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**Submission to the
Human Rights Inquiry
into ParentsNext**

May 2021

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About Anglicare Australia

Anglicare Australia is a network of independent local, state, national and international organisations that are linked to the Anglican Church and are joined by values of service, innovation, leadership and the Christian faith that every individual has intrinsic value. Our services are delivered in partnership with people, the communities in which they live, and other like-minded organisations in those areas. With a combined income of over \$1.94 billion, a workforce of over 11,000 staff and 6,000 volunteers, the Network delivers more than 50 service areas in the Australian community. Our services are delivered to over 474,00 people and reach close to 1.37 million Australians in total. In all, Anglicare services reach over 1 in every 19 Australians.

As part of its mission the Anglicare Australia Network “partners with people, families and communities to provide services and advocacy and build resilience, inclusion and justice.” Our first strategic goal charges us with reaching this by influencing “social and economic policy across Australia with a strong prophetic voice; informed by research and the practical experience of the Network”.

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Introduction

Anglicare Australia is pleased to be able to make this submission. Our network knows the importance of work for the people and communities who depend on our services, including people receiving the Parenting Payment. Each year, our members support 11,300 people with employment and training programs, helping them to find or prepare for work. Our agencies also support people in crisis who do not have enough work or income to get by. Over 100,000 people each year use emergency relief and financial counselling services provided by the Anglicare Australia Network across the country.

This submission aims to provide a voice for the people, overwhelmingly women, living on Parenting Payment who may be compelled to participate in the ParentsNext program. ParentsNext cannot be viewed in isolation from Parenting Payment. This submission explores ParentsNext in this context.

These changes notwithstanding, Anglicare Australia maintains significant concerns about the program. These relate to the compulsory nature of the program and its punitive and disproportionate Targeted Compliance Framework. Although pre-employment programs have the potential to provide positive opportunities for people who receive Parenting Payment, they must be well-designed and implemented. They should aim to offer connection and support that is essential to grasp education, training, and employment opportunities.

Anglicare Australia calls for the Targeted Compliance Framework to be abolished, and recommends that the ParentsNext program be redesigned as voluntary and person-centred pre-employment support program.

Supporting parents and children

Anglicare Australia believes that parents and children should be supported. The responsibility involved in caring for children should be valued in and of itself. Keeping Australia's children out of poverty is one of the most worthwhile investments that governments can make in their citizens, and economy. These basic truths are often lost in debates around welfare. Welfare recipients are viewed in an abstract sense, and their personal circumstances and actual experiences rarely reflected in public debate. They are demonised. Worse, they are stigmatised as unwilling to work, lazy, and as 'leaners' on their fellow citizens. Alongside jobseekers, single mothers have long borne the brunt of this opprobrium, and this is reflected in Government policy via the unacceptably low rate of Parenting Payment and the conditional nature of programs such as ParentsNext.

Welfare spending should be viewed as a transfer of funds within the economy, not as a burden to the budget. Every cent of Parenting Payment that a recipient receives is churned directly back into the real economy. It is also an investment in our nation's children, the next generation of whom will be working, paying taxes, and contributing to the social and economic fabric of our country.

Children who grow up in poverty are more likely to live in poverty as adults. Money also matters to childhood development. Additional income positively affects maternal health, children's cognitive development, and school performance. This association proved stronger for low-income households.¹ Yet even accounting for the recent increase, the Parenting Payment is set at a level that entrenches poverty. Recipients do not live on this payment. They survive.

Being poor is not easy. Simple tasks often take longer, for example getting to and from an appointment on public transport instead of in a car or taxi. People on Parenting Payment cannot enjoy the efficiency or savings made by buying in bulk the way that parents on higher incomes can. Yet they must be expert at budgeting. They make careful choices about day-to-day matters, as well as difficult choices about which meals to skip, whether to turn on the heating, and asking for emergency relief when things get really tough.

The Coronavirus Supplement provided a welcome, if short lived, natural experiment that showed the difference an adequate payment makes to families. Overnight, parents could have their hair cut, or take their kids to the pool. They could have other children visit their home and offer them afternoon tea. After briefly lifting families out of poverty, the increase was removed people were forced back into hardship.

This is the lived reality of people receiving Parenting Payment. It provides important context to ParentsNext, its flaws, and the additional stress it can place on parents and their children.

Going back to work

People living on the Parenting Payment do not want to keep living on such a low income. Parents want to be able to provide the best they can for their children, and returning to the workforce when they are able will be a priority for most Parenting Payment recipients. Pre-employment programs such as ParentsNext have the potential to provide opportunities for Parenting Payment recipients.

