



Australian Government
Department of Social Services

Impact Analysis

Additional Support for Single Parents OIA23-04851

DSS May 2023



Executive Summary

This Impact Analysis (IA) examines the case for the Australian Government to enhance support provided to single parents through income support payments, including the adequacy and effectiveness of JobSeeker Payment for single principal carers and Parenting Payment (Single), while balancing the need to maintain incentives and support for labour force participation.

To address the issue of providing adequate income for single principal carers on income support, the impact of six policy options are analysed, all of which aim to provide additional support to this cohort compared with the status quo. Each option balances, to different degrees, increased support with the economic impacts of the policy, as well as ensuring these recipients remain connected to the workforce and are not left behind if unable to work full time to support themselves.

On balance, the preferred option is to expand eligibility for Parenting Payment (Single) for single principal carers with dependent children from aged under 8 to under 14, in order to ensure the vast majority of single parent families will receive higher levels of income support until their youngest child has commenced high school.

This increase broadly aligns both with the age at which most children start high school and the rate of Family Tax Benefit Part A is increased. Supporting single parents with additional payments until their youngest child commences high school provides support until their child has transitioned to high school, at a time when parents will have greater opportunities to re-engage in employment

The IA has informed a decision to implement expanding eligibility for Parenting Payment (Single) for single principal carers with dependent children from aged under eight to age under 14.

Background

The Government is committed to providing support for those who need it most, including single principal carers who face additional challenges entering the workforce.

There are currently a range of options to support single parents through the social security system, including:

- Parenting Payment (Single), which currently has a maximum basic rate of \$922.10 per fortnight.
- JobSeeker Payment for recipients who are single with dependent child or children, which is currently \$745.20 per fortnight (the maximum basic rate of JobSeeker Payment for single recipients with no children is \$693.10 per fortnight).

In addition, single parents may be eligible for a range of other payments including Family Tax Benefit, Commonwealth Rent Assistance and the child care subsidy.

Parenting Payment is the main income support payment for people with sole or primary responsibility for the care of a young child. Under current arrangements, single principal carers may be eligible for Parenting Payment (Single) until their youngest dependent child turns eight years old. Parenting Payment is provided on the basis that parents and carers have a reduced capacity to support themselves through employment due to their caring responsibilities for young children.¹

As children grow older, a carer's capacity to undertake work typically increases. Parents receiving Parenting Payment are transferred onto other income support payments when their youngest child turns six years (if partnered) or eight years (if single). Typically, single principal carers who require income support at this point are transferred to JobSeeker Payment, which is paid at a lower rate than Parenting Payment (Single).

Single principal carers on JobSeeker Payment are paid a 'with child' rate of payment (a higher rate than those without a dependent child) and also benefit from a single income test taper rate of 40 cents in the dollar for earnings above \$150 per fortnight (all other Jobseeker Payment recipients face a 50 cent taper above the \$150 per fortnight income free area and a 60 cent taper for any income above \$256 per fortnight). This allows single principal carers with earnings to keep more of their payment each fortnight, providing families with greater financial security and reducing effective marginal tax rates (EMTRs). Recipients receive this higher rate of payment until their youngest child turns 16 years old.

¹ The annual *Household, Income and Labour Dynamics in Australia (HILDA) Survey* shows that the risk of financial hardship for single parents is at least double that of partnered parents. De Gendre et al (2021) further noted that single mother households are twice as likely to live in poverty than single father households. Alexandra de Gendre, Stefanie Schurer and Angela Zhang, *Two Decades of Welfare Forms in Australia: How Did They Affect Single Mothers and Their Children?*, 2021.

They also continue to have access to the existing range of supplementary benefits, including rent assistance, child care fee assistance and family assistance payments.

Parenting Payment (Single) recipients also benefit from the more generous taper rate of 40 cents in the dollar. In addition, under this payment there is a more generous income free area (the amount a recipient can earn before their payment is reduced). For Parenting Payment (Single), the income free area is \$202.60 per fortnight plus \$24.60 for each additional child.

Currently, the reduced rate (from \$922.10 to \$745.20 per fortnight) when a recipient moves from Parenting Payment (Single) to JobSeeker Payment, is the main difference between the two payments for single parents with a dependent child or children.

When a recipient's youngest child is over six years old, both Parenting Payment (Single) and JobSeeker Payment recipients are subject to mutual obligations and are incentivised to assist their entry or return to the workforce. Principal carers receiving Parenting Payment or JobSeeker Payment usually have part-time mutual obligation requirements of 30 hours per fortnight once their youngest child turns six. Carers can meet their mutual obligation requirements in several ways, including by looking for part-time work of at least 30 hours per fortnight or by undertaking part-time employment, study or voluntary work (in limited circumstances) for 30 hours per fortnight. Carers are also able to undertake a combination of activities, for example part-time work and study, to meet their mutual obligation requirements.

This approach is consistent with the Government's policy objective to support carers to increase their long-term self-sufficiency and provide the long-term individual and economic benefits of workforce participation by alleviating barriers and other demands that limit their ability to fully participate in the workforce.

Welfare to Work Reforms:

In the 2005-06 Budget, the Government announced a Welfare to Work program, intended to encourage workforce participation of unemployed people, particularly parents and people with a disability. Included in the package of measures was one focused on changing policy settings for Parenting Payment. The 'Welfare to Work – increasing participation of parenting payments' measure commenced on 1 July 2006.

As part of the measure, eligibility for new Parenting Payment applicants was restricted to those with a youngest child aged less than eight years of age if single, or six years of age if partnered. Prior to 1 July 2006, recipients of Parenting Payment could remain on the payment until their youngest child turned 16.

Those who were already receiving the Parenting Payment were 'grandfathered' to retain eligibility for the payment until their youngest child turned 16. This approach resulted in two classes of recipients: those who were receiving the payment prior to the commencement of the reforms and those who came on to the payment from 1 July 2006.

In the 2012-13 Budget, the Government announced the removal of grandfathering arrangements that were instituted as part of the Welfare to Work reforms in 2005-06. The measure 'Parenting Payment – changed eligibility for 1 July 2006 grandfathered recipients' commenced on 1 January 2013.

The measure removed the grandfathering provisions that allowed all Parenting Payment recipients who received the payment before 1 July 2006 to remain on the payment until their youngest child turned 16 years of age.

The transition from Parenting Payment (Single) to JobSeeker Payment for single principal carers results in a loss of \$176.90 per fortnight in a recipient's maximum basic rate of payment. This does not include supplementary or other payments such as Family Tax Benefit (some of which may increase when children in eligible households reach high school age).²

Single parent families are vulnerable to financial insecurity as they face significant barriers to re-entering the workforce after caring for a child, and additional costs of raising children including child care costs. In the context of cost of living challenges, the Government is exploring options to ensure these families receive adequate financial support that assists single parents to take up employment when their child reaches an appropriate age.

