

Budget 2021 – Social Services

Parenting Payments overview

Women are more than twice as likely to rely on a Parenting Payment than men. COVID-19 caused a sharp increase in the number of women accessing the payment. Sole parent families, 82 per cent of whom are female headed, have the highest poverty rate of all household types.

The COVID supplement – which effectively doubled unemployment payments last March – reduced the proportion of single parent families living below the poverty line. This budget's increase of \$50 per fortnight from 1 April 2021 will be insufficient to lift single parent families out of poverty.

Parenting Payments

The Budget

The Government will:

- Provide \$3.8 million over five years from 2020-21 to cease the third-party relationship verification (TPV) process for single parents claiming Parenting Payment and JobSeeker Payment. TPV requirements have not been enforced since November 2019 due to the 2019-20 bushfires and ongoing impact of the COVID-19 pandemic.
- Increase the base rate of working-age payments by \$50 per fortnight from 1 April 2021. This increase applies to JobSeeker Payment, Youth Allowance, Parenting Payment, Austudy, ABSTUDY Living Allowance, Partner Allowance, Widow Allowance, Special Benefit, Farm Household Allowance and for certain Education Allowance recipients under the Department of Veterans' Affairs Education Scheme
- Increase the income-free area of certain working-age payments to \$150 per fortnight from 1 April 2021. This applies to JobSeeker Payment, Youth Allowance (other), Parenting Payment Partnered, Widow Allowance and Partner Allowance.

Parenting Payment is the main income support payment available to people with sole or primary responsibility for a young child. It provides a safety net for parents who might otherwise be at risk of hardship. Parenting Payment is paid in recognition of the impact caring for a young child can have on a parent's capacity to undertake full-time employment. Only one parent or guardian can be the principal carer, and receive the payment.

Single parents may be eligible for PPS until their youngest child turns eight. Single parents must satisfy part-time mutual obligation requirements of 30 hours per fortnight once their youngest child turns six (unless exempt). Partnered parents may be eligible for PPP until their youngest child turns six.

Program 1.5 – Working Age Payments					
	2020-21 Estimated actual \$'000	2021-22 Budget \$'000	2022-23 Forward estimate \$'000	2023-24 Forward estimate \$'000	2024-25 Forward estimate \$'000
1.5.3 – Component 3 (Parenting Payment Single)					
Special appropriations					
<i>Social Security (Administration)</i>					
<i>Act 1999</i>	–	4,773,034	4,817,610	4,885,052	4,991,066
Total component 3 expenses	–	4,773,034	4,817,610	4,885,052	4,991,066
1.5.4 – Component 4 (Parenting Payment Partnered)					
Special appropriations					
<i>Social Security (Administration)</i>					
<i>Act 1999</i>	–	953,236	914,042	938,141	949,217
Total component 4 expenses	–	953,236	914,042	938,141	949,217

Source: [Department of Social Services, 2020 Budget Related Paper No. 1.12](#), table 2.1.2, p. 43.

Gender implications

Why is this an issue for women?

The vast majority of Parenting Payment recipients aged 18–64 were women (95 per cent for Parenting Payment Single and 90 per cent for Parenting Payment Partnered). Sole parent families, 82 per cent of whom are female-headed, have the highest poverty rate of all household types, at 35 per cent.

Prior to the COVID-19 pandemic numbers on the payments were declining. COVID-19 caused a sharp increase in the number of women accessing the payment. This trend appears to be continuing over the forward estimates.

Single parents were more likely than parents in couples to drop out of the workforce during the COVID-19 crisis, most likely because of caring responsibilities.

What are the 2021 Budget impacts on women?

The ceasing of the third-party relationship verification (TPV) process for single parents claiming Parenting Payment – most of whom are women – is a welcome announcement in the budget.

However, in addition to TPV being discriminatory, intrusive and demeaning, it also cost more in administration than it recovered. Last year it was revealed that only 950 people, or 1.3 per cent of a total 75,000 welfare recipients subjected to review, had been found to be breaking the rules between January 2018 and November 2019. That paled in comparison to government estimates that the crackdown would reap \$93.7m over five years by finding 7,400 single parents were in a relationship and therefore receiving a higher rate of payments than they were entitled.

It is concerning savings from the abolition of TPV will be partly redirected to debt recovery.

This budget failed to lift social security payments, including Parenting Payments, above the poverty line. Before the COVID-19 pandemic these were some of the poorest households in Australia. It is unacceptable in a country as wealthy as Australia that any child live in poverty, yet nearly half the children in sole parent families do (44 per cent). Over a third of people in sole parent families in which the main earner is female live in poverty (37 per cent).

A report from the ANU's Centre for Social Research and Methods revealed that the COVID supplement – which effectively doubled unemployment payments last March – reduced the proportion of single parent families living below the poverty line. With the supplement ending, ANU modelling estimates the child poverty rates for single parent families will rise above pre-pandemic levels, even after factoring in the proposed increase of \$50 a fortnight.

NFAW welcomes the increase to the income-free area of certain working-age payments to \$150 per fortnight from 1 April 2021.

Recommendations

NFAW joins ACOSS in calling for Parenting Payments to be lifted above the poverty line and extended until the youngest child is 16 years. An increase must not come at the expense of other vital supports provided, including to people who have children, people renting privately, or people with an illness or disability. For women who have unique constraints and barriers to entering the workforce, lifting them above the poverty line will continue to mitigate the rate of poverty and its effects, including on children, in Australia.