



Australian Government
**Department of Education,
Skills and Employment**

Inquiry into ParentsNext: Examination of Social Security (Parenting payment participation requirements – class of persons) Instrument 2021

Submission from the Department of Education,
Skills and Employment to the Parliamentary Joint
Committee on Human Rights



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Inquiry into ParentsNext: Examination of Social Security (Parenting payment participation requirements – class of persons) Instrument 2021

Introduction

The Department of Education, Skills and Employment (the department) welcomes the opportunity to make a submission to the Parliamentary Joint Committee on Human Rights and the Inquiry into ParentsNext: Examination of Social Security (Parenting payment participation requirements – class of persons) Instrument 2021.

ParentsNext helps eligible parents overcome the disadvantage that can arise from long periods out of the labour market while they are caring for children. It supports parents by providing personalised and culturally appropriate assistance to help them identify their education and employment goals, improve their work readiness, and link them to activities and local support services.

ParentsNext providers are required to deliver services that cater to the needs of parents from diverse backgrounds, particularly Indigenous parents, as well as parents from culturally and linguistically diverse backgrounds and parents with disability. It was designed and implemented with a focus on meeting the needs of parents. It is flexible, recognises parents' caring responsibilities, prepares them to look for work, and incorporates family-friendly sites and activities.

Purpose and Intent of the Legislative Instrument

The purpose and intent of the *Social Security (Parenting payment participation requirements – class of persons) Instrument 2021* (the Instrument) is to streamline and simplify program design and eligibility requirements.

Since July 2018, the program has been delivered in two separate streams (Intensive and Targeted) with different eligibility requirements. The Intensive Stream provides services in 30 locations where a higher proportion of Parenting Payment recipients identify as Indigenous. Intensive Stream participants also have access to the Participation Fund (a flexible pool of funds providers can use to assist participants to gain the tools, skills and experience needed to prepare for future employment), employer wage subsidies (financial incentives used to encourage employers to hire work ready parents), and the Relocation Assistance To Take Up a Job (RATTUJ) Program (financial assistance for parents to relocate to take up an offer of employment).

The Targeted Stream is delivered in the remaining non-remote locations and participants are not eligible for the additional supports. As at 31 March 2021, 42.2 per cent of commenced ParentsNext participants are in the Intensive Stream and 57.8 per cent are in the Targeted Stream.

The Instrument introduces changes to eligibility requirements that better support those parents most in need, ensuring all participants have access to financial assistance to help them achieve their education and employment goals. This also means all Indigenous participants will have access to additional supports, irrespective of where they live. Currently just over 6,800 (41 per cent) Indigenous participants do not have access to this support.

From 1 July 2021, a person will have a compulsory requirement to participate in ParentsNext if they meet all three of the following criteria:

- Reside in a jobactive employment region and have been receiving Parenting Payment and not engaged in work for the last six months,
- Has a youngest child aged between nine months and six years,
- Is under 55 years of age; and at least one subsequent criteria:
 - Is under 22 years of age and has not completed the final year of school (or equivalent); or
 - Is 22 years of age or over, has not completed the final year of school (or equivalent); and have been receiving income support continuously for more than two years; or
 - Has completed their final year of school and have been receiving income support continuously for more than four years.

In recommending the changes to eligibility to the Australian Government, the department considered feedback from key stakeholders including participants, peak bodies, welfare advocacy groups and ParentsNext providers, of which, 11 per cent are Indigenous owned organisations.

Ongoing feedback from ParentsNext providers, including through surveys and the ParentsNext Stakeholder Working Group, that consists of peak bodies representing organisations that service diverse and vulnerable cohorts, recommended that additional resources such as the Participation Fund, wage subsidies and relocation assistance be made available to participants in both streams.

The Instrument will ensure that all parents that become eligible for ParentsNext as a result of the new streamlined eligibility criteria will be supported consistently.

