



Australian Government

Department of Employment  
and Workplace Relations

# Impact Analysis

New voluntary pre-employment service for  
parents of young children



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## 1. Introduction

This Impact Analysis has been prepared by the Department of Employment and Workplace Relations on options for voluntary pre-employment support for parents of young children to replace the ParentsNext program. Cessation of ParentsNext was announced by the Australian Government on 5 May 2023 and included in the 2023–24 Budget.<sup>1</sup>

This Impact Analysis is prepared for final assessment by the Office of Impact Analysis (OIA) to inform a final government decision about the creation of a new voluntary pre-employment service for parents of young children. Previous steps were informed by draft Impact Analysis that had not been subject to formal assessment by the OIA.

This analysis considers the potential impact of three policy options on parents who might use the service, organisations that may deliver the service, employers and the government.

Implementation of the government’s decision to pause compulsory participation in ParentsNext from 5 May 2023 does not form part of this Impact Analysis as it relates to the operation of the existing program.

## 2. Background

The government announced on 5 May 2023 and included in the 2023–24 Budget that participation in the ParentsNext pre-employment program would become voluntary immediately and it would be replaced by a new voluntary program that better meets the needs of parents.

### 2.1 ParentsNext

The terminating ParentsNext program has operated across non-remote Australia since July 2018, and as a small-scale program in 10 locations from 2016, to assist eligible parents to overcome the disadvantage that can arise from long periods out of the labour market while they are caring for children. It provides early intervention support to parents of young children who are in receipt of a Parenting Payment so they are better prepared to look for work when their children start full-time school.<sup>2</sup> Since May 2023, participation in ParentsNext has been voluntary for eligible parents.

By 31 August 2023, almost 238,000 parents had commenced in ParentsNext since the start of the program, the majority of whom were women (93.5%). There were more than 60,000 active participants in the program at the end of August 2023.

ParentsNext is delivered by a network of 53 providers across 51 Employment Regions (non-remote areas of Australia where Workforce Australia is delivered). Nearly 80% of providers (41) operate on a

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<sup>1</sup> Gallagher K and Burke T (5 May 2023), Albanese Government to scrap ParentsNext program, Minister’s Media Centre ([dewr.gov.au](http://dewr.gov.au)) accessed 14 August 2023; Budget 2023–24 ([budget.gov.au](http://budget.gov.au)) accessed 14 August 2023

<sup>2</sup> Parenting Payment is an income support payment that provides financial assistance to principal carers with parenting responsibilities for children and provides them with incentives to increase workforce participation and reduce dependency on income support. Single and partnered parents can receive Parenting Payment. Parenting Payment Single is for eligible single parents with a youngest child aged less than 14 years old, and Parenting Payment Partnered is for eligible partnered parents with a youngest child aged less than 6 years old. Guides to Social Policy Law | Social Security Guide, ([dss.gov.au](http://dss.gov.au)) accessed 6 October 2023

not-for-profit basis compared to 12 for-profit providers. Six providers (11%) are First Nations owned or controlled, and 17 providers also deliver Workforce Australia Services. Providers were selected through an open competitive tender process.

## 2.2 Review of ParentsNext

The House of Representatives Select Committee on Workforce Australia Employment Services (the Select Committee) undertook a review into ParentsNext in 2022–23 as part of its broader inquiry into employment services and provided an interim report in March 2023.

The Select Committee acknowledged the breadth of views which had been presented in submissions and hearings. The Select Committee noted that most stakeholders saw value in a service supporting parents to build their skills and capacity and addresses barriers to future workforce participation, and that many parents had valued the support ParentsNext provided. However, the Select Committee also recognised that many contributors considered that the existing ParentsNext could not continue as the benefits to participants were overshadowed by the compulsory participant compliance framework operating at the time.<sup>3</sup>

The Select Committee considered that there is a need for pre-employment or prevocational services for vulnerable parents. The Select Committee noted that such services can be effective in addressing barriers to social and economic participation, enabling financial security for participants, and ultimately in helping to break intergenerational cycles of poverty and disadvantage.

The Select Committee made substantive recommendations to abolish ParentsNext and replace it with a new service which places importance on caring for children and focusses on assisting parents to build their confidence and capacity, address barriers to social and economic participation, and make progress in achieving their individual education and employment goals. The Select Committee considered that any new service should be developed through a co-design process and, to allow for this, existing contracts might be extended for the shortest time necessary so that parents continued to be supported.

In the lead up to the 2023–24 Budget, the Women’s Economic Equality Taskforce and the *2023–24 Report to the Australian Government* from the interim Economic Inclusion Advisory Committee also recommended ParentsNext be replaced by new, co-designed support services for vulnerable families and young parents.

## 2.3 Consultation

Consultations have been conducted with parents and other stakeholders as well as considering the submissions and report of the Select Committee and previous inquiries related to ParentsNext. There is wide support for flexible pre-employment assistance for parents who need help to plan for and achieve their future education and employment goals, while at the same time giving priority to raising their young children.

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<sup>3</sup> House of Representatives Select Committee on Workforce Australia Employment Services (2023), *Your Future Planning Interim Report on ParentsNext*, Parliament of Australia

### 3. What is the problem?

Many Australians experience disadvantage at some stage in their lives. While for most it is temporary, a small but significant proportion of the population experiences persistent and recurrent disadvantage, income poverty, deprivation and social exclusion. Parenting Payment recipients with a youngest child under 6 years of age, particularly single parents, remain among the most vulnerable groups.<sup>4</sup>

Long periods of absence from the workforce due to caring responsibilities can lead to parents deskilling and detaching from the labour market, resulting in lower employment rates and poorer future employment and earning prospects. Further, parents who are disconnected from the labour market are at risk of their disadvantage becoming entrenched and their reliance on income support leading to poor education and employment outcomes for their children.

Assisting vulnerable parents to address vocational and non-vocational barriers to education and employment, when they are ready, can contribute to improving their social and economic participation and financial security as well as improving the life courses of their children. More broadly, improving the workforce participation of parents can have a positive impact on Australia's economy.

Evidence relating to barriers to participation, impediments to economic security and the cycle of disadvantage is discussed further below.

As context, in June 2023, there were 240,200 people receiving Parenting Payment whose youngest child was aged under 6 years. Most (94.0%) were women, 74.8% were single parents, 17.5% were First Nations parents and 18.1% were from culturally and linguistically diverse backgrounds.<sup>5</sup> Around a quarter of these Parenting Payment recipients reported earnings in the previous fortnight. This included around 50,500 (or almost 30% of) single parents. In June 2023, almost 40% or 95,500 of Parenting Payment recipients with their youngest child aged under 6 years had been on an income support payment for 5 years or more and, of these, 41,000 had been on an income support payment for 10 years or more.

Data sources used for this Impact Analysis include departmental administrative data for ParentsNext services and contracts, Services Australia administrative data (Department of Social Services Blue Book dataset) relating to recipients of income support payments and Australian Bureau of Statistics data on potential workers and the labour force status of families. The caseload projections are taken from funding models used to determine the ParentsNext appropriation. These funding models are informed by Department of Social Services forecasts for working age income support recipients.

Reference has also been made to research and analysis by the Organisation for Economic Cooperation and Development (OECD), the Productivity Commission, Treasury and other sources as noted in relevant footnotes.

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<sup>4</sup> Productivity Commission (2018), Rising Inequality? A Stocktake of the Evidence, Commission Research Paper, Canberra

<sup>5</sup> Services Australia administrative data (Department of Social Services Blue Book dataset), as at 30 June 2023

### 3.1 Barriers to participation

Women continue to face obstacles in balancing paid employment and unpaid caring responsibilities. Single parents in particular can find managing work and care especially challenging. Ill health and disability can also limit parents' capacity to participate in work or work more hours.

Vocational and non-vocational barriers to participating in education, training and work, which have been identified through research and evaluation on vulnerable parents, include:<sup>6</sup>

- low levels of education
- limited access to affordable education or training opportunities
- lack of access to affordable childcare
- lack of access to transport
- poor mental health
- low confidence and self-esteem
- disability and health needs including amongst their children
- language barriers
- housing issues
- experiences of family and domestic violence
- limited work history or experience and low job search skills
- lack of access to flexible employment.

An OECD 2019 working paper mapped employment barriers experienced by Australians with limited or no labour market attachment. It found that mothers (33 years old on average) receiving income support with young children faced the highest number of simultaneous barriers to employment of the cohorts studied, with more than three-quarters of the group facing three or more intersecting barriers to paid employment. Their main employment barriers included care responsibilities, low education or skills, and limited work experience.<sup>7</sup>

Similarly, the Australian Bureau of Statistics reported in its annual participation, job search and mobility survey in 2023 that unemployed women, more often than men, identified difficulties in finding work due to insufficient work experience, lack of jobs with suitable hours, and difficulties with childcare or other family considerations.<sup>8</sup>

OECD data reports that while gender employment gaps exist across all levels of education, this gap tends to be widest among men and women with lower levels of educational attainment. Australia's gender employment gap between men and women with a tertiary qualification was only 6.7 percentage points in 2021, half that for people with a Certificate IV equivalent education

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<sup>6</sup> Department of Employment and Workplace Relations (2022), *ParentsNext National Expansion 2018–2021: Evaluation Report*, Department of Employment and Workplace Relations, Australian Government

<sup>7</sup> Immervol H, Pacifico D and Vandeweyer M (2019), *Faces of joblessness in Australia: An Anatomy of employment barriers using household data*, OECD Social, Employment and Migration Working Papers, No.226

<sup>8</sup> Australian Bureau of Statistics (June 2023) *Potential workers*, ABS website, Table 5, accessed 30 August 2023



(12.5 percentage points) and an education below Year 12 or Certificate III (around 15 percentage points).<sup>9</sup>

Improving education and skill levels among parents with a low level of educational attainment has a strong potential for also improving gender equality in employment outcomes. Young parents in particular are at risk of experiencing disadvantage and lower education and work outcomes over their life course. Experience suggests the need for young parents to re-connect with learning is urgent, especially for young people who left school without completing Year 12 and who have become teenage parents subsequent to disengaging from education.<sup>10</sup>

### 3.2 Economic security

Reducing barriers to women participating in the labour force will be crucial to further closing the gender participation gap and unlocking the full economic potential of women. Further, research suggests that closing the workforce participation gap could lift Australia's GDP by 8.7%, or \$353 billion, by 2050 (research as of 2021).<sup>11</sup>

The Intergenerational Report 2023 describes that the gap in participation between women and men has narrowed as women's workforce participation has increased over the past 40 years and narrowing is expected to continue in the future.<sup>12</sup>

However, according to Treasury analysis, the gap in labour force participation rates and hours worked between women and men is largest around prime child-rearing years. A woman's likelihood of being employed drops by around 45% in the year of their first child's arrival, with little recovery in the following 5 years, while fathers' hours of work are hardly affected.<sup>13</sup> This is consistent with data from the OECD which shows that Australia's maternal employment rate was low compared to other OECD countries at 68.8% in 2019 (ranking at 24 of 40 countries). The maternal employment rate for single mothers ranked 3<sup>rd</sup> lowest in the OECD at 50.8%, compared to 71.4% for partnered mothers.<sup>14</sup>

Single parents in particular can experience significant challenges when seeking to balance unpaid caring responsibilities with paid work. In June 2022, the labour force participation rate of single mothers with children under 5 years was 17 percentage points lower than partnered mothers and 40 percentage points lower than all fathers. While this gap narrows as children age, single mothers still report a lower participation rate than partnered mothers and all fathers when their children are

