The limits of work-activation: New Zealand lone mothers' income adequacy, security, and sustainability over time.

Dr Lesley Patterson
Sociology Programme
Massey University
PO Box 756
Wellington 6140
NEW ZEALAND

Telephone 0064 (4) 801 5799 x6935

Email L.Patterson@massey.ac.nz

Biographical Statement
Lesley Patterson PhD is a sociologist and Senior Lecturer in the School of People, Environment and Planning, Massey University, New Zealand. Lesley is currently researching the intersections of family life and paid work in New Zealand though two qualitative panel studies, one comprising low-income lone mothers, the other first-time new parents.

Acknowledgements
This working paper is based on a paper presented at the symposium Lone mothers and welfare to work policies: insights from longitudinal qualitative research (Simon Fraser University, Vancouver, Canada, 26-28 September 2008). I acknowledge the very useful comments made by symposium attendees, as well as colleagues Katherine Forbes (BRCCS (NZ) Research Assistant, 2008) and Robin Peace. I remain grateful to the women who are participating in this research for their time, and their on-going interest in the project.
Abstract

New Zealand low-income lone mothers’ experiences occur within a political context that explicitly seeks to ‘make (paid) work pay’. Paid work is promoted as a remedy for poor families whose poverty has traditionally been conflated with ‘welfare dependence’. Changes in the New Zealand benefit and tax structure, along with other additional support (for example, public childcare subsidies) exemplify the New Zealand work-activation approach. A preliminary analysis of two waves of annual interviews from an on-going four year qualitative study with 42 lone mothers suggests these policies have enabled some to improve family income through paid work. However, the data also suggests that for lone mothers, paid work and income are linked in complex ways. Despite policy initiatives supporting participation in paid work, lone mothers’ income adequacy, security and sustainability remains surprisingly volatile over time, and in ways that are likely to be difficult to address equitably through work-activation policies alone.
Introduction

In New Zealand, as in other countries with similar liberal welfare regimes, two dramatic shifts have transformed the historical relationship between paid work and social security (Lewis, 2002). The first is the increasing participation of women (and especially mothers) in the labour force and the concomitant effort by recent governments to cement women as citizen-workers (thus ‘like men’) in the political imaginary (Kahu and Morgan, 2007). The second is the shift from a social security model of welfare provision to a social development model (Cheyne, O’Brien, and Belgrave, 2005). While social security was premised on buffering groups marginalised from the labour market due to their structural position (for men typically as breadwinners, and women as their care-giver dependants), the social development model is premised on a normative de-gendered individual participating in paid work across their adult life-course (Cabinet Social Development Committee, 2002; Dean, 2001). In recent years, this has seen a flurry of legislative and policy activity across diverse ‘work-related’ concerns, including the introduction of statutory paid parental leave, the introduction of a statutory ‘right to request’ flexible working hours, the introduction of twenty hours per week ‘free’ childcare for children aged three and over, and continuing research and policy development in the areas such as work-life balance (Colmar Brunton, 2006; Kendall and Fawthorpe, 2006; Worklifebalance Project, 2004).

For low-income New Zealanders, participation in paid work is now a normative citizenship expectation, as well as central to new modes of income redistribution to the (working) poor, many of whom are lone mothers (Cabinet minute (NZ), 2004; St John and Craig, 2004; Baker and Tippin; 2002). In 2004, the Labour-led government introduced a package of policy initiatives under the rubric ‘Working for Families’ (WFF) to “make work pay” (Cabinet
minute (NZ), 2004: 2). While the package aimed to improve the position of low- and middle-income working families generally (Perry, 2004), it specifically sought to assist low-income lone mothers in part-time paid work (20 hours or more per week) move from ‘welfare’ to ‘work’. WFF included the introduction of tax credits (including an in-work payment (IWP) for workers with dependent children), the reduction of marginal tax rates for workers whose incomes came from both welfare benefits and paid work, improvements in the rate of and broadening eligibility for tax credits for low-income families, and raising the rate and extending entitlement to publicly-funded childcare assistance (including subsidies for preschool and out-of-school care) (Cabinet minute (NZ), 2004; for current entitlements see:http://www.workingforfamilies.govt.nz/).

New Zealand has a relatively high proportion of families headed by lone parents (28 percent in 2008), second only to the United States (33 percent in 2006) and higher than the United Kingdom (25 percent in 2004), Australia and Canada (both 22 percent in 2006) (Ministry of Social Development, 2008, p. 18). While approximately one in ten children lived with a lone parent in 1973, in 2007 this figure was approximately one in four (Ministry of Social Development, p. 18). As in other similar countries, lone parenting remains gendered. In 2007, nearly 82 percent of lone parent families were headed by women (Ministry of Social Development, p. 18). The median annual income of lone parent families with children is just over one-third of that of the median income of couple families with children. In 2006, the median annual income for couple families with dependant children was $NZ75,600, while for lone parent families the annual median income was $NZ27,400 (Statistics New Zealand, 2007), approximately US$49,500 and US$18,500 respectively.

The low incomes of New Zealand lone mothers have been attributed to their historically low rates of participation in paid work (Krishnan, Jensen and Rochford, 2002; Goodger, 1998),
although in recent years participation rates have risen markedly (Goodger, 2002). Benefit rates in New Zealand are modest, and benefit receipt has become increasingly stigmatised, especially the receipt of the benefit paid specifically to lone parents, the Domestic Purposes Benefit (DPB) (Briar and Patterson, 2005; Patterson, 2004). Explanations for New Zealand lone mothers’ comparatively weak attachment to the labour market have identified personal circumstances (for example, poor health of mothers and / or their children), and a combination of barriers to paid work, such as the availability of suitable jobs, access to childcare, and high marginal tax rates as disincentives (O’Donovan, McMillan and Worth, 2004; Cabinet Social Development Committee, 2002; Baker and Tippin; 2002; Goodger and Larose, 1999; Nixon and McCulloch, 1994; Levine and Wyn, 1993). The WFF package sought to specifically address these disincentives (Perry, 2004).

