


# Impact Case Study

## Public Finance




### Introduction

 In 2006, the Australian government introduced reforms to reduce “welfare dependency” and encourage greater workforce participation, especially for sole parents seeking work. These *Welfare to Work* measures reduced welfare entitlements for mothers whose youngest child was aged 8 to 15, replacing a more generous parenting payment with a lower-paying unemployment benefit. The underpinning principles, noted by the Australian Institute of Family Studies (AIFS), were that:


- paid employment provides the best form of family income;
- income support recipients of working age should have an obligation to participate in the workforce, depending on their capacity and taking into account their caring responsibilities; and
- services should focus on assisting recipients into the workforce.

### Background

 The AIFS report found in 2010 that, rather than supporting single parents – who are overwhelmingly single mothers – the reforms increased the potential for these single parent families to experience poverty <https://aifs.gov.au/research/family-matters/no-84/child-support-and-welfare-work-reforms>. The report stated:

“The potentially negative consequences of the reforms arguably arise from a failure of reformers to appreciate the broader social context – that there is not a level playing field between mothers and fathers in the employment market and that we are not yet in a world of meaningful shared care arrangements.”

### The Research

 While the policy was not necessarily responsible for negative outcomes for lone parents, unintended consequences for single mothers were not necessarily considered within the context of wanting to encourage them to participate more in the workforce.

A potential unintended consequence of the policy was its possible impact on repartnering. One of the few ways for single mothers to avoid poverty was to find a new partner. While finding a new partner in life can be positive for many, making repartnering an economic necessity has the potential to be harmful to vulnerable single mothers and their children.

Dr Anna Zhu, member of RMIT’s Centre for Organisations and Social Change (COSOC), and Dr Hayley Fisher, of the University of Sydney, undertook an examination of how the 2006 welfare reform affected the repartnering rate of newly separated mothers, using bi-weekly administrative data from Centrelink records, to explore its impact on family structure, with a focus on the incidence and speed of repartnering. This specific focus was possible as mothers separating before 1 July 2006 were exempt from the policy change, with only mothers separating after this date being affected, making a comparison between the two groups possible. This analysis was also made possible by the high frequency of the Centrelink administrative data.

The research showed that after the reform, single mothers, faced with a reduction in financial resources at the time of relationship breakdown, repartnered more quickly than pre-reform separating single mothers.



Evidence showed that repartnering induced by the reforms in the first year after separation was less stable. Further research undertaken through a panel survey also suggested that those who repartnered as a result of the policy were less satisfied with their new partner, even if they had a higher income.

The study concluded that further research was required on the broader implications of the patterns of rapid repartnering – including the barriers to single mothers to finding appropriate work, the impact of the policy on other aspects of maternal health and wellbeing, and the impact on the children of single mothers or on mothers who remain single.

---

## Funding support and/or institutional support



RMIT's research was supported by the University of Sydney, the ARC Centre of Excellence for Children and Families over the Life Course, and the Institute for the Study of Labor (IZA).

---

## Project outcomes



*The Effect of Changing Financial Incentives on Repartnering* by Dr Hayley Fisher and Anna Zhu was published in *The Economic Journal* 129, in October 2019.

- [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2846334](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2846334)

## Presentations

The work has been presented at numerous domestic and international conferences and to policy makers in state and federal government.

Dr Zhu was also invited to give evidence at the House of Representatives Inquiry into *Intergenerational Welfare Dependence*. This has been recorded in public Hansard records and quoted in the Final Report from the inquiry – *Living on the Edge*.

---

## Overview of the impact



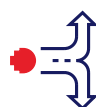
Dr Zhu has held discussions with policymakers from a range of organisations addressing the results of her research and how it might be applied to their work, including the Australian Institute of Health and Welfare (AIHW), Relationships Australia, the Treasury Department, and the Department of Social Services, who have cited the research in a 2023 report.

Her work was cited in the recent Treasury Economics Employment Whitepaper, *Working Future: The Australian Government's White Paper on Jobs and Opportunities*. Dr Zhu was also invited to participate in a roundtable forum to consult Treasury on matters such as policies to alleviate female poverty.

This research also laid the groundwork for further research on the intergenerational impacts of welfare reforms, including Dr Zhu's first ARC Linkage grant, *The Impact of Income Support Design on the Outcomes of Children and Youth* (2018-2022). Dr Zhu was the lead investigator, working with Associate Professor Chris Ryan (University of Melbourne) and Dr Barbara Broadway (University of Melbourne) and Linkage partners, Department of Social Services and Department of Education, Skills and Employment.

---

## Next Steps



Dr Zhu was recently awarded another ARC Linkage grant on measuring the *Intended and Unintended Impacts of Policy for Adaptive Policy Management* as lead investigator along with Dr Dennis Petrie (Monash University), Dr Bruce Bradbury (UNSW), Dr Barbara Broadway (University of Melbourne), Dr Catherine Althaus (UNSW), and in partnership with the Reserve Bank of Australia, Gradient Institute, Royal Flying Doctor Service of Australia, CorbettPrice, Agile Digital, ThinkPlace, Salsa Digital, Communities in Numbers, Premier and Cabinet (NSW and SA), and the Centre for Public Impact, Qualtrics.

---

## COSC Research Theme

This work falls outside a specific COSC research theme but it examines how transformative social change can be advanced through organisations for the inclusion and wellbeing of all.