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<sup>9</sup> OECD (n.d.) Educational attainment and labour force status, OECD.Stat, accessed 20 February 2023. Note that gender employment gaps are defined as men's employment rate minus women's employment rate by level of educational attainment, for people aged 25–64 years in 2021

<sup>10</sup> Boulden K (August 2009), 'What it Takes: Supporting pregnant and parenting young people', Report of the Association of Women Educators National Symposium – Brisbane 2009, Association of Women Educators

<sup>11</sup> Equity Economics, Making Australia the Best Place in the World to be a Parent (2021), <https://www.equityeconomics.com.au/report-archive/how-australias-parenting-policies-are-failing-women-and-our-economy>

<sup>12</sup> Treasury (2023), Intergenerational Report 2023: Australia's Future to 2063, Treasury, Australian Government

<sup>13</sup> Bahar E, Bradshaw N, Deutscher N and Montaigne M (March 2023), 'Children and the Gender Earnings Gap: Evidence for Australia', Treasury Working Paper 2023-02, Treasury, Australian Government

<sup>14</sup> OECD (Organisation for Economic Cooperation and Development) (n.d.), OECD Family Database, Maternal employment by partnership status (LMF1.3), accessed on 5 June 2023

older. Single fathers also tend to report lower participation rates than partnered fathers, although small sample sizes mean data for this group is volatile.<sup>15</sup>

If barriers are unaddressed, it is likely that the participation gap will continue for many vulnerable parents. Analysis by the Department of Social Services in 2016 as part of the priority investment approach found that, without any engagement, 48% of Parenting Payment recipients would still be receiving income support in 10 years, with only 22% having left the welfare system. For young parents aged 18 years and under, the analysis found that around 70% will be receiving income support in 10 years, with a further 23% receiving non-income support payments.<sup>16</sup>

### 3.3 Cycle of disadvantage

There is evidence that children whose parents receive welfare payments can face particular challenges to achieving education and/or work outcomes. They often experience lower rates of school attendance, performance and completion, lower rates of employment, more social exclusion and poorer physical and mental health outcomes.<sup>17</sup> Parental welfare receipt, especially over lengthy periods, has been associated with an increased likelihood of 18 to 19 year olds being not in education, employment or training compared with adolescents whose primary parent did not receive any welfare payments.<sup>18</sup>

Research also shows young people aged 18 to 26 years are almost twice as likely to need social assistance if their parents have a history of receiving social assistance. In particular, the likelihood of young people receiving social assistance is 1.6 times larger if their parents received single-parent, disability or carer payments than if they did not.<sup>19</sup>

The House of Representatives Select Committee on Intergenerational Welfare Dependence noted in its final report that 90% of children who experienced childhood in a family of very high parental welfare dependence will have interacted with the welfare system in their own right by the age of 25 years.<sup>20</sup>

In Australia, parental unemployment is a leading cause of childhood poverty. Parental joblessness can reduce economic and financial resources, impose significant barriers to parents investing in their children's development, divert parental attention and cause stress with the family, reduce social connections and model jobless behaviour for children. All these factors may contribute to worse outcomes in adulthood.<sup>21</sup>

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<sup>15</sup> Treasury (2023), *Intergenerational Report 2023: Australia's Future to 2063*

<sup>16</sup> Department of Social Services (2016), *Australian Priority Investment Approach to Welfare – Parents*, Department of Social Services, Australian Government

<sup>17</sup> Perales F et al (2014), *Intergenerational Welfare Dependency in Australia: A Review of the Literature*, Life Course Centre working paper no. 2014-09

<sup>18</sup> Wong C, Quinn B and Mundy L (2023) *Parents' welfare receipt and their children's employment and education outcomes (Growing Up In Australia Snapshot Series – Issue 10)*, Australian Institute of Family Studies.

<sup>19</sup> Life Course Centre (2018) *Submission to House Select Committee on Intergenerational Welfare Dependence*, Submission No.11, Parliament of Australia (aph.gov.au)

<sup>20</sup> House of Representatives Select Committee on Intergenerational Welfare Dependence (2019), *Living on the Edge*, Parliament of Australia

<sup>21</sup> Life Course Centre (2018), *Submission to House Select Committee on Intergenerational Welfare Dependence*

### 3.4 Past measures

Place-based trials of pre-employment support for parents, usually Parenting Payment recipients whose youngest child was under 6 years of age, were conducted from 2012 to 2018 in 10 Local Government Areas with high levels of disadvantage. Participants were required to attend compulsory appointments (usually six monthly, depending on the age of the youngest child) and activities.<sup>22</sup>

- The Helping Young Parents trial operated in from 1 January 2012 to 31 March 2016. The trial aimed to improve the education of teenage parents who were early school leavers, address non-vocational barriers and improve the future employment prospects of young parents.
- The Supporting Jobless Families trial ran from 1 July 2012 to 31 March 2016. The trial was primarily focused on addressing pre-vocational barriers and preparing young parents (under 22 years) or parents who were long term unemployed (on income support for 2 years or more) for participation in the labour market once their youngest child was school age.
- ParentsNext succeeded the Helping Young Parents and Supporting Jobless Families trials in April 2016 as a small scale program to help eligible parents plan and prepare for employment by the time their youngest child reached school age. While it was primarily for Parenting Payment recipients whose youngest child was between 6 months and 6 years of age, service providers could engage voluntary participants not receiving income support.

ParentsNext was expanded across non-remote Australia in mid-2018 building on experience from the trials with 2 servicing streams: an intensive stream in the 10 previous trial locations and 20 additional locations where a high proportion of Parenting Payment recipients were First Nations parents; and a targeted stream in all other non-remote locations. Although the core services were similar, additional resources were available for providers to help participants in intensive stream locations.

Implementation coincided with the introduction of the Targeted Compliance Framework.

Participants were required to attend quarterly appointments, agree to a participation plan, and include and participate in at least one compulsory activity. In 2021, ParentsNext was streamlined into a single service with consistent eligibility criteria.

Of the 53 current providers of ParentsNext, 42 deliver services across entire Employment Regions, while 11 providers deliver services in part of an Employment Region. There are 28 providers delivering ParentsNext in 2 or more Employment Regions. All ParentsNext providers deliver other services and programs in the community, variously in areas such as recruitment, employment, health, disability, migrant, youth and family services. This includes 30 ParentsNext providers also delivering other employment services and related programs administered by the Department of Employment and Workplace Relations.

Since its national rollout, continuous improvements have been made to ParentsNext based on stakeholder feedback, recommendations from parliamentary committee inquiries and program evaluations as well as internal assessment of program performance. However, the Select Committee also noted that, notwithstanding significant changes made to the program, many issues identified in previous inquiries persisted. Subsequent changes included pausing compulsory participation in May

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<sup>22</sup> Department of Employment and Workplace Relations (2022), *Submission from the Department of Employment and Workplace Relations to the House of Representatives Select Committee on Workforce Australia Employment Services: ParentsNext*, Submission No. 77, Parliament of Australia (aph.gov.au)

2023 and improvements to program information and referral processes from October 2023 pending the design and implementation of replacement arrangements.

Providing effective pre-employment support to parents of young children who are experiencing disadvantage, most of whom are women and single parents, will help to reduce barriers to education and work. Parents will then in a better position to participate in the workforce when they are ready, or by the time their child is in primary school.

#### 4. Why is government action needed?

Government action is needed to address economic and entrenched disadvantage faced by many vulnerable parents and the impact on their families. Government intervention can also contribute to improving parents' participation in the labour market and, as a consequence, their retirement savings and long-term economic security.

The government has a strong commitment to addressing disadvantage, promoting economic participation and supporting all members of the community to participate economically and socially to the full extent they are able. In particular, the government has identified achieving women's economic equality as a priority which will require a focus on women who face complex and intersecting forms of disadvantage.<sup>23</sup>

While many parents will have the confidence and capacity to plan themselves for their return to the workforce, some need guidance and support to reconnect, develop their skills, navigate the labour market and prepare for work as their children grow. The Select Committee stated in its Interim Report that *'the Australian Government has a responsibility to support and empower parents to achieve full social and economic participation. This is not merely a moral imperative but an economic priority.'* The Select Committee concluded that a program to support vulnerable parents is essential.<sup>24</sup>

Evaluations have demonstrated the government's capacity to intervene positively to support parents to access education, training, childcare and other services and to prepare to enter or re-enter the workforce. This includes evaluation evidence from the Helping Young Parents and Supporting Jobless Families trials, the 2016–2018 ParentsNext Evaluation, and the 2018–2021 ParentsNext Evaluation.<sup>25</sup> These evaluations showed an increase in participants' work readiness and included impact analyses that found participants generally achieved better education and employment outcomes than a similar cohort of parents who did not participate in those services.

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<sup>23</sup> Treasury (2023), *Working Future: The Australian Government's White Paper on Jobs and Opportunities*, Treasury, Australian Government

<sup>24</sup> House of Representatives Select Committee on Workforce Australia Employment Services (2023), *Your Future Planning Interim Report on ParentsNext*,

<sup>25</sup> Department of Employment (2017), *Helping Young Parents and Supporting Jobless Families Research report*, Department of Employment, Australian Government; Department of Jobs and Small Business (2018), *ParentsNext Evaluation Report*, Department of Jobs and Small Business, Australian Government; Department of Employment and Workplace Relations (2022), *ParentsNext National Expansion 2018–2021: Evaluation Report*

From 1 July 2018 when ParentsNext was rolled out nationally to 30 June 2023, more than half of participants (123,900 parents) commenced education.<sup>26</sup> Over the same period, a third of participants (78,200 parents) declared earnings and almost 5% (11,200 parents) exited the program due to employment.

The objectives of early pre-employment support for vulnerable parents, many of whom are women and single parents, would be to:

- improve the longer-term economic security of parents
- support parents to progress towards their skills and education goals
- help parents access suitable employment opportunities
- assist parents to identify their future aspirations and education and employment goals that will lead to secure and decent work that fits with their caring responsibilities
- support parents to access other services and supports to help them to care for their family and address barriers to their education and career goals.

Changes in the long-term economic security of parents cannot be measured in a few years. However, evidence shows that supportive programs that help address vocational and non-vocational barriers and encourage participation in education and training lead to increased work readiness and workforce participation which improves parents' financial wellbeing and economic and social security going forward.

Indicators of success would include:

- improvement in the human capability of parents, including parents' wellbeing, motivation and confidence
- improvement in the pre-employment skills of parents (such as reading and writing skills, numeracy, computer skills and job-specific skills)
- parents' progress in addressing barriers to education and employment
- attainment of education and training (vocational) qualifications
- participation in work experience and employment
- reduced reliance on income support.

Outside of government measures, there are not coordinated support services available nationally to freely assist vulnerable parents to overcome barriers to education and employment, including by providing financial assistance. Private sector intervention is not a viable option for vulnerable parents, other than where businesses may be contracted to provide outsourced services.

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<sup>26</sup> Department of Employment and Workplace Relations ParentsNext Administrative Data, 1 July 2018–30 June 2023

## 5. What policy options are you considering?

Three policy options are considered in this Impact Analysis for pre-employment assistance to replace the ParentsNext program.

- Option 1 – no pre-employment service for parents
- Option 2 – new voluntary pre-employment service for vulnerable parents
- Option 3 – new voluntary pre-employment service for Parenting Payment recipients.

