

How has Welfare to Work Reform Affected the Mental Health of Single Parents in Australia?

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CHANGES TO SINGLE PARENTING PAYMENTS AND MENTAL HEALTH

Concerns raised about the inadequacy of income support payments in Australia have chiefly centred on the increased poverty experienced by highly vulnerable recipients, such as single parents^{1,2}. This poverty not only increases risk of social exclusion, but has broader implications for health and wellbeing. We have been undertaking a programme of research examining the strong link between welfare receipt and poor mental health, particularly for parenting, unemployment and disability payment recipients³. We have shown that much of the association between poor mental health and receipt of parenting payments is explained by financial hardship^{4,5}. We have also documented evidence of mental health selection, showing that people with mental health problems are more likely to become reliant on these payments and experience more and longer spells on welfare (compared to those without mental health problems)⁶. As the federal government recently signalled a renewed focus on reform in Australia, it is timely to consider the health consequences of the previous 2006 Welfare to Work reforms.

A primary feature of the 2006 Welfare to Work reforms were changes to the eligibility requirements for Parenting Payments for Singles (PPS). Prior to 2006, single parents could claim PPS until their youngest child turned 16. After June 30th 2006, new claimants were ineligible for PPS once their youngest child turned 8. However, approximately 440,000 existing PPS recipients were 'grandfathered'⁷ and allowed to remain on PPS provided they did not change relationship status or exit welfare for a period of more than 12-weeks. Many single parents with older children now receive unemployment (Newstart) or non-activity based payments (e.g. Disability Support pension). Some commentators have argued that these changes have contributed to increased poverty among single parent families⁸.

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The aim of this research letter is to investigate the impact of the 2006 Welfare to Work reforms on the mental health of single parent welfare recipients. We compare the pre and post-reform levels of mental health problems among single parent welfare recipients targeted by the changes. As a control we consider mental health problems among PPS recipients with dependents under the age of 8 over the same period, as their eligibility was unaffected by the reforms.

Method

We report analysis from the Household Income and Labour Dynamics in Australia (HILDA) survey, a nationally representative household panel survey. The in-scope sample for this study included *welfare recipients who were single parents with dependent children aged 15 years and younger between the years 2001 and 2012*. Single parents were classified into five groups:

- i) Pre-reform PPS recipients with the youngest child ≥ 8 ;
- ii) Post-reform single parent recipients of other (non PPS) payments with the youngest child ≥ 8 ;
- iii) Post-reform grandfathered PPS recipients with the youngest child ≥ 8 ;
- iv) Pre-reform PPS recipients with the youngest child < 8 ;
- v) Post-reform PPS recipients with the youngest child < 8 .

Mental health problems were defined by scores less than 50 on the five-item mental health inventory (MHI-5) from the SF36. The MHI-5 includes self-reported symptoms of depression and anxiety experienced over the past four weeks and is a valid screen for these common mental disorders in the general population⁵. Population averaged generalized estimating equations with robust standard errors modelled the association between welfare receipt with risk of mental health problems. Analyses were adjusted for time in study, age at

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baseline, sex, physical functioning, educational attainment and partner status (widowed, never married, separated).

Results

The sample comprised 1114 recipients (92% women), with a mean age of 32.7 (SD=9.5). Respondents contributed an average of 3 waves of data for these analyses. Prior to the reforms, less than 1% of participants with children aged 8 to 15 reported receiving Newstart. However there was an increase in the uptake of Newstart after July 2006 and by 2012, just over 20% of single parent welfare recipients with children aged between 8 and 15 received Newstart allowance.

Considering single parent recipients with children aged 8-15: compared to those who received PPS prior to the 2006 reforms, those who received PPS after 2006 (i.e., grandfathered) reported similar rates of mental health problems (OR = 1.29, 95% CI: 0.74, 2.27). Those who received non-parenting payments after the reforms were introduced had higher rates of mental health problems compared to both pre-reform (OR = 2.15, 95% CI: 1.21, 5.21) and post-reform grandfathered recipients (OR = 1.66, 95% CI: 1.05, 2.60) (Figure 1). While not significantly different in the unadjusted model, the adjusted analysis indicated that PPS recipients with young children (aged 0-7) had lower rates of mental health problems after 2006 compared to parents in the same circumstance prior to this.

