

## Submission:

### *ParentsNext, including its trial and subsequent broader rollout*

The Centre for Excellence in Child and Family Welfare (the Centre) welcomes the opportunity to provide a submission on ParentsNext for consideration by the Senate Community Affairs References Committee.

The Centre is the peak body for child and family services in Victoria. For over 100 years we have advocated for the rights of children and young people to be heard, to be safe, to access education and to remain connected to family, community and culture. We represent over 150 community service organisations, students and individuals throughout Victoria working across the continuum of child and family services. Some of our member organisations are ParentsNext providers.

The Centre is a member of an advocacy group, Treating Families Fairly, whose members have direct experience of the impact of ParentsNext and similar welfare conditionality programs on parents, families and children experiencing disadvantage and hardship.

In our submission, we examine the aims and design of Parents Next, its main features, impact on participants, the evidence base underpinning it and characteristics of an effective program.

#### **Appropriateness of ParentsNext aims**

The Centre has concerns about the appropriateness of the stated aims of ParentsNext.

##### *Stated aims*

As outlined in the *ParentsNext Evaluation Report*, 'The objective of ParentsNext Projects is to help eligible parents plan and prepare for employment by the time their youngest child reaches school age'. The program 'aimed to reach more disadvantaged parents and have a stronger focus on preparing for employment'.<sup>1</sup>

The drivers of ParentsNext are the Australian Government's stated objectives to:

- Increase women's participation in the labour force
- Reduce welfare dependency
- Decrease intergenerational joblessness.<sup>2</sup>

The barriers to addressing these complex social problems have been identified in the program logic model of ParentsNext as: 'social norm of female parents providing the majority of child caring' and 'lack of accessible child care and complex income support structure'.<sup>3</sup>

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<sup>1</sup> Department of Jobs and Small Business n.d., *ParentsNext evaluation report*, Department of Jobs and Small Business, Canberra, p. 16.

<sup>2</sup> Department of Jobs and Small Business, p. 16.

<sup>3</sup> Department of Jobs and Small Business, p. 63.

### *Appropriateness*

The aim of increasing women's participation in the workforce is positive, the ParentsNext model appears to be at odds with research that shows the critical importance of the first 1000 days in a child's life.<sup>4</sup> As a model, ParentsNext does not support the primary parent to focus on their child's development in the most formative years.

In October 2018, the Department of Jobs and Small Business released the ParentsNext Evaluation Report which assessed the early impacts of the program for participating parents during the first year of operation. The evaluation considers the policy context in which ParentsNext operates, however it does not articulate how the government plans to address the barriers identified, and makes no mention of men as fathers, despite the fact that they make up a small percentage of participants.

While the evaluation describes ParentsNext as a pre-employment program that does not expect parents to start work, it also states:

ParentsNext has a positive impact on training/studying, earnings and use of child care, although, given the study period, *it was probably too soon to expect participants would have moved off income support* (emphasis added).<sup>5</sup>

This implies that participants were expected to move off income support while engaged in ParentsNext, not simply prepare for work in the future.

### **Design and implementation**

#### *Eligibility*

The evaluation of the ParentsNext trial identified service gaps for Aboriginal parents, including a lack of activities to support them to address barriers. Given that the expansion of ParentsNext would see 10 000 Aboriginal parents become participants, it is concerning that these service gaps have not been addressed and that the evaluation did not assess the level of cultural safety and appropriateness offered by the program.

#### *Mandatory participation and the Targeted Compliance Framework*

The Centre is concerned about the impact of the compliance requirements on families, including children. Suspending a parent's income support payments is inconsistent with the best interests of children, a test defined in Victorian legislation. Member organisations working closely with families who have been affected by income suspension have told us of the stark choices single mothers in particular have needed to make with no income to buy food or meet their children's needs. There is apprehension that this situation could trigger action to remove a child from their home.