Given the government's announcement in the 2023–24 Budget that ParentsNext would be replaced by a voluntary program, none of the options features compulsory participation.

### 5.1 Option 1 – no pre-employment service for parents

Existing contracts with ParentsNext providers conclude on 30 June 2024. Under this option ParentsNext would not be replaced when it ends in June 2024 by another government pre-employment service dedicated to helping vulnerable parents of young children towards their education and employment objectives so that they can return to the workforce when they are ready. Those parents who started participating in education or other activities with program assistance would no longer have access to mentoring or financial support they may need to continue their participation.

Depending on their circumstances, interests and eligibility, parents may be able to participate in other programs such as Workforce Australia – Transition to Work, Workforce Australia – Self-Employment Assistance, Workforce Australia – Career Transition Assistance and Workforce Australia Online for Individuals. However, these programs are not designed for parents of young children and generally focus on people who are ready for work. Parents may have access to programs where they are offered by state and territory governments and non-government organisations, however, these services are not widely available or accessible nationally.

This option would not fulfil the overall aim of supporting vulnerable parents, most of whom are women and single parents, to achieve their full social and economic participation potential. It is also inconsistent with strong feedback from parents that they need support to access and navigate government assistance.

### 5.2 Option 2 – new voluntary pre-employment service for vulnerable parents

Under this option a new voluntary pre-employment service for vulnerable parents of young children will start in November 2024. The service will be delivered by organisations chosen for their capacity to deliver the new, parent-centric service except in one location where delivery by the Australian Public Service (APS) will be piloted. To ensure that there is no gap in support for eligible parents, the ParentsNext program and existing contracts will be extended for 4 months until the new service commences.

The design principles for this option, which were informed by the Select Committee's interim report and guided the department's consultations, are:

- targeted services which respond to individual needs, build confidence, combat isolation and support aspirations
- valuing unpaid care (caring for and raising children) as legitimate, important work
- a focus on participants' strengths, on addressing barriers to social and economic participation, and on achieving financial security
- a focus on job quality and security, as well as intersections between employment and social security, where a participant has employment as a goal.

This option directly addresses the policy objectives described at section 4 by incorporating support for parents to identify and achieve their aspirations and education and employment goals while caring for their family. Pre-employment support that leads to vulnerable parents obtaining secure and suitable work will improve their economic security in the longer term.

The features of the new pre-employment service align with the feedback from parents and stakeholders during the consultations, as well as drawing on priorities outlined in submissions to the Select Committee and included in its recommendations.

### Features of this option

The new service will be available across non-remote Australia but adapted and delivered locally in partnership with parents and other local community service organisations. Services will be culturally responsive, recognising the cultural diversity of parents and ensuring inclusive service provision. Continuous improvement will be a priority, including listening and incorporating feedback from parents, measuring outcomes and evaluating effectiveness to improve service delivery.

The new service will provide strength-based and client-directed support, referrals and activities to assist each parent along their personal journey to paid employment. Raising children will be valued as important work for parents.

Services will be flexible and responsive with the service offering tailored to each parent. Depending on a parent's circumstances, experience and barriers, services could involve:

- support in gaining confidence and capabilities such as through education attainment, career guidance or referral to complementary programs to build language, literacy and financial management skills
- help with complex challenges including assistance to connect with local support services, including organisations delivering programs for the Department of Social Services, and address issues that may prevent them engaging in services and activities
- practical assistance including with transport and navigating the income support system and early childhood education and care arrangements
- support in taking up paid work for those parents wanting to work such as advice on resumes and job pitches, interview coaching and access to wage subsidies

- post-placement support for parents in education and/or employment
- transitional support where parents move to other employment services for example when their youngest child turns 6 years of age.

Suitably skilled and experienced frontline staff, ideally with lived experience, will operate as ‘mentors’. Preferably, parents will have the same mentor for an extended period so they can establish a respectful and trusted relationship without the need to tell their story often. Mentors delivering the service will be trained in areas such as family and domestic violence, cultural competency, child safety and trauma informed service provision.

The new service will not duplicate the role of existing community or social services. Rather, it will help parents who need these supports to connect and access them. This may include providing financial help with any associated fees charged by those services where funds are available.

### Eligibility and engagement

Parents would be referred to the service through Services Australia or make contact directly with a service which would assess their eligibility and register them for assistance.

To be eligible to start in the new service, a parent would need to have a youngest child aged under 6 years, live in a non-remote Employment Region and not currently be in paid employment and meet at least one of the following criteria:

- be receiving Parenting Payment Single, Parenting Payment Partnered, Carer Payment or Special Benefit Payment
- be a young parent (aged under 22 years)
- not be receiving one of the income support payments listed above and have lower than a Year 12 or Certificate III qualification
- not be receiving one of the income support payments listed above and be a First Nations parent.<sup>27</sup>

Eligibility would be broader than Parenting Payment recipients who have been the main participants in ParentsNext and prior trials of pre-employment initiatives. This is consistent with evidence of the challenges facing vulnerable parents, not only those receiving Parenting Payment, in preparing to return to the workforce. It also reflects feedback from parents that the service should not be limited

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<sup>27</sup> Carer Payment is an income support payment for people who are unable to support themselves through substantial paid employment due to the demands of their caring role. It may be paid where a carer provides constant care for a person with a disability or severe medical condition.

Special Benefit is a discretionary income support payment that provides financial assistance to people who, due to reasons beyond their control, are in financial hardship and unable to earn a sufficient livelihood for themselves and their dependants. To receive Special Benefit, it must be established that the person is not eligible for any other pension or allowance.

[Guides to Social Policy Law | Social Security Guide](#), (dss.gov.au) accessed 6 October 2023



to Parenting Payment recipients. The Select Committee also recommended that eligibility includes a wider range of people who might benefit from a pre-vocational or pre-employment program.

There is no minimum child's age linked to eligibility. Parents will decide when they are ready to participate as long as their youngest child is not yet 6 years old. There is also no limitation on duration of support while the parent has a child aged under 6 years and remains eligible for the service. When their youngest child turns 6 years old, parents who are still in the service will exit and those who are receiving income support will usually be required to enter Workforce Australia or other employment services.

## Servicing arrangements

Services will have multiple engagement channels to encourage and support parents' ongoing involvement.

Parents will have control over the frequency and nature of their engagement. An example service journey of a parent could involve:

- **Planning Phase:** typically in the first 4 weeks after a parent enters the service, the mentor explains the service offer and begins building a positive coaching relationship with the parent. The parent's strengths, skills and needs would be assessed and their mentor will help them to identify their personal education and/or employment goals and the strategies and support needed to achieve them. If required, the mentor will connect the parent with other local support services.
- **Engagement Phase:** the parent will be supported to participate in activities and services they have chosen which align with their vocational and non-vocational goals. The time commitment will depend on the activities and services, and the parent's caring responsibilities. Their mentor would have time available each week for ad hoc contacts if wanted by the parent. There would be monthly contacts with their mentor to discuss progress, highlight recent achievements, identify any emerging challenges and priorities, and plan new activities when the parent is ready.
- **Review Phase:** the parent and their mentor would review progress after each 12 months, refocus and re-assess strengths and challenges, and make any revision needed to the parent's personal goals.

## Financial assistance

Services will have access to funding to support participants. Providers will usually be expected to purchase the assistance using their service fees and then claim reimbursement from the relevant fund.

### Individual Fund

An Individual Fund will be tied to each participating parent to support costs associated with building skills and capability, such as police checks, working with vulnerable people checks, personal protective equipment and project materials, and for assistance to attend appointments or activities.

When they start in the service, \$1,250 will be credited to each participant's fund on a 'use it or lose it' basis. The fund will be recredited after each 12 months of active participation in the new service. Funding would not accumulate if unspent or be pooled.

### **Pooled funding**

Parents will have access through their mentor to flexible pooled funding for additional pre-employment support as they make progress towards their goals. Funding will support a wide range of purchases for parents who are most in need of assistance, including higher cost items such as childcare costs, medical expenses where the health issue inhibits participation, short-term crisis support, professional services and work-related expenses including wage subsidies and relocation assistance. The pool will attract a one-off credit of \$600 when a parent starts in the new service. Unlike the Individual Fund, the Pooled Fund is not designed to provide every parent with the same value of financial support.

### **Complementary services**

A range of complementary employment services and programs will be available to support eligible parents who are pursuing their employment goals, including programs targeted at specific cohorts. For example, for parents with small business goals, participation in services available through Workforce Australia – Self-Employment Assistance may be appropriate. Parents who want to use formal childcare will be supported to access childcare and childcare subsidies where they need this to participate in the services, education or employment.

### **Provider payment model**

The provider payment model will support personalised mentoring and assistance for each parent. Providers will receive twice yearly service fees in advance of \$1,500 per participant. Providers will also have access to separate outreach and engagement funding of \$25,000 annually for each servicing site for building local networks, collaborating on activities that benefit parents and encouraging parents to connect with them.

The service fees will be higher than under ParentsNext and there will not be education or employment outcome fees. The new payment model will be better aligned with and suitable for a service that focuses on providing high quality pre-employment support to assist parents along the pathways to their chosen goals while also caring for their family, whether this is helping parents address complex needs, build capability and skills, or seek employment. The expectation of higher quality support extends to parents having access to appropriately qualified or experienced mentors, and lower mentor to participant ratios to allow time for mentors to be able to meet parents' needs. This is considered a more suitable model than one that incentivises employment outcomes.

### **Provider performance**

Provider performance will be measured through a clear performance framework that focusses on servicing priorities and community collaboration. Central to this will be assessing whether parents are progressing towards their education and employment goals and receiving a flexible, quality service that meets their needs. The performance framework will also consider how well providers engage locally to facilitate parents' engagement and individualised support for participants.

### **5.3 Option 3 – new voluntary pre-employment service for Parenting Payment recipients**

Option 3 has the attributes of Option 2, but access would be restricted to Parenting Payment recipients with young children who are not in paid work and are living in non-remote Employment Regions. This eligibility is similar to that of the ceasing ParentsNext program.

Priority would be given to Parenting Payment recipients with characteristics that increase their risk of vulnerability, for example, First Nations parents, single parenthood, low educational attainment, extended duration on income support or being a parent with disability. While emphasis would be given to attracting parents in these cohorts to participate in the services, other Parenting Payment recipients would also have access.

This option addresses the policy objectives described at section 4 by helping eligible parents to identify and achieve their aspirations and education and employment goals while caring for their family. However, by limiting eligibility to Parenting Payment recipients, many vulnerable parents will miss out on early coordinated pre-employment support. With fewer participants than Option 2, fewer providers would be expected for the new service.

The Select Committee considered that, subject to budget considerations, eligibility for a pre-employment service could include those who are not in receipt of Parenting Payment or Carer Payment but who may still benefit from services and supports. Although, if additional funding is required but not available, the Select Committee preferred that a high-quality service be provided to a narrower group of people than to compromise on critical design principles so that more parents can participate.

## **6. What is the likely net benefit of each option?**

This section presents an analysis of the potential benefits and cost of the three policy options explored in this Impact Analysis. The analysis considers:

- the extent to which each option is expected to meet the policy objectives in section 4
- the extent to which each option responds to feedback from parents and other stakeholders in consultations, submissions and recent inquiries
- potential impacts for parents, employers, providers and government
- the caseload and servicing reach of each option.

