Myths and Facts:
Sole Parents and the DPB

A Child Poverty Action Group Background Paper

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About Child Poverty Action Group

Child Poverty Action Group (Inc) (CPAG) is an independent charity working to eliminate child poverty in New Zealand through research, education and advocacy. CPAG believes that New Zealand’s high rate of child poverty is not the result of economic necessity, but is due to policy neglect and a flawed ideological emphasis on economic incentives. Through research, CPAG highlights the position of tens of thousands of New Zealand children, and promotes public policies that address the underlying causes of the poverty they live in.

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Child Poverty Action Group (Inc)
Introduction

My littlest one, 4 years old, was playing with her 2 dolls, and she said “no you eat it baby, there isn't enough food”, it made me cry and I never thought she really noticed that I often don't have dinner and just eat what my children have left over, if they do have any left overs. It was heartbreaking to know that at her age she knows that. And all of my children will ask at the supermarket for things, but they always say “Mum can we afford ...” I am so saddened by the new obligations being put on us solo parents by the government, it is adding so much pressure we just don't need. The feeling of discrimination for being a solo parent is really taking its toll.¹

The Government’s ‘welfare reforms’ continue to undermine the economic security of thousands of families. The increasing poverty and economic exclusion we are witnessing is in itself very serious, but society’s lack of empathy and understanding has further exacerbated social division. In 2013 a Human Rights Commission survey found discrimination against beneficiaries was greater than for any other group. As Beneficiary Advocacy Federation spokeswoman Kay Brereton stated:

the discrimination against beneficiaries [is] severe - they could be left out of social groups and feel potential employers would not take them seriously. Beneficiaries are facing quite significant discrimination - they have been attacked, really, from all sides,²

Approximately 234,000 children are growing up in families on benefits³, consequently they are susceptible to this discrimination through no fault of their own. Discrimination arises from being cast as ‘the other’ and from perceptions that are nourished by stereotypes perpetuated in public and private conversations:

Around two thirds [of people surveyed] believed people were poor because of personal deficits and they were generally not in favour of any increase in government assistance to the poor.⁴

This Child Poverty Action Group (CPAG) Backgrounder focuses on some of the common myths, especially about sole parents on the Domestic Purposes Benefit (DPB). Myths such as: “sole parents are teenagers who can’t be bothered working”; “there’s work if they want it, they just don’t want it”; “poverty is about bad choices”; “the DPB is a lifestyle choice” are common and damaging phrases.

Repetition of myths about sole parents makes them ‘true’ in the minds of many people. Myths often appear highly plausible, and they may even hold a grain of truth, but they far from represent reality and can cause lasting harm. They allow the government and its welfare policies to be shielded from proper scrutiny and helps explain why there is little public outcry as the safety net supporting many families and their children is progressively eroded.

CPAG believes that a child-centred approach is needed to underpin all public commentary and policy development.

What tends to operate now in a wide range of policy areas is not child-centred, nor are children socially included. ... Placing children in the foreground with legislation to ensure all government policies are compatible with their needs and rights would begin to shift the conversation to a child-centred approach.⁵

Encouraging or at best tolerating such discrimination against beneficiaries is harmful not only to beneficiaries and their family but to New Zealand’s wider community as it allows societal chasms to widen. Awareness of the damage of careless words and a new focus so that
policies reflect children’s interests may begin to move New Zealand in a more just and fit and healthy direction.

**Unpicking the myths**

This backgrounder uses examples from politicians and commentators and contrasts their statements with factual data that is readily available from Government and other websites and publications.

In New Zealand, it is estimated that “around one in two mothers have spent some time as a sole parent by the time they reach 50 and that a third of children have lived with a sole mother for some time by age 17.” In the year ending in June 2011, out of a total of around 628,600 households with dependent children, over 30% were one-parent families. Of these sole parents, nearly 36% were in full time paid work, and 19% in part time paid work. These employment rates for sole parents are better than the UK and Australia, although just below the OECD average. In December 2011, parents depending on a main benefit, including 99,945 sole parents on the Domestic Purposes Benefit (DPB) were caring for around 234,600 children aged 0-18 years. Of these children, 180,845 children were cared for by DPB recipients. For those carers on the DPB, three in five (62%) had a youngest child aged six years or under, while 10% had a youngest child aged 14 years or over.

The majority (81.4%) of sole parents on the DPB are aged between 25 and 64 with 1.7% of individuals making up the 18-19 age brackets. While women are the political focus it is worth noting that just over 12% of Domestic Purposes Beneficiaries are men.

This brief overview of demographics provides only a limited insight into the large spread of individuals utilizing the DPB, and thus alerting us to the risks of generalizations.