Consistent with our submission to the National Children's Commissioner on the state of children's rights in Australia, federal government welfare policies based on harsh compliance measures threaten

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<sup>4</sup> Moore, TG, Arefadib, N, Deery, A, Keyes, M & West, S 2017, *The first thousand days: an evidence paper – summary*, Centre for Community Child Health, Murdoch Children's Research Institute, Melbourne.

<sup>5</sup> Department of Jobs and Small Business, p. 41.



children's rights under Article 26 of the UNCRC. There is no acceptable way to cancel Parenting Payments that would not negatively affect a child's right to safety and adequate provisions.<sup>6</sup>

The Universal Declaration of Human Rights, to which Australia is a signatory, establishes the right to social security under Article 22.<sup>7</sup>

Community services are best placed to engage with and support members of our community who need this assistance. Service providers have reported to us their concerns about the tensions associated with providing support to families to meet complex needs while also being administrators of a mandatory compliance system.

#### *Adverse consequences associated with the expansion*

Since the introduction of the Targeted Compliance Framework, parents involved in the program must now report their income every fortnight, even if that income is zero. Parents must also record that they have participated in the activities that they have agreed to.

Providers must check that activities have been reported against, resulting in a high administrative load. This complex compliance system limits the time that providers can spend engaging in positive work with families.

The need to complete host agreements and risk assessments so that participants can engage in voluntary work creates an additional barrier that is more about protecting government and providers rather than assisting the participant. Providers have reported that compliance requirements often actively discourage people from engaging in new activities and divert them from the meaningful activities that they were undertaking prior to ParentsNext engagement.

Furthermore, community service organisations report frustration at having participants turn up to their service for the sole purpose of meeting compliance obligations, with no intention to engage. This affects the ability of the service to be effective and on the experiences of parents and children who are there because they want to be.

#### *Providers and commissioning*

The ParentsNext evaluation refers to an outcome ranking of providers that delivered the program in the trial sites, but it does not disclose how many providers were in each category or how many from each category were surveyed to develop the findings of the report.

Discrepancies between providers mean that people are receiving a different response depending on where they live. The Centre is concerned about the quality of providers that have been selected to deliver ParentsNext. Many are for-profit organisations with employment services histories.

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<sup>6</sup> The Centre for Excellence in Child and Family Welfare 2018 (CFECFW), *Submission to the National Children's Commissioner on the State of Children's Rights in Australia*, CFECFW, Melbourne, p. 10.

<sup>7</sup> United Nations 1948, The Universal Declaration of Human Rights, viewed 30 January 2019, <<http://www.un.org/en/universal-declaration-human-rights/>>.

### *Measures to avoid risk of harm*

The Centre is not aware of measures that would reduce harm caused by payment suspension, other than exemption from the program, which is subject to provider discretion.

### **Consequences**

Half (52%) of all households receiving Parenting Payment are living in poverty.<sup>8</sup>

According to the Housing, Income and Labour Dynamics Australia data, female sole parents are at high risk of financial stress.<sup>9</sup> Over 39% of children who live in single parent households are living in households experiencing poverty.<sup>10</sup>

Providers have been granted a level of discretion over the application of compliance reports to Centrelink. While some providers report that they submitted no compliance reports over the course of the trial, a significant number of reports were submitted during the first year of the trial (22% of participants received them), with 1528 participants having their payment suspended and three participants having their payment cancelled.<sup>11</sup> The data provides evidence that the program causes harm to parents and their children simply by virtue of receiving no income for blocks of time. Eligibility for ParentsNext requires that parents have had no income in the last six months; this means that suspending a payment is leaving that family with no income at all to pay bills, buy food, pay rent, or meet day to day expenses. Doing harm should not be part of any government policy. Depriving disadvantaged families of income is not justifiable, even for short periods of time.

ParentsNext, under the current compliance framework, presents an unacceptable level of risk and harm for families. If payments are suspended, families can be left without financial resources to support themselves until the issue can be resolved and their payments can be reinstated.

