

PRIME MINISTER

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I have set up a meeting in mid July for you to consider the results of this review, as requested. CDS 1813

Prime Minister 2

To note.

BHP

18 May 1990

18/5

LONE PARENTS: RECOVERY OF MAINTENANCE

It has not been easy to get momentum behind the initiative. But the meeting of Ministers in February appears to have broken the log-jam. On current plans Tony Newton aims to put detailed proposals to you at the end of June/beginning of July.

Thinking within the interested departments is still, however, overly cautious and conservative. This stems partly from a fear of upsetting the lobby groups in this area.

But there is already a large measure of public consensus on what the basic structure of a new maintenance system should be.

This was confirmed at a meeting which Brian Griffiths, Robin Harris and I had yesterday with Catherine Porteous (Chairman) and Sue Slipman (Director) of the National Council for One Parent Families (NCOFB).

They are not our natural supporters. Sue Slipman, for example, is a leading member of the SDP. (She is also, incidentally, a lone mother).

They had two main messages, both of which were encouraging:

- (1) They are impressed by the effectiveness of the Australian system for assessing and collecting maintenance (most of whose basic features we are looking to adopt);
- (2) if the Government can get the tone right when presenting its policies on maintenance, then there will be a good deal of public support for what we are trying to do.

The Australian System

Catherine Porteous has recently returned from Australia. She had some interesting comments on the new system which came into effect in June

88. The main points were:

- it covers child maintenance payments to custodial parents on benefits and those not on benefits where separation occurred after the scheme started;
- action to enforce a maintenance payment is taken by a Child Support Agency (which is part of the Australian Taxation Office);
- the custodial parent is required to provide information about the identity and whereabouts of the other parent (failure to co-operate can result in a loss of benefit);
- assessment is by means of a formula administered by the Child Support Agency. The level of maintenance is automatically updated annually to reflect changing financial circumstances;
- collection is by automatic withholding of payments by employers in the case of PAYE tax payers, and in the case of the self-employed, by direct monthly payments;
- payments are distributed to custodial parents on a monthly basis by the Department of Social Security. The level of benefit which the lone parent is receiving is adjusted to reflect increased maintenance payments. But lone parents are allowed up to \$15 of maintenance per week before their benefit is affected (ie it operates like a disregard).

There is wide public support for the system. This is largely because it is felt to be fair. The NCOPB suggested that this was because there had been wide public consultation on the details of the formula beforehand.

The success of this new system in its first two years of operation has been phenomenal. Before the introduction only around 25 per cent of lone parents in Australia were receiving regular maintenance payments. The figure is now up to 80 per cent.

There is also apparently some anecdotal evidence that where youths are being forced to face up to sixteen years of financial responsibility for the children they have fathered, this has had a profound effect on the sexual behaviour of their contemporaries - apparently greater than AIDS.

Lessons for the UK

The NCOPB offered four pieces of advice as to how the Government should approach reform in the UK.

(1) **Moral Responsibility.** They felt strongly that the objective of reform should be seen to be a moral one: parents must be made to accept responsibility for the welfare of their children. This struck us as a surprising (and welcome) line for a body such as the NCOPB to be taking.

(2) **Universality.** They warned against creating the impression that the government's main objective was simply to save on benefits: then much public support for the initiative would be lost.

It was for this reason that the NCOPB were arguing that the system should be open and available to all lone parent, and not just those on benefits.

I am sure they are right in this, not least because it is a way of ensuring that people don't slip onto benefit because they are unable to recover maintenance.

(3) **Confidentiality.** They felt that this was crucial if people were going to co-operate with the system. Their point was that without a proper code of conduct which safeguarded the confidentiality of the lone mothers, they would fear threats of violence from their former partners. This would make them reluctant to pursue maintenance.

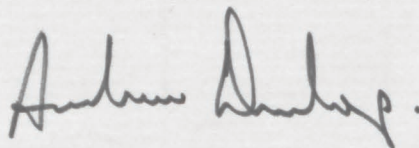
(4) **Incentives.** They laid great stress on the need to have "carrots" as well as "sticks" in the new system. They said that the success of the Australian system was due to the financial incentive (through a disregard) for both parents to co-operate. The mother did not find that what was given with one hand, was taken away with the other. And

the father could see that by paying maintenance he was actually improving the situation of his children.

(5) Access. They argued that the Government should resist any pressure to make the payment of maintenance a quid pro quo for the father's access to his children. They believe that the Courts may still judge that it is not in the interests of the child to have contact with the father no matter how diligently he pays maintenance. They do, however, think that if the new maintenance system is a success it could exert a powerful and favourable long-term influence on courts' willingness to grant access.

Conclusion

There is no need for any action at this stage. But the views of the National Council for One Parent Families are interesting. We will need to bear in mind the issues they raise when we come to consider Tony Newton's proposals.



ANDREW DUNLOP