Question 1 – What is the problem you are trying to solve?

The adequacy of income support is important in ensuring there is an appropriate safety net for vulnerable people in Australia who are unable to work or are looking for work. It is important payment rates provide support for people to meet an adequate cost of living, whilst supporting and incentivising recipients to enter or re-enter the workforce. It is also important that income support policies consider how best to support people who face additional barriers to entering the workforce and may be on payment for longer periods.

Parents face additional challenges in accessing the labour market because of the caring roles they play in the lives of their children and the additional costs of raising children.

Single parents who receive JobSeeker or Parenting Payment (Single) are also supported by a range of income support and family payments to assist with the costs of raising children.

² For example, Family Tax Benefit A increases by \$59.50 when a child in an eligible household turns 13

For example, Family Tax Benefit (FTB) Part B is a per family payment that provides extra assistance to single parent families, non-parent carers and some couple families with one main income earner. Eligibility rules which limit FTB Part B to children aged under 13 in couple families do not apply to single parents. FTB Part B may be payable to eligible single parents with a youngest child aged 13 to 18 years.

In addition, FTB Part A is assessed on family income. A single parent would therefore only have one income that could reduce their FTB Part A payment rate, however, in couple families, both incomes may be used to reduce the FTB Part A rate. Single parents also automatically receive the maximum rate of FTB Part B provided their income is \$104,432 per year or less. However, couple families are subject to the secondary earner income test, and therefore may not receive the maximum rate of FTB Part B even if the primary earner's income is below \$104,432 per year.

Family Tax Benefit A also provides all families an additional \$59.50 a fortnight when a child in an eligible household turns 13.

Eligibility and rates of all payments for single principal carers need to be set to appropriately balance social and economic benefits for the recipients and the economy as a whole. This is to ensure assistance is targeted to need, while recognising the importance of workforce participation. Payments should also recognise the importance of the longer-term fiscal sustainability of the social security system.

In light of considerable community concern about the impact of the growing cost of living on low-income and vulnerable households, the Government is exploring whether an increase in payments to single parent households with dependent children under the age of eight could meet these objectives.

Lower income support payments can entrench disadvantage:

Currently, Parenting Payment (Single) recipients experience a reduction in payment rate if they remain on income support when their youngest dependent child turns eight. Recipients are required to transfer to the 'single with child' rate of JobSeeker Payment, which they can receive until their youngest child turns 16. This currently reduces their maximum basic rate of payment from \$922.10 per fortnight on Parenting Payment (Single) to \$745.20 per fortnight on JobSeeker Payment (single with child), not including supplementary payments.

A higher rate of JobSeeker Payment is paid to single principal carers with a dependent child aged under 16 than what other Jobseeker Payment recipients without a child receive (currently \$693.10 per fortnight). The higher single with child rate recognises that they face greater challenges to workforce participation

and financial security, such as needing to care for children and the cost of before and after-school care if they work.

The annual *Household, Income and Labour Dynamics in Australia (HILDA) Survey* shows that the risk of financial hardship for single parents is at least double that of partnered parents. De Gendre et al (2021)³ further noted that single mother households are twice as likely to live in poverty as single father households.

In 2014, the Productivity Commission found that the participation rate of single mothers was 63 per cent, compared to 70 per cent among partnered women and 84 per cent among all women without children⁴. Analysis by the University of Queensland found that the risk of financial hardship for single mothers is at least double that of partnered mothers⁵.

It is important that the costs of caring for a child and the additional costs of searching for employment while caring for a child are considered in developing social security settings. This needs to balance incentives to work, for example through generous taper rates and the fact that a recipient will still be financially better off when employed, while adequately supporting a parent with the financial costs of caring for a child which increases as children get older. The income point at which income support payments cut out relative to the minimum wage is an important consideration for policy makers.

Income support payments can impact incentives to work:

The Welfare to Work changes for single principal carers in 2006 were primarily aimed at encouraging workforce participation by providing single principal carers with incentives and support through employment services to seek work once their children reached school age.

These reforms were evaluated in 2008 by the then Department of Education, Employment and Workplace Relations. The evaluation examined the impact of the reforms for single parents with a youngest child aged six or seven for whom participation requirements had been introduced, but who still received the higher Parenting Payment (Single) rate and therefore experienced no other change in payment conditions. It found that these parents left income support at a higher rate than in previous years and were more likely to be working if they remained on income support. The report found that:

- 23 per cent had left after six months, compared to 12 per cent in previous years; and

³ Alexandra de Gendre, Stefanie Schurer and Angela Zhang, *Two Decades of Welfare Forms in Australia: How Did They Affect Single Mothers and Their Children?*, 2021.

⁴ Productivity Commission, *Childcare Appendix, Workforce Participation Data*, 2014

⁵ Dr Alice Campbell and Professor Janeen Baxter of the University of Queensland, *Analysis for Anti-Poverty Week 2022*, 2022.

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- of those remaining on payment, the percentage of those in employment after six months was 47 per cent compared to 42 per cent in 2005–06.

Partnered parents of youngest children aged 6 to 15 also had participation requirements introduced but had no significant change in payment conditions.

The evaluation found that of these parents:

- 45 per cent had left income support after six months under Welfare to Work, compared to 32 per cent of similar groups in previous years; and
- of those remaining on payment, the percentage of those in employment after six months was 29 per cent compared to 20 per cent in 2005–06.

In 2006 and 2007, activity test requirements for parents receiving payment were introduced for those with a youngest child aged 6 or over - those with a youngest child aged 6 and 7 experienced no change in payment rates or other settings.

Administrative data shows that this led to an increase in the average proportion of parents reporting earnings in the years following the changes, compared to the previous period:

- from 30 per cent to 37 per cent for parents of youngest children aged 6;
- from 32 per cent to 45 per cent for parents of youngest children aged 7.
- Additionally, the number of parents receiving payment with a youngest child aged 6 and 7 decreased by 22 per cent and 26 per cent respectively, likely due to these parents finding work.

Fok and McVicar (2012)⁶ also found that parent job seekers were more likely to exit income support after the introduction of mutual obligation requirements. The estimated welfare exit rate (after adjusting for other factors) increased by 48 percent for parents with youngest children aged seven the year after the introduction of the requirements.

However, further studies have found there is limited impact of these changes. A 2023 study by Professor Robert Breunig and Ms Kristen Sobeck⁷ found that mutual obligations requirements and the decreased generosity of payments did not change the overall number of single mothers in employment, but has produced a large decrease in the share of single mothers who rely on a combination of employment and welfare.

These differing evaluation outcomes suggest that there are a range of factors to consider in improving employment outcomes and ensuring recipients have support to meet their living expenses.