In this working paper, I report preliminary findings from an on-going qualitative longitudinal study exploring low-income lone mothers’ experiences of paid work and family life in the New Zealand work-activation policy context. Two waves of annual interviews have been completed and form the basis of the material presented in this paper. A further wave has been collected but not yet analysed, and a final wave is planned for 2010*.

The research explores changes and continuities over time in the experience of low-income lone mothers in relation to paid work, family life and intimate relationships, in a work-activation policy context. These foci were selected on the basis of a preliminary literature review that found that in liberal welfare states lone mothers’ participation in paid work is constrained by barriers to work, by care responsibilities within their families, and because lone mothers often move from welfare receipt for reasons other than moving to paid work (Dodson, 2007; Baker and Tippin, 2002; Chalmers, 1999).

* Wave four interviews have now been completed (March 2010); Wave three and four data have not yet been analysed
At the end of wave two, the panel comprises 42 women, although 48 women were interviewed at wave one. The findings reported in this paper are based on the experiences of the current 42 panel members. Open-ended questions were used to explore panel members’ experiences of paid work (and where relevant, work histories), family life (and where relevant, family histories), and personal relationship/s. Specific questions about sources of family income and income levels were also asked. At wave two, a one page summary of the panel member’s first interview formed the basis for discussion. Participants were read the summary by the researcher, invited to make any changes or comments, and then asked the open ended question: “what has happened since then?”

As at the end of wave two, some improvements in the incomes of the participants are noted, especially for those who have moved into, or remained, in paid work. However, the relationship between paid work and income adequacy, security and sustainability appears linked in complex ways. Indeed, for many of the participants, income security is especially volatile as they individually negotiate the complexity of enduring gendered inequalities and the ‘private’ and individuated impact of these inequalities on their family and working lives. These preliminary findings suggest that initiatives that privilege paid work may not be the most effective for ensuring lone mothers sustain adequate and secure incomes over time.

The paper is structured in three sections. Section one presents a brief description of the research design, sketches the personal and social characteristics of the panel members, and presents some observations based on a cross-sectional analysis of wave one interview data. The heterogeneity of lone mothers’ experiences of income adequacy and security identified in the cross-sectional analysis shows that both are influenced by the resources women have when they become lone mothers, as well the immediate particularities of their family and
working lives. In section two, changes in hours of paid work and sources of income are noted, and two themes identified: paid work is important for asserting identity claims; and paid work is only one source in lone mothers’ complex income amalgam. In section three, it is argued that income sustainability is difficult for lone mothers, irrespective of their social location and the skills and resources they take into parenting alone. Factors over which lone mothers have no or little control (and which are elided by the current emphasis on work-activation) suggests that paid work *per se* is insufficient for ensuring lone mothers’ income adequacy and security over time.

**New Zealand Low-Income Lone Mothers at Wave One**

Panel members ranged in age from 27 to 55 years at wave one, with a median and average age of 39 years. Most had one (20 members) or two (16 members) children at wave one, and most (29 members) had children of school age or older. In total, the 42 panel members had 68 dependant children in their care at wave one.

At wave one, panel members incomes ranged considerably although all had incomes lower than the 2006 median annual income for couples-with-children families (NZ$75,600). The average income of panel members was NZ$32,471 and the median NZ$29,716, the latter higher than the 2006 median income for New Zealand lone parents of $27,400 (Statistics New Zealand, 2007).

In addition to income, age, and the number and ages of children, other social circumstances of panel members also varied, including members primary source of income as well as their ‘route’ into lone motherhood. Together, these produced considerable variations in social
location of panel members at wave one and their opportunities for social mobility over time. Panel members generally had considerable life experience before becoming lone mothers. Although for all, the experience of becoming a lone mother precipitated downward mobility and ‘loss’ more generally, it is clear that the resources (including both material and cultural capital, such as home ownership and occupational qualifications and skills) women take into parenting alone shapes their experience as lone mothers.

At wave one, eighteen panel members were receiving welfare benefits (DPB) and of these, thirteen were also in part-time paid work. These thirteen members all worked fewer hours than the minimum twenty hours per week required to be eligible for the WFF-introduced in-work payment (IWP). A further three members were in part-time paid work and not receiving either the DPB or IWP, but were receiving other tax credits. Nineteen women were working part- or full-time and receiving the IWP, and two more were working full-time and earning above the IWP income threshold.

Of note then is that at wave one most panel members were already in some form of paid work. Only five were not in any paid work at all. Of these, two had been appointed to full-time positions and were in the process of moving ‘from welfare to work’, and the remaining three were looking for work in their local communities. This strong attachment to the labour market perhaps explains why the median income for this group of lone mothers is higher than the New Zealand median income for one parent with child(ren) families. It might also suggest that the ‘attachment to the labour market’ thesis erroneously homogenises lone mothers as well as reproduces the pernicious stereotype of lone mothers as ‘welfare bludgers’. Although the interviews for wave one were completed when the New Zealand economy was strong\(^1\), researchers have repeatedly found that lone mothers in liberal welfare states \textit{do} participate in

\(^1\) For example, in 2005 New Zealand had the lowest rate of unemployment in the OECD, and the then Prime Minister Helen Clark made public calls for more women to join the workforce to sustain economic growth (The Jobs Letter, 2005)
paid work when circumstances allow (Millar and Ridge, 2008; Levine, Wyn, and Asiasiga, 1993) and that many lone mothers have their work aspirations interrupted or constrained by a combination of their familial responsibilities, access to child care, and benefit abatement disincentives (Singeley, 2003; Baker and Tippin, 2002; Levine, Wyn, and Asiasiga; 1993).

At wave one, half the panel were in receipt of income primarily (but by no means exclusively) from welfare entitlements, and half primarily (but not always exclusively) from paid work. Child Support (the legislative name for child maintenance or child alimony paid by non-custodial parents) was sometimes paid by fathers directly to members whose primary income source was paid work. For women in receipt of the DPB, statutory Child Support proceedings are a condition of welfare eligibility. Child Support paid for children in the care of welfare recipients is collected and retained by the State. For welfare recipients, the collection of Child Support makes no difference to the rate of benefit paid, but failure to undertake Child Support proceedings generally results in a lower rate of payment.

