

01 February 2019

Committee Secretary
Senate Standing Committees on Community Affairs
PO Box 6100
Parliament House
Canberra ACT 2600

By email: community.affairs.sen@aph.gov.au

Dear Committee Secretary,

NSSRN submission to the inquiry into ParentsNext, including its trial and subsequent broader rollout.

1. The National Social Security Rights Network (NSSRN) is a peak community organisation in the area of income support law, policy and administration. Our members are community legal centres across the country that provide free and independent legal assistance to people experiencing issues with social security and family assistance payments. The NSSRN draws on this front line experience in developing its submissions and policy positions.

Overview of ParentsNext.

2. ParentsNext has been positioned as a social security program which is designed to support parents to identify and participate in education and employment related activities which will assist them to achieve their goals, however its punitive and discriminatory approach is inconsistent with the achievement of these objectives.
3. ParentsNext is compulsory for parents in receipt of “parenting payment” for six months, who have had no earned reported income in the previous 6 months and whose youngest child is aged under 6 years.¹
4. Parents who are compulsory participants must engage in education, training or employment to receive their Parenting Payments.² They must attend their provider appointments, sign a participation plan and undertake compulsory activities set in the plan.³ If a parent fails to do this, the Targeted Compliance Framework (TCF) will be applied which means a parent may have their payments suspended or cancelled.⁴

¹ *Guide to Social Security Law* 3.5.1.167, accessed 24 January 2018 <<http://guides.dss.gov.au/guide-social-security-law/3/5/1/167>>.

² Initially, ParentsNext commenced in 10 identified local government areas on 4 April 2016. Refer to *Guide to Social Security Law* 3.5.1.167, accessed 24 January 2018 <<http://guides.dss.gov.au/guide-social-security-law/3/5/1/167>>.

³ *Guide to Social Security Law* 1.2.4.10, accessed 24 January 2018 <<http://guides.dss.gov.au/guide-social-security-law/1/2/4/10>>.

⁴ *Guide to Social Security Law*, above n 1.

NSSRN's recommendations:

- (i) *Reform or replace ParentsNext so that it becomes a genuine pre-employment program that:*
 - a) effectively assists parents to achieve their education and employment goals while taking into account the unpaid work they undertake to care for their children,
 - b) is completely voluntary,
 - c) does not affect the security of a parent's income support payments by imposing mutual obligation requirements and applying a punitive system of sanctions,
 - d) addresses the structural barriers preventing parents from returning to the labour market,
 - e) removes any financial incentives to providers which may motivate them to work against the interests of participants.

- (ii) *While the current ParentsNext program operates:*
 - a) the TCF should immediately be suspended,
 - b) participation plans should be tailored to genuinely take into account parents' needs and goals and should only contain pre-employment related activities unless parents choose to include other activities such as counselling and parenting classes.

- (iii) *While the TCF is being applied:*
 - a) adequate oversight of decisions and access to the administrative appeals process should be provided, including in relation to decisions to impose demerit points which lead to payment suspensions and cancellations,
 - b) effective communication should be facilitated between the Department of Jobs and Small Business, Department of Human Services (DHS) and participants by improving systems to share information so that exemptions are recognised and unnecessary payment suspensions and cancellations are avoided.

The appropriateness of ParentsNext aims in regard to the interests of participating parents, their children, and the community.

5. The three stated objectives of ParentsNext are to:
 - “target early intervention assistance to parents at risk of long-term welfare dependency,
 - help parents identify their education and employment related goals and participate in activities that help them achieve their goals, and
 - connect parents to local services that can help them address any barriers to employment.”⁵

6. To assess the appropriateness of ParentsNext aims, it is necessary to have regard to the purpose of social security payments for parents. Parenting Payment is intended to provide “financial assistance to principal carers with parenting responsibilities for a young child.”⁶

7. The objective to target early intervention assistance to parents at risk of long-term welfare

⁵ Explanatory Statement, *Explanatory Statement Social Security (Parenting payment participation requirements – classes of persons) Instrument 2018 (No. 1)* 12.