⁶ King Fok and Duncan McVicar, *Did the 2007 Welfare Reforms for Low Income Parents in Australia Increase Welfare Exits?*, Melbourne Institute Working Paper No. 1/12, 2012.

⁷ Kristen Sobeck and Robert Breunig, *Does decreasing the generosity of payments to single parents have employment and earnings effects? Evidence from Australian administrative data 2023*. <https://sites.google.com/view/kristensobeck/home>.

Policy options need to balance the financial needs of single parents on income support against ensuring that single parents are not disincentivised from participation in the labour market.

Who is Impacted?

Currently all single principal carers with dependent children on income support are impacted by difficulties with supporting their family while also seeking employment. The majority of single principal carers are women, with over 95 per cent of Parenting Payment (Single) identifying as female. Although more than half (52 per cent) of single principal carers on JobSeeker Payment with dependent children aged between 8 and 13 have some earnings, it is only slightly more than the proportion of current Parenting Payment (Single) recipients at 47 per cent.

Women are disproportionately represented in the affected payments as are Indigenous recipients.

Payment	Population	Female Recipients	%	Indigenous Recipients	%
JobSeeker Payment	843,390	419,785	49.8	110,100	13.1
Parenting Payment (Single)	230,520	220,175	95.5	42,830	18.6
Parenting Payment (Partnered)	64,170	57,890	90.2	6,795	10.6
Youth Allowance (other)	77,250	38,835	50.3	23,395	30.3
Special Benefit	9,770	5,890	60.3	135	1.4

Based on 31 March 2023 recipients by payment rate data

The impact of any potential changes will be limited to those payment recipients who are single principal carers with a dependent child and new entrants. Most of the options considered will only impact those recipients whose youngest dependent child is under 14 years, which lowers the potential number of recipients impacted.

For example, 106,165 JobSeeker Payment recipients were receiving the single principal carer of a dependent child rate at 31 March 2023, but it is estimated that only 50 per cent (57,000 recipients) have children aged under 14 years.

	Receive Single with dependent child rate	All recipients	Proportion receiving single with child rate
JobSeeker Payment	106,165	843,390	12.6
Youth Allowance (other)	260	77,250	0.3

Parenting Payment (Partnered and Single)	230,520*	294,685	78.2
Total	336,940	1,215,325	27.7

Based on 31 March 2023 recipients by payment rate data – number of recipients receiving a single with child rate of payment.

* For Parenting Payment, this is the number of recipients in receipt of Parenting Payment (Single).

Additional single principal carers will become eligible due to the higher income cut off point of increased rates.

Question 2 – Why is Government action needed?

The Government acknowledges the greater risk of financial hardship and barriers to employment that single parents face as they navigate the costs and responsibilities associated with raising children. The Government is committed to providing support for those who need it most and recognises that action is required to ensure adequate support is provided to single principal carers with a dependent child, who are reliant on income support.

In Australia, the provision of income support is fully taxpayer funded. Unlike many other member countries of the Organisation for Economic Co-operation and Development (OECD), Australia does not have an unemployment insurance scheme, where benefit levels depend on an individual's contribution while they are in employment.

By setting payment rates and income free areas for low income single parent households, the government plays a key role in ensuring these families are well supported to meet the cost of living while engaging in work when possible.

Government intervention to increase payment rates can decrease the risk of financial insecurity among vulnerable single parent families, but may mute incentives to work and impact the long term fiscal sustainability of the payments.

The Government's objective is to target support to single parent families that face the highest barriers to entering the workforce and therefore require the greatest level of assistance. Typically this will entail providing greater levels of support to single parent families with younger children, while ensuring the rate of payment to all families remains adequate to meet their cost of living.

Through these options, the Government seeks to address the multiple additional barriers to employment which they face, such as needing to care for children and the cost of child care when working. The barriers to employment can prevent individuals and businesses from addressing the issues without government intervention. The options being considered by the Government focus on the level of support and the payment mechanism for providing that support. However, under all options, this proposal would reduce disadvantage by providing additional financial assistance for single principal carers with dependent children during school years, while also promoting economic participation requirements for recipients to seek out employment, study or increase skills.

Objectives of Government intervention

The Government has a strong commitment to addressing disadvantage, promoting participation and ensuring that no one is left behind. At the same time, it is critical that any change to improve income support adequacy maintains incentives to encourage single parents to participate; be it in employment, studying or building their skills. This is consistent with the Government's women's

economic equality agenda and recent significant investments intended to support parents (especially mothers) greater workforce participation, including the \$4.6 billion investment in cheaper childcare and expanding the Paid Parental Leave scheme.

The objective is to ensure payments are adequate to meet costs for single parents, including the costs of raising children. This objective is balanced against participation objectives to ensure single parents are supported into employment, which can be measured through analysis of employment and participation data.

Maintaining single parents' strong connections with the labour force is likely to improve employment outcomes throughout their lives, contributing to higher incomes and larger superannuation balances at retirement. In addition, it will provide an intergenerational benefit for children.

- The Government has a broad objective of supporting the social and economic wellbeing of all Australians, including single parents and their dependent children. Options to support this cohort ensure that the changes to level of support are sustainable and targeted.
- The options also ensure recipients' connections with the labour force is maintained or encouraged.

These objectives will be balanced against implementation factors, including changes to payment systems and structures and impacts on employment programs.

Question 3 – What policy options are you considering?

To address the issue of providing adequate income for single principal carers on income support, six policy options have been considered, all of which aim to provide additional financial support to this cohort compared with the status quo. Each option is designed to balance increased support with the economic impacts of the policy, as well as ensuring these recipients remain connected to the workforce and are not left behind if unable to work full time to support themselves.

Status Quo

There are currently a range of income support payments to support single parents through the social security system. However single parents generally receive Parenting Payment (Single), which currently has a maximum basic rate of \$922.10 per fortnight or the JobSeeker Payment which has a current maximum basic rate of \$745.20 per fortnight for single principal carers of dependent children. In comparison, the maximum basic rate of JobSeeker Payment for single recipients with no children is \$693.10 per fortnight.

Single principal carers, irrespective of which primary payment they receive, are also eligible for additional support through Family Tax Benefit and other supplementary payments, such as Rent Assistance. They also benefit from a single income test taper rate of 40 cents in the dollar for earnings above \$150 per fortnight (all other Jobseeker Payment recipients face a 50 cent taper above the \$150 per fortnight income free area and a 60 cent taper for any income above \$256 per fortnight). This allows single principal carers with earnings to keep more of their payment each fortnight, providing families with greater financial security and reducing EMTRs.

Recipients receive the higher ‘with child’ rate of JobSeeker Payment until their youngest child turns 16 years. Nevertheless, under the status quo, single parent families will continue to face financial pressure when their youngest child turns eight. In light of recent increases in the cost of living, it is increasingly likely these families will experience economic and social insecurity. They will have a lower capacity to respond to these pressures than single parents of high school aged children, as they are likely to continue to have higher caring responsibilities⁸.