Amongst the panel members there were various routes into lone motherhood. Most had previously been married. For some, lone motherhood was unexpected while others had left relationships. Some had become lone mothers as single women, the result of either planned or unplanned pregnancies. Some had been in paid work continuously, as either single or partnered women, and throughout their ‘parenting’ lives. Others had been stay-at-home mothers, some for many years, others for a few. Routes into lone motherhood are important. They point both to the heterogeneity of lone mothers as well as illustrate how the circumstances in which women become lone mothers’ impacts, both materially and subjectively, on their experience of parenting alone (Crow and Hardey, 1992).

Based on a cross-sectional analysis of the wave one interview data, panel members could be grouped into four categories depending on their experience of income adequacy and income
security. As these categories are ‘ideal types’, the experiences of individual members vary within and across them. Nevertheless, all members’ could be categorised as (1) income adequate and secure; or (2) income adequate but insecure; or (3) income inadequate but secure; or (4) income inadequate and insecure. Each of these categories is now discussed in turn.

*Income Adequate and Secure* (1) was experienced by panel members who could combine paid work and family life in particular ways and in specific circumstances. These mothers were in paid work, either part- or full-time, with employers who were sensitive to their family life. These mothers tended to work close to their homes, and to have employers who were flexible about both their employees’ anticipated (for example, school holidays) and unexpected (sick child) need to provide care for their children. Mothers in this group tended to have access to good quality, reliable and flexible childcare within their families or communities. Child carers were available if children were sick; looked after children for unexpectedly longer periods (on occasions when the participants worked longer hours for example), and so on. Carers tended to be people supportive of the mothers’ circumstances more generally, and members in this group typically described themselves as ‘working mothers’. Members also tended to have comparatively low housing costs, most lived in owner-occupier homes, and most had lived in their communities for several years. Because these women were not in receipt of the Domestic Purposes Benefit, they could negotiate voluntary Child Support agreements. All the women in this group received Child Support payments, typically through a voluntary agreement based on an ‘official’ formula\(^\text{2}\). Finally, these women were typically in receipt of their WFF entitlements (which are income- but not asset-tested), and were the most positive about WFF more generally.

\(^{2}\text{see: }\url{http://www.ird.govt.nz/childsupport/}\)
Members in the category, *Income Adequate but Insecure* (2), tended to be in receipt of some welfare payments, either in the form of the DPB and/or tax credits. These mothers were typically well educated with specialist work skills, but their participation in paid work was constrained by their access to either suitable work or suitable childcare. These women tended not to use the care of others, and worked during school hours. Some of these women did intermittent and insecure ‘outwork’, but with the intention of increasing their paid work over time. Members in this group tended to be entrepreneurial in their approach to paid work, and had ‘portfolios’ of work related to their skill set. Some were undertaking work-related study, sometimes at the postgraduate level. Some members took in ‘out work’ they could do in their own homes (for example, grading assignments for community colleges), while others undertook ‘contract work’ such as intermittent book-keeping for local businesses. These mothers tended to have lived in their communities for some time, to have secure housing (either as owner-occupiers or long term tenants), and tended to have no or low Child Support as well as limited prospects in terms of the future payments. For these members, moving into full-time paid work was often a stated aspiration, but their present working arrangements were constrained by often particularly complex family circumstances (for example, having three or more children, or caring for a child with special needs) as well as the availability of work in their comparatively specialist areas.

*Income Inadequate but Secure* (3) tended to be the experience of members working part-time while still in receipt of the Domestic Purposes Benefit, or those working full-time in low wage jobs. Those in receipt of the DPB tended to work in part-time jobs in their local communities, and tended to pay for childcare from centre-based providers. For some women in this group, care was provided by extended family members (typically grandparents) in an
attempt to help the participants ‘get ahead’. For women using centre-based care, the costs of childcare were typically offset by a publicly-funded Childcare Subsidy, but centre-based care was experienced as inflexible in the context of the women’s working lives. Changes to care hours were typically not possible without considerable negotiation and additional payment (because such variations were typically not covered by the women’s subsidy entitlements) and inflexibility in care meant these members typically had little flexibility in their paid work arrangements. Income inadequacy was typically a result of the combination of low levels of earned income (constrained by access to care), and high care and / or housing costs. At wave one, some members in this group were considering seeking more hours of work, but some were concerned about the possible impact of higher earned income on their housing costs if they were paying income-related rents. For members in this group, Child Support (if paid) was typically collected by the State and made no difference to these members’ incomes.

For some members, income security was assured by working full-time, but their incomes were inadequate because they were in low paid work even though they tended to work long hours. Members in this group were generally older women, and their children were generally older. These mothers typically received low or no Child Support, and even though these women were typically in receipt of their tax credits, their incomes were typically very modest. In some cases, the modest incomes of these women also supported adult children still living at home, often because they were students but not eligible for Student Allowances, a State-funded living allowance for students assessed on the income of both parents irrespective of their parents’ domicile.

*Income inadequate and insecure* (4) was the experience of members who received the DPB as their only or main source of income. For these women the low rate of the DPB explains their
low income. Some were working part-time, but this work tended to be temporary or intermittent. These women typically experienced income insecurity despite their formal entitlement to a welfare benefit. This was because these women reported pressure from welfare officials to find paid work, while at the same time, had the most limited access to the type and conditions of paid work that would raise their family income. In general, women in this group were looking for work or seeking to increase their hours of paid work in ways which would suit the circumstances of their family lives. However, lack of suitable jobs in their communities, lack of acceptable childcare, and the difficulty involved in having welfare benefits reinstated if their working hours decreased complicated their experience of paid work. These women also tended to have children with complex care needs. In addition, their children tended to have no or episodic relationships with their fathers, and they generally had limited or no prospects of Child Support should they exit the benefit system. As with the women in the Income Inadequate but Secure category, some of these women had adult children living at home who were students but not entitled to Student Allowance.