⁶ *Guide to Social Security Law*, above n 2.

dependency presumes that it is undesirable for parents to choose to spend more time caring for their children rather than working. Yet, Parenting Payments were originally available without mutual obligation requirements in recognition of caring responsibilities and to allow parents to meet the needs of their children.⁷

8. Prior to 2005, Parenting Payment was paid at a pension rate with no expectation that parents in receipt of the payment would be required to work. Since the Welfare Reform changes of 2005, Parenting Payment has been paid at the lower allowance rate and mandatory activity requirements were introduced.⁸ These changes also transferred partnered parents once their child turned 6 years old and single parents once their child turned 8 years old onto a different payment (often a lower paying payment such as Newstart), a change which continues to disproportionately impact single parents and their children.⁹
9. This change in policy unfairly undervalues the unpaid work that parents do to care for their children,¹⁰ particularly women who do the lion's share of unpaid domestic work.¹¹ Women spend 16 hours per week on housework prior to becoming a parent, which jumps to 30 hours per week when their youngest child starts school, while caring duties jump from 2 hours per week to 51 hours when a baby is born. It is unhelpful to view mothers of young children as unemployed workers when they are in fact working longer hours than men in full-time positions, but largely without remuneration.¹²
10. The NSSRN has no issue with the program's aims of providing support to parents who wish to pursue education and employment related goals through activities that help them achieve their goals, and connecting them with local services to address barriers to employment opportunities they are seeking. However, these can only be positive aims when the program is genuinely providing useful support to parents and participation is voluntary without any risk that it will affect the security of their income support payments.
11. The ParentsNext program as it is applied, to many participants on a compulsory basis with mutual obligation requirements, is not in the interests of participating parents, their children, and the community. Its punitive and onerous approach, which can lead to parents facing payment suspensions and cancellations, is depriving parents of vital income support which they need to feed, clothe and care for their children. For example, our member centre in Queensland provided assistance to a single mother caring for her son with severe disabilities whose payment was suspended. She told us that when she was forced to participate in ParentsNext program, she felt

⁷ Since the *Employment and Workplace Relations Legislation Amendment (Welfare to Work and Other Measures) Act 2005* (Cth) (Welfare to Work Act) was implemented work for dole started to operate from 2006.

⁸ Evidence to Senate Standing Committees on Education and Employment, Jobs and Small Business, Parliament of Australia, Canberra, 24 October 2018.

⁹ Ibid.

¹⁰ Beth Goldblatt, "More than unpopular. How ParentsNext intrudes on single parents' human rights", *The Conversation* (online), 16 January 2019 <<https://theconversation.com/more-than-unpopular-how-parentsnext-intrudes-on-single-parents-human-rights-108754>>.

¹¹ PricewaterhouseCoopers, *Understanding the Unpaid Economy* (29 January 2019) Pricewaterhouse Cooper <<https://www.pwc.com/australia-in-transition/publications/understanding-the-unpaid-economy-mar17.pdf>>.

¹² The Power to Persuade, 'Parents vexed? ParentsNext is poorly designed to support mothers into work', 18 October 2018, <http://www.powertopersuade.org.au/blog/parents-vexed-parentsnext-is-poorly-designed-to-support-mothers-into-work/18/10/2017>.

that her parenting payments had become too insecure. The insecurity caused her to feel significant stress. As she felt that she could not afford her son's medical treatment she turned to a community financing organisation to obtain a \$4000 loan. The mother told us at this stage she was "beyond desperate and in survival mode."

12. There is a significant social and financial cost to the community of having a program which fails to value and adequately invest in parenting, and causes additional financial and mental stress on families. Peak regulatory body of ParentsNext providers, Jobs Australia, have reported that mothers were being referred to emergency relief on a Friday to buy food for the weekend because a payment suspension had not been lifted until Monday.¹³

The design and implementation of ParentsNext, including, without limitation:

The appropriateness of eligibility for compulsory and voluntary participation.