Option One (a) – Expanding eligibility for Parenting Payment (Single) for single principal carers of a dependent children aged under 13.

This option expands eligibility for Parenting Payment (Single) to principal carers whose youngest dependent child is under 13 years. All eligible, single principal carers currently on JobSeeker Payment would be transferred to Parenting Payment (Single). Recipients will maintain mutual obligations (from when their youngest child turns six). Parenting Payment (Single) recipients would then move

⁸ Jane Millar, Tess Ridge, *Lone mothers and paid work: The ‘family-work project*, 2013

to JobSeeker Payment when their youngest child turns 13, rather than at the current age of eight.

This option aligns the end of Parenting Payment (Single) with the age children typically attend high school.

It would maintain the maximum basic rate of payment for single principal carers at \$922.10 per fortnight until a recipient's youngest child turns 13. They would also receive the basic Pension Supplement and benefit from the more generous earnings arrangements that Parenting Payment (Single) provides, that is a 40 cent taper rate and an income free area of \$202.60 plus \$24.60 for each additional child.

While this option provides support to a large cohort of recipients (49,000), it represents a substantial increase in financial costs. It will also require Services Australia to transfer a large cohort of recipients from JobSeeker Payment to Parenting Payment (Single) on the date of implementation.

This option is not likely to disincentivise single parents from re-engaging with the workforce, as parents of primary school-aged children typically have higher caring responsibilities and less capacity to engage with paid employment when compared to single parents of high school aged children.⁹ They are therefore less likely to be sensitive to changes in financial incentives to work. This risk is also mitigated by the continuation of mutual obligations requirements and incentives to workforce participation that exist in the social security system.

Option One (b) – Expanding eligibility for Parenting Payment (Single) for single principal carers of a dependent children aged under 14.

This option operates similar to Option One (a). It would extend eligibility for the Parenting Payment (Single) to families with children aged under 14. In comparison to Option One (a), this option ensures every child, including those who may be delayed in school for any reason, have the opportunity to commence high school. It also provides parents a full year of higher payment to ensure they can meet the financial obligations that come with a child being in high school.

While this option provides greater support to a large cohort of recipients (57,000), it represents a substantial increase in financial costs than those associated with other options. It also requires Services Australia to transfer a large cohort of recipients from JobSeeker Payment to Parenting Payment (Single) on the date of implementation.

This option is less likely to disincentivise single parents from re-engaging with the workforce than Option One (c), as it will typically provide a higher level of

⁹ Terese Grahame and Greg Marston, *Welfare-to-work Policies and the Experience of Employed Single Mothers on Income Support in Australia: Where are the Benefits?*, 2022

payment for single parents of high school-aged children for up to one year. This risk is also mitigated by the continuation of mutual obligations requirements and incentives to workforce participation that exist in the social security system.

The higher level of payment for a child's first year of high school may have positive benefits by allowing the family to transition to a different set of employment and financial arrangements during an important year of the child's schooling.

Option One (c) - Expanding eligibility for Parenting Payment (Single) for single principal carers of a dependent children aged under 16.

This option would expand eligibility for Parenting Payment (Single) for single parent families with children aged under 16.

This option would meet the recommendations of the Women's Economic Equality Taskforce and other reviews of single parenting payments by reinstating policy settings under the Parenting Payment (Single) to the arrangements prior to the Welfare to Work reforms.

Single parents would receive higher payments until their youngest child is likely to be well established at high school.

While this option provides greater support to a large cohort of recipients (72,000), it represents a substantial increase in financial costs than those associated with other options. It will also require Services Australia to transfer a large cohort of recipients from JobSeeker Payment to Parenting Payment (Single) on the date of implementation.

Relative to the other options considered, the greater length of time on the higher payment rate may disincentivise single parents from re-engaging with the workforce even where they may have capacity as their youngest child grows in independence. This risk is somewhat mitigated by the continuation of mutual obligations requirements and incentives to workforce participation that exist in the social security system.

Option Two – Create a new higher rate of JobSeeker Payment for single principal carers of a dependent child under 14 (\$100 additional to existing rate)

This option would provide all current and future JobSeeker Payment recipients, who are single principal carers of a dependent child aged under 14 years, with a new higher maximum basic rate of JobSeeker Payment of \$845.20 per fortnight, which is an increase of \$100 per fortnight (currently \$745.20 per fortnight to \$845.20 per fortnight). The income free area would be \$150 per fortnight and a taper rate of 40 cents for every dollar above \$150 would be applied.

This option would contribute to the Government's commitment to reduce disadvantage to single principal carers, and will ensure that this vulnerable cohort

receives an appropriate balance between increased support while still being encouraged to seek out work or increase their skills as per their participation requirements.

This option improves payment adequacy with single principal carers remaining on JobSeeker Payment. It provides a maximum payment increase of around \$2,600 per annum to approximately 49,000 recipients and reduces the reduction in the maximum basic rate that a single principal carer experiences moving from Parenting Payment (Single) to JobSeeker Payment from \$176.90 per fortnight to \$76.90 per fortnight.

However, it does not increase the rate of payment to Parenting Payment (Single) rates as considered in Option 1 and does not provide the more generous income free area and taper rates as Parenting Payment (Single), that encourage workforce participation.

Option Three – Create a new higher rate of JobSeeker Payment for single principal carers of a dependent child under 14 (\$80 additional to existing rate)

This option would provide all current and future JobSeeker Payment recipients who are single principal carers of a dependent child aged under 14 years, with a new higher maximum basic rate of JobSeeker Payment of \$825.20 per fortnight, which is an increase of \$80 per fortnight (currently \$745.20 per fortnight to \$825.20 per fortnight). The income free area would be \$150 per fortnight and a taper rate of 40 cents for every dollar above \$150 would be applied.

This option provides many of the same benefits as the proposals in Option One, but proposes a more targeted and cost-effective option for Government. The increase of \$80 per fortnight provides similar, but lower rate to the \$100 increase.

While this option contributes to many of the Government's objectives including increased workforce participation, especially amongst women, the lower rate of payment would not deliver as significant benefits to single parents and their families as some of the other options being considered.

Similar to option 2, it does not increase the rate of payment to Parenting Payment (Single) rates as considered in Option 1 and does not provide the more generous income free area and taper rates as Parenting Payment (Single), that encourage workforce participation.

Option Four – Expand eligibility for Parenting Payment (Single) at a lower rate.