*Sole parents are not a homogeneous group, but encompass a range of people in different circumstances. Nor is sole parenthood an unchanging status; rather people move in and out of sole parenthood (sometimes on repeated occasions) and may be sole parents for shorter or longer periods of time.*

**Myth 1: Breeding for a business**

*[Labour’s policy has led to] the situation where people have been, for want of a better term, breeding for a business.* John Key, 2002.

**Facts:**

The policy referred to is Labour’s removal of work obligations for sole parents with young children on the DPB. There is no evidence that anyone ‘breeds for a business’ or that imposing work obligations change fertility outcomes. Relationship breakdown is a major cause of women becoming sole parents. At the 2006 Census, two thirds of sole parents had been previously married or in a civil union. When a spouse dies, or the relationship becomes violent, access to the DPB contributes to the protection and wellbeing of the child.

Over time, of those people depending on DPB, less than 25% give birth to, or become sole caregiver to, more children; and of that 25%, roughly 6% (around 1,500 women) have 2 or
more children while on a benefit.\textsuperscript{18} Far from breeding as a business; as at December 2012 approximately 50\% of DP beneficiaries are caring for only one child.\textsuperscript{19} On an annual basis about one third of the benefits are cancelled as sole parents leave largely for work or new relationships\textsuperscript{20}.

**Myth 2: More money won’t help**

\begin{quote}
Usually more money helps a little bit but it is much more deep-set than that. It is really about whether we send them the message that we believe in them and we are going to change their attitudes. John Key, Prime Minister, 2012\textsuperscript{21}
\end{quote}

**Facts:**

This statement implies that being poor and on a benefit is just a matter of poor attitudes. The PM’s claim that the government needs to ‘change the attitudes’ of beneficiaries contradicts the message: ‘we believe in them’. Indeed, recent ‘welfare reform’ changes to the Social Security Act\textsuperscript{22} signal that the government believes sole parents must be coerced and threatened with economic sanctions into seeking work while still responsible for caring for their children.

The evidence also contradicts the Prime Minister’s (PM) claim, showing very clearly that employment levels among sole parents move with the overall state of the economy. In the mid-2000s when there were increasing general levels of employment, there was a marked increase in the employment rate of sole parents.\textsuperscript{23} The numbers on the DPB fell. This ‘gain’ disappeared when the onset of the recession in 2008 led to rising unemployment.\textsuperscript{24}

The PM acknowledges that ‘more money helps’ (see above). In fact, research has shown that extra money helps more than just ‘a little’. Increased tax credits for children when Working for Families was introduced were used for a range of essential expenditures\textsuperscript{25}

**Myth 3: Paid work will solve poverty**

\begin{quote}
Paid work is the route to independence and wellbeing for most people and is the best way to reduce child poverty. John Key, Prime Minister\textsuperscript{26}
\end{quote}

**Facts:**

Many sole parents support themselves and their family through some paid employment as well as the DPB yet remain in poverty.\textsuperscript{27} In addition, it is clear paid work is no guarantee of escaping poverty when 2 out of every 5 children in poverty are in families with at least one adult in full-time work.\textsuperscript{28}

Of course paid work is the way most people are able to stay out of poverty. But there are many circumstances when the parents or sole parents of our poorest children cannot work. For them work is not the way out of poverty. In addition, over one quarter of all children with disabilities live in sole parent households (the stress of a disabled child can lead to the
break-up of a relationship). Children born with disabilities require high levels of care, with some requiring constant care.

For unemployment and sickness beneficiaries required to work 15 hours per week, the net gain in income is negligible for income above $80 a week. Sole parents are permitted to keep more of their benefit than those on the Unemployment or Sickness Benefit when they work part time, but for earned income over $200, the gains are risible or even negative when student loan repayments are required. Welfare reforms require a sole parent to work 15 hours a week once the youngest child is aged 5. At a rate of $20 an hour, this is $300, meaning the last 5 hours worked produce a negligible increase in take-home pay.

A sole parent who is able to work 20 hours per week and move off a benefit qualifies for the Minimum Family Tax Credit (MFTC) top up. But there is no increase in net income if hours are increased, even to 30 hours of paid work per week. This is because an extra dollar of earned income reduces the top up by a dollar. Because she is ‘off–benefit’, she is also entitled to the In Work Tax Credit (IWTC) for her children. While the effect of the MFTC and the IWTC is to make the family substantially better off than a combination of partial-benefit and part-time work, it is only because of the government top-ups. Being off- benefit makes her vulnerable in an uncertain economic climate. If her hours fall below 20 a week she loses eligibility for both tax credits, and may also face difficulties getting back on a benefit.

