Give me a break!
Welfare to work — a lost opportunity

Melbourne Citymission
Building Inclusive Communities
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Michael Horn and Lucinda Jordan
Research and Social Policy Unit,
Melbourne Citymission
June 2006
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Published by:
Melbourne Citymission
PO Box 13210, Law Courts PO
Melbourne, Victoria, 8010
Phone (03) 8625 4444
www.melbournecitymission.org.au

For further information, contact:
Michael Horn
Manager, Research and Social Policy Unit
Melbourne Citymission
P 03 8625 4468
E mhorn@mcm.org.au


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**Melbourne Citymission**

Established by the city churches of Melbourne in 1854, Melbourne Citymission initially employed six missioners to work alongside people living in poverty and struggling to survive in tent cities that sprung up along the Yarra River during the Victorian Gold Rush.

One hundred and fifty one years after its establishment, Melbourne Citymission continues to give people a ‘hand up not a hand out’ and aims to build inclusive communities that overcome disadvantage.

Melbourne Citymission seeks to take a lead role in creating an environment in which people can build inclusive, resourceful communities, where opportunity and fairness are embraced as a way of life. To do this, we provide resources and choices to those who are marginalised and living with disadvantage as well as delivering services that respect the rights of individuals and embrace diversity.

Melbourne Citymission currently provides over 60 different programs to thousands of Victorians of many faiths and cultures. Our programs are delivered in six major service areas: Children, Youth, Adult and Family Services; Disability Services; Employment, Education and Training Services; Homeless Persons Services; Aged Care and Palliative Care.

Melbourne Citymission’s vision is for a fair and just community where people have equal access to opportunities and resources.

Email: info@mcm.org.au  
Website: www.melbournecitymission.org.au  
Telephone: 8625 4444  
Facsimile: 8625 4410
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Foreword

It is widely acknowledged that employment is a critical pathway out of poverty and exclusion – particularly for young people, for adults with disabilities and equally for children growing up in families. Whilst Melbourne Citymission supports the Commonwealth Government’s focus on improving welfare to work transitions, our long service experience tells us that the latest reforms misunderstand the aspirations and needs of disadvantaged jobseekers.

This report offers a vital voice to 186 clients about their experiences of employment assistance. The study found that disadvantaged jobseekers are motivated to secure a better future for themselves, they do have aspirations and do strive to regain control over their lives. However, they face a range of significant barriers to finding work and moving forward with their lives. It is our view that the latest changes being introduced from July 2006 do not address the systemic weaknesses in current policy settings and will not lead to sustainable outcomes. Rather, they risk further marginalising already disadvantaged jobseekers.

Disadvantaged jobseekers will still be excluded from participation in training and work experience from July because of the shortage of low cost housing, the lack of affordable childcare in accessible locations, fees and charges of education and training and the costs of transport.

All Australians have a fundamental right to an adequate income to meet their basic needs. Melbourne Citymission calls on the Commonwealth Government to abolish the compliance framework and associated penalties for disadvantaged jobseekers. We believe that the additional mutual obligation hurdles being introduced in July are inappropriate and not conducive to employment outcomes, especially for disadvantaged jobseekers.

Australia is currently experiencing unprecedented economic prosperity. Only a few years ago, an aggregate unemployment rate of 5% was considered unachievable in a modern post-industrial economy. By investing to further reduce both unemployment and underemployment, we will create a more productive workforce, reduce welfare assistance costs and significantly increase the resilience of the community to economic downturn.

However, this requires greater investment now to provide better integrated models of support and assistance - predicated on the evidence that the great majority of jobseekers are motivated to make a better life for themselves and that punitive approaches do not help.

Melbourne Citymission will continue to advocate on this issue in the future. We will actively monitor the impact of welfare reform, including a repeat of the Employment Chances survey in 2007, as well as conduct additional research leading to evidence-based policy solutions.

Anne Turley
Chief Executive Officer
Melbourne Citymission
June 2006
Executive Summary

Over the past decade, the Commonwealth Government has paid substantial attention to welfare assistance through a raft of policy reforms that have sought to reduce the level of dependence of Australians receiving income support in the form of pensions and benefits. Despite the overall economic prosperity experienced by many Australians, Melbourne Citymission’s long experience in assisting individuals and families facing disadvantage shows that much more should and could be done to increase meaningful welfare-to-work transitions and thus reduce the levels of marginalisation currently being experienced in our community.

Melbourne Citymission is concerned that the latest suite of welfare reforms, with the extension of punitive measures applying to single parents and those with disabilities will further marginalise disadvantaged jobseekers. We do not believe these measures will increase participation or lead to sustainable employment. We therefore decided to seek the direct input of our service users to find out the opinions of those currently participating in employment assistance and receiving income support from the Government. The firsthand experiences of 186 clients have provided valuable insights into the effectiveness of current assistance and the likely impact of the latest suite of reform measures.

This report documents the findings of the survey and makes considered policy recommendations to ensure that vulnerable and disadvantaged jobseekers are not unfairly or inappropriately penalised under the new arrangements. Rather we believe our recommendations will assist to build a sustainable pathway to employment that acknowledges their backgrounds, experiences and capabilities.

Overall, the sample represented a younger cohort of clients than is usually seen across Melbourne Citymission as a whole. This was due to the eligibility criteria for participation in the survey that focussed on clients having prior experience of employment assistance and income support as jobseekers. The majority of participants were single and were receiving the Newstart or Youth Allowance. Almost a third of clients were living in unstable accommodation and almost half of all participants had left school at/or before Year 10.

Typically, the participants represent a group of marginalised and disadvantaged jobseekers whose circumstances and experiences make it extremely difficult for them to obtain meaningful employment as a pathway out of poverty. The current labour market may be characterised by a reported low level of aggregate unemployment, stubborn long-term unemployment and emerging skilled labour shortages. Our survey sample can be considered representative of the unemployed who ought now to be the focus of employment assistance reforms to ensure they have the training, skills and work readiness to compete for and fill job vacancies.

Participants were enthusiastic about the prospect of working, with the majority listing employment as one of their main goals for the next twelve months. Most participants also hoped to be in some form of training or study. Securing stable accommodation was also an important aspiration for a significant proportion of participants. There was no evidence of any reluctance to get off benefits and obtain work. Those with significant barriers to employment such as homelessness or chronic health problems acknowledged the priority for resolving these barriers first.
Participants were well able to describe the benefits of work with the majority listing financial security as an obvious important benefit. A significant proportion also listed independence and the ability to support themselves, as well as feeling productive and providing a sense of purpose and structure to their life.

The main factors preventing participants from finding work included a lack of experience, skills and training, ongoing personal issues and current housing crises. Surprisingly, job-seeking participants reported a very low level of participation in any employment or training programs in the last two years. Despite the range of reforms to the Job Network since its inception, this finding clearly indicates that some high needs jobseekers are missing out on vocational training and skills development.

A quarter of participants were unsatisfied with the assistance they received from Centrelink and almost half rated it as only ‘ok’. A critical aspect of their dissatisfaction was the inadequacy of their income support payments. Almost half reported difficulties paying for basic necessities such as food and accommodation on their current allowance.

Over half of all participants had at some stage been breached or had their payments suspended by Centrelink. Of those participants currently living in insecure housing, 72% had experienced a suspension or breach at some stage. As a result of their breach or suspension, almost half of respondents were unable to pay for necessities such as food and a quarter were unable to pay for accommodation. A number of participants stated that they became homeless as a direct result of their breach or suspension. Furthermore, a significant 13% of participants also reported resorting to illegal activities as a direct result of their payments being suspended. Illegal activities included theft, stealing food in particular and fare evasion.

The findings from this survey reinforce the practical ‘field experience’ of professionals delivering assistance to income support recipients with a range of barriers to social and economic participation. Disadvantaged jobseekers:

- Lack the qualifications, skills and work experience to be competitive in the 21st century labour market
- Have multiple barriers including lack of support networks, housing instability, chronic health issues and low self-esteem
- Lack the confidence and persistence to negotiate the complex array of employment assistance programs and procedures, and
- Are reluctant to disclose personal issues such as homelessness, substance abuse and family violence to Centrelink staff.

The participant responses serve to contradict current opinion that the unemployed lack the motivation to resolve their problems, improve their skills and obtain work. The overwhelming majority of disadvantaged jobseekers face structural barriers to finding work or have to overcome significant health-related and vocational skills barriers. A more effective employment assistance system should be predicated on an acknowledgement of the aspirations and hopes held by most jobseekers to make a better life for themselves and their families.
It is our view that the latest changes under the welfare-to-work legislation, to be implemented from July this year, do not address the systemic weaknesses in the current policy settings.

Centrelink should be adequately resourced to have in place processes that ensure effective engagement of disadvantaged jobseekers and full disclosure of all relevant issues and barriers to participation in work. This requires a review of the skills, training and distribution of resources within Centrelink. However, the responsibility for entry into income support, assessment for employment assistance and compliance with activity requirements should be retained by Centrelink, rather than be outsourced to external agencies with vested interests.

All Australians have a fundamental right to an adequate income to meet basic needs. Melbourne Citymission believes that the reduction in incomes of substantial numbers of recipients being shifted to Newstart Allowances will increase the level of financial stress and hardship faced by the poorest households in our community. This will limit their capacity to access services and resolve their barriers to employment, thereby increasing their dependence on welfare.

