

# Budget 2020 – Social Services: ParentsNext

## ParentsNext Overview

Women were already over-represented in reduced employment outcomes, levels of poverty, and reliance on income support payments prior to the COVID-19 pandemic and its attendant effects on the Australian economy. The recession and the overwhelming focus on male-dominated industries for stimulus support means Australia is facing a ‘shecession.’

It is not evident that the ParentsNext model has adequately addressed the shortcomings addressed by the Inquiry. The program is injurious to participants and if retained should be made voluntary, be decoupled from the TCF, and provide more funding to support women into meaningful employment that will ensure their financial security longer term.

## ParentsNext

### The Budget

The Government has invested \$403 million into the national **ParentsNext** program over four years from 2020-21. ParentsNext is a pre-employment program that supports parents to plan and prepare for employment by the time their youngest child reaches school age. Between 1 July 2018 and 31 August 2020, more than 133,000 parents were supported through ParentsNext, over 56,000 parents started education and over 27,000 parents gained employment. On 31 August 2020, 95 per cent of participants were women, 20 per cent were Indigenous Australians, 19 per cent were from a culturally and linguistically diverse background and 19 per cent were under 25 years.

### Changes to ParentsNext from 1 July 2021

**Outcome 4:** Foster a productive and competitive labour market through policies and programs that assist job seekers into work and meet employer needs.

	2019-20	2020-21	2021-22	2022-23	2023-24
	Est actual	Budget	Forward est	Forward est	Forward est
	\$'000	\$'000	\$'000	\$'000	\$'000
ParentsNext	\$86,679	\$94,450	\$106,658	\$111,079	\$91,117

Source: 2020 Department of Education, Skills and Employment [Budget Related Paper No. 1.4](#), p. 73.

According to the [2020 Women's Economic Security Statement](#) (pp. 41-42), this measure invests an additional \$24.7 million and introduces changes to the program to simplify eligibility criteria, better direct support to those most in need, and extend access to financial assistance to all participants. It is anticipated that these changes will also benefit a significant number of Aboriginal and Torres Strait Islander families. Parents will be in a better position to move into employment when they are ready and as jobs are recovered or created in the labour market. This will provide assistance to approximately 235,000 parents.

## Gender implications

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### Why is this an issue for women?

ParentsNext is a program aimed at low-income parents with very young children; a very high proportion of participants are single mothers. Currently it has two streams. The Intensive Stream is determined by location with a particular focus on communities with high Indigenous representation, while the Targeted Stream programs are located in jobactive employment regions ([Australian Government, 2018](#)). Depending on the type of stream, enrolment captures those whose youngest child is between the ages of 6 (Intensive) – 9 months (Targeted) and 6 years (school age). Intensive Stream participants qualify for a \$1,200 Participation Fund, which is brokerage money for “goods and services that genuinely support and assist Intensive Stream Participants to gain the tools, skills and experience they need to prepare for future employment” ([Dept. of Education, Skills and Employment, 2018](#)).

The government reports that of the 133,000 people who have been enrolled in the program, 95% are women, 20% Indigenous, 19% from culturally and linguistically diverse backgrounds and 19% under the age of 25 ([Women's Economic Security Statement, 2020](#), p. 41). This has led to an assessment that ParentsNext is discriminatory because it deliberately targets women and Indigenous parents; there are also concerns about the program's treatment of other vulnerable groups ([Senate Inquiry, 2019](#), section 2.35 – 2.86).

ParentsNext is compulsory for the majority of those enrolled, with four participation requirements: attending appointments, choosing and attending activities, making and agreeing to a participation plan, and report to both Centrelink and ParentsNext providers ([Department of Education, Skills and Employment](#)). Failure to fulfil any of these obligations results in a suspension of payments. Government data revealed that in FY 2018, 33,620 people had their payments suspended; however, on review only approximately 15% of this number were found to be “without valid excuse” for failing to meet requirements ([Henriques-Gomez, 2019](#)). As the poorest household type in Australia, single mother households cannot afford suspension in payments.