13. Rather than commenting on the appropriateness of eligibility for compulsory and voluntary participation, our response explains why the ParentsNext program should only be offered on a voluntary basis and why a punitive compulsory regime cannot achieve the program's aims.
14. Structuring ParentsNext as a conditionality regime unhelpfully individualises the problem, rather than addressing the fundamental structural barriers preventing parents from re-entering the labour market when they choose to do so, such as the lack of affordable and high-quality child, nursery or after school care, family-friendly work environments, flexible work arrangements and affordable transport.¹⁴ Our member centres have assisted parents who have explained that the low availability of part time work has forced many of them to engage in casual work to accommodate their caring obligations. Those undertaking shift or casual work and can afford child care, are still unable to rely on it due to irregular hours of work and often find that child care centres are closed during the times they are scheduled to work, leaving them with no viable care options.
15. The existing Welfare to Work system, which already requires single mothers to participate in mutual obligation activities when their youngest turns six in exchange for their Parenting Payment, has not demonstrated an increase in job opportunities or financial security.¹⁵ There is no evidence to suggest that the current design of ParentsNext will have any more success in halting the cycle of poverty, or empowering young parents to achieve their employment goals.¹⁶ As there is no evidence to suggest that the program will assist parents in finding employment it is therefore inappropriate to make it compulsory.

¹³ Jobs Australia, 'Urgent action required on Targeted Compliance Framework in ParentsNext' (19 December 2018) <https://www.ja.com.au/news/urgent-action-required-targeted-compliance-framework-parentsnext>.

¹⁴ Department of Prime Minister and Cabinet, Government of Australia (2011) *Addressing Barriers for Jobless Families* <<https://communitydoor.org.au/sites/default/files/Addressing%20barriers%20for%20jobless%20families.pdf>>.

¹⁵ The Power to Persuade, above n 12.

¹⁶ Ibid.

The protocol for providers' conduct of Capability Interviews with participants.

16. NSSRN members do not have direct experience on the protocol for providers' conduct of capability interviews with participants.
17. Although NSSRN members cannot comment on the protocol for providers to conduct capability interviews, members have assisted parents who have had interviews to participate in ParentsNext. Our member in Western Australia told us that it was assisting several parents who had their Job Seeker Classification Instrument conducted over the phone. Our member told us that parents found this very intimidating. Parents also told our member centre that they felt there was no context to the conversation and that they felt the questions being asked were a breach of their privacy.¹⁷ The member told us that parents did not understand how the telephone conversation could be used to refer them to the ParentsNext program.

The design of participation plans, including the range of economic and social participation requirements.

18. For compulsory participants, the program requires parents to attend regular appointments with their ParentsNext providers.¹⁸ According to the DHS, at the initial appointment, the provider will discuss the parent's long term and short-term education and employment-related goals and identify a pathway to achieve the parent's goals. Within 4 weeks of this appointment, the provider will negotiate a participation plan which includes compulsory activity.¹⁹
19. However, the design of participation plans will actually be dependent upon the resources and capacity of the provider which may be limited and may not necessarily work with local communities to create new employment opportunities. Rather than being customised to meet parents' education and employment-related goals, parents' opportunities are limited to the constraints of the service providers which can only link parents with employers and industries they have an existing relationship with.²⁰ Some providers are severely under resourced and are not successfully preparing people to be "job-ready."²¹ Our member centre in Queensland has reported instances where providers have told compulsory participants who had previously worked in senior positions or had tertiary education that they did not know how to assist them.

¹⁷ Luke Henriques-Gomes, 'ParentsNext: single mothers say they were forced to allow 'sensitive' data to be collected', *The Guardian* (online), 28 January 2019 <<https://www.theguardian.com/australia-news/2019/jan/28/parentsnext-single-mothers-say-they-were-forced-to-allow-sensitive-data-to-be-collected>>.

¹⁸ *Guide to Social Security Law*, above n 1.

¹⁹ *Ibid.*

²⁰ *The Power to Persuade*, above n 12.

²¹ Matthew Thomas, 'A Review of Developments in the Job Network Research Paper' (Research Paper No 15, Parliamentary Library, Parliament of Australia, 2007).