Melbourne Citymission calls on the Commonwealth Government to abolish the compliance framework and associated penalties for disadvantaged jobseekers. It is our view that the welfare-to-work changes will result in substantially higher numbers of disadvantaged income recipients failing to meet active participation hurdles that are inappropriate and not conducive to employment outcomes. The proposed penalty of 8 weeks loss of income support for non-compliance is too severe and fails a test of fairness. This measure is likely to lead to further marginalisation of already disadvantaged income support recipients.

Significant barriers to equitable participation in learning and skills development still exist - including ‘voluntary’ fees and charges imposed by public education institutions and the costs of transport. If we wish to maximise the participation of disadvantaged Victorians in learning, exemptions from fees and charges should be extended to increase equitable access and minimise exclusion because of financial hardship.

Current public transport costs (including the zoning system) unfairly penalise young people living in outer suburban locations who seek to enter post-secondary education, mainly at TAFE. Families in poverty also struggle to pay for a lump sum payment of an annual public transport card for their children attending school. Making public transport free for those students would remove one of the barriers to participation and assist in making education and learning inclusive for all Victorians.

A further barrier facing sole parents who seek to gain qualifications or skills is the lack of affordable childcare that allows participation in formal learning. Despite the welfare-to-work increase in childcare places pledged by the Commonwealth Government, a much higher level of resourcing is required to ensure that sole parents in disadvantaged communities who lack financial resources are able to access quality childcare that enables them to access training. This requires collaboration between Victorian and Commonwealth Governments to consider innovative solutions for child care facilities linked to training institutions.

The latest welfare-to-work changes do not make the employment assistance and income support provisions any simpler. Neither will these reforms increase the efficiency of assistance through reductions in the levels of churning, cross-referrals and advocacy.
between programs and providers. A further wave of reform is still necessary to implement a single customised support program for those with significant barriers to work. The principles of ‘joined-up’ case management with adequate resources to deliver a coordinated suite of training, work experience, health and welfare support based on individual needs should be adopted. A review of funding to employment assistance programs should be undertaken to simplify the provision of case management assistance to minimise duplication, simplify accountabilities, streamline pathways for disadvantaged jobseekers and to ensure equitable resources according to fully disclosed barriers. **Jobseekers referred to the Job Network as eligible for Intensive Support – customised assistance should be entitled to support that genuinely is ‘intensive’ and ‘customised’.**

Inadequate attention is paid to strategies that encourage and support employers (especially small business) to take on the long-term unemployed. Despite welcome initiatives by both State and Commonwealth Governments in some of these areas, a far greater level of investment is needed to sustain behavioural change by employers – particularly targeted at entry-level occupations appropriate to low skilled jobseekers.

Melbourne Citymission urges the Commonwealth and Victorian Governments to show leadership as employers through the implementation of policy initiatives to address the decline in levels of public sector employees who have disabilities or other significant barriers to employment. Such measures must be careful not to stigmatise employees within a work environment, however, much more should be done to ensure equitable employment opportunities for long-term disadvantaged jobseekers in the public sector.

More immediately, to improve the effectiveness of the measures being introduced, Melbourne Citymission urges the Federal Government to uncap the Personal Support Program (PSP) to enable eligible income support recipients to commence participation as soon as possible after assessment as applicable to the Job Network. It is also critical to the effectiveness of PSP, as well as other like transition programs such as JPET, that sufficient brokerage resources are provided to enable clients to access specialised assistance at the same level as those available to clients of the Job Network.

The active participation measures and compliance framework being introduced will result in many more disadvantaged households, including single parent families and those with disabilities, being unfairly penalised in the future. It is likely to result in increased demand at emergency relief and housing assistance services and lead to illegal activities such as petty crime and fare evasion. In effect, this policy shifts costs from one arm of government to another as well as to the welfare sector. It serves to further marginalise struggling households. It does little to improve welfare-to-work transitions.
Recommendations

1. Effective engagement and assessment of barriers to employment

1.1. Review Centrelink entry and assessment processes to ensure that vulnerable customers are effectively engaged. Clients must be encouraged to fully disclose barriers to employment to assist Centrelink to make effective referrals to the most appropriate assistance. A review of Centrelink staff training and the distribution of its resources for initial assessment, monitoring and follow-up of disadvantaged jobseekers is required.

1.2. Provide additional funding to the Job Network for specialist training, to strengthen the capacity and skills of ‘front end’ staff to engage and support disadvantaged jobseekers with multiple barriers to work.

2. Active participation and compliance framework

2.1. Abolish the compliance framework and proposed breach penalty of 8 weeks non-payment of income support for disadvantaged jobseekers, as fundamentally inconsistent with the right of all households to adequate income to meet basic needs.

3. Participation in training and skills development

3.1. Introduce measures to ensure all fees and charges at public education institutions (schools and TAFE) are waived for disadvantaged students to enable implementation of the Victorian Government’s commitment to ensuring full participation of disengaged people in learning.

3.2. Provide free public transport to all full time students from disadvantaged backgrounds at secondary and post secondary education institutions.

3.3. Increase the availability of affordable childcare to enable sole parents facing financial disadvantage to access training opportunities.

3.4. Ensure courses offered in existing secondary and tertiary learning facilities remain relevant to employment opportunities at the local community level. This should also include a review of the criteria for apprenticeships to ensure they relate more closely to core competencies for particular occupations, and thereby open up participation to more disadvantaged job seekers.

4. Integrated assistance to achieve sustainable outcomes for disadvantaged jobseekers

4.1. Address the needs and aspirations of disadvantaged jobseekers by making welfare support simpler and more efficient. This requires a single customised support program for those with significant barriers to work, adopting the principles of joined-up case management, with adequate resources to deliver a coordinated suite of training, work experience, health and welfare support.

4.2. Review the allocation of funds across the range of targeted programs (Job Network, PSP, JPET and DOES) and ensure resources equitably match the level and extent of barriers faced by individual jobseekers. The new JCA brokerage monies should be made available to all disadvantaged jobseekers.
4.3. **Implement substantive housing policy reform to increase the supply of low cost housing for disadvantaged job seekers.** This requires collaboration between the Victorian and Commonwealth Governments with the housing industry. Resources to enable ‘joined-up’ models of assistance that include transitional housing should be included.

5. **Encouraging employers to take on the long term unemployed**

5.1. **Increase capital funding to ensure employers undertake workplace modifications to facilitate employment of jobseekers with disabilities.** A targeted campaign should also be implemented aimed at changing the attitudes of employers to disadvantaged jobseekers, especially those with disabilities.

5.2. **Increase funding through the Wage Assist initiative from 5,000 to 20,000 places nationally to make a meaningful contribution to paid work experience for marginalised jobseekers.** The capacity for work related mentoring should also be increased, to enable support to employers (especially small business) who take on inexperienced jobseekers.

5.3. **Increase the proportions of disadvantaged jobseekers in the public sector workforce at all levels, with targets set for each Department.**

6. **Ensuring welfare-to-work reforms are effective and fair**

6.1. **Uncap the Personal Support Program to enable eligible clients to commence participation immediately (rapid referral), as applies to the Job Network.**

6.2. **Resource the PSP and JPET programs for brokerage to an equivalent level as available through the Jobseeker Account for Job Network clients.**

6.3. **Reconsider the proposed tender regarding the assessment of hardship for households who are penalised for non-compliance.** Any assessment of hardship should be undertaken by Centrelink and not contracted out.

6.4. **Review the Intensive Support model of assistance to marginalised jobseekers to increase support based on evidence of best practice.** Funding of intensive support should be sufficient to minimise ‘churning’ between programs and avoid transitions to inappropriate forms of activity such as Work for the Dole.

7. **Building workforce capacity and resilience for the future**

7.1. **Increase investment now to reduce unemployment by a further 2 to 3 percentage points through strategies that remove barriers to work faced by disadvantaged jobseekers.** Taking advantage of the current period of economic prosperity will reduce welfare assistance costs, improve economic productivity and significantly increase the resilience of the community to future economic downturn.
1. Introduction

Melbourne Citymission Services

Melbourne Citymission provides a wide range of services and support for people who are facing disadvantage and social exclusion in Melbourne. Programs provided cover the full life course from children and family services, disability services, aged care and palliative care.

A long term focus on employment, education and training has been established over time in response to the level of unmet needs in the community and the barriers which discourage or preclude young people and adults from actively participating in learning and skills development matched to their capacities and aspirations.

Melbourne Citymission currently provides the following programs focused on young adults aimed at improving their transition to social and economic participation:

- Jobs Placement Employment and Training (JPET)
- Youth Pathways working with 14 schools in the western metropolitan region
- School Focused Youth Service (SFYS)
- Tutoring Program for young people at risk of early school leaving
- Slingshot Community Enterprise and Employment Centre (SCEEC) providing a creative mix of education and training, job generation and creative activities with a focus on small business start-ups
- Personal Support Program (PSP)
- Western and Gateway Reconnect provides support and mediation for 12-18 year olds who have recently left home or are at risk of becoming homeless
- Youth Employment, Education & Training Initiative (YEETI) providing an integrated package of housing and vocational assistance to strengthen pathways for homeless young people
- Horn of Africa Young People’s Pathway Project assists young people and families understand and engage in employment activities
- MYSS (Melbourne Youth Support Service) is a statewide telephone and information service for accommodation and support
- Youth Transitions Model offers a case management approach with continuity of support across housing, health and employment for 16-25 year olds, and
- YP4 is a trial of joined-up services for marginalised adults aged 18-35 years experiencing homelessness and unemployment
- Young and Pregnant Parents (YAPP) provides young families (parents aged 15-25 years) with housing assistance and support during pregnancy and parenting to ensure transitions to social and economic participation.