The option would create a new rate of Parenting Payment (Single) for single principal carers whose youngest dependent child is under 14 years. Recipients would commence receiving this new rate of payment when their youngest child turns eight. The maximum basic rate of payment for those with a youngest child aged between 8 and 13 on Parenting Payment (Single) would be \$845.20 per

fortnight, equivalent to the increased maximum base rate of JobSeeker Payment proposed in Option One. They would also receive the basic Pension Supplement and benefit from the more generous earnings arrangements that Parenting Payment (Single) provides, that is a 40 cent taper rate and an income free area of \$202.60 plus \$24.60 for each additional child.

This option results in a \$76.90 reduction in the maximum basic rate of payment for Parenting Payment (Single) recipients when their youngest child turns eight. However, this is a \$100 increase to what recipients currently receive on JobSeeker Payment (single principal carer of a dependent child).

This option would allow single parents to remain on Parenting Payment (Single) for longer while maintaining current mutual obligations. Recipients would also benefit from the more generous earnings arrangements that the payment provides - in particular, a higher income free area of at least \$52.60 more per fortnight that also recognises additional costs per child as the income free areas is higher for single parents with more children, compared to JobSeeker Payment, which is also a flat rate regardless of number of children.

This option has many of the same benefits associated with Option Two and Option Three, as it provides a similar level of support and is likely to keep recipients, especially women, connected to the workforce.

Options Summary Table:

Option	Status Quo	One (a)	One (b)	One (c)	Two	Three	Four
Payment Impacted	JobSeeker Payment	JobSeeker Payment	Parenting Payment (Single) & JobSeeker Payment	JobSeeker Payment	JobSeeker Payment	JobSeeker Payment	Parenting Payment (Single) & JobSeeker Payment
Recipients Impacted	Single principal carers on JobSeeker Payment with youngest child under 14	Single principal carers on JobSeeker Payment with youngest child under 13	All recipients on Parenting Payment (Single) (remain for longer) Single principal carers on JobSeeker Payment with youngest child under 14 (transferred)	Single principal carers on JobSeeker Payment with youngest child under 16	Single principal carers on JobSeeker Payment with youngest child under 14	Single principal carers on JobSeeker Payment with youngest child under 14	All recipients on Parenting Payment (Single) (remain for longer) Single principal carers on JobSeeker Payment with youngest child 14 (transferred)
Maximum Payment Increase (Fortnight)	\$0	\$176.90 (for JobSeeker Payment recipients)	\$176.90 (for JobSeeker Payment recipients)	\$176.90 (for JobSeeker Payment recipients)	\$100	\$80	\$100
Maximum Payment Increase (Annual-Approx)	\$0	\$4,600	\$4,600	\$4,600	\$2,600	\$2,080	\$2,600

Question 4 – What is the Net Benefit of Each Option?

Options considered by the impact analysis increase support to single parents and their families.

The net benefits of all four options are in comparison to the status quo. The benefits relate to estimated changes in the maximum basic rate of recipients (based on rates as at 20 March 2023) once the chosen measure is implemented and does not take account of indexation of payment rates on 20 September 2023.

The options do not propose changes to income free areas and other earning-related policies in the social security system. The Benefits and Cons set out below are based on data observations and analysis including recipient numbers, earnings data and recipient movements off payment including at certain transition points for example age of child. For example, DSS data shows that Parenting Payment (Single) recipients transition off income support payment at a higher rate when their child is school age than those transitioning off JobSeeker payment.

Stakeholders	Status Quo	Option One (a)	Option One (b)	Option One (c)	Option Two	Option Three	Option Four
Single Principal Carers	<ul style="list-style-type: none"> Single parents are eligible for Parenting Payment (Single) until their youngest child turns 8, which currently has a maximum basic rate of \$922.10 per fortnight; or The JobSeeker Payment which has a current maximum basic rate of \$745.20 per fortnight for single principal carers of dependent children 8 year and over. <p>Benefits:</p> <ul style="list-style-type: none"> There is continuity in the existing framework for recipients and they do not need to adjust to changes. <p>Cons</p> <ul style="list-style-type: none"> Recipients will continue to face financial pressure when their youngest child turns eight. Recipients will have a lower capacity to respond to these pressures than single parents of high school aged children, as they are likely to have higher caring responsibilities. 	<p>Benefits:</p> <ul style="list-style-type: none"> A maximum base payment increase of around \$4,600 to all single principal carers with a dependent child aged under 13 years. Eligible recipients would regain/maintain access to Parenting Payment (Single) as well as the basic Pension Supplement. Recipients would benefit from the payments more generous earnings arrangements associated with PPS compared to JSP. Increased financial stability for children and single principal carers has a range of positive future impacts. The proposed cut-off age of 13 reflects the age that the youngest child is finishing primary school and require less parental supervision. Eligible recipients will feel that their caring responsibilities are valued. <p>Cons</p> <ul style="list-style-type: none"> There is a risk that receiving a higher rate of payment and leaving 	<p>Benefits:</p> <ul style="list-style-type: none"> A maximum base payment increase of around \$4,600 to all single principal carers with a dependent child aged under 14 years. Eligible recipients would regain/maintain access to Parenting Payment (Single) as well as the basic Pension Supplement. Recipients would benefit from the payments more generous earnings arrangements associated with PPS compared to JSP. Increased financial stability for children and single principal carers has a range of positive future impacts. The proposed cut-off age of 14 reflects the age that the youngest child is most likely to have started high school and require less parental supervision. Eligible recipients will feel that their caring responsibilities are valued. <p>Cons</p> <ul style="list-style-type: none"> There is a risk that receiving a higher rate of payment and leaving 	<p>Benefits:</p> <ul style="list-style-type: none"> A maximum base payment increase of around \$4,600 to all single principal carers with a dependent child aged under 16 years. Eligible recipients would regain/maintain access to the basic Pension Supplement. Recipients would benefit from the payments more generous earnings arrangements associated with PPS compared to JSP. Increased financial stability for children and single principal carers has a range of positive future impacts. The proposed cut-off age of 16 reflects the age that the youngest child is most likely to be approaching the end of high school and require less parental supervision. Eligible recipients will feel that their caring responsibilities are valued. <p>Cons</p> <ul style="list-style-type: none"> There is a risk that receiving a higher rate of payment and leaving 	<p>Benefits:</p> <ul style="list-style-type: none"> A maximum base payment increase of around \$2,600 to approximately 49,000 recipients. Recipients receive a higher rate while remaining on a payment that better incentives and is more closely associated, with workforce participation. Increased financial stability for children and single principal carers has a range of positive future impacts. The new proposed cut-off age of 14 reflects the age that the youngest child is most likely to have started high school and require less parental supervision. <p>Cons</p> <ul style="list-style-type: none"> There is a risk that receiving a higher rate of payment may discourage workforce connection. Staying on welfare for longer may have long-term financial impacts for recipient. Barriers to work for the cohort not addressed. 	<p>Benefits:</p> <ul style="list-style-type: none"> A maximum base payment increase of around \$2,080 to approximately 49,000 recipients. Recipients receive a higher rate while remaining on a payment that better incentives and is more closely associated, with workforce participation. Increased financial stability for children and single principal carers has a range of positive future impacts. The new proposed cut-off age of 14 reflects the age that the youngest child is most likely to have started high school and require less parental supervision. <p>Cons</p> <ul style="list-style-type: none"> There is a risk that receiving a higher rate of payment may discourage workforce connection. Staying on welfare for longer may have long-term financial impacts for recipient. Barriers to work for the cohort not addressed. 	<p>Benefits:</p> <ul style="list-style-type: none"> A maximum base payment increase of around \$2,600 to all single principal carers with a dependent child aged under 14 years. Eligible recipients would regain/maintain access to the basic Pension Supplement. Recipients would benefit from the payments more generous earnings arrangements. Enables a reduction in payment in recognition of the increased opportunities for work that a single principal carer can take once their child is in school. Increased financial stability for children and single principal carers has a range of positive future impacts. <p>Cons</p> <ul style="list-style-type: none"> The proposed cut-off age of 14 reflects the age that the youngest child is most likely to have started high school and require less parental supervision. Eligible recipients will feel that their caring