**Myth 4: DPB pays more than the average female worker’s wage**

**DPB pays more than average female worker’s income...choosing motherhood over work is entirely economically rational. Lindsay Mitchell, Welfare Commentator, 2010**

**Facts:**

This myth directly contradicts the myth that ‘work is the way out of poverty’. The facts are more complex than either of these simplistic claims acknowledges.

In the June 2012 quarter, median weekly income for those receiving a wage and salary income was $879 for male and $673 for female. This compares to $333.01 gross from the DPB. Lindsay Mitchell appears to be adding on things like the accommodation supplement and Working for Families: The net basic rate for the DPB of $293.58 (2012) with an extra $92 for the first child and $65 for the second from Working for Families. The accommodation supplement will only meet part of her housing costs, now much greater as she has children. In 2010 the cost of raising 2 children (including housing) was at least $279 per week with inflation bringing that to $297.31 in 2012. In choosing motherhood the household size increases and income must go much further, while opportunities to work decrease.

The 2008 Living Standards Survey found that; “sole parent families in work have a hardship rate (20%) well below that for sole parent beneficiary families” (54%).

A single person on the average wage is not living in poverty. The situation drastically changes when there are more mouths to feed and people to clothe. It is illogical to suggest that choosing motherhood is economically rational.
Myth 5: Welfare traps people in poverty


Facts:

There is no evidence for the claim that welfare demotivates those who receive it. It is equally likely that the experience of being on welfare is sufficiently awful to provide an incentive to move into work at the earliest opportunity. The problem is availability of good secure full-time work. The Beneficiary numbers move in line with the general state of the economy, that is, when employment is available, beneficiary numbers decrease. This would not happen if people were ‘trapped’ on welfare. But for those on the DPB, it cannot be assumed that even if full time work is available it is a desirable or feasible option. Sole parents are not just unemployed; they have caregiving responsibilities that often preclude full-time work.

The ‘trap’ of welfare comes about not because people are too demotivated to find work, but because there is a shortage of suitable positions, and because (as already established) the effective marginal tax rates (EMTR) on additional earnings can mean paid work creates very little additional income. Those paying income-related rent in Housing New Zealand accommodation face rent increases for any additional income earned. So yes there is a trap, but the solution is not to beat up beneficiaries but to make it easier for them to make themselves better off when full-time work is not an option.

Many of those wanting to move off the DPB have few qualifications and face the challenge of finding appropriate paid work and suitable childcare. As a result, employed sole parents tend to be those with school-aged children. For these children, after school and holiday care must be accessed and paid for.

Myth 6: DPB is a lifestyle and lifetime choice

Where [welfare] is driving the wrong outcomes, however, is a significant number of very young women going onto the DPB and staying there for a lifetime. John Key, Prime Minister, 2011.

We have literally had people languishing on DPB for three plus decades without so much as a job interview. Paula Bennett, Minister for Social Development, 2012

Facts:

These two quotes have been placed together as they are illustrative of the same generalization. Additionally, they both have come from a high political level, making it all the more concerning.

The 2006 census recorded that the median age of all sole parents was just less than 43 years. Specifically, the median age for those on the DPB is around 32 years. People
younger than eighteen who became sole parents have a median time on the DPB of 7.3 years, which is not a ‘lifetime’, but is long enough for the child to have settled at school.

Unless a woman has children continuously into her late 40s, it is impossible to remain on a DPB ‘for a lifetime’.

While the total numbers in receipt of the DPB may remain similar for long periods, there is a high turnover: 25% of those currently on the benefit have received DPB for under a year, 66% have been on it for less than four years, and only 10% have been on it for ten years. Those who remain dependent for longer periods are often caring for disabled or health-impaired children, and/or older disabled children requiring institutional-level care. Being the sole care-giver for a young child or an older, disabled child cannot in fairness be described as ‘languishing’.

**Myth 7: Compulsory work preparation courses lead to jobs**

> [Mandatory work preparation via courses will get people into work rather than having Work and Income] simply write a cheque to whoever turns up and leave them to their own devices, uninterested in what happens to them. Minister for Social Development Paula Bennett, 2011.

**Facts:**

A work preparation course may build confidence, but it does not build a skillset. During her term as Minister, the Social Development Minister has made it more difficult for sole parent beneficiaries to retrain by reducing access to the Training Incentive Allowance. Even if she is studying full-time her children miss out on the In Work Tax Credit worth at least $60 a week. The lack of income makes it very difficult for a sole parent to sustain tertiary study.