The threat of payment suspensions raises the level of financial vulnerability experienced by families. Financial vulnerability is defined as 'insecurity, and exposure to risk, shocks and stress'.<sup>12</sup> Research has established that financial vulnerability has negative impacts on mental health and wellbeing for those experiencing it. A study by Treanor (2016) found that financial vulnerability has a stronger negative impact on wellbeing than the distress associated with the level of income received. One of the studies' conclusions was that:

Actions taken to ameliorate the effects of income deprivation can paradoxically increase financial vulnerability, and that this is an added stressor for those living on low incomes, a

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<sup>8</sup> Davidson, P, Saunders, P, Bradbury, B & Wong, M 2018, *Poverty in Australia 2018*, ACOSS/UNSW Poverty and Inequality Partnership Report No. 2, ACOSS, Sydney.

<sup>9</sup> Wilkins, R & Lass, I 2018, *The Household, Income and Labour Dynamics in Australia survey: selected findings from waves 1 to 16*, Melbourne Institute, Melbourne.

<sup>10</sup> Davidson et al 2018.

<sup>11</sup> Department of Jobs and Small Business n.d.

<sup>12</sup> Chambers 1989 cited in Treanor, M 2016, 'The effects of financial vulnerability and mothers' emotional distress on child social, emotional and behavioural well-being: a structural equation model', *Sociology*, vol. 50, no. 4, pp. 673-694, p. 694.



factor which ought to be considered when working with, or legislating for, families living in socioeconomic disadvantage.<sup>13</sup>

Of particular concern to the Centre, as the peak body representing organisations supporting vulnerable children and families in Victoria, was the finding that young children experience indirect effects of financial vulnerability in response to their mother's experiences and wellbeing.

Offering support to families to improve their chances of employment is important, however efforts to improve employment prospects should not subsequently cause adverse effects on families.

In their 2018 report, NSSRN state: 'economic abuse is a key reason why women stay in, and return to, violent relationships. This difficulty tends to be exacerbated by the lack of adequate social security support in Australia'.<sup>14</sup> Instead of providing genuine support to families, including those escaping family violence, the compliance framework appears designed to deter people from the income support system.

Cuts to welfare spending do not benefit society if greater costs are incurred as a result, such as increased spending to support growing numbers of people experiencing homelessness.

### **Evidence base and best practice**

Contrary to the key assumptions underpinning the ParentsNext model, there is growing evidence that welfare conditionality results in poorer outcomes for children and families and is excessively costly to administer. The Welfare Conditionality Project, a collaboration among six universities, recently completed a study in the United Kingdom about the impacts of welfare conditionality and found that:

Welfare conditionality within the social security system is largely ineffective in facilitating people's entry into or progression within the paid labour market over time. Stasis, a lack of significant and sustained change in employment status, is the most common outcome for the substantial majority across the repeat interviews.<sup>15</sup>

In most cases, welfare conditionality created greater inefficiencies with few benefits. Welfare conditionality was found to be successful at moving people off benefit payments in some cases, but not because they had found work; navigating the complexities and requirements simply became too much.<sup>16</sup>

There were rare cases in which welfare conditionality did result in a positive employment outcome, however this was attributed to the quality of support provided, rather than the mandatory and punitive aspects. The study highlighted the positive impact of holistic supports:

The intensive, holistic and personalised support made available through FIPs [Family Intervention Projects] was directly linked to positive changes in behaviour and circumstances.

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<sup>13</sup> Treanor 2016, p. 691.

<sup>14</sup> National Social Security Rights Network (NSSRN) 2018, *How well does Australia's social security system support victims of family and domestic violence?*, NSSRN, Sydney, p. 28.

<sup>15</sup> Welfare Conditionality Project 2018, *Welfare Conditionality Project 2013-2018: final findings report*, Welfare Conditionality Project, York, p. 4.

<sup>16</sup> Welfare Conditionality Project 2018.



