Social Security Payments for People Caring for Children, 1912 to 2006

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Social Policy Group

Dale Daniels - Social Policy Group

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This Chronology is issued electronically. It will be kept up-to-date online. The date of the latest update is noted clearly above.

Introduction

Information and Research Services has produced for many years chronologies dealing with the history of Social Security Payments. At present they are in the form of four papers with the following titles:

Social Security Payments: 1 - Children, 1912 to 1995

Social Security Payments: 2 - 1995

Social Security Payments: 3 - Sole Parents and Widowed People, 1942 to 1995

Social Security Payments for the Aged, 1998.

This electronic document is part of a new series updated annually. The other electronic chronologies in the series are:

Social Security Payments for the Aged, those with Disabilities and Carers, 1909 to 2006

Social Security Payments for The Unemployed, the Sick and those in Special Circumstances, 1945 to 2006.

Payments for sole parents are included in this document and those for widowed people in the document dealing with payments for those in special circumstances.

The Department of Family and Community Services (FACS) makes, or has made in the past, a number of payments for children and child carers. This paper provides a short history of the development of these payments and a chronology of changes to each payment from their introduction to the present day.

The date from which measures take effect has been used to date changes. This means that certain measures which may have taken effect under one Government may have actually been legislated for under the previous Government. Where changes have been recently announced but not passed into law by the Parliament, they are placed according to the expected date of effect. Many changes that appear at the time of updating to be of minor importance and small administrative modifications to payments have not been included.

Rates of payment are generally not given in the text, but can be found in the tables. In the text, imperial currency is used until 1966 and decimal currency is used after that date. In the tables decimal currency is used throughout.

Note on Sources and further reading

In addition to the Commonwealth Budget Papers and Social Security legislation, the following publications have been used in the preparation of this paper:

Department of Social Security, Annual Report, various

Department of Family and Community Services, *Annual Report*, various

Department of Social Security, *Developments in social security: a compendium of legislative changes since 1908*, Research and Statistics Branch Research Paper no. 20, Canberra, 1983

Kewley, T. H., Social security in Australia 1900-72, Sydney University Press, Sydney, 1973

Kewley, T. H., *Australian social security today: major developments from 1900 to 1978*, Sydney University Press, Sydney, 1980.

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List of Acronyms

CE

	J
AB	Additional Benefit for Children
AFP	Additional Family Payment
ALP	Australian Labor Party
AP	Additional Pension for Children
BFP	Basic Family Payment
CA	Child's Allowance
CCB	Child Care Benefit

Child Endowment

CPI Consumer Price Index
DOP Double Orphan's Pension
DSS Department of Social Security

FA Family Allowance

FAS Family Allowance Supplement FIS Family Income Supplement

FP Family Payment

FTBA Family Tax Benefit Part A
FTBB Family Tax Benefit Part B
FTP Family Tax Payment
GST Goods and Services Tax
HCCA Home Child Care Allowance

IRS Information and Research Services

JSA Job Search Allowance

LCP Liberal Party - Country Party Coalition

LNCP Liberal Party - National Country Party Coalition

(Liberal Party - National Party Coalition from October 1982)

MA Maternity Allowance MAT Maternity Payment

MGA Mother's/Guardian's Allowance MIA Maternity Immunisation Allowance Nat-CP Nationalist - Country Party Coalition

NSA Newstart Allowance
PA Partner Allowance
PgA Parenting Allowance
PP Parenting Payment
RA Rent Assistance
SA Sickness Allowance
SB Sickness Benefit

SMB Supporting Mother's Benefit

SpB Special Benefit

SPB Supporting Parent's Benefit

SPP Sole Parent Pension

UAP-CP United Australia Party - Country Party Coalition

UB Unemployment Benefit
WPa Widow Pension Class A
WPb Widow Pension Class B
WPc Widow Pension Class C

YA Youth Allowance

A Short History of Payments for Families

The First Step

Financial assistance to families with children was first introduced by the Fisher Government in October 1912. It took the form of a Maternity Allowance of five pounds (over two weeks wages for an unskilled worker) paid without a means test to both married and unmarried mothers. The measure was presented as an anti-poverty measure paid as a universal payment to avoid the stigma of charity. A similar payment had been introduced in 1911 in the UK, but it had been less generous and insurance based. The allowance received considerable public support and was claimed automatically in practically all cases of confinement by the late 1920s. It survived the cost cutting by Government during the Depression but was paid at a lower rate and subject to a means test from 1931 until 1943. The allowance was eventually abolished in 1978 by which time other child payments were considered to have made it unnecessary.