The single stream will:

- Extend access for all participants to the **Participation Fund** – this provides additional funding to participants through providers for a range of assistance, including to cover education costs, interpreters, non-vocational support and work-related costs.
- Extend access to employer **wage subsidies** and **relocation assistance** to take up employment to help all participants improve their employment prospects for parents who *choose* to return to work before their youngest child turns six. There is no expectation that participants enter/return to work while participating in ParentsNext, however they should be fully supported if they choose to do so.

Additional changes include:

- Allowing any Parenting Payment recipient with a child under six years of age to volunteer to participate in the program and receive the same level of support as other participants, without being compelled to do so.
- Parents who are already studying or are on extended leave with a job to return to would be exempt from the program. This recognises that some parents are already preparing to enter or return to the workforce.
- Parents and carers over 55 years of age will not be required to participate, although will be able to volunteer in the program to benefit from the support provided. This reflects the fact

that mature age people who have become the primary carer for young children are often in complex family circumstances and are less likely to benefit from a pre-employment program if it were compulsory.

ParentsNext outcomes

ParentsNext continues to demonstrate positive outcomes for parents. Since its national expansion in July 2018, ParentsNext has helped more than 160,000 parents work towards their education and employment goals including helping more than 72,000 parents to start education and more than 38,500 parents to start employment.¹ The national expansion of ParentsNext represented the culmination of earlier trials and smaller scale programs over a period of eight years, which provided strong evidence of the benefits of the program.

As at 31 March 2021, there are currently 83,385 parents participating in the program with \$15.6 million expended from the Participation Fund to assist parents in working towards their education and employment goals.

The ParentsNext trial evaluation² showed participants had significantly higher rates of wellbeing, more positive views about work, and higher rates of work, study and child care usage (compared with similar parents who did not participate). In the ParentsNext trial evaluation, nearly 80 per cent of parents, who were assessed by an independent tool, had increased their work readiness.

Departmental³ evidence shows:

- 81 per cent of participants are satisfied or very satisfied with the assistance they receive from their ParentsNext provider
- 74 per cent of participants report an improvement in their motivation to achieve their work or study goals
- Over 65 per cent of Indigenous participants and 72 per cent of Culturally and Linguistically Diverse participants reported improvement in their health and wellbeing.

¹ ParentsNext outcome data as at 31 March 2021.

² ParentsNext Evaluation Report: www.dese.gov.au/parentsnext/resources/parentsnext-evaluation-report

³ ParentsNext Post-Program Monitoring Results, 2020.

The department regularly receives positive stories from providers and participants about participating in ParentsNext and how the program has helped parents to achieve their education and employment goals.

Liberata's story

Through her ParentsNext provider, Designer Life in Queensland, Liberata was encouraged to take part in the Skills for Education and Employment (SEE) program and this improved her English skills while helping her feel more connected to her local migrant community.

Liberata is one of 2,629 ParentsNext parents who participated in SEE in 2020. While entering SEE was daunting for Liberata, it helped her connect with others and feel confident to seek employment.

'Life before ParentsNext was sad, and at times I felt there was no hope as I was home a lot. I now have friends in class. I feel understood and supported by meaningful conversations. I feel confident to discuss my needs and in planning for work', said Liberata.

Outcomes through culturally appropriate servicing

Through the national expansion of the program, all providers had to outline in their tender submission diverse strategies that ensure the culturally competent servicing of Indigenous participants. Some strategies include engaging local Indigenous people to be staff members, connecting with Elders in the community and working with local Indigenous organisations. As well as this, all providers need to demonstrate they can effectively and sensitively work with Indigenous parents and are required to have an Indigenous employment strategy. Moreover, at least 100 Indigenous organisations are working in some capacity alongside ParentsNext providers to service Indigenous parents in a culturally sensitive way.