However, the gains achieved were often subsequently undermined by welfare conditionality within a benefit system built around depersonalised sanctions and lacking support.<sup>17</sup>

ParentsNext does allow a level of flexibility to deliver holistic supports, which providers have told us is a very beneficial aspect of the program and we would like to see this capability strengthened.

The evaluation of ParentsNext had not been completed when the national expansion was announced, or when the program was rolled out from July 2018 with changes to eligibility criteria and funding rules. It is unclear whether the changes were informed by the evaluation findings. The Centre is concerned that decisions about ParentsNext have not been sufficiently evidence based.

The Centre has concerns about the quality of the evaluation. Most of the findings refer to survey data, however nowhere in the report do the evaluators outline the number of participants surveyed, how long they had been in the program when surveyed, how many providers were surveyed, or the survey tools used. It is difficult to understand how many of the conclusions were reached.

Evidence used to justify ParentsNext comes from Green and Hasluck's article that discusses best practice in addressing 'worklessness'.<sup>18</sup> The article speaks of the role of motivation and aspiration as a key factor in supporting families. Providers of ParentsNext report that positive outcomes have been achieved with families by supporting them to consider a broader range of possibilities for their life and describing how these can be achievable for them. A key factor for improving motivation, as noted in the article, is self-esteem and addressing barriers created by discrimination. However the punitive nature of the ParentsNext model makes it more difficult for providers to work with people around aspirations and motivation.

Justification for the mandatory compliance, or 'activation', feature of the program was partly informed by the *Jobs for Youth* review by the Organisation for Economic Cooperation and Development, despite a section in the report stating:

...most activation programmes have not been the object of a rigorous evaluation in many countries, and even data on post-programme participants' outcomes are not always available. Rigorous evaluations of existing programmes are fundamental to identify what works and what does not and to highlight the changes to be made to improve outcomes.<sup>19</sup>

The evaluation found that the 'labour market attachment' of participating parents improved and concluded that the overall effect of the program was positive, despite over a quarter of participants surveyed stating that they did not find any of the supports useful. Elements attributed to the apparent success include assistance with goal setting, involvement in the community, facilitating referrals to relevant supports, involvement of families in program design, and a flexible, parent-centred approach. These are aspects of standard practice in community service organisations and social work practice.

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<sup>17</sup> Welfare Conditionality Project, p. 21.

<sup>18</sup> Green, AE & Hasluck, C 2009, 'Action to reduce worklessness: what works?', *Local Economy*, vol. 24, no. 1, pp. 28-37.

<sup>19</sup> Organisation for Economic Cooperation and Development (OECD) 2010, *Off to a good start? Jobs for youth*, OECD, Paris, p. 127.

Welfare conditionality increases hardship, in direct contradiction of the best available evidence, which tells us improving outcomes for children and families is best achieved by reducing sources of stress, supporting responsive relationships and strengthening core life skills.<sup>20</sup> These strategies support parents to develop strong attachments with their children and build a strong foundation upon which adults can achieve their goals.

A paper examining the relationship between poverty and children's outcomes concluded that poverty reduction strategies such as increasing income support benefits, combined with early intervention programs that focus on parenting and the home environment are most likely to improve long-term outcomes for young children.<sup>21</sup> The paper cites Communities for Children and the Home Interaction Program for Parents and Youngsters (HIPPY) as programs that have achieved positive outcomes.

### Assumptions

The program logic model for ParentsNext identifies two main assumptions:

- Pre-employment assistance helps improve parents' work-readiness
- ParentsNext exposure sufficient to result in attitude and skill changes.<sup>22</sup>

In addition to those stated, our analysis of the aims, design, rationale and delivery of ParentsNext reveals additional assumptions that are concerning:

- The best thing a parent can do once their child turns six and starts school, is be in paid work that disqualifies them from Parenting Payment, regardless of the child or families' circumstances
- Parents only have a right to social security if they engage in compulsory activities that will prepare them for labour market participation once their child reaches school age
- Parents who are not in the labour force are unable to set goals and take steps to achieve these without government intervention and support
- Individuals, and the act of becoming parents, are the source of social problems such as women's low workforce participation, welfare dependency and intergenerational joblessness
- Caring for children while receiving income support constitutes welfare dependency and is not a legitimate use of taxpayer funds
- Not having a job is a personal failing and children will follow in the footsteps of their parents.