Recognising the Costs of Children

The introduction of a form of child endowment was a subject of political debate during the inter-war years both in Australia and the UK. Finally in 1941 the Menzies Government introduced a payment of five shillings per week for each child in a family after the first. A similar payment was not introduced in the UK until 1945. The introduction of child endowment dovetailed with the view expressed by the Chief Judge of the Court of Conciliation and Arbitration when delivering the judgement in the Basic Wage Enquiry 1940-41 that the basic wage was only adequate for a family of three. The new payment was also used to justify the deferment of any increase in the basic wage for six months. Eligibility for Child Endowment was extended to the first child in a family in 1950 by which time the original rationale based on the basic wage had ceased to hold sway.

Further payments for children of invalid pensioners and beneficiaries were introduced during the war years (child allowance in 1943 and Additional Benefit in 1945) to assist with the support of the first or unendowed children of pensioners and beneficiaries. The rate of Widow Pension when introduced in 1942 was also adjusted to cater for the maintenance of one child. In 1950 when Child Endowment began to be paid to all children it was paid in addition to these other child payments. Between 1956 and 1965 these payments were extended to all children of pensioners and beneficiaries and paid in addition to the Child Endowment.

<u>Table 1</u> shows trends in the numbers of recipients of child endowment and other payments added later.

The Introduction of Widow Pensions

Income support for widows and some sole parents was introduced in 1942 by the Curtin Government. Curtin had included a commitment to introduce pensions for widows in his 1940 election campaign policy speech. This form of income support had been included in most proposals from all sides of politics to expand the Commonwealth's involvement in income support since age and invalid pensions were introduced in 1909 and 1910 respectively. Unlike widow pensions introduced in the UK in 1925 and the USA in 1939, the Australian widow pension was not a contributory insurance-based payment and was therefore available to all widows who qualified under the means test. The structure of the new payment was drawn from the report of the Joint Parliamentary Committee on Social Security which had been asked in

1941 by the Menzies Government to inquire into widow pensions. Consequently the legislation received bipartisan support.

By the 1940s considerable numbers of widows were in need of assistance. The 1947 Census counted 134 766 widows under 60 years of age. (Sole parents who were not widows were not counted at that time.) Many of these widows were eligible for war widow pensions but sufficient sole parents and other civilian widows were in financial need to push the numbers receiving Social Security Widow Pensions up to approximately 40 000 by 1950.

From the beginning the name of the payment was misleading. It was designed to assist women who had lost a partner and could not be expected to engage in employment due to child care responsibilities or age. Not all women in this category were eligible. De facto widows, deserted wives, divorced women and women whose husbands were in institutions for the insane were included but single mothers, wives of prisoners, women deserted by de facto husbands and women who had deserted their husband or agreed to separate were excluded. These exclusions reflected the influence on legislators of contemporary moral standards as did the requirement that pensioners be of 'good character' and 'deserving of a pension'. The result was the exclusion of many sole parents from eligibility. An indication of the public attitude to such assistance can be found in the protests from some conservative women's groups about the provision of assistance to de facto widows. Such assistance was condemned as encouraging adultery and undermining the institution of marriage.

Three types of Widow Pension were introduced in 1942. Widows with children were given a Class A pension while they had a dependent child. Those without children were given a Class B pension until retirement age if they were aged 50 years or older. Those without children and not old enough for a Class B pension were given a Class C pension for 26 weeks immediately after the death of their husband. Only Class A pensions for widows with children are covered in this publication.

