both single and couple mothers there has been a growth in part-time and full-time employment rate since 1984, with a slightly larger increase in full-time employment for couple mothers with a child under 15 years and a slightly larger increase in part-time employment for single mothers with a youngest child under 15 years of age than for couple mothers.

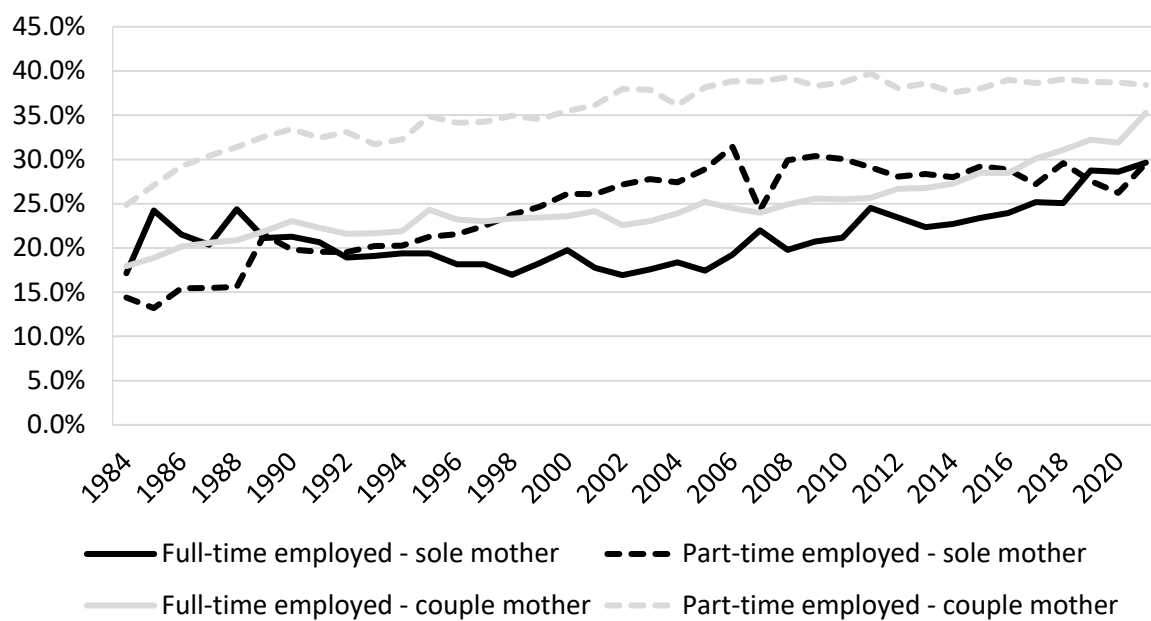
Looking only at the period since the 2006 Welfare to Work reforms, for both single and couple mothers all of the employment growth has been in full-time employment, with part-time

to this kind of question as a guide to how actual behaviour would be changed by a change in payment rate.

⁶ The analysis of trends in employment, poverty and financial hardship drawn from forthcoming work by Matthew Gray, David Stanton and Matthew Taylor.

employment rates falling. For single mothers with a dependent child under 15 years of age the full-time employment rate increased by 10.4 percentage points and the part-time employment rate decreased by 1.9 percentage points. For couple mothers the full-time employment rate increased by 10.8 percentage points and the part-time employment rate decreased by 0.4 percentage points.

Figure 2. Part-time and full time employment rates of single and couple mothers with a dependent child less than 15, 1984 to 2021



Source: ABS survey Labour Force Status and Other Characteristics of Families, Various years.

4.2 Poverty trends

This section reports poverty rates for single mothers with a dependent child less than 15 and couple parent families with a dependent child less than 15. Figure 3 reports the after-housing-cost poverty rate for the period 1988-89 to 2019-20 and Figure 4 the before-housing-cost poverty rates.⁷