The department has consulted with Indigenous organisations about how ParentsNext can best support Indigenous parents. During the implementation, the department consulted with seven Indigenous organisations as part of national public consultations on the expansion. This included the National Aboriginal and Torres Strait Islander Women's Alliance, Cape York Partnerships, Kullarri Regional Corporation and Kuditj.

ParentsNext provider – Kornar Winmil Yunti

Kornar Winmil Yunti Aboriginal Corporation (KWY), an Aboriginal Community Controlled Organisation, delivers ParentsNext services to participants (93 per cent of whom identify as Indigenous) in Port Augusta, South Australia. KWY supports Aboriginal and Torres Strait Islander participants by setting achievable goals, providing career counselling and working with participants to find and access funding to support training and education, all in a culturally safe environment. An important part of KWY's approach also includes linking participants with other internal and external support services. For instance, KWY often connect Aboriginal women into community programs that provide complementary assistance to ParentsNext. Programs delivered as a ParentsNext activity include KWY's *Healing by Art* and *Little Steps and Strong Women* that support Aboriginal parents experiencing family and domestic violence.

The Healing by Art program utilises art, an important component of Aboriginal and Torres Strait Islander culture that creates a safe place for women to share their stories, feel empowered and takes healing out of a clinical setting. Women with grief, loss and trauma are supported by Aboriginal Elders to use art to heal and reconnect to culture. In the past two years, 61 parents have participated in the Healing by Art program. The program's benefits include:

- Strengthening and empowering women and their families
- Strengthening connection to culture
- Gain awareness of the arts industry and opportunities to pursue this in the future
- Personal growth on their journey to recovery from domestic and family violence, and
- Community awareness regarding the impacts of domestic and family violence.

The Little Steps and Strong Women program is a group, trauma-informed, culturally endorsed program which includes strength-based narrative therapy. In addition, each client is offered one-on-one support. Support may include working with parents on life skills, introductions and referrals to holistic wraparound services, assistance with appointments, discussing components of parenting, and connection to education, employment, and community. Clients work with an Aboriginal staff member who is a qualified trauma practitioner. Through KWY's Women's Strengths and Resilience programs, parents are empowered to overcome intergenerational trauma, grief and loss which has continuously impacted on their lives, working towards strengthened and more resilient lives.

Communities of Practice

The department has supported the establishment of a Communities of Practice model for ParentsNext providers. Communities of Practice are designed to encourage a collaborative and collegiate approach to service delivery and share best practice strategies, find local solutions and resources. Communities of Practice models support brokering of activities and a greater willingness to share information. Examples include providers working together to share the costs of an activity by referring participants into the same group activity. Communities of Practice also invite specialist speakers to their meetings such as disability assistance and domestic violence organisations to build networks and share best practice strategies.

Participant-led Input

To support creating a program that is engaging and parent-focused, ParentsNext providers are required to establish local frameworks for parents to be actively involved in the delivery of ParentsNext, including decision-making. This includes feedback mechanisms and consultation forums where parents can have a say about how providers engage with them and the types of activities and services they deliver. Examples include involving parents in a governance committee and holding family-friendly events to discuss the operation of ParentsNext.

The Targeted Compliance Framework

ParentsNext is tailored to be supportive and family-friendly to build genuine engagement, it is premised on parents preparing themselves for future education and employment. ParentsNext participants attend, at minimum, quarterly appointments with their provider during which they identify their education and employment goals and the activities that will support them in achieving these goals. Participation requirements are then designed around the participant's personal and family circumstances.

The Targeted Compliance Framework (TCF) focuses resources and financial penalties only on those who persistently and wilfully do not comply with requirements and provides protections for vulnerable job seekers and participants by ensuring their requirements match their capabilities.

Importantly, the Framework includes a range of safeguards to protect those who cannot meet their requirements for any reason, including delaying payment suspension by two business days to allow for re-engagement before a participant's payment is put on hold (referred to as Resolution Time), two capability reviews (one undertaken by their provider and one by Services Australia) to ensure that a participant's requirements are appropriate to their individual circumstances, a range of valid/acceptable reasons for non-attendance, and a range of Exemptions which are a defined period of time where a participant does not have to meet their mutual obligation requirements due to their current personal circumstances - for example, a major personal crisis or a temporary medical condition.