Family Allowances Replace Tax Allowances for Children

When Child Endowment was introduced, the Curtin Government abolished tax concessions for children to prevent wealthier parents gaining more assistance than parents ineligible for tax concessions. However concessions were reintroduced to the tax system. The monetary value of these concessions grew during the 1950s and 1960s while Child Endowment was eroded by inflation. The 1975 Henderson Poverty Inquiry Final Report recommended the abolition of tax concessions and an increase in the rate of Child Endowment especially for large families in order to redirect assistance to the poorest families. In 1976 the Fraser Government acted on this recommendation by abolishing tax concessions and introducing Family Allowance. The new payment was the same as Child Endowment in most respects but was paid at much higher rates. This was possible because revenue savings from abolishing tax concessions for children were used to increase expenditure on Family Allowance by 300 per cent when compared to expenditure on Child Endowment.

Assistance Extended to Sole Parents

Single women with children who were not eligible for Widow Pension because they were deserted wives who had not been deserted for six months, or who had not been married, or in a de facto relationship for the required three years, were given varying amounts of assistance by state government payments. In 1968 the Gorton Government began to partially fund that assistance under the *States Grants (Deserted Wives) Act 1968*. This form of assistance was the main income support for this growing group who were not catered for by the Widow Pension. Commonwealth expenditure under this Act increased from \$1.9m in 1969-70 to \$9.7m in 1972-73. Sole parents numbered 124 000 at the time of the 1966 Census. Their numbers had grown to 183 100 in 1974 when the first ABS Family Survey was conducted.

The Whitlam Government introduced the Supporting Mother's Benefit in 1973 to provide support for single mothers who were not being adequately catered for by existing arrangements. The rate of payment for this benefit was the same as for pensions in spite of the name it was given. Eligibility for Supporting Mother's Benefit did not commence until six months after the date of separation or birth of a child. As a result the States continued to provide assistance to single mothers until 1980 when immediate eligibility was introduced by the Fraser Government. That Government also extended eligibility to male sole parents and renamed the payment Supporting Parent's Benefit in 1977. By 1980 DSS payments were finally available to all categories of sole parents.

Targeting Low Income Working Families

The effectiveness of Family Allowance as a means of redistributing income to low income and larger families was severely eroded by the high inflation of the late 1970s and early 1980s in the absence of indexation. In 1982 the Fraser Government passed legislation for a new payment called Family Income Supplement (FIS) which commenced in May 1983 after the Hawke Government had been elected. This type of payment was new to Australia because it was directed at low income working families with the objective of ensuring that low income working families could receive more while in employment than when unemployed. This was achieved by giving them entitlement to the equivalent of additional benefit for children.

FIS proved to be too limited a payment with a limited take up rate. Against a background of increasing concern over the extent of child poverty the Hawke Government made a commitment during the 1987 election campaign that by 1990 no Australian child would live in poverty. The main means employed to fulfil this commitment was a reworking of the system of income tested child payments. Rates of payment increased considerably, Rent Assistance was made available to low income working families and FIS was renamed Family Allowance Supplement and the income test was made more generous. Further development of family payments continued under the Hawke and Keating Governments. The main developments were indexation of rates, assets testing, the amalgamation of Family Allowance Supplement with Additional Pension and Benefit to form Additional Family Payment and the merging of Basic and Additional Family Payment to form Family Payment.

The Rationalisation of Pensions for Sole Parent Families

The reform of Widow Pensions continued in 1989 with the amalgamation of Widow Pension Class A and Supporting Parent's Benefit. The new payment was called Sole Parent Pension. The two payments had over time become almost identical and catered for essentially the same group. The demise of the Widow Pension marked the end of a transition from payments for 'respectable' widows with a few categories of less reputable sole parents hidden under the umbrella term Widow Pension, to payments based on the objective fact of sole parenthood.

New Payments for Two Parent Families

During the 1993 election campaign the Keating Government committed itself to introduce a Home Child Care Allowance to provide a source of independent income for women caring for children at home. This payment effectively replaced the tax rebate for dependent spouses with children. The payment was set at a level which was a slight increase on the value of the rebate but it was payable on a fortnightly basis. This allowed parents who were out of the work force for periods as short as a fortnight to qualify. The rebate had been inaccessible to parents who had earned even modest amounts during a financial year. Home Child Care Allowance was absorbed within a new payment within a year of its introduction. It became the basic component of a new Parenting Allowance in 1995. This new payment which was first announced in the *Working Nation* statement of 1994, was paid to the parent caring for children in low income families, irrespective of whether their spouse was working or in receipt of an income support payment.