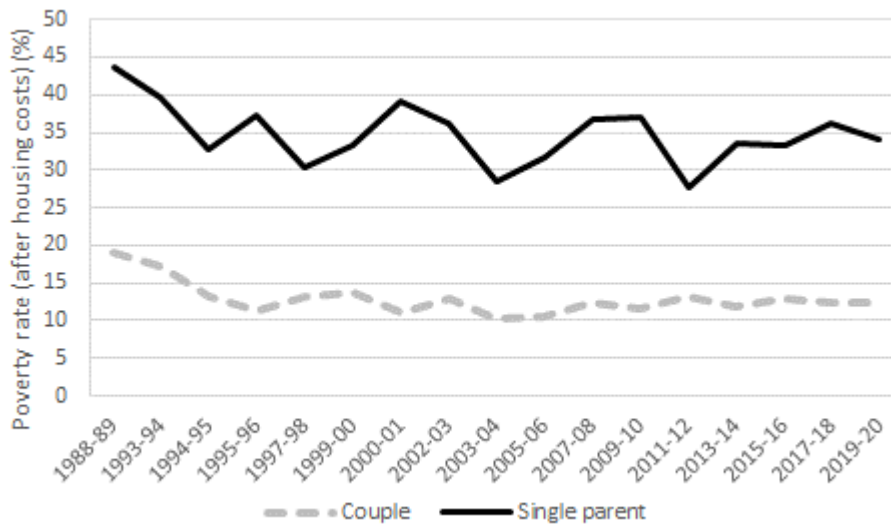
Focusing first on after-housing-cost poverty, over the entire period the rate of poverty experienced by single parents is much higher than that experienced by couple families with a dependent child less than 15-years of age. For both couple and single parent families there was a decline in the poverty rate between 1988-89 and 1993-94. Since 1993-94 the poverty rate of single parent families has fluctuated (probably partially due to the relatively small sample size of single parent families in some of the surveys, but there is no clear evidence of a decline or increase in the poverty rate. For couple parent families with dependent children the fluctuations in the poverty rate are smaller and there is no clear trend.

The rates of poverty using the before-housing-costs measure are lower than the after-housing-

⁷ The construction of the poverty rates reported in this section excludes households with negative income or households where there is a self-employed person in the household. This follows the approach taken by Bradbury and Saunders (2021). This exclusion criteria differs to that used in the microsimulation modelling reported above which excludes the bottom 2% cent of income in calculating the poverty threshold and assumes these households have an equivalised household income above the poverty threshold.

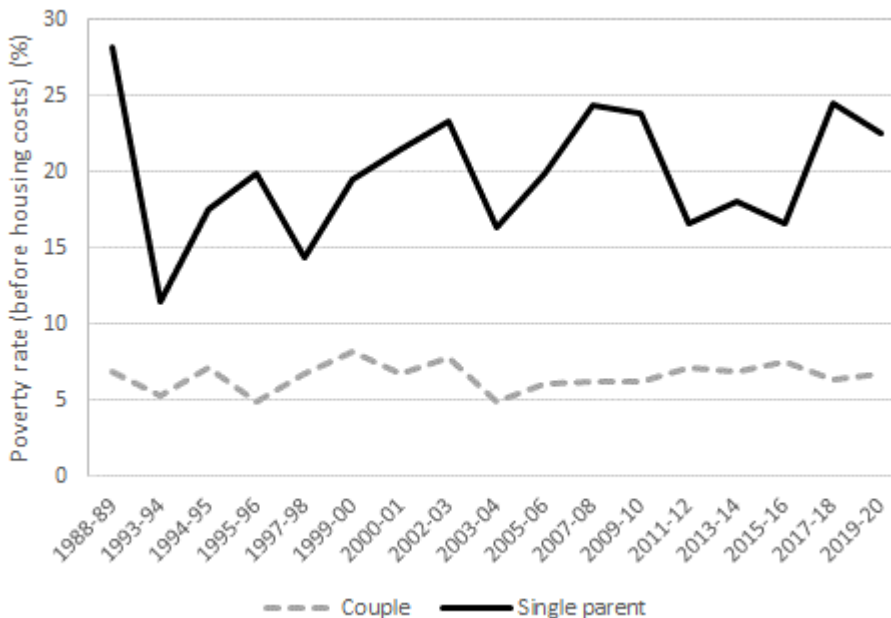
cost measure for both couple and single parent families with dependent children aged less than 15. However, the overall picture of no clear trend in the poverty rate for either single or couple parent families with dependent children holds for both the before- and after-housing-cost poverty measures.

Figure 3. Poverty rate, after-housing housing costs, single mothers and couple parent families with a dependent child less than 15, 1988-89 to 2019-20



Source: Survey of Income and Housing, Various years; Household Expenditure Survey, Various years.

