

## CHAPTER 6

### Income support

*An equitable income support system is vital for women's economic security across the life course.*

Agnes, a sole mother of two, was employed on a short-term contract during school terms. While she was partnered this arrangement worked well as it allowed her to care for her children in the school holidays, but when she became a sole parent she relied on income support when work was not available. She explained: 'The last two weeks I haven't had any income ... without Centrelink we'd be dead!' – Job Pathways, 2011<sup>85</sup>

Peter Whiteford and his co-authors observe that the changes to the income support provided to Australian families have reflected 'changes in the social structure, the labour market, attitudes and priorities', as well as the broader economic circumstances.<sup>86</sup>

Payments of income support reflect the gendered nature of workforce participation and the associated gender pay gap, as well as the gendered division of

labour. For example, the most recent data from the Department of Social Security indicate that, as at June 2012, women accounted for:

- 95% of Parenting Payment (single) recipients
- 91.3% of Parenting Payment (partnered) recipients
- 41.5% of Newstart Allowance recipients
- 46.3% of Disability Support Pension recipients
- 33.8% of DSP recipients aged 50–59
- 55.7% of Age Pension recipients.

Also, a smaller percentage of female age pensioners (73.2%) were home-owners than male age pension recipients (76.7%), and female age pensioners were much more likely to be single (51%) than were male age pensioners (29%).<sup>87</sup>

Here we focus on two groups of income support recipients: sole mothers and carers.

### **Sole mothers**

The Supporting Mothers' Benefit was introduced in 1973 as a means-tested payment for sole mothers with dependent children up to the age of sixteen, and it was welcomed for offering many women the option of leaving their marriage or relationship while retaining some financial security. This payment differed from earlier payments for sole mothers, which were only available to women whose husbands had died or had 'deserted' them; women who had made the decision to

leave their husbands were not eligible, and nor were women who had children outside marriage. The new payment enabled women to form 'autonomous households'<sup>88</sup> and care for their children full-time without relying on a male breadwinner or other family members for financial support, and it also enabled many women to keep their children rather than giving them up for adoption.

The Supporting Mothers' Benefit was extended to sole fathers in the late 1970s and has undergone a number of changes in the decades since. As a result of the most recent policy changes in 2006 and 2013, sole parents now cease being eligible for Parenting Payment (single) once their youngest child turns eight, rather than sixteen. After eligibility for Parenting Payment ceases, most sole parents are then only eligible for Newstart Allowance, the means-tested income support payment for unemployed people, which is paid at a lower rate than Parenting Payment (single). Also, sole parents in this situation can usually only receive Newstart Allowance if they agree to look for, and participate in, 30 hours of paid work per fortnight; and these requirements also apply to Parenting Payment (single) recipients whose youngest child is aged six or over. These activation strategies were intended to encourage sole parents to move off income support and into the paid workforce.

The changes to income support for sole parents reflect a shift in the rationale for the payment, from an assumption that women needed income support because they could no longer rely on a male ‘breadwinner’, to an assumption that all adults should be economically independent through paid work participation, even if they are responsible for the care of dependent children. Suzy Giullari and Jane Lewis describe this as an ‘adult worker model’ of the family and society, whereby women are required to adopt a traditional male work pattern, and it is assumed that they can deal with their care responsibilities by using paid childcare services.<sup>89</sup> Policies based on this model, like Parenting Payment (single), have been criticised for overshooting the lived experience of many women and men, and for reducing women’s ability to maintain a decent standard of living if their marriage or relationship breaks down.

‘All of a sudden you are dropped to Newstart, because you are “long-term unemployed” and you are no longer “parenting” and you are not a parent anymore, you are a “job seeker” and you have to line up in the “job seeker” queues. But I’m not a job seeker – I’ve got a job. And of course I want to contribute to my financial autonomy, but I want to work out what works the best.’– Zoë, a 48-year-old divorced single mother of three children aged 17, 15 and 9 on Newstart Allowance, working part-time in retail – *Making Work Pay*, 2010.<sup>90</sup>

Sole parents claiming these payments often undertake part-time or casual work. Unpredictable work hours can make it difficult for sole mothers to consistently meet the required 30 hours of paid work per fortnight. High effective marginal tax rates mean that income support recipients who start earning wages lose a relatively high percentage of their income due to withdrawal of income support payments. Poverty is particularly high among sole parent families, with over 23% of sole parents living in poverty in 2010.<sup>91</sup> The changes to Parenting Payment appear to be one factor in this. Part of the concern over the recent changes to Parenting Payment (single) is the effective drop in income that moving from Parenting Payment to Newstart Allowance entails. The very low rate of Newstart Allowance means that many recipients are unable to meet their basic needs or fully participate in the community.

## Carers

'Caring for mum really had a detrimental effect for me career wise, financially, emotionally, physically, spiritually.' – Sandra, a 54-year-old woman, Job Pathways, 2010<sup>92</sup>

Data from the Department of Social Security indicate that, as at June 2012, women accounted for 69% of Carer Payment recipients and 73% of Carer Allowance recipients.<sup>93</sup> Unlike sole parents, people

claiming Carer Payment do not have to show that they are looking for or participating in paid work, and access to income support has actually been extended to more carers in recent years. However, the eligibility criteria for Carer Payment and other supports for carers appear likely to be a target for future reform by the current government.

In addition, Carer Payment is paid at a rate that is much lower than average weekly earnings from paid work, and it does not include superannuation contributions. It has been criticised for reinforcing families' (mainly women's) responsibility for care without adequately addressing the financial and other impacts of what is often a long-term role. These factors put carers at considerable risk of financial stress and hardship in the short *and* long term.

ABS data show that women are more likely than men to be the primary or main 'carer' of a child or adult with a disability, long-term illness or age-related frailty during their working years,<sup>94</sup> and female primary carers spend more time each week carrying out their caring duties.<sup>95</sup>

Girls and young women make up two-thirds of young primary carers under the age of 25.<sup>96</sup> Women's over-representation as carers affects their ability to participate in paid work and hence their financial security. Carers for someone with a disability, illness or age-related frailty have much lower employment rates

than Australians overall. Female carers have lower workforce participation rates than male carers,<sup>97</sup> and are also less likely than other women to be in full-time work.<sup>98</sup> Women who are the main carers for a child or adult with disability spend fewer hours in paid employment than other women, so the financial consequences of caring are even more pronounced than they are for mothers with young children generally.<sup>99</sup> Not surprisingly, carers report higher levels of stress and depression than people who are not carers, with women in caring roles reporting lower levels of wellbeing than men in those roles.<sup>100</sup>

Many women are now part of the ‘sandwich’ generation, meaning they care for or support their children or grandchildren as well as their elderly relatives (usually their parents). Mature age women who withdraw from the labour force to care for their parents often find it very difficult to re-enter the labour force, due to a combination of age discrimination and lack of recent experience.

For these reasons, an equitable income support system is vital for women’s economic security across the life course.