Regulatory burden has been quantified as described at Appendix A in accordance with the Regulatory Burden Measurement Framework. Projected caseload numbers used in this section and underlying the regulatory costings are based on funding models used to determine the ParentsNext appropriation. Current caseload information is drawn from departmental administrative data.

The cost-benefit analysis has not been quantified because of the nature of the policy with long term objectives which are not readily quantifiable. The measure will not have a substantial or widespread impact on the economy.

## 6.1 Option 1 – no pre-employment service for parents

### Key impacts

This option would:

- not provide specific pre-employment support and financial assistance for parents of young children to help them overcome barriers and progress towards their skill and employment goals
- not address stakeholder feedback supporting a flexible, parent-specific service
- risk vulnerable parents remaining outside the workforce for longer with associated income support and related costs
- risk parents not engaging in ParentsNext in the lead up to July 2024 with potential impact on providers and services
- from July 2024, remove program supports including mentoring, financial support and childcare subsidy assistance from ParentsNext participants
- remove regulatory burden
- have minimal direct costs to the Australian Government.

### Who would this option impact?

Those directly impacted by this option would include:

- parents in ParentsNext (around 60,000 active participants as at the end of August 2023) when the program concludes in June 2024 without a replacement service
- other vulnerable parents of young children.

As women are overwhelmingly responsible for care, this option will likely have greater impact on them, including the high proportion of women who are single parents.<sup>28</sup>

### Overall impact

Under this option, there would be no nationally available service designed to provide pre-employment support for parents, and the risk of disadvantage becoming entrenched and intergenerational will likely increase.

The key expected benefits and costs of this option are summarised in the table below.

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<sup>28</sup> Department of the Prime Minister and Cabinet (2023), [National Strategy to Achieve Gender Equality – Discussion Paper](#), Department of the Prime Minister and Cabinet, Australian Government (pmc.gov.au)

**Table 1: Key benefits and costs for Option 1**

Criterion	Benefits expected	Costs expected	Net benefit expected
Policy objectives	Any benefit would be incidental	Does not directly address the policy objectives	Nil
Responds to stakeholder feedback	Feedback strongly favoured a new voluntary pre-employment service for vulnerable parents	Does not reflect feedback in support of a new voluntary pre-employment service	Nil
Parents	Nil	Potential short-term costs without financial assistance through a service provider; higher long term social and economic costs	High long term social and economic costs
Providers	Providers may deliver other services which attract vulnerable parents	End of contracts with no future service to bid for	Nil
Employers	Nil	Loss of access to potential staff who have been prepared for the workforce	Nil
Government	Fiscal savings by not implementing a new service	Indirect fiscal costs as parents remain on income support with reduced tax revenue due to lower participation	Medium indirect fiscal costs
Caseload and servicing reach	No specific caseload or assistance	Parents would manage own employment preparation accessing websites and programs where available	Nil
Regulatory cost	Nil	Nil	Nil

## Parents

### Benefits

There are no apparent benefits to vulnerable parents under this option.

### Costs

There are costs for parents, their children and the broader Australian economy if there is not coordinated support to assist vulnerable parents to access services that:

- in the short term, will help them advance and address barriers to their education and career goals while they care for their family, and
- in the longer term, will contribute to enhancing their economic security.

As a result of their circumstances, many parents drop out of the labour force and/or education and training. Research has shown that without pre-employment support, by the time their youngest child reaches school age and participation requirements commence, many single parents no longer have the confidence or capacity to return to employment.<sup>29</sup>

Regardless of their confidence and capabilities, under this option parents would need to self-manage their return to the workforce. They would rely on interactions with community and government organisations, online resources, social media and word of mouth for information about services and programs available to them in their area for which they are eligible. However, research evidence suggests that services are often not accessible to parents furthest from the labour market and, if they are aware of services, they often would not voluntarily access those services even if they would benefit the most.

Vulnerable parents whose youngest child is aged under 6 years would be at risk of being left behind as their children start school. Eligible parents aged under 25 years may have access to time-limited assistance in Workforce Australia – Transition to Work. However, Transition to Work is more suitable for young people ready for education and work, and is not geared to parents of young children. Many others would miss out on coordinated help and additional financial support to plan and return to the workforce while also caring for their children.

Parents participating in ParentsNext would be affected by its closure with loss of access to a range of program supports. They may be unable to continue on their education or employment pathways. Further, parents may be disinclined to engage in ParentsNext in the lead up to its cessation in the absence of the availability of long-term assistance.

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<sup>29</sup> Australian Social Inclusion Board (2011), *Addressing barriers for jobless families*, Department of the Prime Minister and Cabinet, Australian Government

## Providers

### Benefits

The ParentsNext service will conclude in line with contractual arrangements. After ParentsNext ends, providers of other employment and related services may attract parents eligible for their programs who might otherwise have participated in a parent-specific service.

### Costs

Compared to Options 2 and 3, providers will not benefit from the fees available from an extension of ParentsNext or being able to bid for a new pre-employment service.

Vulnerable parents may be less likely to engage in ParentsNext ahead of the end of June program termination if there is not replacement parent-specific support from July 2024. This may affect provider operations, such as by adjusting opening hours, as well as the availability of services to parents.

## Employers

### Benefits

There are no apparent benefits to employers under this option.

### Costs

Without a pre-employment service, parents will be less confident, skilled or prepared to take up employment.

## Government

### Benefits

The main benefits of Option 1 are direct fiscal savings to government by not implementing a new pre-employment service to replace ParentsNext.

### Costs

This option would be at marginal direct cost to the government as some parents may engage online or with other services or provider programs for which they are eligible without the involvement of a parent-specific pre-employment service. To the extent that parents do not engage with any pre-employment service, there will be indirect fiscal costs arising from these parents staying longer on welfare and the reduction in tax revenue arising from lower labour force participation.

This option also risks reputational costs for government. The announcement of the impending closure of ParentsNext provided for the development of a replacement voluntary program. It is unlikely that this option would be perceived as a replacement service as it would not provide the customised approaches needed to support jobless families to increase their workforce participation.<sup>30</sup>

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<sup>30</sup> Australian Social Inclusion Board (2011), *Addressing barriers for jobless families*

## Regulatory costs

The regulatory burden of Option 1 is neutral. The existing ParentsNext program has been announced to cease from July 2024. Therefore, Option 1 is also the baseline option.

**Table 2: Regulatory burden estimate table for Option 1 – Average annual regulatory costs**

Change in costs (\$million)	Business	Community organisations	Individuals	Total change in costs
<b>Total by sector</b>	\$0	\$0	\$0	\$0

## 6.2 Option 2 – new voluntary pre-employment service for vulnerable parents

### Key impacts

This option would:

- deliver a voluntary new pre-employment service for many vulnerable parents of young children in line with the policy objectives, with broader eligibility than the ParentsNext program
- benefit parents through support relevant to them, including financial assistance through pooled funding and, in the new service, the annual \$1,250 Individual Fund
- provide service continuity between ParentsNext and the new service
- address stakeholder feedback supporting flexible participation and delivery of tailored support
- benefit employers by preparing parents for the workforce when they are ready
- have minimal regulatory burden for participants and employers
- attract a diversity of potential providers
- pay providers of the new service twice yearly service fees of \$1,500 per participant and retain the existing payment model in ParentsNext
- give providers regulatory certainty with minimal regulatory burden, sufficient to ensure contract compliance and accountability for discretionary financial assistance
- through annual outreach and engagement funding of \$25,000, support providers of the new service to engage locally and attract participants to mitigate potential viability risks due to voluntary participation.



## Who would this option impact?

Those directly impacted by this option would include:

- parents in ParentsNext including those who may volunteer to continue into the new service if their youngest child is under 6 years of age (around 48,700 participants are expected to be on the ParentsNext caseload, point in time, during the extension period)
- parents who would be eligible to volunteer for and participate in the new service – under Option 2, it is estimated that the point in time caseload will be 22,100 parents, however the level of participation will depend on provider communication, engagement and servicing
- existing ParentsNext providers whose contracts are extended by 4 months to October 2024
- organisations and ParentsNext providers, including community organisations, who would need to tender and be selected to deliver the new service.

Through pre-employment services aimed at helping them to achieve their skill, education and work goal and longer-term economic security, this option would have a positive impact on:

- Parenting Payment recipients who face the highest risk of poverty (72%) compared to other income support recipients and other groups at risk of poverty (noting recent increases to income support payments may contribute to mitigating some of this risk)<sup>31</sup>
- Carer Payment recipients who have one of the highest likelihoods of remaining long term on welfare in the absence of support to prepare for employment
- Special Benefit recipients facing financial hardship who are not eligible for other income support payments and face challenges moving into the workforce
- single parent families and children living in single parent families who are far more likely than couple families to have no earnings from paid work (jobless families). The majority of jobless families with dependents (aged 0-14 years) are single parent families (69%). Of children aged 0-4 years living in jobless families, 61% (81,500) live in single parent families<sup>32</sup>
- single parents, First Nations people, young people and those with lower educational attainment who experience higher unemployment rates.<sup>33</sup>

This option will predominantly affect women who will make up the majority of participants in the new service given their parenting roles and as the majority of recipients of Parenting Payment, Carer Payment and Special Benefit are women.<sup>34</sup> Participation in the service that leads to future

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<sup>31</sup> Davidson, P; Bradbury, B; and Wong, M (2023), *Poverty in Australia 2023: Who is affected* Poverty and Inequality Partnership Report no. 20. Australian Council of Social Service and UNSW Sydney

<sup>32</sup> Australian Bureau of Statistics (June 2022), *Labour Force Status of Families*, ABS Website, accessed 17 September 2023

<sup>33</sup> Treasury (2023), *Working Future: The Australian Government's White Paper on Jobs and Opportunities*

<sup>34</sup> DSS Benefit and Payment Recipient Demographics – June 2023 Quarter, *DSS Benefit and Payment Recipient Demographics – June 2023*

employment will contribute to their economic security and reducing the gender workforce participation gap.

The wider eligibility under this option to include First Nations parents not receiving one of the income support payments listed in the eligibility criteria, as well as First Nations parents who fall within the other eligible cohorts, will also contribute to Closing the Gap on education and employment.

## Overall impact

Under this option, vulnerable parents would have access to a flexible, strength-based pre-employment service that focuses on building their vocational and non-vocational capability to prepare for the transition to paid work when they are ready.

The key expected benefits and costs of this option are summarised in the table below.

**Table 3: Key benefits and costs for Option 2**

Criterion	Benefits expected	Costs expected	Net benefit expected
Policy objectives	Service offer directly addresses the policy objectives		Medium net benefit
Responds to stakeholder feedback	Feedback strongly favoured a new voluntary pre-employment service for vulnerable parents		High net benefit
Parents	High - access to a new voluntary service with individual support and financial assistance; recognition of caring role; continuity of assistance from ParentsNext	Few costs expected	High net benefit
Providers	Medium – engaged to deliver the new flexible service with provider payments focusing on quality assistance and preparing parents for the workforce over short-term outcomes; extra funding for outreach and local engagement	As required to deliver quality services and local connections	Medium net benefit

Criterion	Benefits expected	Costs expected	Net benefit expected
Employers	Limited – as it is a pre-employment service	Minimal	Limited net benefit
Government	Medium - reduced reliance on income support and increased tax revenue as parents take up work when they are ready; increased women’s participation with long term benefits due to reducing disadvantage narrowing the gender participation gap	Implementation and program costs	Medium net benefit
Caseload and servicing reach	Projected average point in time caseload of 22,100 parents diversity of providers		Medium net benefit
Regulatory cost	Not applicable	Low	Low net benefit

## Parents

### Benefits

Parents in ParentsNext will benefit from changes already made in 2023 to remove compliance, make the program voluntary and improve information about the assistance available. They will continue to have access to the pooled Participation Fund with \$600 added each time a new participant commences in ParentsNext.