		<p>the JobSeeker Payment may discourage workforce connection. Due to the increased rate, this risk is highest under Option1(c).</p> <ul style="list-style-type: none"> • Staying on welfare for longer will have long-term financial impacts for recipient. • The cohort is now split on the basis of their child's age. Principal single carers with older dependent children will feel less supported. 	<p>the JobSeeker Payment may discourage workforce connection. Due to the increased rate, this risk is highest under Option1(c).</p> <ul style="list-style-type: none"> • Staying on welfare for longer will have long-term financial impacts for recipient. • The cohort is now split on the basis of their child's age. Principal single carers with older dependent children will feel less supported. 	<p>the JobSeeker Payment may discourage workforce connection. Due to the increased rate, this risk is higher than with Option Three.</p> <ul style="list-style-type: none"> • Staying on welfare for longer will have long-term financial impacts for recipient. • The cohort is now split on the basis of their child's age. Principal single carers with older dependent children will feel less supported. 	<ul style="list-style-type: none"> • The cohort is now split on the basis of their child's age. 	<ul style="list-style-type: none"> • The cohort is now split on the basis of their child's age. 	<p>responsibilities are valued.</p> <p>Cons</p> <ul style="list-style-type: none"> • There is a risk that receiving a higher rate of payment and leaving the JobSeeker Payment may discourage workforce connection. • Staying on welfare for longer may have long-term financial impacts for recipient. • The cohort is now split on the basis of their child's age.
Partnered Principal Carers	<ul style="list-style-type: none"> • Where care of a child is shared, only one person at a time can be receive the higher principal carer rate. Typically, this is the person with the greater amount of day to day care. 	<p>Cons</p> <ul style="list-style-type: none"> • Increase in disparity between the support provided to single and partnered carers. 	<p>Cons</p> <ul style="list-style-type: none"> • Increase in disparity between the support provided to single and partnered carers. 	<p>Cons</p> <ul style="list-style-type: none"> • Increase in disparity between the support provided to single and partnered carers. 	<p>Cons</p> <ul style="list-style-type: none"> • Increase in disparity between the support provided to single and partnered carers. 	<p>Cons</p> <ul style="list-style-type: none"> • Increase in disparity between the support provided to single and partnered carers. 	<p>Cons</p> <ul style="list-style-type: none"> • Increase in disparity between the support provided to single and partnered carers.
Government	<p>Benefits:</p> <ul style="list-style-type: none"> • No adjustment is required in the current administration of the scheme. <p>Cons:</p> <ul style="list-style-type: none"> • Government is not meeting its objectives in supporting the social and economic wellbeing of all Australians, including single parents and their dependent children. 	<p>Benefits:</p> <ul style="list-style-type: none"> • Substantial support provided to a large cohort of single principal carers. • The number of recipients on JobSeeker Payment will be greatly reduced. <p>Cons:</p> <ul style="list-style-type: none"> • By increasing payment, the government may introduce impacts on employment, skills development, and accumulation of superannuation. 	<p>Benefits:</p> <ul style="list-style-type: none"> • Substantial support provided to a large cohort of single principal carers. • The number of recipients on JobSeeker Payment will be greatly reduced. <p>Cons:</p> <ul style="list-style-type: none"> • By increasing payment, the government may introduce impacts on employment, skills development, and accumulation of superannuation. 	<p>Benefits:</p> <ul style="list-style-type: none"> • Substantial support provided to a large cohort of single principal carers. • The number of recipients on JobSeeker Payment will be greatly reduced. <p>Cons:</p> <ul style="list-style-type: none"> • By increasing payment, the government may introduce impacts on employment, skills development, and accumulation of superannuation. 	<p>Benefits:</p> <ul style="list-style-type: none"> • Providing payment through the existing JSP system is likely to reduce system complexity. <p>Cons:</p> <ul style="list-style-type: none"> • Advocates would continue to argue that JobSeeker Payment is not an appropriate payment for single principal carers. • Advocates likely to be critical of the rate increase. • System complexities still present. The JSP single principal carers cohort would be split on the basis of their child's age. 	<p>Benefits:</p> <ul style="list-style-type: none"> • This is a less costly alternative to Option One and is the most cost effective option proposed. • Providing payment through the existing JSP system likely to reduce system complexity. <p>Cons:</p> <ul style="list-style-type: none"> • Advocates would continue to argue that JobSeeker Payment is not an appropriate payment for single principal carers. • Advocates likely to be critical of the rate increase. • System complexities still present. The JSP single principal carers cohort would be split on the basis of their child's age. 	<p>Benefits:</p> <ul style="list-style-type: none"> • The number of recipients on JobSeeker Payment will be greatly reduced. <p>Cons:</p> <ul style="list-style-type: none"> • A large cohort of single principal carers will no longer be attached to the JobSeeker Payment, which may reduce their connection to the workforce. • The Parenting Payment (Single) cohort would be split of the basis of their child's age. • Substantial initial transfers of eligible recipients from JobSeeker Payment to Parenting Payment (Single). • Advocates likely to be critical of the rate of increase.

Question 5 – Who Will You Consult About These Options and How Will You Consult Them?

In developing these options, the Department of Social Services (DSS) has taken account of prior feedback and recommendations from key stakeholders on the current state of support for single principal carers with dependent children and has consulted with other agencies within Government. The views of stakeholders were considered in the development of these options.

DSS is aware of the importance of consulting with relevant stakeholders and having an understanding and regard for their views on the relevant policy and our suggested options. It is important to strike the appropriate balance between providing increased welfare support and having incentives and supports to maintain labour force participation. DSS will ensure that relevant stakeholder concerns are considered and addressed for this measure.