The categories described above are ‘ideal types’ and there is considerable variation within and across them. Nevertheless, categorising the experience of panel members in this way illustrates three important points. First, lone mothers are not homogeneous. Second, similarities between lone mothers in terms of income adequacy and security can be evidenced on the basis of their shared social circumstances which in turn reflect various routes into lone parenthood as well as differences in access to material and cultural capital. Thirdly, although work activation approaches privilege paid work as the route out of poverty, not all lone mothers can participate in paid work in similar ways. Indeed, in terms of securing an adequate and secure family income, some lone mothers may have more ‘in common’ with other groups of mothers, or workers, or welfare recipients, than ‘lone mothers’ per se. The heterogeneity
in the experience of income adequacy and security of lone mothers in the context of WFF, the likely impact of WFF on lone mothers’ experience of paid work, and the ways in which lone mothers’ experience of the WFF policy context produces commonalities with other social identities is summarised in Table I.
Table I

*Income Adequacy and Security at Wave One*

<table>
<thead>
<tr>
<th>Income category</th>
<th>Experience of paid work</th>
<th>Commonalities with other social groups</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adequate and secure</td>
<td>Full- or part-time paid work</td>
<td>Partnered mothers</td>
</tr>
<tr>
<td></td>
<td>Flexible employers cognisant of care responsibilities</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Access to care from other family members</td>
<td></td>
</tr>
<tr>
<td>Adequate but insecure</td>
<td>Well paid skilled work at hours that suit family needs</td>
<td>Entrepreneurial and/or portfolio workers</td>
</tr>
<tr>
<td></td>
<td>Intermittent or contract work</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Have control over own labour</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Can combine with family and other interests</td>
<td></td>
</tr>
<tr>
<td>Inadequate but secure</td>
<td>Low pay and long or limited hours</td>
<td>Low-wage workers</td>
</tr>
<tr>
<td>Inadequate and insecure</td>
<td>Few paid work opportunities that match personal or family circumstances</td>
<td>Welfare recipients</td>
</tr>
<tr>
<td></td>
<td>Complex care demands, for example caring for a sick child</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Complex relationship with welfare workers</td>
<td></td>
</tr>
</tbody>
</table>
As illustrated in Table I, lone mothers in the category *Income Adequate and Secure* are perhaps more similar to partnered mothers than other low-income lone mothers. Women in this group experience secure incomes from paid work, and although WFF enhances income adequacy, regular Child Support is relied on as a contribution to family income.

In comparison, lone mothers with *Adequate but Insecure* incomes have perhaps more in common with entrepreneurial and/or portfolio workers who participate in the labour market through non-standard work. Women in this group tended to earn higher incomes on fewer hours, and valued being able to choose which work to do and when. For these women, WFF might improve income adequacy, but also add to income insecurity because of the threat of ‘overpayment’.

Lone mothers with *Inadequate but Secure* incomes are perhaps more similar to other low-wage workers. These women tended to earn low ‘base pay’, either through standard full-time working hours, or by ‘topping up’ their low benefit incomes with a few hours of low-paid part-time work. For these women, there seemed few opportunities to increase earnings (because they were already working full-time or because earnings from additional hours would be abated against their benefit payment) and like other low-wage workers, improving their hourly pay rate is perhaps the most likely way to improve family income.

Lone mothers with *Inadequate and Insecure* incomes are more similar to other welfare recipients in liberal welfare states. Their incomes are low and insecure due to the level of welfare provision, while their participation in paid work is constrained by the complex circumstances of their lives. WFF had the least relevance for these women. Even if they could find twenty hours of paid work per week, it seemed unlikely to them that this would improve
their family incomes especially when set against how paid work might complicate their care responsibilities.

Given this, the issues and challenges for lone mothers, and types of assistance most likely to ensure that paid work *does pay* varies considerably. In addition, each category is likely to consolidate different invocations of gender relations shaping work and family life more generally. Thus for example, lone mothers whose experience is similar to other low-wage workers work in a segmented labour market where low-paid work is increasingly feminised, while lone mothers whose experience is similar to other partnered mothers provide parental care in a social context where personal relationships are perhaps more individuated and contingent.

Somewhat contradictorily then, while the social development model is individualising, it is simultaneously universalising. In short, the model positions paid work as a key instrument for improving the incomes of *individual* lone mothers as if *all* lone mothers are a homogeneous group with shared or similar needs. A cross-sectional analysis does suggest that WFF is important for some lone mothers in terms of securing income adequacy and security, but that this is contingent on the resources women bring to their experience of lone motherhood. Indeed, paid work and family income are linked in complex ways. In the next section of this paper, I explore how factors (other than participation in paid work) over which lone mothers have little or no control impact on income security and adequacy over time. At wave two, income sustainability is shown to be similarly complex; especially for lone mothers whose income sources number two or more.
New Zealand Low-Income Lone Mothers at Wave Two

A second wave of interviews was completed with the panel one year after the first (in late 2007). Panel members read a summary of their first interview and were then asked “What has happened since then?” Re-interviewing the panel brought into sharp focus the particular risks to income adequacy and security lone mothers experience sustaining incomes over time, irrespective of their social location and the resources they bring with them to the experience of parenting alone. Importantly, these risks are not necessarily ameliorated by work-activation policy approaches, and the particularities of the New Zealand WFF policy package do not necessarily sustain improved incomes over time for low-income lone mothers.

Two explicit goals of WFF are to ‘make work pay’ for low- and middle-income families, and to improve the incomes of lone mothers through paid work. Changes in the panel members’ income status (other than, or in addition to paid work) are summarised in Figure I. Here, shifts over time in panel members’ sources of income are illustrated by vertical lines. For example, of the five panel members in receipt of the DPB and not participating in paid work at wave one, four moved into paid work by wave two, and the fifth re-partnered.
Figure 1. Income status across time.