In the new service, access to pre-employment support will be extended beyond Parenting Payment recipients with young children who would have been eligible under the ceasing ParentsNext program to include other vulnerable parents who need coordinated support to return to the workforce. Parents with a youngest child aged 6 years and over who receive Parenting Payment or other income support would access other employment services.

Comprehensive information on the new service will be available through multiple channels such as delivery organisations, Services Australia, government websites and local community services. Services will be child-friendly and safe for participants and their children.

Participation in the new service will be voluntary. The value of parenting as unpaid work and parents’ choice will be at the forefront of service delivery. Eligible parents will be able to decide for themselves when and whether to participate in the new service and may opt in and out as their circumstances change. While parents may be more likely to choose to stay home and focus on nurturing their children in the first 2 years of their life and volunteer for the service when their child is older, parents of very young children will be able to participate if they wish.

Each parent will be assigned a mentor. Parents will benefit from tailored and holistic support to overcome vocational and non-vocational barriers and progress towards employment. Activities and assistance will be arranged to help each parent achieve their personal goals. Initial and follow-up assessment of each parent's strengths and capabilities will inform progress and next steps.

Services will provide parents with financial support and practical help to link with activities and local services. Parents will have access through their provider to pooled funding, credited with \$600 each time a new participant starts, and the annual \$1,250 Individual Fund for services and purchases that will support their pre-employment pathway. Participants will also benefit from flexible servicing with interactions in person, online and phone. Parents in the service may also receive prompts from their provider about forthcoming activities aligned with their goals. There are also less tangible benefits of participation in pre-employment assistance including reducing the impact of social isolation, particularly on single parents, with its consequential impacts on physical and mental health outcomes.<sup>35</sup>

### **Costs**

There will be minimal administrative cost to parents from participating in the service or the extended ParentsNext. Some aspects of the service, such as requests for reimbursement from pooled or individual funds, or requests to transfer between providers may require the parent to provide information or documentary evidence. However, the incidence is expected to be low based on experience in the ParentsNext program.

### **Providers**

#### **Benefits**

The voluntary nature of the new service is likely to be attractive to eligible parents. Providers will be able to build on relationships with community organisations, support services, early childhood education and care providers, training organisations and employers to attract participants and have a range of options to effectively address parents' non-vocational and vocational barriers.

During the contract extension period, ParentsNext providers will continue to benefit from the existing payment model with service fees as well as education and employment outcome payments of \$313.20 when participants attain eligible qualifications or stay in work.

With annual outreach and engagement funding of \$25,000 for each servicing site and half-yearly service fees of \$1,500 per participant, providers of the new service will be able to attract and assist participants.

Providers will benefit from clearly articulated requirements and expectations in deeds and guidelines. Eligibility for the new service is simple and is not overlaid by complex assessments.

ICT systems will simplify administrative processes and support service delivery.

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<sup>35</sup> Department of Employment and Workplace Relations (2022), *ParentsNext National Expansion 2018–2021: Evaluation Report*

### **Costs**

As it is a voluntary service, providers will need to maintain a reputation of providing quality services and invest in local connections and attracting and retaining participants.

Any successful tenderers who previously delivered ParentsNext will need to invest time and resources into developing a new servicing model for a greater variety of eligible participants with a more flexible and high quality service offer. They will need to have appropriately qualified frontline mentors and will need to engage differently with parents who will be at the centre of the service.

There will be some administrative burden on providers for activities which are fundamental to the operation of the service and ensuring value for money in expenditure. These include registration of participants, staff training, management of financial assistance and, in the new service, reporting on outreach and collaboration activities. Providers will have access to the department's ICT systems to support them in delivering the services.

## **Employers**

### **Benefits**

As it is a pre-employment service, there will be limited direct involvement of employers. Employers will benefit from recruiting parents who are prepared, motivated and skilled for their return to the workforce. Providers will be able to continue to assist parents as they settle into the workplace and wage subsidies may be available to employers where appropriate.

### **Costs**

There will be minimal administrative cost to employers who attract wage subsidies or participant placements and are required to enter into agreements which set out their obligations and any payments.

## **Government**

### **Benefits**

The new service has been designed taking into account extensive consultation with parents and stakeholders and feedback on what should be its key features.

Benefit to government will come from investing in a pre-employment service that helps vulnerable parents when it is appropriate for them and facilitates them overcoming barriers to employment and returning to the workforce. By unlocking the individual potential of these parents, the service will contribute to breaking the cycle of disadvantage and achieving financial security for parents. More broadly, participation may have a positive impact on the mental and physical health of participants through reduced isolation.

The service will also contribute to increasing workforce participation by participants who are predominantly women.

### **Costs**

As well as ongoing program costs, there are short term costs to government in delivering a new service for parents. These include the costs associated with consultation on servicing details and

developing a new ICT system as well as implementation and communication costs. These costs should lead to savings in the long term as parents develop their capacity and capability to fulfil their education and employment goals, returning to the workforce and reducing welfare expenditure.

## Risks and mitigation strategies

### **Attracting Participants**

In a voluntary program it is difficult to predict take-up. There is a risk that parents, particularly those who are most disengaged, may not participate. Without mitigation, this would have consequential impacts on the viability of service delivery. While the design of the new service overall reflects both research and evaluation evidence on engaging vulnerable parents, as well as feedback from parents themselves, providers will need to ensure that their services are relevant and attractive to parents. Eligible parents are not obliged to participate in the new service and there will be no compulsory activities.

The introduction of the new pre-employment service will require significant communication with parents, communities and providers. Parents have told the department that they want transparency and clear communication about the services that are available and to hear about the benefits and expectations of the new service throughout the wider community to increase awareness and engagement.

Providers will receive specific funding to support their outreach initiatives. This will be complemented by information on government websites and available in the community as well as messaging when potential participants engage with government services.

The procurement process, deed, guidelines and performance framework will be designed to ensure that providers are reaching out to potential participants and are not relying on referrals of income support recipients.

### **Role of community-based organisations in delivering the service**

Principles underpinning the new service offering include that it is available across non-remote Australia but adapted and delivered locally in partnership with parents and other local community service organisations.

Through the procurement process, it is expected that organisations will be aware of the number of potential participants in the locations for which they bid. The number of providers in a location may vary depending on the number of potential participants and their characteristics.

A diversity of providers will be sought. Smaller local organisations may have the local connections with other services and potential participants in their communities that will be essential to delivering the new service. However, they may not have previously competed in a procurement process or provided services as part of a national program. Additional support will be available to build the capacity of small organisations engaged to provide the services.

## Regulatory costs

Regulatory costs associated with Option 2 are provided in Tables 4 and 5 and are based on the Regulatory Burden Measurement Framework. These regulatory costs cover the extension of the

ParentsNext program for the period July 2024 to October 2024 as well as the operation of the new service from November 2024. They arise mainly from businesses and community organisations that deliver the services undertaking essential contractual activities.

Regulatory burden is assessed by comparison with Option 1. Assumptions underlying these costs are set out at Appendix A.

**Table 4: Regulatory burden estimate table for Option 2 – New Service – average annual regulatory costs**

Change in costs (\$million)	Business engaged by government to deliver the new service*	Community organisations engaged by government to deliver the new service*	Individuals	Total change in costs
<b>Total by sector</b>	\$1.76	\$7.02	\$0.00	\$8.78

\* Almost 100% of these costs relate only to compliance costs, primarily record keeping and reporting costs, for businesses and community organisations that are engaged to deliver the services on behalf of government. This table does not factor in the revenue providers receive to deliver the services.

**Table 5: Regulatory burden estimate table for Option 2 – ParentsNext 4 months extension – estimated regulatory costs**

Change in costs (\$million)	Business engaged by government to deliver the new service*	Community organisations engaged by government to deliver the new service*	Individuals	Total change in costs
<b>Total by sector</b>	\$0.79	\$3.14	\$0.01	\$3.94

\* Almost 100% of these costs relate only to compliance costs, primarily record keeping and reporting costs, for businesses and community organisations that are engaged to deliver the services on behalf of government. This table does not factor in the revenue providers receive to deliver the services.

### 6.3 Option 3 – new voluntary pre-employment service for Parenting Payment recipients

#### Key impacts

This option would:

- deliver a new voluntary pre-employment service in line with the policy objectives, although to fewer parents compared to Option 2 as only Parenting Payment recipients would be eligible
- benefit parents through support relevant to them, including financial assistance through pooled funding and, in the new service, the annual \$1,250 Individual Fund

- unlike Option 2, not expand eligibility for the new service to vulnerable parents not on Parenting Payment, leaving many vulnerable parents without additional support and at risk of continued disadvantage
- pose potential risks to attracting sufficient and diverse providers and to long-term provider financial viability due to smaller caseloads in the new service, notwithstanding engagement and outreach support
- provide service continuity between ParentsNext and the new service
- have some benefit for employers by preparing parents for the workforce when they are ready, although numbers would be small
- have minimal regulatory burden for participants and employers
- pay providers of the new service twice yearly service fees of \$1,500 per participant as well as annual outreach funding
- maintain the existing payment model for ParentsNext providers during the contract extension period
- provide regulatory certainty and impose minimal regulatory burden on providers, sufficient to ensure contract compliance and accountability for discretionary financial assistance.

### Who would this option impact?

Those directly impacted by this option would include:

- parents in ParentsNext including those who may volunteer to continue into the new service if their youngest child is under 6 years of age (around 48,700 participants are expected to be on the ParentsNext caseload, point in time, during the extension period)
- vulnerable parents who would be eligible to volunteer for and participate in the new service – under Option 3, it is estimated that the average point in time caseload will be 12,200 parents, however the level of participation will depend on provider communication, engagement and servicing
- existing ParentsNext providers whose contracts are extended by 4 months to October 2024
- new organisations and ParentsNext providers, including community organisations, who would need to tender and be selected to deliver the new service.

Almost 95% of Parenting Payment recipients are women. By preparing them to take up work when they are ready, this option would make a contribution to addressing the gender participation gap and improving women's economic security, however, with smaller caseloads the contribution would correspondingly lower than under option 2. With single parents, First Nations people, young people and those with lower educational attainment experiencing higher unemployment rates, by prioritising support to particular cohorts, this option will contribute to them addressing barriers to



participation so that they can take up employment in the future, with the potential for positive effects on outcomes for their children.<sup>36</sup>

## Overall impact

While the benefits and costs of this option are similar in nature to Option 2, the impact would be affected by restricting eligibility to Parenting Payment recipients and thus the net benefits would be correspondingly lower.

The key expected benefits and costs of this option are summarised in the table below.