During 1994 the Keating Government also committed itself to introduce a form of paid maternity leave in the spirit of ILO convention number 103 as part of the Accord Mark 7 agreement with the ACTU. In 1996 Maternity allowance was reintroduced as a lump sum payment equivalent to six weeks of Parenting Allowance.

Payments for Parents Simplified

In 1998 the Sole Parent Pension and the Parenting Allowance were amalgamated to form a single payment for people caring for children. The new payment called Parenting Payment was a tentative move towards simplification of the growing range of payments for families. Many of the distinctions between the two superseded payments were maintained in order to avoid reduced assistance for sole parents or the increased cost that a single set of rates and eligibility criteria would involve.

Family Assistance Simplified

Simplification of the structure of family payments was carried further in 2000 when a range of payments, child-care fee subsidies and tax concessions for families with children were replaced by three payments. The introduction in 1997 of the Family Tax Initiative, while directing extra assistance to families, did further increase the complexity of the system. The need for simplification was clear.

The new Family Tax Benefit provided income tested assistance for each dependent child (Part A) plus a payment for parents who stayed at home to care for children (Part B). Child Care Benefit brought the two existing child care fee subsidies into one payment.

Timed to coincide with the introduction of a Goods and Services Tax, these reforms also involved an element of compensation for the effects of that tax on families with children and an attempt to reduce poverty traps for low and middle income families.

Payments for Parents and Welfare to Work Reforms

In 2003 participation requirements were introduced for Parenting Payment recipients with a youngest child of high school age. This move was prompted by concerns that parents should be encouraged to retrain and reattach to the workforce. The eligibility criteria and paticipation requirements for Parenting Payment underwent major changes in 2006. As part of a broader set of Welfare to Work reforms, eligibility for new applicants for Parenting Payment was restricted to those with a youngest child aged less than eight years of age if single or six years of age if partnered. Those who would formerly been eligible were now eligible for Newstart Allowance but with a requirement to look for part-time work only. Participation requirements for those remaining on Parenting Payment were also increased.

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Table 1: Payments for People caring for Children Recipient Numbers from 1942

Part A: 1942-1975

			Sole parents and widows payments
	Child Endo	owment (a)	(b)
At June	Families	Children	Recipients
1942	487 674	909 847	-
1943	491 121	908 159	16 214
1944	503 140	921 973	16 107
1945	518 293	938 543	15 284
1946	533 819	964 531	15 707
1947	559 730	1 006 557	16 702
1948	586 415	1 050 357	17 732
1949	620 819	1 105 299	17 891
1950	662 949	1 836 322	17 760
1951	1 150 847	2 388 930	17 717
1952	1 205 421	2 517 869	17 424
1953	1 246 986	2 623 977	17 980
1954	1 280 439	2 716 974	18 100
1955	1 304 227	2 788 561	18 683
1956	1 339 807	2 875 664	19 511
1957	1 378 169	2 978 191	20 648

1958	1 415 378	3 073 945	20 970
1959	1 451 516	3 171 823	22 296
1960	1 476 835	3 252 413	23 240
1961	1 501 180	3 340 302	24 491
1962	1 523 074	3 420 134	24 584
1963	1 535 388	3 457 620	25 261
1964	1 555 630	3 631 047	27 371
1965	1 582 801	3 710 616	29 713
1966	1 610 490	3 762 646	31 796
1967	1 640 390	3 834 917	34 526
1968	1 669 390	3 890 853	35 899
1969	1 701 914	3 996 042	38 038
1970	1 749 734	4 079 378	44 064
1971	1 797 628	4 155 930	47 146
1972	1 843 478	4 234 500	49 811
1973	1 870 638	4 238 882	57 872
1974	1 889 070	4 260 739	90 370
1975	1 915 818	4 283 516	102 533