Tertiary education and training is expensive, and often requires moving to an area that has a ‘no fees’ education policy, or taking on debt. Education and training has the capacity to be life-changing, providing opportunities for employment, and for improved income. Restricting access to education prospects for sole parents affects a child’s experiences; they are unable to reap the benefits that further education can provide a family.

**Myth 8: Welfare causes poverty and illness**

> There are clear links between welfare, poverty and poor health. Evidence shows children are better off when their parents are in work, not on welfare. Minister for Social Development Paula Bennett, 2011.

**Facts:**

It is true there is a clear link between poor mental and physical health and being unemployed, and sole parents have worse health indicators than partnered parents. In general it is also true that children in families in paid work are better off in income terms. In
part this is attributable to the inadequacy of benefits. However, linking these two factual statements creates the erroneous impression that the solution to all child poverty is to simply get a job. This myth is dangerous and unfair.

Whether paid work is better for either parents or their children is dependent on family responsibilities and family health, the nature of the employment, and overcoming employer discrimination against the disabled and mentally ill.\textsuperscript{53} Trying to move parents into paid work with no corresponding effort to ensure jobs are available simply increases the already high levels of stress experienced by beneficiary parents. It is this stress that is a key contributor to ill health.\textsuperscript{54}

There is a lack of evidence that full time work is better for the parent and child than part time work, especially at low wage rates.\textsuperscript{55} Lack of affordable childcare is a major barrier to work. Currently the Government funds 20 hours of early childhood education for all families, corresponding to the minimum of 20 paid work hours per week to qualify for the IWTC. Unfortunately many ECE providers offer half or full day options that don’t match patterns of employment.\textsuperscript{58} Furthermore, ECE provision in low income areas is often patchy or absent.\textsuperscript{57}

**Myth 9: If you are on DPB you are ripping off the system**

> When people leave a relationship, too many take it for granted that the first port of call is not their own savings or their family but the WINZ office. Ripping off the system just seems to be taken for granted by too many people. Past Leader of the Act Party, Don Brash, 2005.\textsuperscript{58}

**Facts:**

To qualify for benefits, people are income-tested, and if their savings are above a low threshold they will not qualify for means-tested top-ups.\textsuperscript{59} For the majority of recipients, the DPB is a necessary, temporary safety net to support them caring for their children, and they do whatever is required to make ends meet including getting into debt with their extended family, banks, and when other options run out, with loan sharks.\textsuperscript{60}

Supporting people in adverse circumstances, including through welfare benefits, is what our social insurance system is designed to do; accepting that support is not ‘ripping off the system’.\textsuperscript{61} Benefits are provided only after strict criteria are met.\textsuperscript{62}

Benefit fraud amounts to 0.1% of all benefits paid.\textsuperscript{63} Benefit fraud by beneficiaries can result in charges under both the Crimes Act and the Social Security Act. The courts take benefit fraud by beneficiaries very seriously and regularly impose harsher custodial sentences on so called ‘welfare cheats’ than on tax evaders.\textsuperscript{64} After a beneficiary has been convicted of benefit fraud and served a jail sentence, community service and/or a fine, they can then be pursued separately to recover the debt.\textsuperscript{65}
Myth 10: Raising children as a sole parent is not work

... instead of being horizontal [DP Beneficiaries] should have been applying for jobs then the so-called ‘daily struggle’ would not exist. There are jobs out there. Letter to the Editor, Herald on Sunday, 2012.66

Facts:

While sole parents as a group do have consistently higher unemployment rates than the general public and coupled parents, this reflects the 24/7 responsibilities of sole parenthood. The claim that “jobs are out there” is factually inaccurate: the jobs are NOT out there,67 and as previously stated, since the global financial crisis hit New Zealand in 2008, as unemployment has risen, so too has the number of DP Beneficiaries increased.68

This letter also reflects the spurious myth that dismisses and distorts the reality of a daily struggle many sole parents receiving state assistance face. It again denies that the reality of caregiving means that many sole parents cannot and should not be in paid work.

Myth 11: DPB separates children from their fathers

The DPB has clearly contributed to many children growing up without fathers, often without even knowing who their father is. Past Leader of Act Party Don Brash, 2005.69

Facts:

There is no evidence that the DPB has contributed to many children growing up without fathers, and/or not knowing who their father is.

Women receiving a DPB who don’t name a child’s father endure a weekly benefit deduction of $22 per child plus a weekly penalty of $6 after a certain time has elapsed. This provides a strong incentive to name the father.

Disturbingly, escape from a violent partner is often the cause of women becoming sole parents,70 and thus is often a reason for refusal to name the father. Even in such situations the benefit reductions still apply.