20. Although ParentsNext is relatively new, our members report that they are already seeing parents who are seeking assistance with how to negotiate their participation plans. For example, our member centre in Queensland recently assisted a single mother who was in receipt of Mobility Allowance for her physical disabilities and Carer Allowance in recognition of the care she provided for her severely disabled son. She was made a compulsory participant of ParentsNext. She contacted our member centre when her payments were cancelled because she refused to sign her participation plan due to the plan not taking account of her physical disabilities and caring responsibilities for her child with disabilities. We were advised that the mother felt pressured into signing the participation plan.
21. If ParentsNext is intended to be a pre-employment program, participation plans should only contain activities related to enhancing employment prospects. However in addition to attending appointments to help identify education goals and participate in training, participation plans may contain other activity requirements, such as parenting classes, which do not have any connection to preparing participants for employment. Our members have relayed to us examples where providers do not set activities according to the pre-employment needs of the parents.²² A mother who was assisted by our member centre in Queensland told us that she was undertaking studies and interning but this was not recognised by ParentsNext providers. The mother also was told that the provider did not work with people with disabilities. During this time, the mother told us she was so stressed by the ParentsNext program that she stopped interning. In order to fulfil her study obligations at TAFE she had to seek extensions for her assignments.
22. We are also concerned that activities such as parenting classes lead to unnecessary “busy work”, rather than genuinely working toward participants’ employment goals.²³ Time poor parents working to meet the needs of their children, especially those already experiencing disadvantage, should not be made to participate in meaningless activity.
23. Our member centre in Western Australia has also reported instances where providers have not recognised participants’ studying obligations and have not catered plans to fit the parents’ needs, causing further stress and compromising participants’ mental health. For example, they have assisted several single parents of large families, where mothers are caring for four to six children and also undertaking part-time studies. In one of these cases the failure of the participation plan to take into account the mother’s study obligations resulted in her dropping out of her tertiary studies.
24. The same member centre in Western Australia assisted parents who expressed concern regarding additional costs associated with fulfilling participation plan requirements. In order to attend compulsory provider appointments, parents have to pay for child care, additional transport costs or

²² Norman Hermant, ‘ParentsNext program comes under fire from single mothers who say it ‘makes life harder’ ABC (*online*) 1 February 2019 <<https://www.abc.net.au/news/2019-02-01/centrelink-payment-parentsnext-under-fire/10763732>>.

²³ Juanita McLaren, Susan Maury and Sarah Squire, *Outside Systems Control my life: The experience of single mothers on Welfare to Work*, (Good Shepherd Australia New Zealand, 2018) https://goodshp.org.au/media/2179/outside-systems-control-my-life_experience-of-single-mothers-on-w2w_web.pdf.

paid parking associated with provider activities. Parents advised that the reporting must be done through a mobile application which excessively uses their mobile data, causing them further financial strain.

The effectiveness of the communication between:

(A) participants,

(B) the Department of Jobs and Small Business,

(C) Centrelink, and

(D) ParentsNext providers,

25. Anecdotally, our members have told us that the communication is not effective between Department of Jobs and Small Businesses, Centrelink and ParentsNext providers as their systems do not communicate and share information. A few of our members have reported that the ineffective communication between the Department of Jobs and Small Businesses, Centrelink and ParentsNext providers is seen when Centrelink has undertaken a job capacity assessment and has exempted the parent from participating in any mutual obligations. However, this exemption has not been reflected on the ParentsNext provider system and Department of Jobs and Small Businesses does not know how to exempt an often vulnerable parent.
26. As mentioned earlier in paragraph 11, our member centre in Queensland assisted a mother who told us that she called ParentsNext and asked if they received her exemption. She told us that the ParentsNext provider could see that an exemption was granted but were unsure what to do. The mother then told us that she contacted the Department of Jobs and Small Businesses but was told that they were unsure what an exemption meant. The single mother told us that she spent hours on the phone trying to ensure that her exemption would be acknowledged. However, it was not until our member centre in Queensland contacted Centrelink on her behalf that DHS corrected their database and she was exempted from participating.
27. Jobs Australia has reported that the application of payment suspensions to ParentsNext participants has had unintended outcomes which have resulted in clients being referred to emergency relief to obtain food and a 33-week pregnant woman having her payments suspended as she was unable to report due to being rushed to hospital for special care.²⁴

The effectiveness of the program in supporting the long-term wellbeing of parents and children, and the longer term skills and earning capacity of parents.