The key drivers for developing these options were the recommendations in the first report of the interim Economic Inclusion Advisory Committee (EIAC): 2023-24 Report to the Australian Government, which outlined recommendations to assist low income families with the cost of living, and the recommendations of the Women's Economic Equality Taskforce, which recommended that the Parenting Payment (Single) be reinstated where the youngest child is under 16 years old.

Feedback from stakeholders and academics highlighted the need for Government to consider the adequacy of income support payments and the barriers that parents of young children face, particularly women. For example, Dr Anne Summers' report – The Choice Violence or Poverty: Domestic Violence and its consequences in Australia today, July 2022 - called for a reversal the 2006 Welfare to Work reforms and allow single principal carers to remain on parenting Payment until their youngest child is 16 years old as a key measure to reduce poverty and the risk of domestic violence for single mothers.

Similarly, the Australian Council of Social Services (ACOSS) and Economic Justice Australia have echoed key themes of these reports to call for changes to Parenting Payment settings to alleviate the financial burdens faced by single parents on income support. DSS has considered these views in light of the Government's objective to provide targeted cost of living support to families in need while ensuring single parents who have the capacity to re-engage in the workforce are well supported to do so. It has also considered the need for Government to maintain the fiscal sustainability of Parenting Payment (Single). DSS also consulted a number of Government agencies in developing the options to ensure a whole-of-system approach is used to achieve an optimum outcome.

DSS will continue to review media, reports, recommendations and communication from advocacy groups, peak organisations, NGOs and other stakeholders who have concerns about the current support provided to single principal carers with

young dependent children. Many of these stakeholders have long been critical of the current levels of support provided to single principal carers.

DSS will also consult non-governmental stakeholders such as ACOSS and Economic Justice Australia through the department's regular meetings with both organisations. Consultation with stakeholders and consideration of advice provided will inform the Department's advice to Government as appropriate for the current economic situation. The final decision about which option should be implemented rests with Cabinet.

DSS does not formally consult with payment recipients. However, as part of evaluating the measure, the department will engage with Services Australia who have channels through which the views of recipients can be gathered, to seek input from the beneficiaries of the measure. Learnings from these engagements would add to any insights garnered from analysis of administrative data to understand the full impacts of the measure.

Question 6 - What is the best option from those you have considered and how will it be implemented?

Each of the four options balances, to different degrees, additional support to single principal carers with dependent children with the need to maintain incentives and support for labour force participation.

Following consultation and a review of the available evidence, on balance, Option One (b) is preferred.

DSS considers Option One (b) strikes an appropriate balance between the need to ensure single parents are well supported to meet their cost of living, while maintaining incentives for parents with the capacity to re-engage with the workforce to do so. Option One (b) would provide higher payments to single parents who are the principal carer of primary school-aged children, in recognition of their reduced capacity to work due to their caring responsibilities. In addition, Option One (b) would provide a higher rate of payment while the family's youngest child completes their first year of high school, in order to assist with the transition to new financial and employment arrangements. This option reduces the risk that single parents who do have capacity to re-engage with the workforce face a financial disincentive to do so.

Option One (b) is also preferred to options two to four as it would provide a greater level of financial support to single parent families that face significant barriers to labour force participation as a result of their caring responsibilities for primary school-aged children.

What Will Happen:

Eligibility for Parenting Payment (Single) will be expanded to incorporate a larger cohort single principal carers with young children by increasing the age at which eligibility for the payment ends.

From 20 September 2023, subject to the passage of legislation, all single principal carers will remain on Parenting Payment (Single) when their youngest child turns 8 and will remain on payment until their youngest child turns 14, subject to meeting all other eligibility criteria. Recipients will continue to receive the same rate of payment and will maintain the same supplementary payments and mutual obligation requirements that they had prior to their youngest child turning 8.

In addition, on 20 September 2023, all eligible single principal carers on JobSeeker Payment whose youngest dependent child is under 14 years will be transferred to Parenting Payment (Single). Recipients transferring to Parenting Payment (Single) from JobSeeker Payment will now be eligible for a higher maximum basic rate of payment of \$922.10, increasing from \$745.20. Recipients

will also receive a higher rate of Energy Supplement and start receiving the Basic Pension Supplement.

	Current	From 20 September 2023*
Maximum Basic Rate	\$745.20 (JSP)	\$922.10 (PPS)
Basic Pension Supplement	\$0	\$27.20
Energy Supplement	\$9.50	\$12.00
Pharmaceutical Allowance	\$6.60	\$6.60
Maximum Payment Rate	\$761.30	\$967.90

* Note: Rates are as at 20 March 2023. Rates will be subject to legislated indexation on 20 September 2023.

Following implementation on 20 September 2023, recipients who have transferred to Parenting Payment (Single) will still receive the same level of support from Family Tax Benefit (Part A and Part B) and Rent Assistance that they received on JobSeeker Payment. The transfer to Parenting Payment (Single) will not impact their eligible for any other supplementary payment they were receiving on JobSeeker Payment, such as the Remote Area Allowance and Telephone Allowance.

Recipients transferring from JobSeeker Payment will also benefit from the more generous income testing associated with Parenting Payment (Single). Recipients on Parenting Payment (Single) are able to earn more income before their payments are impacted.

It is estimated that 57,000 single principal carers on JobSeeker Payment with a youngest child under 14 years will transfer to Parenting Payment (Single) on 20 September 2023. This will result in a \$176.90 increase to their maximum basic rate and a \$206.60 increase to their maximum payment rate.

In both these cases, recipients will remain on payment until their youngest child turns 14 years. If they need income support after period, they will be transferred to JobSeeker Payment on the single with child rate.

This measure does not affect partnered principal carers who are receiving income support. These partnered principal carers will continue to receive Parenting Payment (Partnered) until their youngest child turns 6 before being transferred to JobSeeker Payment at the partnered rate.

Why was this option chosen?

This option was chosen above the other suggested options as it provides a greater level of support to a vulnerable cohort of single principal carers with young children, through an existing payment.

Currently, the single principal carer cohort faces many barriers to employment and financial security due to the costs associated with caring for young

dependent children. The current cost of living increases have made these barriers even more pronounced and the Government committed to ending disadvantage and providing the most appropriate level of support to this impacted cohort.

Implementing this option will provide substantial financial benefits to 57,000 single principal carers currently on JobSeeker Payment who will be transferred to Parenting Payment (Single) at a higher rate of payment. In addition, all current and future Parenting Payment (Single) recipients will be able to remain on the more beneficial Parenting Payment (Single) for longer.