Myth 12: DPB is a dream solution for women and their children

The dream is over. Minister for Social Development Paula Bennett, 2010.71

Facts:

Sole parenting is more a nightmare than a dream: Solo parenting is a difficult and strenuous job; calling it a dream dismissed the complexities that come with the role. It is far from a
dream for many children whose health is at risk from the poverty that is often associated with being in a sole parent home.\textsuperscript{72}

Sole parents have worse health indicators than partnered parents, and are more than twice as likely as partnered parents to experience a mental disorder\textsuperscript{73}. Some of this difference is explained by socio-economic position, but a further significant portion is explained by the stress and discrimination associated with being a sole parent and a beneficiary.\textsuperscript{74}

New Zealand’s social security system was developed to ensure every person, including every child, was protected by an adequate safety net, and enjoyed social inclusion, and access to healthcare, education and opportunity. When those protections and opportunities are cut away by the ‘welfare reforms’, children may pay the price of impaired health all of their lives.

**Summary**

This report has attempted to unravel the complexities involved in being a sole parent on government assistance. By unpicking some of the more common criticisms made about the DPB we hope to make people aware of the damage of such generalizations. These myths embed stereotypes in the minds of many, creating a ‘one size fits all’ narrative for what a sole parent on the DPB looks like. These are not comments restricted to personal conversations; both the media and our politicians have had a role to play in perpetuating this discrimination.

As the cartoon illustrates, the biases in the media make it difficult for the stories of sole parents to be told.\textsuperscript{75} As a forward thinking nation we must question and oppose such prejudices as they will weaken us as a society and hurt those who, at times, need our support the most.
References

1 Comment from sole parent on Child Poverty Action Group facebook discussion, 2012.
8 Paid employment up to $100 per week is not penalised by a reduction in the basic DPB amount: Work and Income New Zealand (2012). “Domestic Purposes Benefit - sole parent (current).”
11 The Children’s Social Health Monitor 2012 Update, Economic Indicators, Table 1.
22 The number of Amendments is vast, for example: the Social Security (New Work Tests, Incentives, and Obligations) Amendment Act 2010 (2010 No 105).
23 The WFF threshold was increased, abatement was lowered, there was an increase in minimum wage and the economy was booming: St John, S. and M. C. Dale (2012). “Evidence-based Evaluation: Working for Families.” Policy Quarterly 8(1): 39 – 51.
31 Working for Families Tax Credits (2012)


Training Incentive Allowance (all main benefits) in 2003 was 22,453 and in 2007 was 13,147.

See CPAG website for a full discussion of this discriminatory policy


Centre for Social Research and Evaluation and Institute of Demography and Economic Analysis.


Social Security Act 1964, section 74.


Social Security Act 1964.

"Work and Income New Zealand (2012). "Domestic Purposes Benefit - sole parent (current)."


Dickison, M. (2013) Benefits 'attacked on all sides'. New Zealand Herald

Cartoon by Corrine Pearlman in Dickison, M. (2013) 'Beneficiaries: Mysterious drop in job seekers'. Wellington, Ministry of Social Development
Sole Parents

- At the 2006 Census, the median age of New Zealand’s Sole Parents was 42.9 years.
  - 1.4 per cent were aged less than 19 years
  - 16 per cent were aged less than 29 years
  - 84 per cent were aged 30 years and over
- At the 2006 Census, two thirds of New Zealand’s Sole Parents had been previously married or in a civil union
  - 8 per cent were still married
  - 20 per cent were separated
  - 24 per cent were divorced
  - 13 per cent were widowed.
- At the 2006 Census, one third of New Zealand’s Sole Parents had never been married or in a civil union. Their median age was 33 years.
  - 3.8 per cent were aged less than 19 years
  - 39 per cent were aged less than 30 years
  - 61 per cent were aged 30 years and over

Teenage and Ex-Nuptial Fertility

- In 2011, 2.8 per cent of New Zealand’s teenage women (15-19 years) gave birth. This is higher than Australia (1.7 per cent), similar to the United Kingdom (2.4 per cent), and lower than the USA (3.9 per cent). It is somewhat less than half the level occurring in 1972 (6.9 per cent).
- Teenage fertility should not be confused with ‘ex-nuptial’ fertility (births born outside marriage). Only 2.5 per cent of New Zealand’s teenagers in 2011 had an ex-nuptial birth.
- The majority of ex-nuptial births are to women aged 30-34 years, followed by women aged 25-29 years. Rates are lower than they were in 1972 for every age group except 35-39 and 40-44 years, for whom ex-nuptial births have increased substantially.