There are many legitimate reasons why a parent might not be able to seek work at this time in their children's lives, including the desire to be parenting at home with very young children.

ParentsNext assumes that women's workforce participation is the only strategy for achieving better living standards, rather than a strategy of changing the employment system to better support families, developing an improved child support system, or improving the availability, quality and affordability of childcare.

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<sup>20</sup> Center on the Developing Child 2017, *3 principles to improve outcomes for children and families*, Center on the Developing Child at Harvard University, Cambridge, MA.

<sup>21</sup> Warren, D 2017, *Low-income and poverty dynamics: implications for child outcomes*, Social Policy Research Paper No. 47, Department of Social Services, Canberra.

<sup>22</sup> Department of Jobs and Small Business, p. 63.





The design of ParentsNext assumes that paid work and paid child care are the only valid forms of economic activity, failing to recognise the value of unpaid work, including raising children. PricewaterhouseCoopers used a market replacement approach to estimate the value of the unpaid economy, finding that unpaid childcare is Australia's largest industry.<sup>23</sup>

The design of ParentsNext assumes that individual behaviour is the source of a family's often complex problems, ignoring structural barriers such as family breakdown and the child support system, and more urgent systemic concerns such as child poverty and homelessness.

### Strategies for improvement

The Centre believes the existing evidence base for continuing ParentsNext is limited and flawed. We ask that the harm being caused by this program is fully investigated, understood and addressed as a matter of urgency.

Sustainable change and positive social outcomes can be achieved by providing a social safety net that upholds citizens' rights by providing an adequate level of income support and voluntary, tailored and evidence-based support options for children, young people and their families to improve their life circumstances. These efforts at the individual level must be complemented by action to address structural barriers.

According to the *Find a Job* blog produced by the Department of Jobs and Small Business, 'the proportion of single-parent families is expected to increase by 70 per cent in the next 20 years'.<sup>24</sup> This emphasises the urgent need to reform our social security system, reorienting it to meet the needs of current family structures in Australian society, including shared parenting by separated couples.

The best interests of children must be of paramount concern, and the Centre advocates for child-centred decision making across all policy and program development. For a program targeted towards parents, children are largely absent from the conversation, despite the aim of improving intergenerational outcomes.

An effective program, based on an extensive evidence base, would:

- Be voluntary and not tied to income support
- Support parents to strengthen their connections with their children, family, culture, community and a range of informal and formal supports where this is relevant to them and consistent with the life they wish to lead
- Use suitable active engagement and outreach strategies to encourage and enable participation
- Offer financial incentives sufficient to provide useful levels of assistance directly to families, not to providers. These payments would be exempt from income and be available to all participants rather than a target group

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<sup>23</sup> PricewaterhouseCoopers (PwC) 2017, *Understanding the unpaid economy*, PwC, Melbourne.

<sup>24</sup> Elizabeth @ jobactive 2018, 'Going back to work as a single parent', blog post, 21 May, Australian Government Department of Jobs and Small Business, viewed 30 January 2019, <<https://findajob.blog/2018/05/21/going-back-to-work-as-a-single-parent/>>.



- Focus on child and family wellbeing – respecting the importance of parenting – rather than on pre-employment.

Overall, the Centre urges members of the Senate Community Affairs References Committee to recognise the need for a full investigation into the adverse impacts caused by ParentsNext on children and to support an evidence-informed parenting model that will lead to better outcomes for children and their families. There is substantial evidence to show the harmful impacts of welfare conditionality on participants and the Centre cannot support a program that does demonstrable harm to children or families.