**Table 6: Key benefits and costs for Option 3**

Criterion	Benefits expected	Costs expected	Net benefit expected
Policy objectives	Service offer directly addresses the policy objectives		Medium net benefit
Responds to stakeholder feedback	Feedback strongly favoured a new voluntary pre-employment service for vulnerable parents which is easily accessible and locally connected	This option is limited to Parenting Payment recipients and services may not be as convenient	Medium net benefit
Parents	Low – eligibility limited to Parenting Payment recipients; access to a new voluntary service with individual support and financial assistance; recognition of caring role; continuity of assistance from ParentsNext	Few costs expected	Low net benefit

<sup>36</sup> Treasury (2023), *Working Future: The Australian Government’s White Paper on Jobs and Opportunities*

Criterion	Benefits expected	Costs expected	Net benefit expected
Providers	Low – fewer providers expected due to smaller caseload; engaged to deliver the new flexible service with provider payments focusing on quality assistance and preparing parents for the workforce over short-term outcomes; extra funding for outreach and local engagement	As required to deliver quality services and local connections	Low net benefit
Employers	Limited – as it is a pre-employment service	Minimal	Limited net benefit
Government	Low - reduced reliance on income support and increased tax revenue as Parenting Payment recipients take up work when they are ready; small potential increase in women’s participation with long term benefits due to reducing disadvantage narrowing the gender participation gap	Implementation and program costs	Low net benefit
Caseload and servicing reach	Projected average point in time caseload of 12,200 parents in time	Limited number of providers with thin coverage	Low net benefit
Regulatory cost	Not applicable	Low	Low net benefit

## Parents

### Benefits

As outlined for Option 2, participating parents would benefit from access to a voluntary, parent-centric service offering flexible assistance and financial support through trained mentors to assist them to progress towards their education and employment goals. This includes access through their provider to pooled funding credited with \$600 each time a participant commences and, for the new service, to their Individual Fund of \$1250 annually.

### **Costs**

Restricting eligibility to Parenting Payment recipients means that many vulnerable parents not receiving those payments will miss out and will face the challenges described under Option 1. Prioritising access for particular cohorts will be more complex to administer and may limit the number of parents volunteering into the service.

### **Providers**

#### **Benefits**

As described at Option 2, providers will benefit from clear requirements, simple processes backed by ICT and outreach funding for engagement with parents and local organisations.

Providers of the new service will receive 6-monthly service fees of \$1,500 per participants as well as annual funding of \$25,000 per service site for outreach and engagement activities. During the contract extension period, the existing payment model will continue for ParentsNext providers including service fees as well as education and employment outcome payments of \$313.20 when participants attain eligible qualifications or stay in work.

#### **Costs**

With fewer potential participants, diversity of providers and coverage is unlikely to be achieved in the new service as, with smaller caseloads, the service may not be feasible in all non-remote locations. Services would be less convenient or locally relevant and quality may suffer.

Providers will need to maintain a reputation of providing quality services and invest in local connections and attracting and retaining participants. Any successful tenderers which previously delivered ParentsNext will need to invest time and resources into their new parent-centric servicing model and have appropriately qualified frontline staff as mentors.

There will be some administrative costs for providers for activities which are essential to the operation of the service and ensuring value for money in expenditure. These include registration of participants, staff training, management of financial assistance and, in the new service, reporting on outreach and collaboration activities. Providers will have access to the department's ICT systems to support them in delivering the services.

### **Employers**

#### **Benefits**

Consistent with Option 2, employers will benefit from the opportunity to hire parents who have decided that the time is right for them to take up work and have received pre-employment support.

#### **Costs**

There will be minimal administrative costs for employers for documentation for wage subsidies or work experience activities where they occur.

## Government

### **Benefits**

The government will benefit from assisting Parenting Payment recipients facing entrenched disadvantage to develop their capability and move into the workforce. However, the benefits would be reduced compared to Option 2 as fewer vulnerable parents will be eligible to participate in the new service under this option.

### **Costs**

The short-term costs to government, such as procurement and ICT development, would be largely the same as described in Option 2 as they are unaffected by the size of the potential pool of participants. Ongoing program costs would be lower than Option 2, largely as a result of fewer participants.

More broadly, parents excluded under stricter eligibility provisions will continue to face the prospect of entrenched disadvantage.

## Risks and mitigation strategies

### **Attracting and supporting participants**

Option 3 has tighter eligibility, a lower projected caseload and fewer expected providers than Option 2.

Outreach funding will assist providers to attract potential participants and link with community organisations and services. This will be complemented by information on government websites and in the community as well as when parents engage with government services.

The payment model, with higher service fees than under ParentsNext and no outcome payments, means that providers will be able to work with parents as they progress towards their goals. Financial assistance through the Individual Fund and pooled funding may help parents to access services.

The procurement process, deed, guidelines and performance framework will be designed to ensure that providers are reaching out to potential participants and are not relying on Services Australia to connect them.

### **Role of community-based organisations in delivering the service**

While fewer providers are expected than under Option 2, diversity will still be encouraged. There will be additional support to build the capacity of small organisations engaged to provide the services.

## Regulatory costs

Regulatory costs associated with Option 3 are provided in Tables 7 and 8 and are based on the Regulatory Burden Measurement Framework. These regulatory costs cover the extension of the ParentsNext program for the period July 2024 to October 2024 as well as the operation of the new service from November 2024. They arise mainly from businesses and community organisations that deliver the services undertaking essential contractual activities.

Regulatory burden is assessed by comparison with Option 1. Assumptions underlying these costs are set out at Appendix A.

**Table 7: Regulatory burden estimate table for Option 3 – New Service – average annual regulatory costs**

Change in costs (\$million)	Businesses engaged by Government to deliver the new service*	Community organisations engaged by Government to deliver the new service*	Individuals	Total change in costs
<b>Total by sector</b>	\$0.82	\$3.29	\$0.00	\$4.12

\* Almost 100% of these costs relate only to compliance costs, primarily record keeping and reporting costs, for businesses and community organisations that are engaged to deliver the services on behalf of government. This table does not factor in the revenue providers receive to deliver the services.

**Table 8: Regulatory burden estimate table for Option 3 – ParentsNext 4 months extension – estimated regulatory costs**

Change in costs (\$million)	Businesses engaged by Government to deliver the new service*	Community organisations engaged by Government to deliver the new service*	Individuals	Total change in costs
<b>Total by sector</b>	\$0.79	\$3.14	\$0.01	\$3.94

\* Almost 100% of these costs relate only to compliance costs, primarily record keeping and reporting costs, for businesses and community organisations that are engaged to deliver the services on behalf of government. This table does not factor in the revenue providers receive to deliver the services.

## 7. Consultation

### 7.1 Purpose and objectives of the consultations

Consultation with parents with lived experience and other key stakeholders is fundamental to informing the design of a new voluntary pre-employment service that supports parents who care for young children.

The department has engaged with:

- parents on Parenting Payment with young children who may benefit from the service, including parents who have used the ParentsNext program and potential users of a new service
- organisations and businesses that provide services to parents and young children, including existing providers of government services and those that may be involved in future delivery
- businesses and industry peak bodies who may want to hire more parents or become a more parent-friendly and flexible workplace

- community organisations such as not-for-profit organisations, First Nations organisations and advocacy groups that represent and support the interests of (or provide services to) parents, young children and diverse communities
- individuals and organisations with expertise in, and in-depth insights about, a range of topics relevant to the design of a new service. This includes experts like academics, researchers and other professionals.

Other stakeholder feedback and reports about ParentsNext have also informed service design. These included submissions and evidence to the Select Committee as well its interim report and recommendations on pre-employment support.<sup>37</sup> The results of surveys and interviews undertaken as part of the department’s evaluations of ParentsNext were also considered.

## 7.2 The Consultation Approach

### The Pre-design Phase

The Select Committee’s interim report reflected on the views of stakeholders that any service to replace ParentsNext must be developed through a genuine process of co-design involving parents and carers, including young parents, First Nations peoples, people from culturally and linguistically diverse backgrounds, and those who have experienced family violence, their advocates, providers and policy experts.

Immediately after the announcement in May 2023 of changes to the ParentsNext program, the department sought the initial views of key stakeholders on the consultation process for the replacement service. During the pre-design phase in May and June 2023, the department met with 28 organisations (peak bodies, women’s organisations, advocacy groups and organisations representing First Nations people, migrants and refugees) during 38 meetings to develop the consultation approach.

The resultant multipronged *Consultation Approach* for the new service was published on the department’s website on 6 July 2023.<sup>38</sup> It sets out for parents and other stakeholders how engagement would occur and who could be involved.

### The Design Phase

During July – September 2023, consultation involved targeted engagement across 11 stakeholder streams: past and present ParentsNext participants, First Nations parents, people with disability, migrant and refugee parents, youth, women at risk, community groups, representative organisations, employers, service providers and members of the public. Consultation guides for parents, businesses

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<sup>37</sup> House of Representatives Select Committee on Workforce Australia Employment Services (2023), *Your Future Planning Interim Report on ParentsNext*

<sup>38</sup> Department of Employment and Workplace Relations (2023), *Consultation Approach - New voluntary service for parents*, Department of Employment and Workplace Relations, Australian Government (dewr.gov.au) accessed 21 August 2023

and service providers published on the department's website outlined the key principles and objectives of the new service as well as the background, purpose and focus of the consultations.

Engagement occurred concurrently across stakeholder groups, both directly by the department and in partnership with community organisations. The consultation process was an opportunity to better understand the needs of parents and how a new service could support them to plan for their future education and employment goals, build their capabilities and skills, and work toward the type of paid work they want, when they are ready. Businesses were also invited to consider whether the proposed services would prepare parents to meet their workforce needs.

As well as running workshops itself, the department partnered with community organisations for stakeholder led workshops and one-on-one interviews, and with Services Australia for co-design workshops. Organisations that undertook consultations included the Antipoverty Centre Inc, the Australian Council of Social Service, the Brave Foundation, Corporate Culcha Pty Ltd, SNAICC, the Settlement Council of Australia and Single Mother Families Australia.

During the design phase, there were over 40 workshops with cohorts including young parents, single parents, First Nations parents, migrant and refugee parents, ParentsNext participants and Parenting Payment Recipients. In addition, 55 submissions were received from individual and organisational stakeholders through a public submission process notified on the department's website and open from 6 July to 15 September 2023.

## Check in and Design Options Phases

Consultations have been iterative and the program design has evolved as contributions have been consolidated and design ideas tested.

In August 2023, the department began to check in with stakeholders about what had been learned from the consultations so far and to present design options for their feedback. More than 8,000 past and present ParentsNext participants were invited to take part in a survey by the department's Applied Behavioural Insights team (in conjunction with Services Australia) as part of the check in phase. Over 2000 parents responded to the survey. This gave the opportunity for parents who had not attended a workshop or other consultation to be heard.

Feedback from stakeholders on design options continued to be obtained from September 2023 as the proposed new service was shaped.

Views from across the consultations have been consolidated and summarised into an overview document *What we've heard from parents*.<sup>39</sup> It has been published on the department's website and distributed to key stakeholders to allow further opportunity for parents and other stakeholders to provide comments, particularly whether anything important had been missed, misunderstood or misinterpreted.

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<sup>39</sup> Department of Employment and Workplace Relations (2023), *What we've heard from parents*, Department of Employment and Workplace Relations, Australian Government (dewr.gov.au) accessed 19 October 2023

### 7.3 How was feedback incorporated

Feedback has been valuable in shaping the new service. While contributions have been wide ranging, they have generally coalesced around common priorities, needs and preferences.

Feedback from parents, providers and other stakeholders has been incorporated into the preferred option as outlined in the table below.