The range of services and programs offered by Melbourne Citymission are underpinned by the key principles of:

- Engagement of the individual as a basis for assessment of needs and experiences,
- Continuity of support through a strengths approach to case based practice, and
- Integrated suite of assistance and resources matched to individual goals.
Background on Welfare Reform

Over the past decade, the Commonwealth Government has paid substantial attention to welfare assistance through a raft of policy reforms that have sought to reduce the level of dependence of Australians receiving income support in the form of pensions and benefits. Summary indicators of the increasing numbers of children growing up in households with no parent working, increasing numbers on Disability Support Pension, and the stubborn levels of long term unemployment (over 12 months) encouraged the consideration of reforms to employment assistance that acknowledged trends in household demographics as well as the labour market.

The starting point for considering the potential impact of employment assistance policies is an assessment of the state of the labour market, the main groups marginally attached to work and the key elements to current employment assistance.

Unemployment

Despite a record period of sustained economic growth over the past 15 years, which has led to a significant reduction in the aggregate unemployment rate down to 5.3% (seasonally adjusted), long term unemployment, teenage unemployment and underemployment remain significant and stubborn social policy concerns in Australia.

In January 2006, a substantial 556,800 people were unemployed (ABS 2006a). The proportion of this population unemployed for 12 months or longer has declined in trend terms to 18% (approximately 97,000). Over half of this group (56,000) have been unemployed for over 2 years (ABS 2006a). Whilst the long-term trend downwards since the last recession has been significant, there remains a large pool of jobseekers unable to lead productive lives through paid work.

In addition, the unemployment rate for Indigenous Australians and recently arrived asylum seekers is significantly higher: the unemployment rate for Indigenous Victorians has been estimated at 20% (ABS 2002) and 43% for asylum seekers who have been in Australia for eighteen months (DIMIA 2003).

Comparison of the ABS labour force survey data with DEWR income support recipient data provides a more pessimistic view. In December 2005, a total of 560,000 people were receiving Newstart Allowance or Youth Allowance (Other) payments. If those on payments who are exempt from job search activities are excluded, the total number of active jobseekers on payments was 402,800. However, over half (54%) of these - 215,880 people - were long term jobseekers (on income support for 12 months or more) (DEWR 2005). Other data suggest that the more marginalised jobseekers are missing out on the benefits of the economic boom and employment assistance: thus, over the five years to July 2003, there has been a 40% increase in the number of income support recipients who have been unemployed for 5 or more years (House of Representatives 2005:18 citing FaCS Submission data).

The teenage unemployment rate is substantially higher than the aggregate rate with one in five 15-19 year olds (21.9%) looking for full-time work in October 2005 (ABS 2005). Early school leavers remain at significant risk of long-term unemployment. Based on 2004 data, nearly one-third of the 86,500 15-19 year old early school leavers (Year 11 or below) were
neither employed or in education in the 12 months after leaving school [DEST 2005, citing ABS data].

The consequences of long-term unemployment on individual health and well being, and on children in families with no parent working, are significant, resulting in long-term costs in public expenditure (Ross 2002).

**Underemployment and insecure work**

The Commonwealth Government has claimed that,

> "The substantial reductions in long-term unemployment that have been recorded over the past nine years reflect clearly the Commonwealth Government's strong commitment to disadvantaged jobseekers and highlight the significant labour market improvements that are achievable when a Government is prepared to take the tough decisions on labour market reform." [Andrews 2006]

It may be argued that the overriding factor contributing to lower unemployment in the aggregate over the past decade has been the global economy, especially the demand for Australian primary produce and mineral resources. The labour market has changed fundamentally as we have shifted from an industrial to knowledge based economy (Ziguras et al 2004). The demand for labour has continued to be influenced by the growing dominance of the business and human services sectors. This has resulted in a more polarised labour market between those with relevant high levels of technical skills and competencies (for example, health and IT) and those with poor educational achievement and skills who are reliant on low skilled manual and service industries (cleaning, catering, maintenance, call centre occupations).

Whilst the former can command higher pay rates and remuneration packages, the latter are either locked out of work, or work for low or minimum wages under increasingly insecure arrangements. Analysis has shown the substantial shift away from full time career employment with a single employer for life to increasing part time and casual employment. This shift coincides with the higher levels of female participation in work and the increased proportion of families having both parents in paid work. However, two of the characteristic features of the post-industrial labour market are:

I. the level of underemployment, that is: unemployed parents and those with disabilities who would like to work; and those who move in and out of casual or short-term employment. In aggregate, it may be conservatively assumed that the total level of underemployment at least doubles the measured unemployment rate. ABS analysis shows that the unemployed (465,000) comprise only 26% of the total population (18 years plus) who are looking for work or would like a job [ABS 2006b]. A significant 321,700 people are employed part time for less than 15 hrs per week and would like more work.

II. the level of job mobility or churning of labour has increased with job flow rates of 12% [Ziguras et al 2004 citing Leeves]

Whilst there is a case that over the next decades, as the baby boomer generation moves into retirement, the demand for labour will increase thereby reducing the aggregate level of
unemployment, it is likely that entry level jobs will continue to require higher levels of skills and formal qualifications. Those most likely to obtain the part time and casual jobs on offer will continue to be women returning to work who have the capacity to refresh their skills, and tertiary students who increasingly need an income to pay for their studies. This scenario, in the absence of substantial policy shifts, suggests a growing residualisation of the unemployed with a pool of jobseekers who have a range of barriers including health, disability and personal conditions that leave them uncompetitive with the larger population of jobseekers, many of whom have recent work experience and skills. This marginalisation of the longer term unemployed will be exacerbated by increasing migrant intake of skilled workers at the behest of employers.

Under this scenario, policy reforms ought to be focussing on increasing the competitiveness of the marginalised jobseeker population through an integrated approach to vocational training and skills development with hands-on work experience and mentor support. At the same time, extra resources are needed to address the systemic barriers to ensure that employers of the low skilled can and do give opportunities to the more marginalised and disadvantaged jobseekers.

The following sections provide a perspective on the key categories of jobseekers who face significant barriers to a successful welfare-to-work transition as a basis for consideration of more effective policy settings.

**Sole Parents**

A demographic change over the past generation has been the growth in numbers of sole parent families now comprising 20% of all families with children. Whilst 80% of sole parent families receive some income support, only one third have no income other than welfare benefits (House of Representatives 2005).

Policy debate has hinged around expectations on sole parents in regard to work transitions against the imperative to provide support and care to their children in the early years. Comparison with other post industrial countries has pointed to expectations that single parents take up part-time work when their youngest child attends school (House of Representatives 2005: 44 citing CIS Submission). It is reasonable to expect sole parents to actively consider and prepare a transition from income support to employment as their children grow up and become self sufficient.

However, Federal Government policy has increasingly emphasised the importance of parenting, especially through the early years, to ensure that children maximise their potential. The challenge for policy makers is to ensure a consistent set of policies across family, employment assistance and income support that:

a. recognise the contributions of parents through their unpaid work in the household
b. places priority on the upbringing and support of children of all ages, and
c. encourages sole parents, through incentives, to make the transition to employment on their assessment of the impact on family well being.

There appears to be no evidence of dependence or lack of motivation of sole parents to escape poverty and improve their circumstances. Nearly half (45%) of sole parents with
school age children already have jobs, indicating this population’s aspirations for a better future (ACOSS 2005c). The challenge is to remove the barriers to work for parents. Support for parents to update skills and qualifications to make them competitive in the labour market; further reforms to child care provision to make it more accessible and affordable; and reductions in marginal tax rates are all vital to facilitate welfare-to-work transitions.

**Disability**

One in five Australians have some form of disability according to the Australian Bureau of Statistics (cited in Manpower Services submission to House of Representatives 2005). The participation rate by world standards of those with a disability is low with 21% having paid employment as their main source of income. The House of Representatives inquiry reported that:

> ‘Most people with a disability are already motivated to find work to improve their standard of living and the incentive to work is not the primary issue’ (House of Representatives 2005:51)

Whilst it is reasonable to support policy reforms that will increase the participation rate of those with disabilities, it needs to be acknowledged that the nature and characteristics of disabilities have changed over the past 30 years, which in part explains the increase in DSP claimants to its current level.

A profile of the primary medical conditions documented on Centrelink’s client database is shown in Figure 1 below. Three categories of conditions account for over 70% of all conditions suffered by those on Disability Support Pensions: musculo-skeletal or connective tissue problems, psychological or psychiatric disorders and intellectual or learning conditions (DFaCS 2004).

Under arrangements up until the new reforms, eligibility for DSP was based on a diagnosis of a disabling condition by medical experts, together with an assessment of a person’s capacity to work 30 hours a week within the next 2 years. As ACOSS rightly pointed out in a recent paper, there have been a series of misrepresentations about the accessibility and growth of DSP over the past decade, which cannot be substantiated by evidence (ACOSS 2005a). The profile of DSP recipients shows that they have serious disabling conditions that limit their capacity to be fully productive and competitive in the increasingly high skilled labour market.

ACOSS analysis has shown that the two largest recipient groups since 1990 have been women aged over 50 years and males aged under 50 years. One of the primary reasons for the increase of older women was the policy change that closed off other entitlements (ACOSS 2005a). In the case of working age males, the explanation for the increase of about 100,000 from 1990-2003 is less clear. ACOSS has suggested higher levels of mental illness and lower mortality rates from car and other serious accidents. It is reasonable to conclude that the improvements in medical treatment have resulted in the saving of lives of younger aged males involved in road and work related accidents. For example, 71% of DSP recipients with Acquired Brain Impairment (ABI) are male (DFaCS 2004).
In considering the work capacity of DSP recipients, it is important to understand that by far the largest numbers of new claimants granted DSP annually are people aged over 45 years who have musculo-skeletal/connective tissue conditions (DFaCS 2004).