In the item depicted, the large shapes record the number of panel members and their primary income source each wave, while the vertical lines and circles record movement between income sources over time.
In this section of the paper I describe changes in hours of paid work and sources of income for panel members over time. I then discuss two themes drawn from the wave two interview data: paid work is an important source of identity claims for lone mothers; and paid work is only one source in lone mothers’ complex income amalgam. While participation in paid work is valued by panel members, it does not mean that panel members will sustainable incomes over time. In particular, panel members’ income adequacy and security is especially vulnerable to changes in Child Support payments, and changes in the rate of payment of tax credits including the IWP.

*Changes in hours of work and sources of income*

Illustration I shows changes in the income status of panel members from wave one to wave two. ‘Income status’ refers to the sources of income available in addition to paid work through the taxation and welfare systems, or in the case of re-partnering, through a co-resident breadwinner. Between wave one and wave two, twelve panel members experienced changes to their circumstances that moved them from one income status to another. Of these, eight became entitled to the IWP (by working twenty or more hours per week), the incomes of two women surpassed the earnings threshold for tax credit eligibility (moving them into the ‘Market’ category), and two women re-partnered.

Panel members had a strong connection to paid work at wave one (with only five of the initial 47 panel members not participating in paid work at all). Nevertheless, between waves the hours worked by the participants increased: The mean number of hours worked per week increased from 19.9 to 25.5 hours; the median from 19 hours to 27.5 hours per week, and the mode from 10 to 40 hours per week (see Table II).
Table II

Change in hours of paid work

<table>
<thead>
<tr>
<th></th>
<th>Wave one</th>
<th>Wave two</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>19.9</td>
<td>25.5</td>
</tr>
<tr>
<td>Median</td>
<td>19.0</td>
<td>27.5</td>
</tr>
<tr>
<td>Mode</td>
<td>10.0</td>
<td>40.0</td>
</tr>
</tbody>
</table>
As noted, to qualify for the IWP, lone mothers must work twenty hours or more per week. In terms of change across the panel, by wave two, only thirteen of the 42 participants were working less than 20 hours per week. However, of these, ten were working between ten and nineteen hours. By wave two, hours of work per week decreased for five participants, and remained the same for sixteen (although some of these may have already been working full-time). Half the panel then, did not increase their hours of work across the two waves, while half the panel did, with increases ranging from one hour per week, to forty hours per week.

The requirement for lone mothers to work twenty hours per week to qualify for the IWP is a policy mechanism designed to ensure that those in paid work are ‘rewarded’. Working twenty hours per week will, in some cases, lift incomes to such a level that when tax credits are added, total income surpasses that of the DPB (and this is especially the case if Child Support is paid). Therefore, working twenty hours per week typically shifts primary income source from ‘welfare’ to ‘work’. This shift between waves one and two is illustrated in Figure 2. At wave two, 30 panel members’ primary income source was paid work, compared to 21 at wave one. At wave two, the number of panel members whose primary income source was welfare dropped from twenty-one to twelve.
(Key: Shaded – paid work; Other – welfare entitlements)
Paid work and identity claims

For some panel members, changes in the primary source of income made possible new ways to talk about themselves as ‘particular types of people’ (Hacking, 1986). This was especially notable in instances where women had moved from ‘welfare’ to ‘work’, even though paid work per se may have been one source of income from a complex amalgam, and the actual increase in income for some women may have been reported as comparatively modest. Nevertheless for these women moving from welfare to work was experienced very positively. Women who had been in receipt of the DPB at wave one and increased their part-time working hours to qualify for the IWP at wave two talked of improvements in their lives more generally, and especially in terms of how they thought of themselves. Panel members identified no longer being a beneficiary, and / or no longer “having to deal with Work and Income” as two positive outcomes consequential to moving from welfare to work. For example, Caroline received the DPB and worked part-time at wave one, but by wave two was working sufficient hours to ‘move off’ the benefit. She said:

[Caroline] It’s nice to feel like a paying member of society again...people frown on you when you are a single parent and you are on the DPB ... they just look down their nose at you really. I’m not making any more money which is a shame, but never mind.

[Interviewer] How does it feel being off the benefit?

[Caroline] It feels great absolutely great. I was walking on air for about a week...yahooing to people “I’m off the benefit, I’m off”. Because it was like a noose to me! I would picture myself living with a low ceiling and not being able to stand up tall, like I was stooped. The whole connotation of being a beneficiary...
Caroline’s experience was shared by other women moving from welfare to work. The change in social identity made possible by this shift is important for lone mothers, but in itself does not mean their incomes improve markedly. For some women, moving from welfare to work did mean their income improved, but for others the improvement in income was quite small. What was most important to most women moving into paid work was the change in social identity and their ending their contact with welfare officials. Importantly, this was the experience of women irrespective of their relationship with welfare officials and indeed women who reported positive relationships with their personal ‘case manager’ also reported ‘relief’ at ‘leaving’ the system. Panel members who moved from ‘welfare’ to ‘work’ between waves one and two described tax officials (that is, those administrating the WFF package) as comparatively more helpful and less likely to make administrative mistakes. The shift between government agencies and improvement in administration of their ‘case’ was a positive experience for panel members, some of whom contrasted their experiences as ‘beneficiaries’ and ‘tax payers’ to exemplify a symbolic as well as material shift in identity.

*Paid work as one income source in a complex income amalgam*

For panel members, achieving the income status of ‘work’ (as opposed to ‘welfare’) is typically contingent on having multiple income sources. No participants received all their income from paid work, although some had incomes beyond the threshold for tax credits and thus their primary source of income is recorded in Figure 1 as ‘Market’. One of the most notable changes in participants’ experience over the first year was the increasing complexity of income sources. This is because in the period between waves, the WFF package was consolidated and enhanced. However, the complex income amalgam that characterises panel members’ experience also suggests that work *per se* does not pay for lone mothers, especially
when working part-time. Work pays when combined with tax credits (including the IWP), but especially when Child Support is being paid. By wave two, eighteen of the participants had two sources of income (typically paid work, and either tax credits or Child Support), and twenty had three sources of income (typically paid work, tax credits and Child Support).