Conclusion

In a policy environment where welfare reform is being actively considered, it is important to examine the potential health effects of the 2006 Welfare to Work reforms. Our findings suggest that many single parents who were no longer eligible for PPS after 2006 and shifted to other payments such as Newstart showed higher levels of mental health problems.

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This is consistent with concerns about increasing poverty and hardship among single parent families. More recent changes removed PPS eligibility from grandfathered recipients. While we anticipate the mental health consequences will be the same, data is not available to test this hypothesis. The lower levels of mental health problems among recipients with young children over time makes the increased morbidity among non-grandfathered recipients more stark, and warrants further investigation as their circumstances were not affected by these reforms. It is important that the current review of Australian welfare system considers how future reforms may impact on the health and wellbeing of our most vulnerable and disadvantaged populations, and ensures minimally acceptable living standards for those affected.

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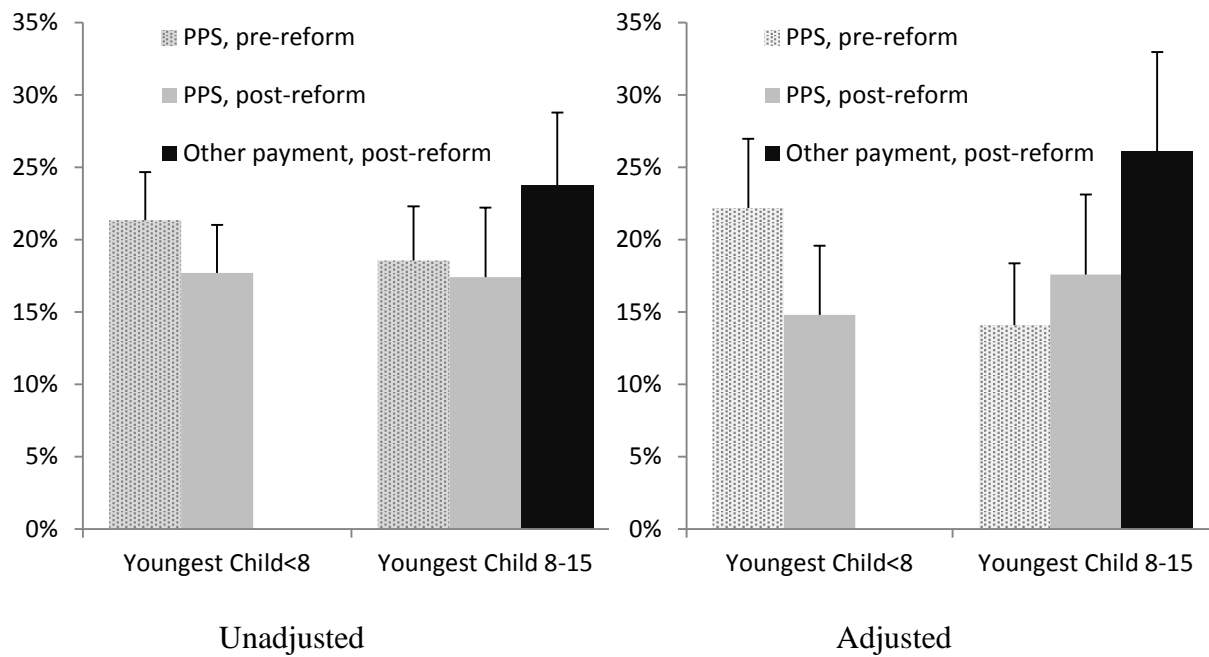


Figure 1: Estimated prevalence (and 95% confidence interval) of mental health problems among single parent welfare recipients before and after Welfare to Work reforms of 2006.