Sadly, policy settings over-emphasise the importance of paid work and misjudge how to secure it. It is unlikely anyone would frown on a comfortably well-off family choosing to have one partner spend more time at home, and indeed, such arrangements are commonplace. These parents can and do re-enter the workforce, whether when their children are in primary school or much older.

For a person receiving Parenting Payment, staying at home might be a better investment in their children than insecure work in a minimum wage job. They may also be much better off in the longer term if they are able to study and gain a qualification. But the focus of the Government is on getting parents back into the paid workforce as soon as possible, regardless of their circumstances or what might be best for their children. Indeed, the Parenting Payment drops to the much lower JobSeeker rate when the recipient's youngest child turns eight. This can plunge families deeper into poverty. Anglicare Australia's most recent Rental Affordability Snapshot shows that there are four times as many properties that are affordable and available for single parents with receiving Parenting Payment than for the same parent with a child over eight receiving the lower JobSeeker payment.ⁱⁱ

A different and more beneficial response would be to value and celebrate the care that recipients of Parenting Payment are able to provide to their children by offering unconditional and person-centred help for parents to re-enter the workforce when it suits the needs of their family.

ParentsNext

Anglicare Australia believes that the pilot ParentsNext program has had two significant flaws since its inception – its compulsory nature, and the possibility of participants having their payments suspended if they breach the program's compliance framework.

During the 2016 ParentsNext pilot, compliance was "wielded gently."ⁱⁱⁱ Nonetheless, the official evaluation of the pilot by the then Department of Jobs and Small Business reported that 9.1 percent of participants had received a payment suspension. 97 percent of these suspensions were for failing to attend an appointment.^{iv}

The evaluation report contrasted this figure favourably with payment suspensions for Jobactive participants over a twelve-month period, which were at a very concerning 45 percent. Anglicare Australia does not believe that suspension for one in ten participants constitutes "success." On the contrary, receiving no income would have placed parents under enormous pressure, exacerbated poverty, increased reliance on emergency relief providers, and potentially lead to rental arrears or homelessness. The human cost in these numbers is not reflected in the positive evaluation report.

A different view of ParentsNext emerged when participants were interviewed by Dr Elise Klein and Dr Eve Vincent in 2019. The interviews “paint[ed] a picture of a weekly “tick-the-box” exercise conducted under the threat of losing payments”.^v

ParentsNext participants share their experiences with one another on a number of informal Facebook pages. Pages viewed by Anglicare Australia show participants posting about their worry and stress relating to fulfilling their obligations under the program, and their poor treatment by some providers.^{vi} Helpfully, these pages provide a forum for peer support. Disappointingly, but unsurprisingly, they are also a magnet for abusive online trolls.

There is also evidence of the stress that this program is placing on clients within the Anglicare Australia Network. One financial counsellor shared a story about the circumstances of two women her agency is supporting. Both are mothers, each with babies who have just turned six months old. Both were “shocked and dismayed” at being forced to participate in the program with such young children. One of the two mothers was particularly affected. She has an unwell baby, and rather than feeling that her participation in ParentsNext might provide any kind of opportunity, it has instead put pressure on her family and made her anxious.

When ParentsNext was rolled out nationally in 2019 it included a new, even stricter, Targeted Compliance Framework. The problems with the Framework were covered in detail in submissions to the 2018-19 Senate Inquiry into ParentsNext.^{vii} Anglicare Australia’s 2019 submission also covered these issues.^{viii}

The Framework is a fundamentally ill-suited approach to assisting parents. Rather than enabling parents and ParentsNext providers to work in partnership to help realise parents’ goals, it causes difficulties for both parties. Making activities compulsory and introducing the possibility of payment suspension for non-participation serves to create enormous stress for participants. Anglicare Australia heard from one participant that this “removed any joy” that she might have otherwise had from the opportunities that the program afforded.

Importantly, ParentsNext does not address the most significant barriers that Parenting Payment recipients face: a payment that is below the poverty line, lack of access to childcare to facilitate work and study, and high effective marginal tax rates that provide a disincentive to re-enter the workforce by taking on part-time paid work.

The Productivity Commission modelled the effective marginal tax rates for Parenting Payment recipients as part of its 2014 Inquiry into Childcare and Early Learning. For each of the first three days worked in a week, people receiving Parenting Payment had an effective marginal tax rate more than double that of increased income tax, Family Tax Benefit withdrawal, or Childcare Supplement withdrawal.^{ix} Flattening the payment’s taper rates for recipients who are able to take on part-time paid work would go a long way towards encouraging participation in the paid workforce.

