



Submitted online

4th May 2021

Parliamentary Joint Committee on Human Rights
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Committee

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

Background

Financial counsellors work in not-for-profit community organisations and provide advice and support to people experiencing financial hardship. Financial counselling is a free and confidential service. Financial Counselling Australia is the peak body for financial counsellors.

Around 60% of financial counselling clients are female. Sadly, domestic and family violence is a common factor in financial counselling casework, with a recent survey of our sector finding, on average, that 51% of clients are affected by family violence. The overwhelming majority of financial counselling clients are on very low incomes, often Centrelink. Financial counsellors often assist very disadvantaged communities including First Nations people living in rural and remote regions. Financial hardship has detrimental flow-on effects to many aspects of people's lives, and can affect mental and physical health and relationships.

Overall feedback about the Instrument

Financial counselling is a holistic intervention, and while there is a focus on strategies addressing the money and debt issues facing clients, financial counsellors also provide appropriate support and referrals to people to help address the emotional toll wrought by financial stress.

On that basis, we echo the concerns of our colleagues across the community sector about the punitive aspects of ParentsNext. In particular, we have read and support the submission from Domestic Violence Victoria and Domestic Violence Resource Centre Victoria.

The ParentsNext program clearly exacerbates the financial stress faced by participants. This is clear from the data for compliance events shown in the table. During this timeframe of 32

months, over 52,000 parents had their Parenting Payments suspended for an average duration of five days. Over 1,000 parents had their payment cancelled.

People in receipt of Parenting Payment are inevitably struggling to make ends meet. Every one of those suspensions, even for a few days, is likely to trigger a crisis for that family.

ParentsNext Compliance Events (2 nd July 2018 – 28 th February 2021)		
Type of event	Number of parents	Average duration (days)
Parenting Payment Suspension	52,343	5
Parenting Payment Reduction	10	14
Parenting Payment Cancellation	1,072	28

There are also broader flow on effects when people don't have enough money to live on and to feed their children. Financial counsellors see this for example, when we need to refer clients to emergency relief services or when they assist clients to negotiate with utility providers to keep the lights on. People who are desperate for cash will also resort to borrowing from high cost payday lenders, often trapping themselves in a cycle of debt.

Specific issues

We also want to pass on just one example from our own sector that illustrates issues with the administration of the program. This occurred when a financial counselling agency employed a person who was on the ParentsNext program as a trainee financial counsellor. The details provided to us were:

She has been employed throughout the time she has been in the program and has had the goal "remain employed" for the duration. Luckily, she no longer has to attend face to face meetings, however she is still required to check in once a month, via phone, and confirm her "goal" and that she has "remained employed".

She also tried three times to be removed from the program (as she works over 30hr/ ft) but has been unsuccessful due to poor communication between the ParentsNext program and Centrelink.

The issue is that ParentsNext is a 'one size fits all' approach that can detrimentally affect people, generally women, at both ends of the spectrum: pointless interventions for parents who are caught up in red tape, and punitive interventions for people who are most vulnerable, and who actually require targeted, sensitive and strengths-based support.

Yours sincerely

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CEO