Managing multiple sources of income requires panel members to have intricate knowledge of their various income streams (how much money they have coming in and from where). This is a pragmatic form of knowledge, and how women come to understand their income varies. For those in paid work and working for fixed hours, income earned in the labour market is the most secure of income sources, and most easy to describe comparatively (for example in terms of hourly pay rates, or annual incomes). Other forms of income, for example tax credits and Child Support, are remarkably insecure as well as difficult to describe comparatively. Child Support is not a taxable income, and one ‘tax credit’ dollar does not compare easily with dollars earned as wages or salary in terms of calculating gross or net incomes. This presents methodological challenges for comparing and describing incomes across the panel and across time. Indeed, few of the participants could state their gross or net incomes, but could describe how much money they got from where, and describe changes to their income over time. Asking the question “what has happened since then?” enabled participants to describe their incomes experientially but not necessarily in quantifiable or comparative terms. For example, at wave one Cynthia had moved to a larger urban area with her one year old child to find work as a nurse. At wave two, she was in paid work. Although Cynthia’s annual income comprised different income sources at wave two, Cynthia could describe changes in her income sources and level over time:

[Cynthia] I’m not on any DPB. I get the in-work payment. And then I also get Family Support [additional tax credit]. Again, as long as I keep under the $35,000. I can earn
a little bit more on one of them but it starts going down once it gets to $35,000

[…]and] no Child Support.

[Interviewer] Are you better off than when I last saw you?

[Cynthia] Financially, a lot better... We’ve just had a pay rise so I get $25.80 an hour
and... each fortnight it comes out to $830. And of course each week I get $142 with
those two payments so that is $280 a fortnight, so a lot better. I can pay the bills.

At wave one, the fathers of children of 27 panel members were paying Child Support, although of these, ten payments were made to the State rather than the panel member. Although not a personal income for taxation purposes, Child Support is important in terms of panel members reporting adequate household incomes. The rate of payment varied considerably between panel members, ranging from NZ$60 to NZ$800 per month. This variation occurs because Child Support is calculated on the basis of the payer’s earnings if the payment is being collected through the statutory system – a requirement if the custodial parent is receiving the DPB. Voluntary Agreements are permitted between parents and appear to be quite common when neither parent is in receipt of the DPB.

Amongst the panel, some members were not receiving Child Support because the father of their children lived overseas, or because the member had not pursued paternity. In some instances, fathers lived in New Zealand but seemed to be either evading the Child Support system or were not earning any taxable income. In addition, two panel members were widows, and several of the panel members were entitled to Child Support from two non-custodial fathers. In the latter instances, these women typically reported contrasting experiences of Child Support receipt, typically with one father paying regular Child Support, the other paying none or little, and if paid, infrequently.
At wave one, some members reported receiving regular Child Support payments. Panel members in receipt of regular Child Support were more likely to be in paid work, either part- or full-time. Those not in any paid work at all, or working few or infrequent hours, were more likely to have no or little likelihood of ever receiving Child Support payments. Of the 18 panel members in receipt of the DPB at wave one (including two widows), 10 fathers were paying Child Support. Of the 19 panel members receiving an IWP at wave one, 14 were receiving Child Support payments. Of the three panel members receiving assistance through tax credits but not the IWP at wave one, two were receiving Child Support. Finally, the two panel members earning above the IWP income threshold at wave one were both receiving Child Support.

By wave two, one additional panel member had begun receiving Child Support. This was because the father of her child had returned to live in New Zealand. The 27 panel members who had received Child Support at wave one were still doing so (in five instances it was being paid to the mother rather than State at wave two), but none at an increased level of payment. Indeed, at wave two nine of these twenty seven panel members reported a decrease in the rate of payment, sometimes a sizeable and often with out any warning. Of these nine members, one had been in receipt of the DPB at wave one and had moved into part-time paid work (and became entitled to the IWP) across waves. It was after this move that the rate of Child Support paid was unexpectedly reduced. Of the other eight panel members, all had been in paid work across both waves and all had a minimum of two (salary or wages and Child Support) but more typically three sources of income by wave two (usually the IWP and additional tax credits).
Because Child Support is assessed on the circumstances of the non-custodial parents, it is an especially volatile contributor in lone mothers’ income mix. The only change in the experience of Child Support that is a result of lone mothers’ participation in paid work is when payments are transferred directly to the mothers when they move from welfare to work if liability has been established and if the non-custodial parent is paying. However, any number of changes in circumstances of the payee can change Child Support payment levels, and for panel members whose income dropped as Child Support dropped, payments appear to cease or vary at the discretion of the payee. For some of the panel members, difficulties sustaining income were attributable to unexpected changes in the payment of Child Support.

Not only is Child Support paid depending on the circumstances of the payee, some panel members reported how the payment of Child Support was manipulated by payees. For lone mothers’ whose income adequacy depended on this source of income, this was often particularly frustrating. Diane, for example, moved from ‘welfare’ to ‘work’ across the waves. A mother of two children (both at school and aged under seven years) Diane was working part-time from a home office and receiving the IWP at wave two. In deciding to move from welfare to work, Child Support payments were an important part of Diane’s income mix. Recognising her vulnerability if they were cut, she decided not to tell the father of her children she was no longer in receipt of the DPB so she would not be ‘pressured’ into a voluntary agreement. Even so, she was aware that the rate of Child Support being paid was being minimised through the business practices of the payee:

[Interviewer] Is he still paying Child Support?

[Diane] Yes, he doesn’t know that I’m off [the benefit]. I don’t want him to know. He used to pay quite a lot at the beginning when I was first on the benefit. Now through a
second business he’s dwindled it [his taxable income] down with IRD so he pays $59 a week.

[ Interviewer] In total, for both children?

[Diane] Yes, but there is nothing I can do about it. I thought of telling him that it all comes to me but because he’s screwed the accountant and his books the way that he has he can’t start bumping up the payments anyway without IRD [becoming suspicious]. So there’s no point… he is a Company Director, owns his own company, [and child support] could go from almost $1,000 a month down to $300 over 4 years… his second business where he hides all his costs, is actually the children’s money so it actually hurts more. I’d like it if he was just paying the right amount and not screwing the IRD...

