



Senator the Hon Michaelia Cash
Minister for Employment, Skills, Small and Family Business
Deputy Leader of the Government in the Senate

Reference: MC21-001330

Dr Anne Webster MP
Chair
Parliamentary Joint Committee on Human Rights
Parliament House
CANBERRA ACT 2600

By email: human.rights@aph.gov.au

Dear Dr Webster

Thank you for your email of 25 February 2021 regarding the *Social Security (Parenting payment participation requirements – class of persons) Instrument 2021* (the Instrument).

ParentsNext is a highly successful pre-employment program that helps parents plan and prepare for employment before their youngest child starts school. Parents receive personalised assistance to help them identify their education and employment goals, improve their work readiness and link them to services in the local community.

The Instrument streamlines eligibility requirements for ParentNext participants from 1 July 2021. The changes to eligibility will better support those parents most in need and ensure all participants have access to financial assistance to help them achieve their education and employment goals. The Participation Fund, a flexible pool of funds to support work preparation expenses of participants, and access to wage subsidies will be available to all participants. This assistance is currently only available to those in the Intensive stream (40 per cent of participants).

This Instrument does not introduce compulsory participation or the Targeted Compliance Framework (TCF) to ParentsNext participants. The TCF has applied to ParentsNext participants since the national roll-out of the program on 1 July 2018.

In relation to the Committee's request for further information regarding participation requirements for ParentsNext, please find my responses below.

(a) what percentage of participants in the ParentsNext program are: Indigenous; from a culturally and linguistically diverse background; or identify as a person with disability

Percentage of ParentsNext participants by Indigenous, CALD, and Disability status as at 28 February 2021*	
Indigenous	18 per cent
CALD	21 per cent
Persons with Disability	15 per cent

*A participant who identifies with more than one of the above characteristics is included separately in each count.

(b) how reducing, suspending or cancelling a person's parenting payment where they fail to participate in the ParentsNext program would be effective to remove barriers to employment and education, and stabilise family life for those participants

This instrument makes no changes to the program's participation requirements or consequences for non-compliance. Compulsory participation in active labour market programs has been shown to result in significantly better outcomes for participants.

ParentsNext continues to demonstrate positive outcomes for parents. Between 1 July 2018 and 28 February 2021:

- 69,528 participants had commenced education
- 35,153 participants had commenced employment
- 4,909 participants had exited the program after achieving stable employment.

Participants are protected from lasting impacts to their payment by safeguards built into the TCF which is designed to give participants every opportunity to meet the mutual obligations that they have agreed with their provider (see further information below).

(c) how many compulsory participants in the ParentsNext program have had their payments suspended, reduced or cancelled, and what is the average duration in each case

Payment suspensions occur when a participant does not meet their participation requirements. Suspensions are lifted with full back-pay once a participant contacts their provider with a valid reason—for example if they or their child is/was unwell. As income support payments are made fortnightly, payment suspensions typically do not result in any delay in the person accessing their payment.

Since 7 December 2020, participants have two business days' 'resolution time' to contact their provider to discuss why they were unable to meet their participation requirement, or to re-engage. Where this occurs, there is no payment suspension. For ParentsNext this has resulted in 35 per cent fewer payment suspensions.

Before ParentsNext participants face any lasting penalty for not meeting their requirements, they attend two assessments to ensure their requirements are appropriate for their circumstances and there is no undisclosed information affecting their capacity to meet requirements. One of these assessments is undertaken by the participant's provider, the other by Services Australia.

Payment reductions and cancellations are targeted to only those participants who have not met their requirements on at least five prior occasions, without a valid reason. As at 28 February 2021, ParentsNext has assisted more than 156,000 parents.

ParentsNext compliance events 2 July 2018 – 28 February 2021		
Type	Parents	Average duration (calendar days)
Parenting Payment Suspensions	52,343	5
Parenting Payment Reductions	10	14
Parenting Payment Cancellations*	1,072	28

* If a parent's payment remains on hold for more than 28 days, their income support payment is cancelled, and they must reapply.

(d) how it is proportionate to the stated aim of this measure to reduce, suspend or cancel a participant's parenting payments for a failure to meet their engagement requirements under the ParentsNext program

ParentsNext is designed with a focus on meeting the needs of parents. It is flexible, recognises parents' caring responsibilities, does not require them to look for work, and incorporates family friendly sites and activities.

ParentsNext participants are only required to attend a quarterly appointment with their provider. Aside from this quarterly appointment, participants are required to negotiate and agree to a participation plan which identifies education and employment goals, and participate in an agreed activity to assist in working towards those goals. Activities range from attending playgroups or similar activities, which provide social connections and networking opportunities for parents with limited work history, and significant non-vocational barriers, through to further education and training for parents who are work ready. Activities are agreed between the participant and provider and must take into account the participant's personal circumstances, including caring responsibilities. There is no minimum hourly participation requirement.

Compulsory requirements have been shown to be very effective in enabling participants to achieve significantly better outcomes. The achievement of better outcomes for participants is directly relevant to the stated aims of the ParentsNext program.

Where parents are genuinely unable to participate exemptions from requirements can be applied by the provider or Services Australia. There are a range of reasons why exemptions can be applied including due to domestic violence, caring responsibilities, sickness or injury.

(e) whether other, less rights restrictive alternatives to compulsory participation have been considered, and why other, less rights restrictive alternatives (such as voluntary participation, or voluntary participation incentivised by an additional financial payment) would not be effective to achieve the stated aims of the measure

Evidence from earlier similar pilots to the current ParentsNext program (Helping Young Parents and Supporting Jobless Families) in Australia showed significantly better results when the activity requirements were compulsory. Participating in Helping Young Parents (where participating in activities was compulsory) increased the chance of a person attaining a Year 12 or equivalent qualification by 14 percentage points, compared with a more modest 3 percentage points in Supporting Jobless Families (where participation in activities was voluntary).

ParentsNext is designed to engage the most disadvantaged parents. Parents who have experienced long-term disadvantages may not be fully aware of the program's benefits and opportunities for further support, and as a result can be reluctant to participate voluntarily. While parents can volunteer to participate, they rarely do. Since 1 July 2018 only 946 parents have volunteered to participate in the program.

While the most disadvantaged parents are less likely to seek assistance to improve their education or work readiness, program evidence shows that approximately 75 per cent of ParentsNext participants—that is, highly disadvantaged parents—report an improvement in their motivation to achieve their work or study goals. Additionally, the evaluation of the ParentsNext program found that a ParentsNext participant was 6.9 percentage points more likely to participate in employment than a comparable parent who did not participate in the program.

Compulsory participation requirements are necessary to ensure that the most disadvantaged parents receive the support they need. While an incentive based approach may encourage some parents to volunteer, it would be significantly less effective in targeting support to those most in need.

(f) what safeguards are in place to ensure that persons whose parenting payment is reduced, suspended or cancelled following a mutual obligation failure have funds available to meet their basic needs, and those of their children

The TCF is designed to ensure only participants who are persistently and wilfully non-compliant incur financial penalties while providing protections for the most vulnerable.

Suspensions and penalties under the TCF only affect payments made in respect to the person themselves, such as Parenting Payment. Payments and supplements paid for the support of a person's children such as Family Tax Benefit (FTB) and child care assistance are not affected by the application of the TCF. Rent Assistance for parents is almost always paid through FTB, so it would also be unaffected by any penalties. The rate of payments and supplements paid for the support of a person's child depends on the individual and family circumstances.

I trust this information is of assistance.

Yours sincerely

Senator the Hon Michaelia Cash

11/07/2021