A more considered analysis is necessary than that leading to the simplistic conclusions drawn by social commentators such as the Centre for Independent Studies (cited in House of Representatives 2005: 53) to inform sensible policy reforms. The ramifications of ill-conceived reforms on the well-being of those with disabilities and their capacity to meet basic needs would merely exacerbate social exclusion and result in cost shifting to the welfare sector.

The House of Representatives recent inquiry received substantial submissions to indicate the extent of systemic barriers to increased employment of people with disabilities including:

- discrimination by employers and lack of confidence to take on disabled jobseekers;
- perception held by employers that people with disabilities are less productive and reliable;
- difficulties facing disabled jobseekers in accessing vocational training;
- transport difficulties and costs to access and retain work; and
- costs to employers of ensuring workplaces are accessible.

The level of DSP recipients is not high by global standards. Those with disabilities who want to work face substantial barriers not of their own making and have to find jobs in a very competitive labour market. A substantial proportion of DSP recipients experience reoccurring illness or episodes of their disorder that inevitably impact on their capacity to be as fully productive as required by employers. They also require vocational training to provide the...
skills and experience appropriate to gain entry level job vacancies. Whilst policies that seek to maximise social and economic participation of those with disabilities should be supported, they must be based on solid evidence that avoids stereotyping if they are to improve their outcomes and wellbeing.

**Mental illness and unemployment**

A solid research evidence base now exists in support of the association between mental illness and unemployment – not only for those on Disability Support Pension with severe disorders, but also amongst those on Newstart, Youth Allowance and Parenting Payments. Analysis of ABS national survey data found substantially higher rates of mental illness (including substance abuse) amongst unemployed income support recipients [34%], single parents [females 45%] and all recipients [31%] compared to 19% for working age Australians not receiving income support [Butterworth 2003].

The experience of unemployment has a negative effect on psychological well being [Murphy and Athanasou 1999; Flatau, Galea and Petridis 2000]. Research has also shown that financial hardship and poverty contribute significantly to mental ill-health [Creed and Macintyre 2001]. It is also evident that loss of self-esteem, social exclusion and the stigma or embarrassment related to seeking assistance and income support from Centrelink contribute to mental illness, with some degree of age and gender variance [Ganley 2004].

Just as important in considering the most effective model of assistance to achieve a welfare-to-work outcome for the marginalised unemployed is the extent of co-morbidity of unemployment with housing crisis, mental illness and family breakdown. In a recent Victorian study of homeless jobseekers, 71% reported one or more personal factors or medical conditions affecting their ability to work or participate in employment programs. Forty-one per cent of this group reported drug dependency, 41% depression or anxiety, 39% another medical condition and 16% family breakdown [Parkinson and Horn 2002].

Another study of young people experiencing homelessness in Melbourne found that they have a range of multiple health concerns, concluding,

> 'Their experience of transience and often literal homelessness clearly affects their physical and mental health. Just as important, homelessness and social exclusion affects young people’s access to the range of health services, with minor illness or problems going untreated until becoming critical and young people more likely to use anonymous health services [for example 24 hour clinics].’ [Horn 1998:8]

Mental illness, such as depression, can have significant impact on a jobseeker’s capacity to find and maintain a job: it affects qualification and skill levels; reduces work experience and increases likelihood of discrimination by prospective employers. Its episodic characteristics, together with the effects of medication, limit job prospects and impact on productivity [Derr, Hill and Pavetti 2000].

Research has also shown that jobseekers with mental illness are less likely to be able to meet activity requirements and therefore are penalised and further marginalised by current policy settings [for example Parkinson and Horn 2002]. As has been documented previously
[for example Croft 2002], it is very important that both assessment processes and service delivery fully take into account the high prevalence of mental illness amongst long term jobseekers.

Despite this evidence, current welfare-to-work models of intervention pay insufficient attention to the importance of responding to mental illness in parallel with assistance to resolve other health and personal barriers and employment-targeted assistance.

Melbourne Citymission’s long experience in service delivery to disadvantaged jobseekers supports the conclusion from the above analysis that these groups in general face significant barriers to finding sustainable work. We describe them as marginalised from the evolving labour market because of macro-economic trends and systemic factors. Behavioural factors should be considered as peripheral in the design of good policy to address the main barriers to participation.

The great majority of individual jobseekers, as active change agents, will continue to work for their own improvement and better health. Rather than further marginalise vulnerable jobseekers, through policy settings targeted at the very small minority of poorly motivated income support recipients, program reforms should be based on soundly based principles and effective interventions. These should include:

- I. effective engagement and assessment of multiple disadvantaged jobseekers on entry into Centrelink
- II. resourcing of employment assistance that fully reflects the level and extent of barriers and enables timely access to specialist services
- III. a strengths based model that integrates support and assistance and coordinates services across health, housing, training and work according to an agreed case plan.

**Employmen t Assistance**

It is not the purpose of this report to detail the chronology of welfare reforms. Rather this section provides a policy context as a basis for understanding the findings of our research and the development of policy solutions to ensure that disadvantaged and marginalised Australians are not further penalised or excluded from opportunities to make the transition to sustainable employment through the latest set of changes being introduced from July.

Following their election in 1996, the Coalition Government set about reforming employment assistance by replacing the short lived Working Nation package introduced by the Keating Government. The emphasis of the new Job Network was to rebalance the weight of resources towards getting the short term unemployed back into work as quickly as possible through low level job matching and job search help provided by a new contracted arrangement of Job Network providers (for profit and community based not-for-profit agencies). The changes in part acknowledged the recovery in the economy since the earlier recession and changing nature of the labour market with growing casual and part time work.

Compared to the prior Working Nation suite of programs, employment assistance under the Job Network allocated fewer resources to the long-term unemployed, focussing instead on job matching and job search training for those considered ‘job ready’.
In response to criticism and advocacy from the community sector, a new form of assistance – the 'Community Support Program' was funded to provide assistance to those income support recipients on Newstart or Youth Allowance who were not considered 'job ready' due to a range of personal factors.

The implementation of the Job Network involved a substantive restructure of welfare program delivery, which included the end of the Commonwealth Employment Service (CES). Under former institutional arrangements, the CES had been responsible for employment assistance for the unemployed whilst Centrelink held responsibility for income support eligibility and payments. Under the new arrangements, three substantial reforms were introduced:

I. contracting out employment assistance service delivery through the Job Network
II. pooling together resources within a single entity - Centrelink - for assessment of eligibility for both income support, other forms of benefits and eligibility for employment assistance
III. introduction of a triage structure for employment assistance based on assessment of 'job readiness' that categorized jobseekers into different levels of assistance through the Job Network, with payments to service providers based on individual outcomes achieved for their clients

Longer term unemployed clients that disclose barriers such as low education, poor literacy or homelessness are referred to the Job Network under the category of Intensive Support – customised assistance. Additional resources are available for Job Network providers to resolve barriers to work and so achieve a job outcome. If their Centrelink assessment indicated they are not ready to participate in employment assistance, they may be referred to the Personal Support Program. Alternatively, a supplementary assessment would be arranged to assess any chronic illness, permanent disability or incapacity which may lead to transfer to a Disability Support Pension and the option of participating in disability open employment services.

The assessment procedures applying to our study participants are outlined in more detail below. Since its inception however, the Job Network has undergone significant contractual and procedural change to improve both its efficiency and effectiveness. Having established a wide mix of commercial and not-for-profit Job Network providers nearly a decade ago, there is ongoing pressure on the Commonwealth Government to ensure their viability through adequate flow of clients from the unemployed population – which has been declining over this period (notably the short term unemployed with skills). The extension of employment assistance provisions, through the latest set of changes, to single parents and those with disabilities serves to provide an additional supply of clients to the Job Network. A key question will be how well resourced and skilled are Job Network providers to engage and support jobseekers with multiple barriers to work. This study’s findings shed some light on this question.

Whilst the emphasis of this study is on policy settings that fall under the control of the Commonwealth Government, State Governments play an important role in employment assistance through economic policy settings, education, training and job pathways programs. The Victorian Government has implemented a range of reviews and reforms to improve the skills and capacities of those seeking work and to remove the barriers to increased workforce participation and productivity. Recent initiatives have included:
The Workforce Participation Taskforce 2005 (Victoria: Working Futures)
Workforce Participation Partnerships (replacing the Community Jobs Program and Jobs for Young People)
A Fairer Victoria 2005 and associated Action Plan
Maintaining the Advantage: Skilled Victorians Package ($241m) announced in March 2006

These reforms comprise a third wave of activities that seek to build on the earlier agendas of ensuring economic growth across Victoria and rebuilding basic infrastructure and capacity in the core social domains of primary health and education.

These recent initiatives will substantially improve the skills and qualifications of jobseekers through a more responsive and accessible learning environment. The commitment to a ‘learning guarantee’ so that all Victorians under 20 years can complete Year 12 or an equivalent vocational qualification is especially welcome. However, building capacity, in the form of learning facilities (for example, the four new Technical Education Centres) and additional places, by itself will not enable full participation of young adults who have become disengaged from learning due to family circumstances and poverty. Effective support is required to overcome the personal and financial barriers to learning as highlighted through our consultations with disadvantaged jobseekers.