Some panel members talked of the importance of Child Support payments in their income mix, while at the same time talked of it being unreliable and a source of income that they could not plan on. The instability in Child Support seemed particularly acute for women in paid work (including part-time paid work and receipt of the IWP, or those working and receiving tax credits but not the IWP or DPB) as once no longer in the ‘benefit system’, voluntary Child Support agreements tended to be the norm. For women with older children, Child Support was a particularly precarious contribution to their income mix. This is because when children reach age nineteen, or apply for Student Allowance (a modest bursary for tertiary students from low-income families) or any other benefit, or become independent through paid work, Child Support payments are no longer required. Nevertheless, these ‘independent’ children tend to remain co-residing with their mothers, and as ‘school leavers’ are often themselves in low-paid and precarious jobs. Magda, a panel member with two teenage sons, worked part-time as a home help. Her low earned income was supplemented by
tax credits (but not the IWP as she worked less than 20 hours per week) and in the months following the end of her marriage, a comparatively high level of Child Support. Over time however, Magda’s income security was increasingly compromised by cuts to the rate of Child Support paid, and Magda had few options for intervening when Child Support rates started to drop:

[Interviewer] Does he still pay Child Support?

[Magda] Yes, a private arrangement. He has just cut it again. He has cut it twice now... because my son is working...I’ve actually rung up IRD and asked and anything under 30 [hours] he should still be paying Child Support.... I don’t know...because it’s private he just sends me this bit of paper with everything he has worked out himself so I have to take it that he has worked it out properly ...I’d like a reason, if he can tell me why he is only supporting one child now

[Interviewer] When both are still living at home?

[Magda] Yeah, I’ve had full responsibility, I’ve had no help and teenagers are nightmares. Every weekend I’m worrying about what’s going on. But anyway, I’m going to do it through the lawyer...so I’ll just go and ask her, and she can ask through his lawyer in a discreet way. Because he is just as likely to come back and say, well, if you’re not satisfied...I’ll cut you off completely. He would do it.

For panel members with complex income amalgams, income from tax credits and other payments in the WFF package were sometimes also difficult to sustain over time. This was more often associated with changes in family life, rather than changes in earned income. Although overpayment of tax credits has been identified as a barrier for take-up of tax credits more generally, and a particular burden on low-paid workers as they repay the following tax
year, panel members experiences of overpayment because of changes in earned income were relatively rare. This could be because panel members are experienced at working within the context of the benefit and tax system. Some panel members had experienced overpayment under previous regimes, and worked hard to avoid the financial repercussions, and some reported complex systems of book-keeping developed to ‘administer officials’ and guard against overpayment. In addition, those panel members most ‘at risk’ of overpayment because of ‘over working’ – the ‘like portfolio workers’ working infrequent hours in relatively high paid jobs – tended to manage their annual income streams very carefully with the express goal of avoiding overpayment.

Of more concern to panel members over time were changes to their WFF and tax credit entitlements due to changes in family life. Eligibility for transfers and subsidies within the WFF package are calculated on a point in time basis. Subsequent changes in the family life of participants could, and did, impact on their ability to sustain their family incomes. ‘Ageing children’ were a concern for panel members, and especially for older panel members in low-paid jobs. Ageing children, including those moving into tertiary study or paid work, in all instances remained in their mothers’ homes. These children ‘counted’ for transfer calculations in wave one but by wave two, did not. Indeed, members experiencing these changes in their family lives typically did so with younger children still in their care, and with little or no change in the fixed costs associated with running their family household.

A second change in family life that impacted on income sustainability over time was children moving to live with their fathers. In these instances, this changed the panel members’ eligibility for the IWP and other tax credits, as well as Child Support (if paid). Here, panel members’ attachment to paid work was largely irrelevant in terms of the reduction to their
Income, again even though panel members typically continued to care for other children and the fixed costs of running their family households did not change. Catherine’s experience illustrates how such changes in family life impact on income sustainability. Catherine decided to start working longer hours to qualify for the in-work payment, but even so, her income across waves declined:

[Catherine]...the major change has been that our eldest now lives with his Dad. He had asked every year from about age ten. I said when he turned sixteen he could ask me again. He has been with his Dad since the first of February ...

[Interviewer] With that change, the change with [eldest child] living there, has that changed your WFF and your Child Support?

[Catherine] Yes...basically now I have an in-work payment...so the entitlements go up [but] the difference wasn’t great because... Child Support has gone down... It’s gone down by about $400 a month which is a significant amount...the WFF amount, I think that might have gone down by about $60 a week.

Income Sustainability Over Time – Why Work Does Not Always Pay

At wave two, panel members were working more hours, and more of the women reported their primary income source as ‘work’ rather than ‘welfare. Generally, moving from welfare to work was a positive experience for panel members. For some, ‘getting off the benefit’ had been a personal goal, and the provision of the IWP (and other tax credits), along with other entitlements available to low- and middle income families more generally, such as childcare subsidies, were viewed very favourably by panel members. Moving from welfare to work did improve income adequacy, although for some panel members, actual increases were described as quite modest and often less than one hundred dollars per week. Women whose income
adequacy improved the most tended to be women who were already in paid work at wave one but at that time not working the hours required for the IWP. Women who increased their hours of paid work between waves one and two tended to have both specialist work skills (for example, a nursing qualification) and access to that type of specialist work in their local community. Women who remained in part-time work across waves and at both waves worked fewer than 20 hours per week tended to work in lower skilled and comparatively low paid jobs, but with work available at times of the day and week that suited the demands of their family life.