Figure 4. Poverty rate, before-housing housing costs, single mothers and couple parent families with a dependent child less than 15, 1988-89 to 2019-20



Source: Survey of Income and Housing, Various years; Household Expenditure Survey, Various years.

4.3 Financial hardship trends

The ABS Household Expenditure Surveys and the latest Survey of Income and Housing include questions on the experience of financial stress. These surveys include a question that asks about experience of the following seven financial stresses:

- 1 Whether could not pay gas/electricity/telephone bill on time due to shortage of
- 2 Whether could not pay registration/insurance on time due to shortage of money
- 3 Pawned or sold something due to shortage of money
- 4 Unable to heat home due to shortage of money
- 5 Assistance sought from welfare/community organisations due to shortage of money
- 6 Sought financial help from friends/family due to a shortage of money
- 7 Went without meals due to a shortage of money

The 2019-20 SIH included all seven items, but the variable “Went without meals due to a shortage of money” does not appear to be available on the file used for the analysis. Trends in the experience of financial hardship excluding the time “Went without meals due to a shortage of money” are therefore reported.

Table 5 shows the average number of the six financial hardships for single mothers with dependent children and couple parent with dependent children households for the period 1998-99 to 2019-20.

Single mothers experience more financial hardships than couple parent families with dependent children over the period 1998-99 to 2019-20 and the difference has been largely unchanged over this period.

Table 5. Average number of financial hardships experienced, single mothers and couples with dependent children, 1998-99 to 2019-20

	Single	Couple
	Average number of hardships (out of a list of six)	
1998-99	1.5	0.6
2003-04	1.5	0.5
2009-10	1.3	0.4
2015-16	1.1	0.3
2019-20	1.4	0.4

Source: ABS HES 1998-99, 2003-04, 2009-10 and 2016-16. ABS IDS 2019-20.

5 Conclusion

The modelling of the Summers proposed changes to PPS shows that they would result in increases in disposable household incomes for many single parent families with substantial increases for the lowest income single parents who current receive JobSeeker/Youth Allowance unemployment payments. The changes would also reduce the rate and depth of poverty experience by single parents and their children. While the number of single parents and their children who would move out of poverty depends on the specific poverty measure used, the modelling reported in this paper suggests that it could be between about 127,000 and 197,000. The modelling also shows that the average disposable household incomes of single parent families would increase from \$1,453 to \$1,518 per week, an increase of 4.5%. Focusing on single parents with a child aged eight or older who are currently eligible to receive JobSeeker/Youth Allowance but not PPS, the Summers Proposal would increase average disposable household incomes from \$786 to \$936 per week, an increase of 19.1 per cent.

The evidence is that, in addition to having lower incomes and being more likely to experience poverty and a range of financial hardships, the health and wellbeing of single mothers, is on average, lower than for partnered mothers with dependent children. This includes poorer mental health, poorer physical health, and to be living with a disability and importantly as Summers (2022) shows single parents experience high rates of violence, including from their ex-partner(s).⁸ Single parents also have much lower levels of household wealth.

While single parents have, on average, lower levels of economic, health and wellbeing than partnered mothers with dependent children, it is important to recognise that the women who separate/divorce have lower levels of wellbeing prior to divorce than do women who remain partnered (e.g., de Vaus et al. 2010; de Vaus et al. 2017).

There are large number of studies that find that the experience of poverty, particularly over an extended period-of-time, is associated with lower levels of health and wellbeing of both adults and children. The literature also finds that experiencing poverty as a child is associated with poorer outcomes in adulthood and that the effects can increase with age. There are some Australian studies into the impacts of poverty and a very large number of studies for other OECD countries. There, however, is uncertainty about the extent to which the negative relationship between poverty and health and wellbeing is due to the effect of low income on health and wellbeing or the extent to which there are a set of other factors that led to low income and poverty and worse outcomes for parents and their children (Warren 2017). Both factors are obviously present.

Increases in income and reductions of poverty experienced by single mother and their children would improve other aspects of wellbeing, including mental and physical health and improved developmental and educational outcomes for children. To the extent that these are realised there would be economic benefits from reduced government expenditures related to health and social issues and increased future employment and income for the mothers and their children.

⁸ Data on mental health from the Household, Income and Labour Dynamics in Australia (HILDA) Survey and the ABS National health Survey... Data on disability from the ABS National Health Survey. Data on physical health from HILDA and the ABS National Health Survey. Data on household wealth from HILDA.

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