**Mutual Obligation**

Contrary to common misconceptions, the concept of mutual obligation predated the Coalition Government’s first wave of welfare reforms. The Keating Government’s Working Nation included expectations on jobseekers in return for higher levels of personalised assistance. Targeted assistance for the long term unemployed (18 months) included access to 6 months work or training but was accompanied by ‘...stronger penalties for jobseekers who do not meet their obligations under the Job Compact.’ [Commonwealth of Australia 1994: 117]

The Commonwealth Government significantly strengthened obligations on jobseekers through a range of activities imposed on jobseekers to ensure they undertook job search, work experience or training options. A key plank of mutual obligation has been Work for the Dole which commenced in 1997 as a pilot aimed at first to 10,000 young adults aged 18-24 years, but was subsequently extended as a key element for improving the motivation of jobseekers, increasing their skills and job readiness and hence to improve employment outcomes. In return for receipt of income support, Work for the Dole participants are expected to work on community based projects that improve their employability and make a contribution back to the community. A range of other programs have been subsequently introduced as options for jobseekers to take up to fulfil their mutual obligation or active participation requirements depending on their circumstances and preferences.

The philosophical principle underpinning these arrangements has been that welfare dependency has been increasing over time due mainly because individuals who experience significant periods of unemployment too often lack the motivation to search for work or take up job opportunities that exist in the community. A link is invariably made with the relatively
high levels of income support payments compared to minimum wages (and related high marginal tax rates) that act as disincentives to finding work.

The development of mutual obligation measures is one of the policy responses that have emerged from neo-liberal positions that emphasise the autonomy of individuals to make their own way to maximise choice and self-reliance. Margaret Thatcher’s famous comment that there is no such thing as ‘society’ epitomises the extreme end of this philosophy. In Australia, conservative commentators, following the lead of US advocates, have used this ideological position to push for substantial reductions in expenditure on welfare by stressing the level of welfare dependency, including generational transfer of dependency to the children of those on income support. This position is exemplified by Lucy Sullivan’s claim that poverty is primarily the consequence of poor or inappropriate behaviour by individuals (Sullivan 2000).

If individuals are responsible for their predicament and actions, then it follows that they need to be ‘coerced’ to gain skills and find work – to free themselves from dependency on the welfare state. A key element then to the provision of welfare is that of individual responsibility for one’s own predicament. If unemployment is viewed as a choice or consequence of individual actions, then the unemployed should be expected to give something back to the community in return for receipt of income support. The Commonwealth Government’s response to the McClure Report on welfare reform articulated this expectation succinctly as:

‘People with jobs work for their wages; those receiving income support should likewise give something in return for their payments, if they can.’ [Vanstone and Abbott in Australians Working Together 2001:14]

This view runs counter to the rights argument that presumes all citizens have an intrinsic right to support from the community through government services or assistance to ensure they obtain basic needs that enable good health, social and economic participation. Rather than a punitive approach as advocated by Lawrence Mead in the United States (Mead 1997) and over the past few years by the Centre for Independent Studies here in Australia [for example Saunders 2004], jobseekers are seen as disadvantaged citizens who face a range of barriers in the labour market that render them unemployable (at least in the short term) or less competitive than the majority of jobseekers in the labour market.

This alternative paradigm places primacy on social cohesion and interconnectedness that assumes a mutual responsibility by those with wealth and power to lend support to give ‘a hand up’ to those facing disadvantage and exclusion from opportunity. It assumes that the predicament of the unemployed is mainly the consequence of structural factors beyond their control, for example the global economy and macro-economic settings that influence demand for labour and of changes in the type and level of skills need by employers. The simple aggregate indicator that there are about 6 unemployed people for each job vacancy is evidence of the role of structural factors that contribute to reliance on income support (House of Representatives 2005).

Left leaning governments accept that there are barriers facing the unemployed who are relatively uncompetitive in the labour market essentially because there are more jobseekers than there are job vacancies. This more ‘supportive’ perspective is also based on an acknowledgement that many jobseekers have a range of personal factors such as poor health, low educational achievement, family conflict and abuse and homelessness, which contribute to their uncompetitiveness. These factors also contribute to the levels of
discrimination against certain categories of jobseekers, including those with disabilities, new migrants and ex-prisoners. In this environment, marginalised jobseekers require support, vocational training and skills development to enable pathways into paid work.

The principle of mutual obligation is now widely accepted as a key element of welfare policy. The history of welfare reform over the past decade shows an underlying harsh and punitive approach to welfare program design punctuated by a series of softening measures as evidence comes to light of the impact of obligations placed on vulnerable and marginalised income support recipients. Despite the lack of evidence in support of active participation measures producing substantive outcomes in terms of meaningful transitions to work, successive reforms continue to extend the principle of mutual obligation to additional categories of income support recipients, such as those with disabilities and sole parents with school aged children.

The weight of evidence has in fact shown that the compulsion aspect to active participation has resulted in further marginalisation and exclusion of significant numbers of jobseekers, primarily through the impact of breaching on their capacity to meet basic needs. Analysis of the reasons for breach penalties (and the level of errors) shows that the majority have been imposed for contraventions of the rules under mutual obligation – not fraudulent or deceptive behaviour (ACOSS 2000; Pearce, Disney and Ridout 2002).

According to ACOSS, the Job Network (2003/4) made 281,000 recommendations to Centrelink for suspension of income support payments under current activity requirements. On review, however, Centrelink implemented only 15% of these suspensions – indicating both the inefficiency of suspension procedures and the extent of unfairness by inappropriately targeting vulnerable jobseekers (ACOSS 2005b).

In a recent study funded by the Commonwealth Department of Family and Community Services, the Social Policy Research Centre made an assessment of the impact of breaching on income support recipients (Eardley at al 2005). Whilst the researchers were unable to conclude that breaching is disproportionately focussed on the most vulnerable, there is clear evidence that jobseekers with substantial and often multiple barriers to participation were penalised and experienced significant hardship due to their vulnerability. The small sample (1005 respondents) and telephone interview would have resulted in under disclosure of personal barriers. Despite this limitation, the findings showed:

- 25% reported disability or health problems
- 8% reported a mental illness
- 9% had difficulty with written English
- 32% had moved house more than once in the previous year
- 4% had moved house more than 5 times in the previous year

These prevalence figures support the argument that compliance measures penalise marginalised and disadvantaged jobseekers. Their study also found substantial levels of hardship amongst breached jobseekers with multiple cash flow problems and one in five undertaking ‘risk taking’ activities [Eardley et al 2005]. Breach penalties act to further marginalise already vulnerable jobseekers.

The justification for the punitive and harsh active participation arrangements is predicated on unsubstantiated myth. It fails the test of fairness, morality or efficacy – except if the objective
is primarily to reduce the number of people claiming unemployment benefits and reduce the budget cost of income support in the short term.

Coercion to undertake activities that are considered unproductive or irrelevant to individual goals and aspirations will inevitably be counterproductive. The insistence on meeting a continual cycle of ineffectual activities (jobseeker diary and employer certificates) inevitably trips up jobseekers experiencing ill health and other personal barriers.

Mutual obligation should require a commitment by government to ensure that:

- Decisions on resources made available to jobseekers are based on procedures that provide a reasonable and fair opportunity for complete disclosure of relevant background information and personal factors that may be barriers to obtaining work
- Exemptions to activity test or participation requirements are available to vulnerable and disadvantaged income support recipients
- Employment assistance and vocational training opportunities should be accessible and adequately resourced for vulnerable and disadvantaged jobseekers in a form that acknowledges a gradual progression to sustainable outcomes

**Assessment of Job Readiness and Work Capacity**

A critical element of employment assistance is the assessment of the range of possible barriers faced by jobseekers in either finding work or maintaining a job. Centrelink customer support staff have had the pivotal function of initial assessment of eligibility for income support and for screening jobseekers using a ‘looking for work’ questionnaire that categorises individuals for different levels of employment assistance or for specialist services (such as PSP or Disability services) through the Jobseeker Classification Instrument (JSCI).

Under the original Employment Services Contract arrangements there were three categories of assistance:

- **Job Matching**: matching eligible jobseekers with employment opportunities, assistance with resumes and identification of skills
- **Job Search Training**: targeted at those unemployed for 3 months or longer who lacked job search skills and needed a higher level of training as a precursor to searching for work
- **Intensive Assistance**: provided individually tailored assistance for up to 12 months to the long-term unemployed with barriers to employment

The JSCI uses a suite of indicators including duration of unemployment, personal or health related barriers, homelessness, indigenous background, literacy and prior imprisonment to provide an aggregate measure of job readiness used to allocate the jobseeker to a particular level of assistance provided by the Job Network. If Centrelink assessment procedures disclose significant barriers to employment, clients are referred to a supplementary interview with specialist staff to assess disability and capacity to work as well as eligibility for specialist
programs such as the Community Support Program (subsequently the Personal Support Program).

The front-end assessment by Centrelink has been and remains critical to matching the requisite level of assistance with the individual needs of the jobseeker. This has been a significant weak point in employment assistance that successive reforms to the Job Network have failed to rectify. The process assumes that all jobseekers will be comfortable in fully disclosing to the Centrelink interviewer their personal issues such as substance abuse, chronic ill health, homelessness or family violence and breakdown. The consequences of non-disclosure are substantial, in that the jobseeker is assessed as job ready when in fact they may not be, and in consequence s/he is assumed to be capable of meeting active participation (formerly mutual obligation) requirements.