28. NSSRN would support a program that genuinely assists parents who wish to secure meaningful, productive employment with a career pathway while taking into account the additional pressures parents face. However, the initial reports from our members suggest that the program has not been

²⁴ Jobs Australia, 'Urgent action required on Targeted Compliance Framework in ParentsNext' (19 December 2018) <https://www.ja.com.au/news/urgent-action-required-targeted-compliance-framework-parentsnext>.

effective in supporting the long term wellbeing, skills or earning capacity of parents as it does not address the structural barriers preventing parents from re-entering the labour market.

29. While ParentsNext purports to be a program focused on achieving participants' employment goals, it is actually structured around providers meeting Key Performance Indicators (KPI) that may not align with participants' goals.²⁵ Unlike the Jobactive work-based activities, ParentsNext providers receive service fees and bonuses based on attendance at job activities.²⁶ With such vested interests to secure financial incentives, a provider may be motivated to push parents to certain outcomes which may mean that a parent's long term wellbeing, education, employment and personal goals are not genuinely taken into account.²⁷
30. Peak regulatory body of ParentsNext providers, Jobs Australia, reports that "providers have participated in ParentsNext in good faith understanding that the program was intended to prepare parents for the paid workforce before their children reach school age, but every day more issues arise that impede their ability to support parents. They report that parents are being needlessly exposed to stress and financial difficulty."¹⁸ Jobs Australia reports that this has contributed to negative outcomes for participants' physical and mental health, self-esteem, relationships and engagement with the labour market.¹⁹

The appropriateness of the application of the Targeted Compliance Framework (TCF) to ParentsNext, and the impact of the TCF on participants.

31. Applying TCF to ParentsNext fails to acknowledge the difference between payment conditionality programs. TCF is incompatible with ParentsNext as it punishes rather than recognises parents for undertaking unpaid care work which is necessary to raise children in a context where there may not be any appropriate employment opportunities. Sanctions imposed under the TCF lead to suspension, reduction or cancellation of income support for parents and their children.
32. As outlined in our submission to the inquiry on 'the appropriateness and effectiveness of the objectives, design, implementation and evaluation of Jobactive', we are particularly concerned about people experiencing crises, such as the onset of psychiatric mental illness or exposure to domestic violence. Those who are most vulnerable may struggle to remain engaged with their required job activities and lose access to income despite their vulnerabilities. The experiences of some parents may cause them to fully disengage with the system during the time they most require financial stability.

²⁵ Juanita McLaren, Susan Maury and Sarah Squire, *Outside Systems Control my life: The experience of single mothers on Welfare to Work*, (Good Shepherd Australia New Zealand, 2018) <https://goodshep.org.au/media/2179/outside-systems-control-my-life_experience-of-single-mothers-on-w2w_web.pdf>.

²⁶ Ibid, 49.

²⁷ Ibid.

33. As outlined above, the application of a compulsory and punitive demerit system of sanctions is inconsistent with the achievement of the ParentsNext's objectives as a supportive pre-employment program.

The oversight of ParentsNext, including the oversight of determinations of non-compliance, and the fairness and efficiency of any complaint handling processes, including protocols around changing providers.

34. One of the primary issues with the TCF system is that the financial penalties cannot be waived.²⁸
35. The TCF system does not offer adequate avenues to appropriately appeal or challenge demerit point decisions. As the issuing of a demerit point is considered to be a decision by the employment services provider and not a decision made under social security law, the avenues to challenge the demerit points sit outside of the internal review and appeals process under the *Social Security Act 1991*. This means only decisions to suspend and cancel payments are appealable to a decision maker, as they are deemed to be 'operative decisions' of a Centrelink delegate.⁵ As a result, parents whose payment suspension has resulted from adversity beyond their control such as homelessness will not be able to access payments for their children on the date expected and will be left without income or will need to use the appeals process for arrears matters.
36. Philip Alston, Special Rapporteur on extreme poverty and human rights, identifies in his September 2018 report, "Promotion and Protection of Human Rights: human rights questions including alternative approaches for improving the effective employment of human rights and fundamental Freedoms" that social security systems around the world are increasingly becoming privatised. NSSRN agreed with Alston's views when he identifies how programs such as TCF "commercialise administrative discretion" and by doing so "empower private for-profit actors to make determinations about the needs and capacities of individuals, incentivise them to do so within a corporate rather than a public goods framework, and reward spending reductions rather than the achievement of positive human outcomes. The poor inevitably suffer as preferential selection approaches are used to prioritise clients with the most readily treatable problems and those who can afford to pay, while pushing those with serious or intractable problems to the margins. Such privatised care is also especially susceptible to racial and other forms of discrimination."²⁹
37. Currently, we understand that determinations of non-compliance are issued by ParentsNext providers. The providers follow complex TCF guidelines to correctly make decisions. As the program is new, we understand that determinations are being monitored closely by DHS. Our member centre in Western Australia provided us with anecdotal evidence that some providers incorrectly apply penalties to parents who should be exempted.