However, re-interviewing the panel after one year revealed that income adequacy and security are not fixed in the lives of low-income lone mothers, and that precariousness of income is unlikely to be a consequence of their attachment paid work. While lone mothers’ participation in paid work is shaped by the social and material resources they bring to lone parenting, as well as the particularities of their family life, participating in paid work means that low-income lone mothers often have a complex amalgam of income sources. For most lone mothers in this panel, work *per se* does not pay. Paid work ‘pays’ in combination with other income sources, and especially the IWP and other tax credits, and Child Support. These latter income sources are vulnerable to change due to circumstances over which lone mothers have little or no control, and are ‘risky’ in terms of a sustainable income over time. These risks to lone mothers’ sustaining adequate and secure incomes are summarised in Table III.
### Table III

**Sustaining Incomes over Time**

<table>
<thead>
<tr>
<th>Income at wave one</th>
<th>Income sustainability at wave two</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adequate and secure</td>
<td>Income from paid work stable</td>
</tr>
<tr>
<td>(&quot;like partnered mothers&quot;)</td>
<td>Income from WFF stable</td>
</tr>
<tr>
<td></td>
<td>Income from Child Support vulnerable to decline</td>
</tr>
<tr>
<td>Adequate but insecure</td>
<td>Income from paid work stable or improved</td>
</tr>
<tr>
<td>(&quot;like portfolio workers&quot;)</td>
<td>Income from WFF managed to prevent over-payment</td>
</tr>
<tr>
<td></td>
<td>Income from Child Support vulnerable to decline</td>
</tr>
<tr>
<td>Inadequate but secure</td>
<td>Income from paid work increased or stable</td>
</tr>
<tr>
<td>(&quot;like low-wage workers&quot;)</td>
<td>Income from WFF vulnerable to decline (typically due to age of children)</td>
</tr>
<tr>
<td></td>
<td>Income from Child Support vulnerable to decline</td>
</tr>
<tr>
<td>Inadequate and insecure</td>
<td>Enduring low income</td>
</tr>
<tr>
<td>(&quot;like welfare recipients&quot;)</td>
<td>Few prospects for &quot;making work pay&quot; – lack of jobs, no or very low Child Support, future Child Support payments unlikely</td>
</tr>
</tbody>
</table>
Policy responses to the problem of lone mothers’ comparatively low incomes have specifically addressed improving lone mothers’ participation in paid work through addressing labour market issues and especially barriers to paid work. For some lone mothers, these responses have worked well. Some lone mothers can move from welfare to work, and access to paid work and the conditions of that work are important for lone mothers as paid workers. However, the analysis of the wave two data of a panel of low-income New Zealand lone mothers suggests that income from work may not, in itself, be sufficient to achieve income sustainability over time.

The Limits of Work-Activation

Under the guise of ‘social development’, paid work has become a universal citizenship norm in liberal welfare states. The ‘Working For Families’ policy exemplifies the New Zealand social development approach to welfare provision. As a work-activation programme, WFF aims to encourage low-income, working-age adults to maximise their attachment to the labour market and minimise their ‘dependence’ on welfare benefits. WFF explicitly aims to “make work pay”, and to ‘reward’ those in paid work with higher incomes than those in receipt of welfare benefits.

Preliminary results from wave one and wave two of the four year qualitative study exploring low-income lone mothers’ experience of paid work and family life in the context of New Zealand work-activation policies show that lone mothers participate in paid work for subjective and material reasons. Nevertheless, lone mothers are not homogenous, and their experience of paid work is shaped by both the resources they bring to parenting alone, as well as the particularities of their personal and family lives. Importantly, while the heterogeneity of
lone mothers means they experience paid work and family life in different ways, this heterogeneity offers little protection from income volatility over time.

Overall, the research has identified a range of outcomes in terms of income sustainability for low-income lone mothers over time. Low-income lone mothers whose primary source of income is paid work typically have multiple income sources, some of which are vulnerable to change. While income from paid work appears to be the most stable, income from Child Support and from tax credits (including the IWP) are vulnerable to decline, and typically because of circumstances over which lone mothers have little or no control. Second, lone mothers who had secure and adequate incomes experienced income decline resulting from cuts to their Child Support payments. Third, lone mothers who were working in low-paid work, or working non-standard hours in relatively skilled jobs, were vulnerable to changes in Child Support and WFF entitlements over time. And fourth, low-income lone mothers with few labour market opportunities and who received either low or no Child Support at wave one, were unlikely to establish, let alone sustain, secure and adequate incomes through paid work by wave two.

From these findings, it is clear that the receipt of Child Support is a particular impediment to low-income women sustaining secure and adequate incomes over time. Despite the statutory and legal frameworks that structure Child Support in New Zealand, 73 percent of total assessed Child Support liability (excluding private agreements) was collected by the State in 2007 (Inland Revenue Department, 2007). Sixty-one percent of this amount was collected in full and on time, and 45 percent of child support payers paid the minimum amount (NZ$14.85 per week). Of the $296.1 million paid, $171.6 million was paid directly to the State to offset DPB payments (Inland Revenue Department, 2007).
Little is known about the experience of New Zealand lone mothers in relation to Child Support. Amongst the women in this research, some received Child Support at levels considerably higher than the average figures noted above, while others received no Child Support, even in cases where liability was established. Although not a personal income, Child Support was the most insecure contributor to family income in lone mothers’ complex income amalgam. It does seem however, that the rhetoric of work-activation and the privileging of paid work as the new citizenship norm is masking a reinsertion of the old patriarchal norm of women’s financial dependence on men into low-income lone mothers’ lives.

Lone mothers who can, do participate in paid work. WFF is a context for some lone mothers to move from ‘welfare’ to ‘work’, and especially for mothers previously working fewer than 20 hours per week. For most low-income lone mothers, the move from welfare to work improves family income, albeit sometimes modestly. Lone mothers in receipt of benefit entitlements continue to experience stigma, and “getting away from welfare” remains a powerful motivator for lone mothers to seek work compatible with their care responsibilities. While work does ‘pay’ for some lone mothers (and improve their incomes at particular points in time), the impact of changing circumstances over which they may have little or no control makes low-income lone mothers’ incomes especially volatile, and this volatility can not be addressed through work-activation policies alone. The loss of income as a consequence of changes in Child Support, as well as changing entitlements to tax credits (typically a result of children ageing but remaining at home), illustrates that paid work alone will not necessarily sustain secure and adequate incomes over time for low-income lone mothers.
References