Previous research has shown that marginalised income support recipients are reluctant to disclose personal issues at a first interview and that their Centrelink files are incomplete or inaccurate (Parkinson and Horn 2002). A substantial proportion of breaches for not meeting mutual obligation requirements have been due to placing unfair and inappropriate expectations on vulnerable jobseekers (Pearce, Disney and Ridout 2002). Further, breach penalties were imposed without first undertaking a thorough review of the individual’s circumstances. The softening of penalties for breaches introduced in reaction to community based research evidence was an acknowledgement of the high prevalence of inappropriate penalties imposed because of incomplete assessment or unfair expectations placed on vulnerable jobseekers which were being overturned on appeal or review.

A fundamental principle to ensure efficient use of resources and effective employment outcomes is to have in place assessment procedures that engage disadvantaged income support recipients in a non-judgemental manner and obtain full details of their backgrounds, health issues and other personal factors that contribute to their unemployment and work capacity. Policy makers have designed a system for managing income support and employment assistance using Centrelink as the single gateway. The huge volume of business on Centrelink and the drive for cost efficiencies have combined to encourage procedures aimed at the 80% of clients who are able to negotiate the system, represent themselves and are not disadvantaged to a significant degree by ill health, homelessness or personal crisis.

The 20% of ‘vulnerable’ Centrelink clients are put at further disadvantage because of the emphasis on procedures targeted at the majority. A typical scenario is that of a young adult experiencing mental illness and transience who is penalised periodically for failing to attend appointments with Centrelink or Job Network provider because s/he did not receive the appointment letters sent automatically to out of date addresses.

A consistent weakness of employment assistance systems to date has been that the most vulnerable with complex personal or health issues continue to be adversely impacted by the design of the system which has been influenced strongly by ideological assumptions about the behaviour of the unemployed.
Importance of evidence based policy reform

A valid criticism of the past decade of welfare reforms is that program changes have been rolled out with insufficient trials to evaluate their effectiveness, viability or efficiency. This is evident by the frequency of modifications to contractual arrangements, resourcing and governance, as well as the introduction of supplementary programs to fill gaps or fix weaknesses in assistance. Most evaluations undertaken and resourced by government departments to date have focused on performance monitoring and accountability of contracted providers, for example, the star rating system. The lack of stability of program resources, structure and guidelines inhibits robust evaluation of the key elements of welfare assistance using defensible indicators of outcomes, efficiency and cost benefits.

Objective comparison of welfare program effectiveness is also affected by take-up rates, compliance, attachment and displacement effects on jobseekers. In addition, the external economic conditions and labour market trends also limit our capacity to compare policies and programs across different periods. The Independent Review of the Job Network was sceptical of the outcomes claimed by the Government for the Job Network in concluding:

"Taken together, biases and methodological difficulties suggest that past evaluation studies have overstated the net impacts of Job Network (and earlier) programs. While even a rough estimate is difficult, the Commission considers that the net impact of IA [Intensive Assistance] program is likely to be considerably less than the 10 percentage points reported in the net impact study." (Productivity Commission 2002: 5.23)

The contracting out of service delivery through the Job Network, as well as competitive tendering of other programs such as the Personal Support Program and JPET at frequent intervals, also prevents the transparent inquiry and documentation of their effectiveness in the public domain. Contracted providers are inhibited from critical examination of programs to which they have become dependent for payments. In addition, governments are able to hide behind the defence of commercial confidentiality and probity to avoid publishing performance data or funding substantive evaluations that may render them liable to political criticism. It may be argued that this trend reflects the increased politicisation of human services and the growing interdependence of government and public sector.

The net result of these trends in the provision of welfare services is the lack of robust evidence involving all stakeholders as a prerequisite to sensible and timely policy reforms. It is frequently left to community-based organisations and peak bodies (such as ACOSS) to undertake their own research and advocacy on emerging weaknesses in policies or programs. A typical example has been the history of breaching of disadvantaged jobseekers already mentioned.

More recently, the pilot to test reform arrangements for DSP recipients concerning engagement in employment assistance is an example of the current dysfunctional policy development process. The findings of the pilot showed substantial concerns about the proposed changes in terms of effective engagement and outcomes: less than 10% achieved a job outcome and nearly half (43%) failed to complete the program (House of Representatives 2005; DEWR 2004). The Committee accepted that the pilot had excluded 'jobseekers who had high level and ongoing support needs'. (House of Representatives 2005: 163) As the Committee’s Dissenting Report noted, the sampling framework was flawed resulting in an
unrepresentative participant group (House of Representatives 2005: 198). Yet, despite this evidence, key policy measures trialled in the pilot are still being implemented through the welfare-to-work reform package.

**Summary**

Welfare policy directions over the past decade in Australia have largely followed the conservative ideology adopted in the USA which assumes that poverty is primarily behavioural rather than structural; that unemployment is an individual responsibility; that welfare support has been too generous, increasing dependency; and that income support is conditional rather than a right. The obligations on the well-off to support the disadvantaged and vulnerable are therefore substantially reduced. Under this ‘work first’ agenda, it is assumed that the unemployed invariably lack the motivation to obtain work or improve their skills without some degree of coercion.

Welfare reforms introduced to date have focussed on measures of compliance and obligation of jobseekers, despite the rhetoric of enhanced services to assist the unemployed. The final Report of the Inquiry into Welfare Reform included a broad set of measures to strengthen social and economic participation:

- Individualised serve delivery
- Simplified income support structure
- Increased incentives and levels of financial assistance
- Mutual obligations on all stakeholders (government, business, community and individuals using the system) [DFaCS 2000]

The Report advocated a far more holistic response to achieve significant improvements in welfare-to-work transitions for those on income support capable of work and to maximise social participation for those incapable of paid work. However government reforms to date have failed to address critical aspects of welfare support in an integrated manner that removes the structural barriers to employment (including marginal tax burdens), ensures timely access to vocational training targeted at entry level jobs for the low skilled, offers wage subsidies, tax credits and other incentives for employers to take on the long term unemployed and provides adequate levels of funding to enable integrated support to the most vulnerable and marginalised.

Independent evidence from evaluation and research into the effectiveness of these reforms suggests that the overall budget cost to the Commonwealth Government of employment assistance has been reduced, but with minimal if any net improvements in substantive outcomes for jobseekers [Productivity Commission 2002:5.24]. In addition, research has shown that significant numbers of disadvantaged jobseekers have been unfairly penalised and further marginalised through no fault of their own. In response to public pressure, the Government has partially modified elements of welfare assistance to soften the impact of mutual obligation and to correct identified policy weaknesses.
Following the 2004 Federal Election, the Commonwealth Government has sought to introduce a further set of reforms to employment assistance in its quest to reduce perceived dependence on welfare and income support. The latest round of changes to income support and employment assistance implemented from July 2006, following legislation passed at the end of 2005, expand the ‘active participation’ requirements to additional categories of single parents and those with disabilities who meet a new work capacity test.

This latest suite of measures shows that the philosophy underpinning government policy on employment assistance remains the same. The emphasis of these measures is on the punitive elements of the pre-existing policy. It assumes that the majority of income support recipients are poorly motivated to find work and get off benefits, and in many cases are happy to rely on benefits – the so called ‘bludgers’. There is no defensible evidence to support this position.

The weight of evidence indicates that a larger proportion of vulnerable jobseekers are further disadvantaged by current policy settings rather than assisted to find sustainable pathways to work. In addition, the positive experiences and outcomes of more inclusive welfare-to-work policies implemented overseas have largely been ignored (for example, in Denmark: see Martyn 2006).

Despite the welfare reforms of the past decade and the strong economy, there remains a large cohort of long-term unemployed and under employed Australian adults. Many of these remain uncompetitive in the current labour market as they lack the skills and work experience to obtain entry-level jobs in the growth industries. At the same time we have growing labour shortages.

Melbourne Citymission became concerned that these latest reforms, with the extension of punitive measures to single parents and those with disabilities, would further marginalise the more disadvantaged jobseekers without leading to better outcomes. We therefore decided to seek the direct input of service users to find out the opinions of those receiving income support from the Government and already participating in employment assistance.

Case Study - Cliff (43 years)

Cliff is a single man who has an acquired brain injury (ABI) from a car accident and a diagnosed mental illness. Cliff lives in public housing. A case manager through the ABI Community Access program currently supports Cliff to live in the community.

Cliff is employed as a general office hand for 15 hours per week, which he works over 3 days. He was assisted by a Disability Open Employment Service to gain this position. He currently owns his own car, which enables him to drive to work. Cliff would have difficulty getting to work should he have to rely on public transport.

At present Cliff receives Award wages for his employment and is in receipt of a part Disability Support Pension (DSP). His total weekly income is just able to meet basic needs, which include food, utility bills, car running costs and medication for his disability. For Cliff, recreational activities are considered a ‘luxury’ and do not fit into his weekly budget.

Cliff’s employer has recently undertaken an organisational restructure, which has resulted in his position being made redundant. As he is a long-term recipient of DSP, he should not be affected by the welfare-to-work changes. However, he again faces the prospect of a difficult search for work.

Note. Someone in Cliff’s position after July 2006 would not be eligible to receive DSP with its higher level of payments. They would receive Newstart Allowance and have to meet the new compliance provisions. Any significant reduction in income for someone like Cliff would mean reliance on public transport, as they would be unable to afford to run a car. This would lead to greater social isolation and increased difficulty in meeting active participation requirements.
Their experiences offer a valuable firsthand insight into both the effectiveness of the system and the probable impact of the latest round of reforms to be introduced from July.