Recommendation: Ending unfair punishments

Anglicare Australia recommends:

- Make ParentsNext voluntary.
- Remove the Targeted Compliance Framework.
- Address the workforce disincentive faced by Parenting Payment recipients of high effective marginal tax rates by flattening the payment's taper rate.

Supporting Parenting Payment recipients

Parenting young children is a full-time job, and the stresses are compounded by being a single parent. No financially comfortable parent would put up with having such serious sanctions apply for their failure to attend an appointment, a course, or to be in touch with a case worker. Yet this is what we expect of parents living below the poverty line.

Recent modelling commissioned by the Brotherhood of St Laurence and Social Ventures Australia, conducted by Associate Professor Ben Phillips and Vivikth Narayanan from the Australian National University, found that extreme financial stress for households on working age pensions from 19 percent to 28 percent between 1998 and 2015.^x

This trend is not inevitable. It can be changed. The same research found that rates of poverty and extreme financial stress among households receiving Parenting Payment can be dramatically improved by applying a modest and targeted increase to the overall welfare budget. For example, a ten percent increase in the welfare spend, targeted primarily at working age pensions and the Jobseeker payment, would lift hundreds of thousands of families out of extreme financial stress.^{xi}

The language used in the Instrument is telling. It states that the “application of the TCF ... encourages participants to develop work like behaviours to support them to transition to work when they are ready or to other employment service programs.”^{xii} This is disingenuous as well as a false equivalence. People who engage in the “work like behaviours” of turning up to work and doing their job also typically get paid a wage above the poverty line. ParentsNext participants do not.

It is hard to imagine that the compulsory nature of the ParentsNext program, and in particular the structure of the Targeted Compliance Framework, are based on any kind of evidence about what is best for parents and their children. Since the initial evaluation of the pilot, and in particular the introduction of the Framework, there has been no publicly available evaluation of the program. External evaluations can play a crucial role in supporting the delivery of best practice, evidence informed public policy. They can also shine a light on suboptimal policies and programs. Sadly, we do not know what evidence, if any, informs the Government's decisions about the program's structure. What is clear, however, is that the overwhelming view of the program from non-government organisations, social policy experts, academics, and ParentsNext participants themselves is negative.

Recommendation: Creating a more person-centred system

Anglicare Australia recommends:

- Immediately increase the rate of Parenting Payment.
- Prioritise incentives for parents to prepare for or participate in paid work or study, including improved access to childcare.
- Set aside funding for a well-resourced, external evaluation conducted by an Australian university to report back within 12 months, and publish the results and any Government responses to recommendations within 12 weeks of receiving the report.

Conclusion

Anglicare Australia thanks the Committee for opportunity to make this submission. The issues we raise are not new. Submissions to the 2018-19 Senate Inquiry ranged in their scope and recommendations. Taken together, however, they paint a remarkably consistent picture. While support for ParentsNext varied, concern about the harm of the Targeted Compliance Framework was raised repeatedly.

It is disappointing that the Government has not taken heed of the concerns raised from these many expert submissions to the previous Inquiry and accepted the recommendations to amend or remove the Framework. Had these recommended reforms taken place, ParentsNext might be a program worthy of celebration.

The wellbeing and best interests of parents and their children should be a priority for policy development. ParentsNext in its current form fails on this measure. Anglicare Australia calls for the Targeted Compliance Framework to be abolished, and recommends that the ParentsNext program be redesigned as voluntary and person-centred pre-employment support program.

ⁱ Cooper, K. and Stuart, K. (2013) [Does Money Affect Children's Outcomes: A Systematic Review](#).

ⁱⁱ Anglicare Australia (2021) [Rental Affordability Snapshot](#).

ⁱⁱⁱ Casey, S. (2020) [The bad bits of ParentsNext just came back](#).

^{iv} Department of Jobs and Small Business (2018) [ParentsNext Evaluation Report](#).

^v Klein, E. and Vincent, E. (2020) [After Robodebt it's time to address ParentsNext](#).

^{vi} Such groups include [Parents Against ParentsNext](#). Anglicare Australia is aware of other, private, Facebook groups.

^{vii} See for example the submissions from the [Human Rights Law Centre](#), [National Family Violence Prevention Legal Service](#), [SNAICC](#), and the [Human Rights Commission](#).

^{viii} Anglicare Australia (2019) [Submission to the ParentsNext Inquiry](#).

^{ix} Productivity Commission (2014) [Childhood and Early Learning Inquiry Report](#).

^x Phillips, B. and Narayanan, V. (2021) [Financial Stress and Social Security Settings in Australia](#).

^{xi} Ibid.

^{xii} Social Security (Parenting payment participation requirements – class of persons) Instrument 2021.