Part B: From 1976

•	Basic rate assistan	•	More than I	pasic rate of istance (d)	Sole parent payments (e)	Partnered parent payments (f)
At June	Families	Children	Families	Children	Recipients	Recipients
1976	1 935 596	4 292 690	-	369 900	116 551	-
1977	2 051 673	4 302 344	-	426 900	127 013	-
1978	2 070 864	4 304 270	-	475 000	139 825	-
1979	2 059 921	4 230 642	-	494 200	151 181	-
1980	2 073 778	4 223 851	-	524 800	161 567	-
1981	2 092 225	4 227 164	-	576 400	194 468	-
1982	2 120 561	4 254 474	-	628 200	208 742	-
1983	2 155 714	4 303 289	-	830 000	224 489	-
1984	2 179 152	4 325 964	-	843 400	234 765	-
1985	2 191 191	4 323 474	-	854 100	246 295	-
1986	2 153 670	4 191 373	-	862 744	250 910	-
1987	2 136 668	4 125 159	-	876 233	248 907	-
1988	1 948 234	3 806 237	-	1 121 438	238 656	-
1989	1 927 015	3 760 462	550 904	1 135 242	239 469	-
1990	1 890 859	3 672 525	563 996	1 142 593	248 886	-
1991	1 911 196	3 699 446	635 680	1 275 771	265 720	-
1992	1 929 508	3 720 088	772 731	1 495 493	287 228	-
1993	1 933 696	3 724 408	810 219	1 623 943	298 444	-
1994	1 827 861	3 538 999	841 894	1 683 050	313 437	-
1995	1 804 118	3 486 316	836 590	1 671 372	324 941	-
1996	1 812 457	3 497 467	883 934	1 759 144	342 290	237 321
1997	1 811 745	3 491 160	918 538	1 821 230	358 893	239 317

1998	1 775 663	3 418 865	909 223	1 799 427	372 286	236 550
1999	1 773 185	3 441 194	926 315	1 770 622	384 821	227 677
2000	1 741 152	3 358 741	908 870	1 787 233	396 779	-
2001(g)	1 801 285	3 485 923	1 041 782	2 078 645	424 610	216 637
2002(g)	1 794 848	3 471 130	1 051 906	2 096 136	427 846	191 576
2003(g)	1 783 278	3 446 032	1 042 717	2 073 146	436 958	181 405
2004(g)	1 807 122	3 499 686	1 039 362	2 058 392	449 312	177 157
2005(g)	1 828 261	3 543 435	1 147 833	2 306 573	449 000	167 000

Notes:

- (a) Child Endowment families data for 1964 to 1976 does not include those with students aged 16 to 21 only.
- (b) Includes Widow Pension Class A from 1942 and Supporting Mothers Benefit from 1973.
- (c) Includes Family Allowance 1976 to 1992, Basic Family Payment 1993 to 1995, minimum rate of Family payment 1996 to 1998, minimum rate of Family Allowance 1998 to 2000 and at least base rate of Family Tax Benefit Part A from 2000.
- (d) Children for whom more than the basic rate was paid would also have received the basic rate, and are therefore counted under both headings. Includes Additional Pension or Benefit for Children 1976 to 1992, Family Income Supplement 1983 to 1987, Family Allowance Supplement 1988 to 1992, Additional Family Payment 1993 to 1995, more than minimum rate of Family Payment 1996 to 1998, more than minimum rate of Family Allowance 1998 to 2000 and more than base rate of Family Tax Benefit Part A from 2000. Data for Childs Allowance and Additional Pension and Benefit for 1943 to 1975 are not publicly available. Payments for children of Special beneficiaries are not included prior to 1993.
- (e) Includes Supporting Mothers Benefit 1976 to 1977, Supporting Parents Benefit 1977 to 1989, Widow Pension Class A 1976 to 1989, Sole Parent Pension 1989 to 1998 and Parenting Payment (Single) from 1998.
- (f) Includes Parenting Allowance 1996 to 1998, Parenting Payment (Partnered) from 1998. Prior to 1996 payments for partnered parents were paid as part of income support for their spouses. No data on the numbers involved is available.
- (g) Family Tax Benefit data does not include payments made through the Australian Taxation Office.