**Table 9: How feedback has been incorporated**

Feedback		How feedback was included
<b>Family</b>	Raising children is parents' priority	Parents will be able to participate in the service when they are ready. They will also be able to opt in and opt out of the service according to their circumstances and needs while they remain eligible.
<b>Challenges</b>	<p>Many parents have complex and varied challenges to be navigated before focusing on education and employment goals, including:</p> <ul style="list-style-type: none"> <li>• childcare costs and availability</li> <li>• challenges such as insecure housing, financial distress, domestic violence, language barriers, illness, complex caring roles, and lack of access to transport, poor mental health and social isolation</li> <li>• transport, especially without a driver licence</li> <li>• lack of language and computer skills.</li> </ul>	<p>Service providers will connect parents to local community and support services, training and other programs according to their needs and aspirations.</p> <p>The pooled funding and the Individual Fund will also be available to purchase pre-employment interventions.</p>
<b>Eligibility</b>	The new service should be widely accessible to parents who need help to plan for their future education and employment goals. Many considered that the service should prioritise parents with high needs for support. Parents felt that the service should not be limited to Parenting Payment recipients.	<p>Under Option 2, the new service will not be limited to Parenting Payment recipients. Parents who have a youngest child aged under 6 years, are not earning and live in non-remote Australia will be eligible if they:</p> <ul style="list-style-type: none"> <li>• are receiving Parenting Payment, Carer Payment and Special Benefit, or</li> <li>• are young parents (aged under 22 years), or parents who are not on income support who have a low education attainment or are First Nations parents.</li> </ul>



Feedback		How feedback was included
<b>Timing</b>	Feedback varied on when the best time to access the service would be. Many parents mentioned this should be based on the individual. Some parents said it would be when their youngest child was about 3 years of age.	Eligible parents will be able to choose when they enter the new service regardless of the age of their children, while their youngest child is under 6 years old.
<b>Delivery</b>	Most parents did not express a strong preference for who should deliver the service, although many favoured community-led services. It is important that services are culturally appropriate, including services for First Nations, refugee and migrant parents.	Procurement processes will be aimed at obtaining a diversity of providers capable of delivering the new service. Services are to be culturally sensitive with culturally competent staff.
<b>Sensitivity</b>	Parents want staff who deliver the service to be respectful, qualified and empathetic, and have lived experience to encourage and help parents to connect with the supports they need to reach their goals.	Service providers will be expected to engage suitably trained or qualified staff and mentors with lived experience or experience working in similar services. Services will be required to have staff trained in recognising and responding to family and domestic violence and in trauma informed practice.
<b>Flexibility</b>	Parents want to choose how and when to engage and said that services should have mixed delivery methods and locations.	Service delivery will be flexible including face-to-face and by phone.
<b>Local</b>	Place-based connections are important so that referrals are accessible and helpful. For some parents, location-based challenges extended to difficulties in finding meaningful, flexible employment and relevant local training and education in line with their aspirations.	Providers will be expected to build relationships and network with local community service providers and organisations.  Providers will also work with participants to identify strategies and supports that will help them to achieve their goals.
<b>Communication</b>	The importance of awareness raising was highlighted. Parents in particular want transparency and clear communication about available services.	Providers will receive outreach and engagement funding to support them to communicate and promote the service locally.

Feedback		How feedback was included
<b>Participation</b>	While they had differing views, parents commonly suggested that the availability of financial and other supports would encourage their participation. This includes information about financial assistance which many said was not prominent under ParentsNext.	Parents will have more transparent access to financial assistance through the pooled funding and new Individual Fund.
<b>Complexities</b>	Feedback from parents and other stakeholders identified complexities such as the interaction of earnings from paid employment with other forms of support such as housing, income support payments, access to a Health Care Card and childcare.	<p>Aspects of the feedback have covered factors which are relevant to parents taking up of employment, but which are broader than the principles and operation of the new pre-employment service.</p> <p><i>Working Future: The Australian Government's White Paper on Jobs and Opportunities</i> reflects on the impact of financial and non-financial disincentives on participation and overcoming barriers to employment.</p> <p>In the new service, providers will have a role in assisting parents to navigate social support and childcare arrangements. They will also be expected to provide post-placement support when parents begin education or paid work.</p>
<b>Provider Payments</b>	There were varying views on the provider payment model, including proposing fee-for-service arrangements or variable fees depending on the level of assistance required. Regular service fees also featured.	A simple fee structure of regular 6-monthly service fees is proposed, with payments more than double the fees under ParentsNext. This also replaces outcome fees. The performance framework will assess whether providers are supporting parents to make progress towards their goals.

More granular feedback will be considered as the operational policy, procedures, guidelines and ICT systems are developed. This will reflect on what parents have said about how they want to be informed about and engage with the new service.

## 7.4 Future consultation

The department will continue to consult with parents and other stakeholders as the detailed design of the new service proceeds, the new arrangements are implemented and after the new service

begins operating to ensure that it remains relevant and meets the needs of participants. Organisations selected to deliver the services will be expected to engage locally with parents and other agencies on their service offer.

## 8. Preferred option

### 8.1 Conclusion

This section compares the 3 options presented to identify a preferred option with the greatest net benefit.

**Option 1 – no pre-employment service for parents** – does not meet the policy objectives described at section 4. This option ignores the views of parents, their advocates and other stakeholders, including the Economic Inclusion Advisory Committee and the Women’s Economic Equality Taskforce, that there is a need for vulnerable parents in particular to be supported to identify and overcome their barriers to participation while at the same time giving priority to child rearing.

While this option has no direct cost, it has the potential to be at the expense of affected parents, their families and their contribution to the Australian economy more broadly, as well as costs associated with poorer longer-term outcomes. Without coordinated and individualised support, unaddressed vocational and non-vocational barriers may compound, resulting in continued reliance on income support, delayed re-entry to the workforce and parents being unable to achieve their full social and economic potential.

**Option 2 – new voluntary pre-employment service for vulnerable parents** – delivers best against the policy objective by providing a flexible and culturally responsive voluntary early intervention service for the most vulnerable parents with young children under 6 years of age. Eligibility is not restricted to Parenting Payment recipients, so many more parents will be assisted who face challenges in returning to work or education.

This option incorporates the key features raised in consultations, prioritised by stakeholders and highlighted by the Select Committee, the Economic Inclusion Advisory Committee and the Women’s Economic Equality Taskforce. It is not restricted to Parenting Payment recipients but includes other parents with vocational and non-vocational barriers to engagement and re-entry to the workforce.

The service will focus on each parent’s future aspirations, take account of their caring responsibilities, strengthen their human capability and support the development and achievement of their education and employment goals.

Only around 4 in 10 parents surveyed as part of the consultations said that they were aware of the range of supports available to them as a parent or felt that they had enough support. As part of the new service, parents will be informed about the range of assistance they can access. Parents will be mentored by frontline staff in organisations contracted by the department which are closely connected within their community and have wide networks to underpin the delivery of support.

There is strong support from stakeholders for a new voluntary pre-employment service for parents who face the greatest challenges in reconnecting with the workforce when their children have started school. The Select Committee interim report notes that most stakeholders agree there is a

role for a service that supports parents to build their skills and capacity and addresses barriers to future workforce participation.

Regulatory costs are higher for this option than for Option 3, falling in the main on service providers categorised as business or community organisations. However, that is a result of higher expected caseload numbers with wider eligibility than Option 3 and greater provider numbers and diversity. However, overall net benefits are the highest of all the option given the likely positive impact on parent's economic security and wellbeing.

**Option 3 - new voluntary pre-employment service for Parenting Payment recipients** has the same service offer as Option 2 but narrower eligibility and fewer expected providers. While it would deliver on the policy objectives for early pre-employment support described in section 4, eligibility excludes many vulnerable parents.

The department's evaluation of 2018–2021 ParentsNext established that, with appropriate support, most parents with young children could grow their human capability and work readiness, increase their wellbeing and limit their social isolation by engagement in activities and the development of supportive relationships with their caseworkers.<sup>40</sup> However, under Option 3 many vulnerable parents of young children would not be eligible for this early intervention and may face additional challenges returning to the workforce when their children are older.

With fewer participants than Option 2, fewer providers would be expected for the new service. Reduced provider numbers risks the services not being able to provide the diversity, accessibility and local adaptability which parents and stakeholders are seeking. Restricting access to Parenting Payment recipients does not align with the weight of feedback through consultations or submissions. Parents said that the service should not be limited to parents receiving Parenting Payment. Many highlighted prioritising the service for parents who they considered would have higher needs of support, like young, single or first-time parents, those living poverty or experiencing domestic and family violence, or parents who care for children with disability, First Nations parents and migrant or refugee parents.

Like Option 2, regulatory costs fall in the main on service providers categorised as business or community organisations. Regulatory costs are lower for this option than Option 2, primarily because there fewer are participants compared to Option 2 with fewer providers and locations expected. However, having fewer providers risks reducing provider diversity, local connections and accessibility for parents, contrary to servicing and stakeholder priorities. If services are not attractive, fewer eligible parents are likely to participate.

The table below compares the assessments of expected net benefit from section 6.

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<sup>40</sup> Department of Employment and Workplace Relations (2022), *ParentsNext National Expansion 2018–2021: Evaluation Report*

**Table 10: Comparison of the net benefit of the options considered**

Criterion	Net benefit Option 1	Net benefit Option 2	Net benefit Option 3
Policy objectives	Nil	High – designed to meet all objectives	Medium – designed to meet all objectives but with limited eligibility
Responds to stakeholder feedback	Nil	High	Medium
Parents	High long term social and economic costs	High	Low
Providers	Nil	Medium	Low
Employers	Nil	Limited	Limited
Government	Medium indirect fiscal costs	Medium	Low
Caseload and servicing reach	Nil	High – expected to have an average point in time caseload of 22,100 parents	Low – expected to have an average point in time caseload of 12,200 parents
Regulatory cost	Nil	Low	Low

On balance, **Option 2** is the preferred approach for providing pre-employment services to prepare vulnerable parents of young children to return to the workforce and improve their opportunities for education and employment and long-term economic security. It most closely meets the policy objectives and draws on extensive consultation and feedback. It will assist more vulnerable parents than Option 3.

**8.2 Implementation**

Implementing the new pre-employment service to replace the ParentsNext program will require clear communication, implementation and transition arrangements for potential participants, existing participants, providers, community services and other stakeholders. Departmental staff will manage implementation and transition processes.

There will be a detailed implementation plan for establishing the new service and the transition from ParentsNext, underpinned by thorough project and risk management as well as a comprehensive communication strategy. The plan will be informed by feedback from stakeholders, peak bodies and partner departments, as well as experience in introducing other pre-employment and employment services.

This approach will reduce risks associated with the transition to the new service, minimise disruption for continuing participants and help strengthen stakeholder understanding. Further, features of the new service have been designed to address risks. For example, capacity building for small

organisations addresses risks associated with engaging a diversity of providers. The potential that the voluntary service will attract fewer participants than projected is addressed through outreach and engagement funding for providers as well as the broader communication strategy.

The arrangements will also have regard to the interplay of the new service with employment services and complementary programs, and with the early childhood and care sector. Access to affordable childcare has been identified as a key factor to enable participation in the new service.