This report documents the findings of a survey of 186 clients and makes considered policy recommendations to ensure that vulnerable and disadvantaged jobseekers are not unfairly or inappropriately penalised under the new arrangements, but rather they are assisted on a sustainable pathway to employment that acknowledges their backgrounds, experiences and capabilities.
2. Survey Methodology

Research questions

The study sought to find out how Melbourne Citymission clients were currently being affected by policies regarding employment assistance and income support and sought to answer a number of research questions including:

- What are the barriers our clients experience when trying to find work?
- What do our clients consider useful for helping them find employment?
- What do our clients perceive as the benefits of working?
- What are our clients’ experiences of Centrelink?
- What impact are current Centrelink policies of breaches and suspensions having on the lives of our clients?
- What are our clients’ experiences of the Job Network?
- What future hopes and aspirations do our clients have?

Methodology

The primary data collection comprised interviews with a broad sample of Melbourne Citymission service users who met eligibility criteria relating to their participation in employment assistance and reliance on income support payments.

A structured survey questionnaire was designed to obtain client experiences of employment assistance, Centrelink, and training previously undertaken. Demographic information, work history and aspirations for the future were also collected (see Appendix 1). The survey questionnaire included a mixture of structured questions with pre-coded responses together with open-ended questions to allow participants to expand on the particular issues. A thematic analysis was undertaken of open-ended responses.

The survey was designed to be brief (less than 10 minutes) in recognition that a substantial proportion of likely participants were using crisis assistance services. This category of marginalised jobseekers experiencing some level of personal crisis or hardship often miss out in having their voices heard, so it was considered important to design the survey to facilitate inclusion of this needs group. This meant design of a short questionnaire that could be undertaken whilst clients were waiting for appointments to see Service staff or immediately following their appointment.

The questionnaire was piloted with four clients at one of the participating programs (Frontyard Youth Services). Minor changes were made to the language of some questions and ordering of the survey.

In addition, a series of case studies were collected from participating services to provide in-depth accounts of the experiences of clients on income support. Case study material typically included: type of income support, current barriers to accessing education and employment, and support required to find and maintain work.
Eligibility

Clients that met one or more of the following criteria were invited to participate in the survey:

I. unemployed, in the labour market or looking for work
II. had used Centrelink to obtain benefits or pensions or to be interviewed for work capacity
III. had tried to obtain or are receiving employment assistance from the Job Network or other support services, including Personal Support Program and JPET
IV. planning to seek work or obtain employment assistance within the next 6 months.

Sampling

Melbourne Citymission services that worked with clients who met any of the above criteria were selected to distribute the survey. Those clients that met the eligibility criteria were invited at an appropriate time by their Melbourne Citymission worker to participate in the survey. A sampling template was developed to assess interviewer resourcing and provide a target participation rate depending on the type of service (eg, crisis assistance, transitional support, long term case management).

A target of 150 clients across participating Melbourne Citymission programs was agreed. The estimated fortnightly client numbers using participating Melbourne Citymission services totalled 645 adults. The target sample therefore would represent approximately 23% of service users.

Procedure

The survey was conducted over a two-week period between Monday 5 December and Friday 16th December 2005.

The interviewers and support workers were provided with an information sheet that explained the survey and procedure [see Appendix 2]. Interviewers invited clients to participate by verbally explaining the survey and providing a copy of the ‘information sheet for participants’ [see Appendix 3]. Before beginning the survey, clients were reassured about confidentiality and their informed consent to participate was obtained [see ethics section below].

Most participants completed the survey with an interviewer who was independent of the program. Interviews were conducted in a private and quiet location. In some instances when a client indicated that they would like to answer the survey independently, participants were able to do so once the survey was explained and consent had been obtained. Clients completing the survey independently were able to discuss any questions they may have had with an interviewer during the survey.

On completion of the questionnaire, clients were reimbursed $10 [voucher or cash] to compensate for their expenses and time.
Ethics

Confidentiality

All surveys were conducted in the strictest confidence, in a quiet and private space. No identifying information was recorded on the survey form. It was explained to all participants that the answers they gave would have no effect on the assistance they received at Melbourne Citymission at that time or in the future.

Consent

Consent to participate was obtained prior to conducting the survey, once the survey had been carefully explained verbally, and an information sheet for participants had been provided.

Debriefing

Although the survey did not include any personal questions, it was acknowledged that the survey might have raised issues of a personal nature for some clients. Interviewers were instructed to be sensitive to the client's attitude and state of mind during the interview. Interviewers were available to answer any questions participants might have had during or at the completion of the survey. When necessary, interviewers were to ensure that the participant was able to talk to someone after completing the survey if they needed to discuss any concerns from the survey.

Limitations

Due to the variety of services recruited to participate in the survey, there were a relatively large number of interviewers and inevitable variations in interviewing styles occurred. Consequently some of the open-ended questions were answered in more detail depending on the interviewer, and occasionally clients choosing to complete the survey independently misinterpreted questions.

Case Study – Jane (38 years)

Jane is a single mother with one child and has been on Parenting Payments for 12 years. When she first came to Melbourne Citymission for help, she was living in a very poor quality private rental property considered uninhabitable for humans. The property was to be sold and Jane was therefore evicted. She had been able to manage the rent, as it was very low, but had been struggling to make ends meet from week to week. Jane had other support issues that included heroin addiction, dental problems and health concerns.

Jane has now managed to stay off heroin for over 2 years. She has been assisted to obtain dental treatment and will soon receive dentures. She has also recently moved into her new Office of Housing property. Jane would eventually like to enter the work force and/or study. She also aims to live a life free of workers, with the ability to manage her own life.

Jane has had no prior work experience and has only completed school up to Year 5. Until dental work is completed, she is also unable to present in an aesthetically pleasing manner, which also impacts on her self-esteem. Jane relies on public transport, which at present she can only budget enough for her son to travel to school. She maintains a strict budget and there is no extra money for new clothes, additional transport costs, childcare or costs associated with finding employment. In order to obtain and maintain a job, Jane will need an environment that is supportive, education or training that is targeted specifically at her level of competency, access to free childcare, assistance to obtain clothes and affordable transport.
Not all services across Melbourne Citymission were able to recruit participants due to the nature of their service type and the eligibility criteria. Consequently the study yielded a sample with a high youth representation and the experiences of older jobseekers may be underrepresented. In part this also is a reflection on the type of programs and geographic regions in which Melbourne Citymission operates in metropolitan Melbourne.
3. Profile of Participants

A total of 186 Melbourne Citymission clients agreed to participate in the Employment Chances 2005 Survey. Based on the estimated number of 645 adult clients using the participating services, the survey achieved a sample representing 29% of clients accessing those services over the two-week period.

Males and females were equally represented in the participant sample (49% male and 51% female). The median age of participants was 20 years, with an overall age range of between 15 and 50 years old. As illustrated by Figure 2, the majority of clients were aged under 25 years (86%), with a much smaller proportion of clients in the 26-35 year (9%) and 36+ (5%) age groups.

![Figure 2: Participant age by gender](image)

The majority of participants were single (77%) with a slightly higher representation of males (59%) than females (42%) amongst these participants. A small proportion of participants were single parents (or pregnant) (12%), partnered with children (5%) or partnered without children (5%).

Most participants were either receiving Youth Allowance or Newstart (71%) as their main form of income (see Figure 3). Other main forms of income included Parenting Payments (9%), Disability Support Pension (8%), wages or own business (5%) and Austudy (4%). A small percentage of participants were receiving no income (3%).
Almost a third of all survey participants were living in unstable accommodation (29%) with a further 27% staying with family or friends [see Table 1]. About a quarter were living in independent secure accommodation (27%) and 17% were living in community or transitional housing.

Table 1: Participant housing type

<table>
<thead>
<tr>
<th>Housing Type</th>
<th>N</th>
<th>(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community/Transitional Housing</td>
<td>31</td>
<td>(17%)</td>
</tr>
<tr>
<td>Public Housing</td>
<td>28</td>
<td>(15%)</td>
</tr>
<tr>
<td>Staying with family/friends rent free</td>
<td>28</td>
<td>(15%)</td>
</tr>
<tr>
<td>Staying with family/friends paying rent</td>
<td>23</td>
<td>(12%)</td>
</tr>
<tr>
<td>Emergency accommodation/ refuge</td>
<td>23</td>
<td>(12%)</td>
</tr>
<tr>
<td>Private rental property</td>
<td>21</td>
<td>(11%)</td>
</tr>
<tr>
<td>Hostel/ rooming house</td>
<td>15</td>
<td>(8%)</td>
</tr>
<tr>
<td>Car/tent/park/street/squat</td>
<td>9</td>
<td>(5%)</td>
</tr>
<tr>
<td>Hotel/motel</td>
<td>3</td>
<td>(2%)</td>
</tr>
<tr>
<td>Caravan park</td>
<td>2</td>
<td>(1%)</td>
</tr>
<tr>
<td>Boarding in a private home</td>
<td>2</td>
<td>(1%)</td>
</tr>
<tr>
<td>Own/purchasing home</td>
<td>1</td>
<td>(0.5%)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>186</strong></td>
<td>(<strong>100%</strong>)</td>
</tr>
</tbody>
</table>

As illustrated by Figure 4, almost half of all participants had left school at/or before year 10 (47%), and 32% had completed year 11 or 12. A small proportion of participants had completed a tertiary level qualification (10%) or trade qualification (2%). A number of participants were still attending secondary school (9%).
Case Study - Julia (16 years)

Julia is a young woman who is living away from her family. She has a history of depression and involvement with a youth mental health service. She also has a low level of formal education at school – only completing Year 8.