Participants who fail to meet a requirement may have their Parenting Payment temporarily put on hold until they re-engage. This encourages parents to engage with and participate in the program and re-engage with their provider if they miss a requirement. Importantly, parents do not forfeit any income support as a result of payment suspension—when parents re-engage, their payment suspension is lifted, and they receive full back-pay. As suspensions are usually lifted quickly following re-engagement, and payments are made fortnightly in arrears, payment suspension does not usually result in any actual delay in the participant's payment.

Of those who have had a payment suspension applied, from 2 July 2018 to 31 March 2021, fifty per cent have been lifted within two business days.

In addition, payment suspensions and any financial penalties only apply to payments made for the parent (such as Parenting Payment) — other payments made in respect to supporting the costs of raising children (such as Family Tax Benefit, Child Care Subsidy) are unaffected.

Recognising the potential for unintended consequences for unnecessarily applied payment suspensions however, the Government has changed a number of administrative processes. Since 28 September 2020, payment suspensions are immediately ended when a person satisfies their

provider that they have a valid reason for not meeting their requirement (previously they needed to re-engage with their requirements).

In addition, since 7 December 2020, payment suspensions are no longer immediate when a participant fails to meet a requirement. Participants now have two business days, or 'Resolution Time', to contact their provider to discuss and, if required, address the issue to avoid their payment being put on hold.

Since this particular change was introduced, from 7 December 2020 to 31 March 2021, 29 per cent of non-compliance events did not subsequently result in a payment suspension because the participant gave their provider a valid reason or met the re-engagement requirement before the Resolution Time ended.

ParentsNext providers discuss participation requirements with their participants and work actively to support them to meet their requirements. Participants receive reminders, including SMS and email notifications, when they have appointments or requirements they must meet. They are also advised in the same way if they have failed to meet a requirement – this ensures they can then contact their provider and resolve any issues promptly.

Overwhelming feedback from providers indicates that, once commenced in the program, participants usually appreciate the family-friendly nature of the service and very quickly choose to actively engage for the benefit of themselves and their families.

The two capability reviews included in the TCF, one by the provider and one by Services Australia, act as a safety net for vulnerable participants to ensure parents' requirements are appropriate to their individual circumstances. If either review finds that a participant's requirements are inappropriate for their circumstances, or they subsequently disclose additional information, then their demerits (history of previous non-compliance) will be removed.

Financial penalty decisions (a reduction or cancellation of payment) are extremely rare in the ParentsNext program and determinations to apply or not apply penalties are made by Services Australia – not the ParentsNext provider. A financial penalty will only be applied after the two capability reviews have been undertaken and these have confirmed that the activities required are appropriate to the individual and that the participant is capable of completing them - and a discussion has occurred between the participant and Services Australia. Between 2 July 2018 and 31 March 2021, 10 ParentsNext participants have received a total of 13 financial penalties - demonstrating that the vast majority of participants are meeting their requirements.

In addition, where a participant does not meet a requirement for a reason beyond their control, and they provide a valid reason the participant will not accrue a demerit, face payment suspension (if their payment has already been suspended, the suspension will be ended) or any financial penalties.

As at 31 March 2021, 64,861 (95.4 per cent) of ParentsNext participants were meeting requirements and had not failed to miss a requirement without a valid reason (i.e. in the Green Zone).

Exemptions from requirements

Where a parent is temporarily unable to meet their requirements for a reason beyond their control they may apply to Services Australia or their provider to be exempted from their requirements. This could include for instances where:

- The parent or their child is sick or injured
- The parent is experiencing domestic or family violence
- There is a major personal crisis such as a relationship breakdown or becoming homeless.