Parents who have been enrolled in ParentsNext have raised many concerns about the punitive nature of the program. These include the lack of flexibility when life with an infant or young children is so unpredictable, the enforced participation in child development and other activities, the lack of flexibility for missing such activities (for example, because a child was unwell or because they attended preschool instead of story time or swim lessons), the strict reporting requirements even for women who were exempt, sub-standard support from some providers, the difficulty of withdrawing from the program, the pressure to sign privacy waivers, the lack of any positive outcome either

in employment or parenting domains, and the increased financial instability due to the compliance requirements ([Council of Single Mothers and their Children, 2019](#)). A petition to make ParentsNext voluntary received close to 40,000 signatures, mostly from women who were enrolled in the program ([Lambert, 2019](#)).

The Senate Inquiry into ParentsNext ([ParentsNext, including its trial and subsequent broader rollout, 2019](#)) recommended that the ParentsNext program should not continue in its current form. Rather, the Panel suggested, amongst other things, that it employ a process of codesign with parents and experts to re-shape it “into a more supportive pre-employment program which meets the needs of parents and acknowledges and addresses the structural barriers to employment which they face” (Senate Inquiry, 2019, [Recommendation 2](#)).

The budget papers outline three primary changes to ParentsNext, to come into effect 1 July 2021:

1. Expand the program. While this is called an ‘expansion’ ([Budget Paper 1, page 1-25](#)), it is unclear how the expansion is planned, but the Women’s Economic Security Statement says that it will service 235,000 parents ([p. 42](#)).

2. Remove the two streams and implement one set of criteria for compulsory participation. Criteria are listed as:

- have been receiving Parenting Payment (partnered or single) continuously and not engaged in work in the last six months
- have a youngest child who is at least nine months and under six years of age
- are under 55 years of age; and
  - are under 22 years of age and have not completed the final year of school (or equivalent level of education) or
  - are 22 years of age or over; have not completed the final year of school (or equivalent level of education); and have been receiving income support continuously for more than two years or
  - have completed their final year of school and been receiving income support continuously for more than four years ([Department of Education, Skills and Employment, 2020](#)).

3. Provide the Participation Fund for all participants. It is not stated whether the amount of the Participation Fund will change; it is therefore assumed that it will remain at \$1,200 per participant. Budget Paper 1 states that “[c]urrently providers are forecast to spend less than the value of the available credits... which accrue to their provider’s Participation Fund... creating an accumulating surplus of credits that present a contingent liability. The current outstanding credits accumulated from years prior to 2019-20 represent a contingent liability for the budget” ([Budget Paper 1, p. 9-38](#)).

### What are the 2020 Budget impacts on women?

It appears that, despite the concerns voiced about ParentsNext, the government is planning to expand the program with minimal change. There is no indication that there are any significant changes to the program that will de-couple participation from receiving income support payments; that women’s autonomy and agency will cease to be

undermined through over-scrutiny of their parenting behaviours; that reporting requirements will be reduced; and/or that providers will give appropriate support and flexibility that matches the daily realities of parenting on very low incomes. This will result in even more women placed under the TFC, which increases stress and financial insecurity due to the erratic nature of payment suspension.

It is a positive change that all ParentsNext will have access to the Participation Fund. However, the Participation Fund should be spent on the participants. If Participation Fund credits remain at the end of the financial year, NFAW recommends that a way is found to distribute the funds to participants, perhaps through an application process to cover costs relating to study, employment or child development that exceeds the \$1,200.

While the change to one set of criteria for compulsory participation may increase transparency and reduce confusion, in NFAW's opinion it does little to nothing to address concerns that ParentsNext is discriminatory. Despite the changes, women and Indigenous people will remain over-represented in the program.

For these reasons, NFAW does not support the expansion of the ParentsNext program unless and until these program shortcomings are adequately addressed.

## Recommendations

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NFAW recommends that if the ParentsNext program is not scrapped entirely, the following changes be implemented immediately:

- Make ParentsNext voluntary. This will help to ensure a quality program while also returning agency and autonomy to the people who are enrolled.
- De-couple participation from receiving income support payments, thereby eliminating the punitive aspects of ParentsNext and enhancing the economic security of participants.
- Increase the Participation Fund to provide meaningful support for job readiness, such as paying for classes.
- Ensure the Participation Fund is spent in its entirety on participants.