²⁸ Department of Jobs and Small Businesses, *Targeted Compliance Framework Guidelines* (16 July 2018) Jobs Australia <https://docs.jobs.gov.au/system/files/doc/other/targeted_compliance_framework.pdf> page 17.

²⁹ Philip Alston, *Report of the Special Rapporteur on Extreme Poverty and Human Rights*, UN Doc A/73/396 (26 September 2018).

38. As noted above at paragraph 19, a mother provided medical evidence to support that her son with severe disabilities was undergoing medical treatment and she would not be able to participate and ought to be granted an exemption pursuant to the Guide. The provider told her that it was not governed by Social Security Law and that the mother still had to participate. As she could not attend as her son was in hospital, her Parenting Payment, Carer Allowance and Child Care subsidy were cancelled. Following the intervention of our member centre, DHS exempted the mother from activities on the DHS' system and she was exempted for 13 weeks. While the exemption was eventually granted, the payment cancellation had already caused significant stress and irrevocable harm to the mother as she was without income support, could not afford food, medicine or essentials for herself or her child at the time it was needed.

Any other related matters the committee considers relevant.

39. We would like to direct the Committee to consider Australia's human rights obligations. As ParentsNext disproportionately impacts women, the program is denying women their right to social security.³⁰ A disproportionate impact on women is contrary to both Australia's obligations under the International Covenant on Economic, Social and Cultural Rights (ICESCR) which establishes social security as a human right and the Convention for the Elimination of All Forms of Discrimination against Women, to which the State has also been a party since 1983. Any measure with the effect of nullifying or impairing the equal enjoyment of human rights constitutes a violation of the States' human rights obligations, regardless of the intention.

40. With the national expansion of ParentsNext targeting the intensive stream including 10,000 Indigenous women, ParentsNext will also contravene Australia's obligations under the Convention on the Elimination of Racial Discrimination to prohibit and eliminate racial discrimination. By denying social security to these parents, the Convention on the Rights of the Child (CROC), to which Australia is also a State Party, becomes relevant. Article 3 paragraph 1 of the CROC states that "in all actions concerning children, whether undertaken by public or private social welfare institutions, courts of law, administrative authorities or legislative bodies, the best interests of the child shall be a primary consideration."³¹ Every legislative, administrative and judicial body or institution is required to apply the best interests principle by systematically considering how children's rights and interests are or will be affected by their decisions and actions – by, for example, a proposed or existing law or policy, including those which are not directly concerned with children, but indirectly affect children.³² In compliance with this Convention, Australia must ensure the right to an adequate standard of living for all children without discrimination of any kind.³³

³⁰ Explanatory Statement, *Explanatory Statement Social Security (Parenting payment participation requirements – classes of persons) Instrument 2018 (No. 1)* 12. Approximately 96% of participants are women, including 10,000 Indigenous women. It disproportionately impacts people living in rural areas.

³¹ *International Covenant on the Convention on the Rights of the Child* opened for signature 20 November 1989 (entered into force 2 September 1990) article 3, paragraph 1.

³² Committee on the Rights of the Child, *General Comment No 14: On the Right of the Child to have his or her best interests taken as primary consideration*, UN DOC CRC/CGC/14 (29 May 2013).

³³ *International Covenant on the Convention on the Rights of the Child* opened for signature 20 November 1989 (entered into force 2 September 1990) article 27.

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