Parents can make a request to either Services Australia or their provider to be exempted from requirements. As at 31 March 2021, more than 12,000 parents (15 per cent of the caseload) currently have a temporary exemption, demonstrating the program's flexibility and the tailoring of requirements to the participant's personal circumstances.

Participation requirements

ParentsNext is tailored to be supportive, flexible and family-friendly to build genuine engagement and is premised on parents having an obligation to both consider and prepare themselves for future employment when their youngest child reaches school age.

Both the ParentsNext trial evaluation and evidence from earlier similar pilots (Helping Young Parents and Supporting Jobless Families) 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 three percentage points in Supporting Jobless Families (where participation in activities was voluntary). International evidence confirms that activation (that is, placing conditions requiring active participation on income support payments) helps prevent welfare dependency^{4,5} and increases the likelihood that recipients will be able to support themselves in the future⁶.

Meaningful engagement is key to participants gaining maximum benefit from ParentsNext and the program meeting its aims. Once a parent is selected to participate in ParentsNext, they have an initial appointment with their provider and are then only required to attend one appointment every 3 months (quarterly). At the initial appointment, and in the four weeks that follow, providers build rapport with the parent, discuss their education and employment goals and work with the parent to develop a pathway towards those goals. In negotiating and agreeing the participation requirements set out in the Participation Plan, ParentsNext providers must consider the parent's capacity to comply with any requirements and tailor the requirements to their individual needs, taking into account family commitments. Inappropriate or unreasonable requirements should not be included in a parent's Participation Plan. A requirement may be considered inappropriate, for example, because of a person's capacity to comply, circumstances relating to their health, skills, education, local labour market, or family and caring responsibilities.

At quarterly appointments providers will discuss the parent's personal and family circumstances, in order to review and update their Participation Plan. This appointment also provides an opportunity to evaluate progress and identify suitable services and activities to further support the parent to meet their goals.

⁴ *Activating Jobseekers: How Australia Does It*, OECD 2012.

⁵ Green, A & Hasluck, C (2009) 'Action to reduce worklessness: What works?' *Local Economy* 24(1), 28–37

⁶ Card, D., Kluve, J., Weber, A., (2018). What Works? A Meta Analysis of Recent Active Labour Market Program Evaluations. *Journal of the European Economic Association*, 16(3).

ParentsNext requirements are less regular, have more flexible reporting requirements and are less employment-focussed compared to participation requirements for other income support recipients, such as job seekers participating in jobactive. The flexibility of requirements in ParentsNext recognises the circumstances of parents caring for young children and reflects the aims of the program to build the parent's capabilities and capacity towards work in the future.

Activities and access to local support services may include:

Non-Vocational or Pre-Vocational Activities:

- Activities which provide social connections and networking opportunities for those with limited work history and significant non-vocational barriers
- Career counselling
- Financial advice
- Personal development or presentation skill courses
- Counselling and mental health services
- Assistance with resume and job search skills
- Support for domestic and family violence
- Physical and mental health, and
- Support to access secure housing.

Vocational Activities

- Further education and training for parents with low educational attainment or whose skills need updating as a result of time out of the workforce due to caring responsibilities.
- Access to English language, literacy and numeracy training.

Program enhancements

Since 2 July 2018, the Government has made a number of significant enhancements to ParentsNext to improve the efficacy of the program to participants, including:

- Ensuring parents who are engaged in formal study are not required to undertake any other activity (implemented November 2018)
- Minimising instances of a participant's initial provider appointment being close to their Services Australia Parenting Payment reporting day (implemented November 2018)
- Reducing activity reporting requirements for program participants, so parents are not required to report activity attendance more than once a fortnight, and do not report at all if engaged in full-time education or a flexible activity (implemented October 2019)
- Introducing SMS reminders to participants to attend and report their attendance at activities (implemented October 2019).
- Implementing changes so Services Australia can apply all exemption types, making it simpler for participants to obtain an exemption where appropriate (implemented September 2020)
- Implemented the two-business day Resolution Time prior to any payment suspension (implemented December 2020).