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Maternity Allowance 1912 to 1978, and 1996 to 2004, Maternity Immunisation Allowance from 1998, Maternity Payment from 2004

Commencement Date	Details	Government at Commencement
	Original Enabling Legislation:	
Maternity Allowance Act 1912 (No. 8 of 1912)		
Socia	al Security Legislation Amendment (Family Measures) Bil	l 1995

1912	From October Maternity Allowance (MA) was introduced at the rate of five pounds. It was paid on the birth of a child, except where the mother was an Asiatic or an Aboriginal of Australia, Papua or the Pacific islands. MA was not subject to a means test and was not taxable; only one allowance was paid where multiple births occurred.	Fisher, ALP
1926	From August the eligibility conditions were rephrased to exclude aliens rather than Asiatics.	Bruce-Page, Nat- CP
1931	From July the <i>Financial Emergency Act</i> reduced the rate of MA to four pounds. An income test on MA was introduced. No MA was payable where the joint income of the family exceeded 260 pounds per year.	Scullin, ALP
1932	From October the amount of permissible income was reduced to 208 pounds per year.	
1934	From August the <i>Financial Relief Act</i> liberalised the income test and modified the rate structure of MA. Where the mother had other children MA was increased by five shillings for each child under 14 years of age, to a maximum of five pounds. The permissible income limit was also increased: the limit of 208 pounds per year increased by 13 pounds for each child in the family after the first, to a ceiling of 299 pounds.	Lyons, UAP-CP
1936	From September the minimum MA was increased to 4 pounds 10 shillings and the system of graduated payments was eliminated, except for an extra 10 shillings where there was more than one child. The permissible income limit was increased to 221 pounds per year where there was only one child, rising to a ceiling of 312 pounds where there were other children.	
1937	From December the rate structure of MA was restored. The new rates were, 4 pounds 10 shillings for the first child; 5 pounds where there were one or two other children; 7 pounds 10 shillings where there were three or more other children. The permissible income limit was increased to 247 pounds per year where there was one child, rising to a ceiling of 338 pounds per year where there were other children.	
1942	From July eligibility was extended to Aboriginal women who were exempted from State laws relating to the control of Aboriginal natives and who were considered suitable to receive MA.	Curtin, ALP
1943	From July the income test was abolished. MA was increased to 15 pounds where there were no other	

	children under the age of 14 years; 16 pounds where there were one or two other children; and 17 pounds 10 shillings in cases of three or more children. These amounts included an additional allowance of 25 shillings per week in respect of the period four weeks before and four weeks after the birth, to be paid after the birth.	
1947	 A prepayment of MA of five pounds could be made up to four weeks before the expected date of delivery. Rather than separate rates for twins and so on, the Act was amended to provide for an allowance of five pounds for each child in excess of one born from a single confinement. Eligibility was extended to a mother who was an alien if she had 12 months residence. 	Chifley, ALP
1956	From October the amount of MA that could be paid prior to the birth of the child was increased to 10 pounds.	Menzies, Lib-CP
1959	From September restrictions on the payment of MA to Aborigines were removed.	
1978	The provisions for MA were repealed. No MA was payable for births occurring after 31 October 1978.	Fraser, Lib-NCP
1996	From February MA was reintroduced. MA was paid at a rate equivalent to six weeks of Parenting Allowance (PgA) for each child born. Initially the rate was \$840.60. It was also paid for still-born children, adopted new-born children and children who died soon after birth. Families who met the Basic Family Payment income and assets test were eligible. MA was tax free.	Keating, ALP
1998		Howard, Lib-NP
2000	From July the rate of MA rose to \$780 and the rate of MIA to \$208. These rate rises were part of the compensation package for the impact of the introduction of a Goods and Services Tax (GST) in July 2000.	

2004	From July MA and the Baby Bonus (administered by the Australian Taxation Office) were replaced by Maternity Payment (MAT). MAT was paid as a lump sum of \$3000 for each newborn child and each child adopted at less than 26 weeks of age. No means test applied. The rate of payment was scheduled to increase to \$4000 in July 2006 and to \$5000 in July 2008. The rate of MAT was indexed in March and June of each year. MIA was made income test free.	
2005	From July MA was paid for adopted children under the age of 2 years.	
2006	From July the rate of MA was increased to \$4000.	

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Commonwealth of Australia

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