Key elements of the implementation plan will include:

- information sharing and engagement with parents, providers and other stakeholders using multiple channels
- extending ParentsNext contracts and exploring alternative arrangements if a provider indicates that they propose to not accept the extension
- continued consultation including the establishment of a parents' advisory group to provide insights and feedback on the implementation and operation of the new service
- maintaining engagement with partner departments and Services Australia in areas such as access to childcare and childcare subsidies
- undertaking a national procurement process to engage organisations to deliver the new service
- development of deeds, guidelines, information and essential training modules for providers of the new service and their staff
- management of capacity building funding to support smaller and diverse organisations engaged to deliver the new service
- building ICT (the department and Services Australia) to support the operation of the new service, including new data points for monitoring and reporting purposes
- continuity of pre-employment assistance to parents in ParentsNext and as they move to the new service
- detailed transition arrangements for ParentsNext providers and participants designed to achieve a smooth transfer to the new service.

ParentsNext contracts will be extended in accordance with existing Deeds. Should any providers wish to decline the extension, deed provisions and procurement arrangements will be used by the department where alternative servicing arrangements are required.

ICT systems will be developed or enhanced to support the operation of the new voluntary service for parents and providers. This could include referral and registration of participants, communication between participants and their mentors, keeping track of appointments and progress against planned goals, managing payments and financial assistance and, where available, connections to other services and activities. During implementation, the department will work with providers of the new service to build their ICT capability, to alleviate risk and to ensure their systems meet the department's cyber security requirements.

The department will work closely with organisations selected to deliver the new service as well as ParentsNext providers and regular updates will be published to inform stakeholders of the transition process.

## **9. Evaluation and monitoring**

There will be a comprehensive performance framework that measures the overall success of the pre-employment service as well as driving the performance of organisations delivering support to parents, including APS delivered services where applicable. Central to this will be ensuring that parents receive a quality service that is locally relevant, draws on their strengths, meets their needs, values their care role, and supports them to identify and progress towards their education and employment goals when they are ready to do so.

Detailed efficiency, effectiveness, equity and quality performance indicators will be developed which align with the objectives of the new service. Delivery organisations will be assessed by the department against these indicators through a range of performance monitoring and assurance activities. The performance framework will be subject to regular review.

A range of methodologies will be used for the ongoing evaluation of the new service against its underpinning principles and objectives as well as key elements of the service offer. Evaluation activity will include participant and service provider surveys, quantitative analysis of administrative data and analysis of qualitative information including feedback from participant and service provider interviews. Parents will be contacted to gauge its impact on those who have participated in the voluntary service as well as drawing out why eligible parents may not have taken part.

The research will provide ideas for improvement on an iterative basis. Mixed-methods and quasi-experimental design will be employed. An impact analysis, aimed at quantifying the effect of the program on participant outcomes such as increased human capability, participation in education and training and progress towards employment, will compare participants with non-participants with similar characteristics to assess any difference in engagement in education or employment over this time. The evaluation will maximise analytical opportunities, utilising comparative and regression techniques wherever feasible, to estimate the program effect for these participant groups.

Given the differences in participant characteristics and their resultant outcomes, several different outcome measures will be explored. While an educational attainment and participation in employment may not occur in the short term, an attempt will be made to follow participants' progress for as long as possible. Proxy measures such as income support status, education subsidy payments, Pensioner Education Supplement, childcare uptake and earnings will be explored to assess whether the policy objectives are being met.

Analysis of administrative data supplemented by impact analyses, qualitative and quantitative fieldwork will be undertaken by equity cohorts (including single parents, women, First Nations parents, parents with a disability or a child with a disability, parents from culturally and linguistically diverse backgrounds, refugees and those who are homeless). Achieving the indicators of success for these groups will be, in part, a reflection of the appropriateness of and satisfaction with the diverse local and community-based organisations selected to deliver the program and the degree to which the flexibility of the program enables the needs of the most vulnerable groups to be met.

The pilot of APS delivery will be evaluated in parallel with evaluation of the service overall.

Evaluation and monitoring outcomes will identify successes and opportunities for improvement, and inform future enhancements or alterations to the pre-employment service to ensure that it fulfils its objectives and unlocks parents' potential in preparing them for the workforce as their children start school.



## Appendix A – Regulatory burden estimates – costing assumptions

### Methodology

Regulatory burden is an average measure of the cost of regulation. For Options 2 and 3 in this Impact Analysis, regulatory costs have been estimated separately for the 4 months extension for ParentsNext and for the new service.

The regulatory costs in this Impact Analysis have been calculated using a similar costing model to the New Employment Services Model Regulatory Impact Statement for relevant activities.<sup>41</sup> The model is based on the following components:

**Regulatory activities:** Requirements for providers are set out in the ParentsNext Deed 2018–2024 for the current program and will be included in the deed for the new service. These are supplemented by policy guides to detail operational requirements. Service delivery is supported by ICT.

Not all contractual requirements count as regulatory burden. For the purposes of calculating Regulatory Burden Estimates, those tasks that are undertaken to demonstrate a provider has fulfilled their contractual obligations are counted (such as reporting and record keeping).

Regulatory requirements for pre-employment services fall under the following broad categories:

- **For the new service and the extension of ParentsNext**
  - registration and assessment
  - appointments
  - services
  - activities including complementary programs
  - financial assistance, including wage subsidies and relocation assistance
  - contract management
  - training
  - deeds and guidelines updates
- **For the new service only**
  - recording goal plans
  - outreach and engagement funding
- **For ParentsNext only**
  - recording participation plans
  - outcome payments.

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<sup>41</sup> Department of Education, Skills and Employment (2021), *New Employment Services Model Regulation Impact Statement*, Office of Impact Analysis, Australian Government (pmc.gov.au) accessed 10 October 2023

**Transactions:** The number of times a regulated entity (provider, employer or parent) is required to perform a particular task in a year is captured by transactions. Departmental administrative data is the primary source of information on transactions. Assumptions have been made where appropriate administrative or program management data is not available.

**Time taken:** This is the estimate of the average time it takes (in hours) to complete a particular task.

**Value of time:** This is the dollar value assigned to time taken to do a particular task.

Regulatory burden is the product of transactions, time taken and value of time.

## Activities

A summary of the types of activities generating regulatory burden in each policy option is set out below.

**Option 1: no pre-employment services for parents:** Under this option, the existing ParentsNext program will not be replaced when contracts conclude in June 2024. The estimated regulatory burden for this option is nil.

**Option 2: new voluntary pre-employment services for vulnerable parents:** The estimated regulatory burden for this option reflects new policies and service delivery arrangements including eligibility, regular assessment of parents' progress, individualised financial assistance and outreach funding. The estimated regulatory burden also includes the costs associated with extending existing ParentsNext contracts by 4 months as the program would otherwise conclude in June 2024.

**Option 3: new voluntary pre-employment services for Parenting Payment recipients:** The estimated regulatory burden for this option reflects new policies and service delivery arrangements including regular assessment of parents' progress, individualised financial assistance and outreach funding. The estimated regulatory burden also includes the costs associated with extending existing ParentsNext contracts by 4 months as the program would otherwise conclude in June 2024.

## Caseload and transactions

Caseload is a point in time measure of the number of individuals in pre-employment services. The caseload projections are taken from funding models used to determine the ParentsNext appropriation.

Regulatory burden is largely driven by the number of parents on a provider's caseload as the size of a provider's caseload will influence the total number of transactions.

For the new service, projected caseload data over the 3 year contract period starting November 2024 has been used. Data on average annual transaction numbers was estimated based on projected caseload data.

Caution should be used with the caseload data as the services are voluntary and provider outreach and engagement activities, as well as the features of the services themselves, may attract more participants. Indicative caseload estimates are:

- Under Option 2, the regulatory burden calculations are based on an estimated average point in time caseload of 22,100 parents.
- For Option 3, with eligibility restricted to Parenting Payment recipients, the regulatory burden calculations are based on an estimated average point in time caseload of 12,200 parents.
- For the extension of ParentsNext, projected caseload data has been used with an estimated average point in time caseload of 48,700 during July 2024 to October 2024.

Caseload data based on projected monthly commencements has also been used to calculate activities such as initial registrations and assessments.

### Time taken and value of time

The time taken per transaction has been reviewed in consultation with program teams within the department. Where activities are consistent across pre-employment and employment services due to ICT system, reporting and documentation requirements, time estimates are based on those used for the New Employment Services Model Regulation Impact Statement.

The value of:

- parents' time is set equal to that of individuals – \$36.00 per hour. This is the default rate for individuals recommended by the Office of Impact Analysis (OIA).
- employers' time has been set at the default \$79.63 per hour as recommended by the OIA for work-related labour costs.
- providers' time has been set at \$79.63 per hour which is the default rate for work-related labour costs recommended by the OIA. The default rate has been used in the absence of recent equivalent costings for pre-employment services.

### Sector attribution

The department estimates regulatory burden in terms of three main groups – providers, employers and parents. These groups do not correspond directly with the sectors used for the Regulatory Burden Measurement framework—individuals, business and community organisations.

The regulatory costs in this Impact Analysis make the following assumptions when assigning entities to a sector:

- Providers are assumed to be 80% 'community organisations' (based on 41 of 53 current ParentsNext organisations being not-for-profit) and the remainder are 'business'.
- Employers are assumed to be 50% 'business' and 50% 'community organisations'. This is relevant for wage subsidies and activities where agreements with employers are required.
- All parents are classified as individuals.

## Differences in regulatory burden between policy options

Option 1 has no regulatory costs.

Regulatory costs for Options 2 and 3 are compared in the tables below. In this Impact Analysis, regulatory burden in the new services arises primarily from different participant numbers according to eligibility and more providers assumed under Option 2 than under Option 3. There are also fewer providers in ParentsNext than assumed under Option 2.

**Table 11: Regulatory costs by category for Options 2 and 3 – New Service (annual average)**

(note these costs relate mainly to costs incurred by organisations that applied and have been engaged by government to deliver services and does not include the much larger fee revenue these organisations receive in exchange for delivering services)

Category	Option 2 (\$million)	Option 2 (\$million)
Registration and assessment	\$ 0.85	\$ 0.38
Goal plans	\$ 0.43	\$ 0.23
Appointments	\$ 2.44	\$ 1.44
Services	\$ 0.05	\$ 0.02
Activities	\$ 0.69	\$ 0.37
Parents Funding Pool including wage subsidies and relocation assistance	\$ 0.47	\$ 0.25
Individual Fund	\$ 1.17	\$ 0.62
Outreach and engagement funding	\$ 0.04	\$ 0.01
Contract management	\$ 1.86	\$ 0.47
Updates and provider training	\$ 0.78	\$ 0.32
<b>Total</b>	<b>\$ 8.78</b>	<b>\$ 4.12</b>

**Table 12: Regulatory costs by category for Options 2 and 3 – ParentsNext extension**

(note these costs relate mainly to costs incurred by organisations that applied and have been engaged by government to deliver services and does not include the much larger fee revenue these organisations receive in exchange for delivering services)

Category	Option 2 (\$million)	Option 2 (\$million)
Registration and assessment	\$ 0.48	\$ 0.48
Participation plans	\$ 0.37	\$ 0.37
Appointments	\$ 0.93	\$ 0.93
Services	\$ 0.30	\$ 0.30
Activities	\$ 0.28	\$ 0.28
Outcome payments	\$ 0.03	\$ 0.03

Category	Option 2 (\$million)	Option 2 (\$million)
Participation Fund, wage subsidies and relocation assistance	\$ 0.77	\$ 0.77
Contract Management	\$ 0.37	\$ 0.37
Updates and provider training	\$ 0.41	\$ 0.41
<b>Total</b>	<b>\$ 3.94</b>	<b>\$ 3.94</b>