The higher maximum rate of Parenting Payment (Single) and the additional supplementary payments will help address the risks of financial hardship that single principal carers are impacted by and ensuring that single principal carers do not spend longer periods on JobSeeker Payment, which will help address the risks of entrenched disadvantage. The higher rate of Parenting Payment (Single) will also work to address the additional costs of searching for employment while caring for a child, while the more generous taper rate will allow those single principal carers who are able to connect with the job market to keep more of their earnings before their income support is impacted.

The higher rates of payment associated with this make it a far more impactful choice than other options, which would have provided smaller amounts of payment while also increasing the number of different rates paid by Services Australia to single principal carers.

Parenting Payment (Single) will also benefit from the more generous taper rate of 40 cents in the dollar. In addition, under this payment there is a more generous income free area (the amount a recipient can earn before their payment is reduced). For Parenting Payment (Single), the income free area is \$202.60 plus \$24.60 for each additional child.

The new proposed cut off age of 14 is roughly in-line with the age that most children have begun high school and require less direct supervision from their carers. It ensures every child, including those who may be delayed in school for any reason, have the opportunity to commence high school. It also provides parents a full year of higher payment to ensure they can meet the financial obligations that come with a child being in high school.

Recipients who still require support when their child turns 14 years will transfer to JobSeeker Payment and receive the single with child rate of payment until their youngest child turns 16 years. Transferring recipient to JobSeeker Payment when their youngest child turns 14 will provide recipients greater incentive to search for work while they still receive a financial buffer from the single with child rate of JobSeeker Payment.

This option is considered the most appropriate measure for Government to pursue as it provides greater, long-term financial support to the vulnerable single

principal carer cohort, while also providing built-in incentives to seek out work once the recipient's dependent child has reached an age that requires far less direct supervision and enables greater connection with the labour market.

How will the Option be implemented?

Option One (b) would be implemented by Services Australia who will progress agreed changes to their ICT system.

This option does not require the creation of a new payment rate. ICT system changes would focus on the transfer of eligible JobSeeker Payment recipients to Parenting Payment (Single), and increasing the maximum age of eligible dependent child to 14 years.

Services Australia would be required to transfer around 57,000 JobSeeker Payment recipients to Parenting Payment (Single) on 20 September 2023. These recipients would start receiving the additional supplementary payments attached to Parenting Payment (Single), such as the Basic Pension Supplement and a higher rate of Energy Supplement. Some aspects of the recipient's income support experience would not change as they will retain the same mutual obligation and reporting requirements.

Legislative amendment is needed to implement this measure. Affected legislation includes the *Social Security Act 1991* and the *Social Security (Administration) Act 1999*.

Consultation plan

Relevant Activity	Stakeholders	Mechanism for Consultation	Key Issues/Topics
Legislation	<ul style="list-style-type: none"> • The Office of Parliamentary Council • Services Australia • Income Support Recipients • Department of Employment and Workplace Relations • Economic Inclusion Advisory Committee • Key social security stakeholders. 	<ul style="list-style-type: none"> • Targeted consultation with key stakeholders. • In person and online discussions and meetings. • Broader consultation on release and passage of legislation. 	<ul style="list-style-type: none"> • Passage of Legislation. • Potential alternatives may be raised in Parliamentary discussions.
Implementation of Measure	<ul style="list-style-type: none"> • Services Australia • Department of Employment and Workplace Relations 	<ul style="list-style-type: none"> • Targeted consultation with key stakeholders. • In person and online discussions and meetings. 	<ul style="list-style-type: none"> • Implementation of measure. • Changes to Services Australia’s ICT system. • Identifying the impacted cohort. • Additional changes to associated payments and mechanisms. • Participation requirements. • Long-term impact of changes
Transfer of Recipients	<ul style="list-style-type: none"> • Services Australia 	<ul style="list-style-type: none"> • Targeted consultation with key stakeholders. 	<ul style="list-style-type: none"> • The transfer of recipients from the JSP to PPS.

	<ul style="list-style-type: none"> • Department of Employment and Workplace Relations 	<ul style="list-style-type: none"> • In person and online discussions and meetings. 	<ul style="list-style-type: none"> • The transfer of recipients on one rate of payment to a lower/higher rate of payment. • ICT system issues.
Community Concerns	<ul style="list-style-type: none"> • Recipients • NGOs • Community Groups • Economic Inclusion Advisory Committee • Advocates • Other key stakeholders with a connection to the impacted parties 	<ul style="list-style-type: none"> • Targeted consultation with key stakeholders. • In person and online discussions and meetings. • A review of proposed Services Australian information material that will be provided to impacted recipients. • Ongoing consultation with Economic Inclusion Advisory Committee 	<ul style="list-style-type: none"> • Discussion about the impacts of the upcoming changes. • How this measure will change payment for recipients. • Address concerns about adequacy of payment, alternate options. • Review proposed information material to be provided to recipients.

Question 7 – How will you evaluate the chosen option against the success metrics?

Managing Challenges:

As set out in some of the prior sections of this document, there are a number of issues associated with Option One (b) that are to be monitored.

Workforce Participation and Economic Wellbeing:

The Department will monitor the impact of this change on economic participation and if there is any impact on engagement in the workforce. Receiving the more generous Parenting Payment (Single) payments may provide benefits to single principal carers in the short-term, but may have a longer-term impact on employment, skills development and accumulation of superannuation, significantly reducing their lifetime economic security and retirement incomes.

To address these longer term impacts, mutual obligation requirements are to be maintained, strengthened or altered where appropriate to ensure that impacted recipients with a youngest child aged 6 years or older continue to interact with the labour force and are encouraged to participate, seek out employment, or improve their skills.

The Government also has a key social objective of improving the social and economic wellbeing of all Australians. The financial aspect of this objective is mainly met through the provision of income support payments to those who need the safety of the social security system. This measure provides additional support and reduces the drop in payment currently faced by recipients who move from Parenting Payment (Single) to JobSeeker Payment when their youngest child turns eight years.

Monitoring of the measures will consider the extent to which changes in policy settings affect recipients' capacity to participate in the labour market. Similarly, there would need to be a consideration of whether the financial challenges that single principal carers currently face have eased in light of the increased payment for those with a youngest child aged under 14.

Evaluation Process:

As the measure is implemented, it will undergo various stages of monitoring and evaluation, both in steps undertaken by Government to implement the measure by 20 September 2023, as well as longer-term cohort analysis to consider the

qualitative and quantitative impacts of increasing the maximum age of youngest eligible child.

Key questions to be answered by monitoring and evaluation would measure the impact of the policy on cost of living pressures and whether the long-term economic security of this cohort of recipients has improved.

The department would continue its program monitoring with Services Australia, through regular program managers meeting to understand and address any issues that may arise through the implementation.

The outcomes of monitoring and evaluation would also provide the Department opportunities to either enhance or alter the design of the program, within legislative provisions, or to recommend additional policy and legislative changes to ensure the expected outcomes are achieved for recipients and for the nation as a whole.