Compatibility with Human Rights

The Australian Government has three objectives for ParentsNext:

- Reduce welfare reliance and intergenerational welfare dependency
- Increase female labour force participation
- Help close the gap in Indigenous employment.

In 2014, Australia and other G20 countries set a goal of reducing the labour force participation gap between men and women by 25 per cent by 2025. Research from the Organisation for Economic Co-operation and Development (OECD) found that mothers on income support have the highest number of barriers to work.⁷ As 95 per cent of ParentsNext participants are women, the program plays an important role in improving future labour force participation among this cohort.

ParentsNext is a key program to support Indigenous parents to prepare for employment. Importantly, the changes to eligibility under the Instrument, will provide additional support to Indigenous parents. The program is a key action to help drive stronger economic participation of Indigenous Australians and help achieve the new Closing the Gap target of increasing the proportion of Aboriginal and Torres Strait Islander people aged 25-64 who are employed to 62 per cent by 2031.

ParentsNext promotes human rights, including the right to work and the right to education, as it supports participants to work towards achieving their education and employment goals. Improving work and study outcomes for participants also benefits their children and therefore promotes the rights of the child.

The Instrument promotes a greater level of support and interventions available to participants. The current Instrument separates participants into two groups, one of which relies on participants living in one of 30 Local Government Areas with a high proportion of Indigenous Parenting Payment recipients. The new Instrument supports access to services and interventions for all participants, both Indigenous and non-Indigenous, based on their individual need rather than where they live.

This support could include financial assistance to contribute to a laptop, driver's licence or public transport to pursue work and education goals and better connection with community services and support networks to help meet the individual needs of participants

The ParentsNext program further supports the right to work because it encourages parents with requirements to build their skills and capabilities to be able to undertake work when they are able.

In addition, to the extent that the Instrument may limit the right to social security, the limitation is necessary, reasonable and proportionate. Requirements are not of an onerous nature and are tailored to be achievable and appropriate for individual circumstances. They are based on evidence from previous trials (mentioned above) that these requirements improve education, employment and well-being outcomes for parents. The vast majority of participants comply with their requirements. Those who have difficulty in meeting requirements can discuss the requirements with their provider and potentially have them adjusted. A range of exemptions from requirements apply depending on the participant's circumstances. Those who satisfy their provider that they cannot comply with their requirements will not face payment suspension or any penalty.

Reduction or cancellation of a person's payment is extremely rare. Any decisions to do so are made by Services Australia, not providers, and those decisions are subject to review by the Administrative

⁷ *Connecting People with Jobs: Key Issues for Raising Labour Market Participation in Australia*, 2017, OECD.

Appeals Tribunal or courts. As outlined above, there is evidence that an element of compulsion leads to better outcomes. Further, the instrument does not introduce the TCF – the TCF already applies in relation to ParentsNext participants.

Conclusion

Parents that have an extended period out of the labour force are at greater risk of skills atrophy and welfare reliance. This particularly impacts on women and cohorts already at higher risk of welfare reliance, including Indigenous Australians. Australian Bureau of Statistics data shows that nearly a quarter of all women who return to the workforce after having a child are likely to do so when their youngest child is between 10 and 23 months. Women with a youngest child over five years of age are more likely to be, and remain, unemployed if they have spent fewer years in paid work since leaving full-time education.⁸

ParentsNext seeks to help parents facing this risk to build their work readiness and prepare them to enter and/or return to the labour force by supporting them to remain engaged with their future employment prospects through identifying and updating their skills and ensuring that they can both access and achieve education and employment goals. The design and implementation of ParentsNext means the majority of parents have had a positive experience, with evaluation showing the program is effective.

⁸ Australian Bureau of Statistics, 4913.0 - Pregnancy and Employment Transitions, Australia, Nov 2017, Canberra, ABS