Single Parent Analysis – Recent Trends and Future Prospects

Ben Phillips
Principal Research Fellow, NATSEM
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Overview

- Living standards trends for single parents
- Overview of labour market outcomes for single parents
- Budget impacts for single parents
Living Standards

- Living standards = equivalised disposable income/cost of living cost
- Cost of living calculated for different family types
- Equivalised income at household level calculated in STINMOD using policies and data of the day.
• Shift single mothers from PPS to NSA once youngest child turns 8.
• Slow burn (grandfathering) from July 2006.
• Trend was underway from 2005 away from PPS
• Accelerated from 2013
• PPS recipients – many to NSA and some to employment
STINMOD

- Living standards and income analysis relies on the STINMOD model
  - STINMOD04, STINMOD13 and STINMOD14
- STINMOD – microsimulation model of Australian Tax and Transfer system
- Based on actual families in ABS Income surveys
- Simulates taxes and transfers for families in Australia
- Updates old survey data to 2014-15 and forward estimates.
- For policy best used for analysis of understanding a package of policy change as occurs in budgets.
- Also used for understanding distribution of existing policy and income levels.
Income Source Growth – 2004 to 2024
Figure 2a Living Standard Growth by Family Type

- Couple with children: 38.4% (2004-2014) and 5.6% (2014-2024)
- Couple Only: 20.5% (2004-2014) and 0.4% (2014-2024)
- Single parent: 14.9% (2004-2014) and 1.1% (2014-2024)
- Lone Person: 18.5% (2004-2014) and 1.1% (2014-2024)
Figure 2c Equivalised Disposable Income by family type $2004 pw
Figure 2d Living Standard Growth by Family Type, low-income households only

- Couple with children: -3.2% growth
- Couple Only: -3.5% growth
- Single parent: 18.0% growth
- Lone Person: 13.6% growth

2004-2014 Growth: 14.7%
2014-2024 Growth: -3.1%
Participation Rates, ABS Labour Force (Trend)
Average Hours Worked for employed persons, ABS Labour Force (Trend)
Major Budget changes impacting single parents modelled in STINMOD

- Family payment reductions
- Freeze eligibility thresholds for DSS payments
- Child care increases (for most) – 86% better off, 14% worse off for single parents – better than couples with kids
- Family payment drop dwarfs the child care benefit increase
- Petrol excise increase (more so in latter years)
- No 2015-16 tax cuts

- Couple/Children Q1: -0.2% - 0.1%
- Couple/Children Q2: -0.6%
- Couple/Children Q3: -0.5%
- Couple/Children Q4: -0.9%
- Couple/Children Q5: -0.7%
- Couple Only Q1: -0.4%
- Couple Only Q2: -0.1%
- Couple Only Q3: -0.7%
- Couple Only Q4: -0.2%
- Couple Only Q5: -0.1%
- Single Parent Q1: -3.9%
- Single Parent Q2: -3.5%
- Single Parent Q3: -3.0%
- Single Parent Q4: -0.2%
- Single Parent Q5: -0.7%
- All: -0.7%
Single Parent, 8/12 year old
Single Parent, 8/12 year old

Average Marginal Tax Rate, 2018-19

![Graph showing average marginal tax rate for single parents in 2018-19, comparing pre-budget and post-budget scenarios. The graph illustrates the percentage increase in tax rate across different income brackets.](image-url)
Household After-Housing Poverty Rates, STINMOD
Summary

• Single parents have the lowest income of family types – 2/3rds that of couples with kids.

• Standard of living has grown by 8 % pts less between 2004 and 2014 than all families and much less than couples with kids.

• Living standards for single parents expected to grow less than all families and low income SPs to go backwards.

• Overall employment rates little changed since WTW in 2006, hours up slightly.

• Weak growth in private income but government payments have grown strongly (FTB/SKB)

• Budget impact from reductions in family payments very significant for single parents and no improvement to effective tax rates – in fact worse.
Thank You