Julia was referred to JPET by her mental health worker to assist her to access education and training options. Julia successfully completed the ‘Wheels’ program through Melbourne Citymission’s JPET to gain her driving licence as a start to build her life skills and reengage in education. Towards the end of the program, Julia was supported to begin working in a telemarketing job. She initially enjoyed the work and the new environment – and she was very keen to tell Centrelink that she no longer required their assistance! Unfortunately the job was not secure and after a few months of work she was unemployed again.

Julia reapplied to Centrelink for income support but had to start completely from the beginning. This was very difficult and involved numerous appointments at Centrelink. She was required to prove that she couldn’t live with her family again. Her mother was not very cooperative in this process, and Julia decided that it was just not worth going through the hassle of getting payments. She decided to move in with her boyfriend and get some financial support from him.

Julia wished to return to education and was provided support by the JPET team to access an appropriate course at TAFE. She was very committed to returning to study but found the costs associated difficult to overcome. JPET worked with her to resolve these issues and she has returned to TAFE. Her worker is concerned that her participation in study will not be sustainable given the complexity of issues she is facing. However, Julia does not see reapplying for Centrelink payments as a viable option.

The majority of participants were seeking accommodation and housing support when they came to Melbourne Citymission (63%). The other most common types of assistance sought were employment and training (42%), assistance to obtain or maintain a benefit or allowance (22%), advice and information (19%) and financial or material aid (18%). The average number of ‘types of assistance’ sought by participants were two per person.

Summary

The sample is representative of Melbourne Citymission’s jobseeker clients and of marginalised and disadvantaged jobseekers in general. Participants’ views and experiences can therefore serve to inform us about the likely impact of welfare-to-work reforms not just on Newstart and Youth Allowance recipients but for those single parents and those with disabilities who will be subject to employment assistance and compliance measures from July 2006.
4. Survey Findings

Looking for work

Participants were asked about their work history. A significant proportion of participants had mainly worked in casual positions (33%), whilst 23% had mainly been employed in regular full-time work and 20% in regular part-time work. A proportion of participants had never been in the labour market (14%) or had never worked, but had been looking (11%). Of those participants that had never been in the labour market, the majority of participants were under 25 years of age, and had most likely been studying. In addition, almost half were on disability or parenting payments.

At the time the survey was conducted, a quarter of participants were not working and not looking for work, due to a variety of reasons including illness, caring for children and full time study (26%). Sixteen per cent were currently in paid employment, of which only a third nominated wages as their main form of income. Most participants who were working predominantly relied on government assistance as their main source of income (67%).

As illustrated by Figure 5, most participants stated that they weren’t working, but were looking (58%). Over a third of this group had been looking for work for less than 3 months (36%), a quarter had been looking for 3-5 months (26%) and just over a third had been looking for between 6 months and a year. A small proportion of participants had been looking for work for over a year (4%).

The median length of time participants had been looking for work was 4 months, with an overall range of 1 week to 7 years.

“When I get a job I will feel like I am a person”
(Female, 29 years on Newstart)

Those that were currently looking for work were asked what they felt their chances were of finding work over the next three months. A large proportion of participants were optimistic,
stating that their chances of finding work were ‘good’ to ‘really good’ (43%). A significant proportion felt their chances were only ‘ok’ (38%) and almost a fifth felt their chances were ‘bad’ or ‘really bad’ (19%).

Those participants that felt their chances of finding work were only ‘ok’, ‘bad’ or ‘really bad’, were given the opportunity to explain why they felt their chances were not so good (N=56). The most common reason expressed by participants was a lack of experience, skills or qualifications (36%). Another common theme discussed by participants was the need to deal with significant personal issues such as drug and alcohol issues and health problems, before being able to look for work (14%). Similarly, current unstable or insecure housing was preventing a number of participants from finding work (14%).

Participants were also asked what would help them to find work. A significant proportion of participants stated that access to resources to help them job-seek such as computers, internet and newspapers was helpful (20%). The second most common theme discussed was the need for stable accommodation before stable employment could be found (17%).

“I’ve got a lot going on, a lot on my mind. Not having stable accommodation has stuffed up everything…I was doing Year 12”
(Male, 18 years on Youth Allowance)

Support workers and support programs (e.g. counsellors, social workers and JPET) were also seen to be an important factor in helping participants find work, as well as networking and word of mouth through family and friends, access to appropriate training and study, better skills and experience, personal motivation and persistence.

“Assistance with dealing with the anxiety and some confidence building. Getting the job isn’t the issue, it’s getting to the job the first day of work that’s hard”
(Male, 29 years on Parenting Payment)

The benefits of working

Participants were asked what they saw as the benefits of finding work. Out of the 153 participants that responded to the question, the majority saw financial security as an important benefit including the ability to earn a better income and save for the future (67%). A significant proportion discussed the importance of being independent and able to support themselves, which for many also included no longer relying on government assistance (22%).

“To support self, stand up tall instead of having to ask for money and afford a place to live. It all works together”
(Male, 18 years, on Youth Allowance)

A similar proportion of clients discussed the importance of keeping busy, feeling productive, and having a sense of structure and purpose (22%). Other common themes included the development of skills and experience, money to spend, the ability to pay for basics such as food and accommodation, meeting new people and improved self-esteem.

“There are no down-sides, nothing I’d rather do than work”
(Male, 20 years, on Youth Allowance)
Experiences with Centrelink

Almost all participants were currently receiving assistance from Centrelink (92%) of which one quarter were “very unsatisfied” or “unsatisfied” with the assistance they were receiving (25%). A significant proportion stated that the assistance they received was only ‘ok’ (45%).

Participants provided a range of reasons for why they were unsatisfied or felt their assistance from Centrelink was only ‘ok’ (n=102). The most common reason was the level of income support received from Centrelink. A significant proportion of participants reported difficulties managing to live on their allowance, including difficulty paying for basic needs such as food, accommodation, bills and transport (40%).

“Because it’s not enough and I’m struggling to make ends meet. There’s not enough for food or clothes”
(Female, 20, on Parenting Payment)

A number of participants also discussed how difficult it was to receive help from Centrelink staff due to offices frequently being very busy, with long queues and staff not having enough time to adequately listen to their issues (16%). Another common complaint was that mistakes were frequently made, often with the consequence of payments being temporarily suspended, causing many participants considerable frustration and stress (11%).

“It makes it harder to find work if you have no money”
(Male, 21 years, on Newstart)

Other difficulties experienced included: inconsistent information provided by different Centrelink staff; a perception of being harassed or hassled by Centrelink; and a general sense of being disrespected by Centrelink staff.

“They could be more friendly to people like me”
(Male, 23 years, no income and waiting for Centrelink payments to begin)

Participants were also asked whether they had ever been breached or had their Centrelink payments suspended. Over half of all participants at some stage had been breached or had their payments suspended (55%).

As illustrated by Figure 6, most participants currently living in insecure or unstable housing arrangements had at some stage experienced a breach or suspension (72%). In contrast, amongst those participants living in more secure forms of housing, the proportion of those that had been breached compared to those that hadn’t was fairly equal. Although participants’ housing situation at the time of the survey may not necessarily reflect their housing situation at the time of the breach, it does serve as an indication of the personal issues they may have been experiencing and their possible housing circumstances.
Of those participants that had experienced a breach or suspension (n=103), 92% were able to list the reasons for the breach/suspension. The most common reason reported by participants was not fulfilling mutual obligation activities such as looking for work and missing Centrelink appointments (32%). A number reported difficulties meeting their obligations due to poor health and a lack of money for transport. The second most frequently reported reason was a suspension as a result of a mistake on Centrelink’s part (16%). Such mistakes included misplaced paperwork and incorrect information held in the system. Some mistakes also included overpayments which participants perceived to be breaches when they were required to pay the amount back. A similar proportion of participants were breached for not informing Centrelink about a change in circumstances (15%) and 13% had not handed paperwork in on time. A number of participants directly attributed their breach or suspension to being homeless, which had prevented them from being contacted by Centrelink or attending appointments (7%).

“I was 8½ months pregnant and didn’t have money to get there. I did ring but this was not taken note of”
(Female, 20 years, on Parenting Payment)

Participants were also asked about the impact their breach or suspension had on their life. Of the 95 participants that responded to this question, almost half were unable to pay for necessities such as food, transport and bills (44%). In addition, a quarter had difficulty paying for housing (23%) with a number becoming homeless as a direct result.

“I lost my house and had to go into a refuge. I had no money for eight weeks but at least where I was I had food”
(Female, 20 years, on Youth Allowance)

A significant 13% of participants also reported resorting to crime as a direct result of their payments being suspended, including theft, stealing food and fare evasion. Another common
impact discussed by participants was the emotional consequence of the suspension including heightened anxiety, stress and frustration.

"Got me criminal charges...you don’t get paid from Centrelink, so you have to go out and steal stuff to live."  
(Male, 23 years, on Newstart)

Experiences with the Job Network

Overall, 37% of survey participants were currently receiving assistance from a Job Network agency. Of those participants not receiving assistance from a Job Network agency, almost half were not currently working but were looking (48%). Almost all of these participants were aged under 25 years and many were fulfilling other obligations such as attending JPET, study or training.

Those participants that were currently receiving assistance from a Job Network agency were asked to indicate how satisfied they were with the assistance they were receiving (N=68). Almost half indicated that they were either ‘very satisfied’ or ‘satisfied’ (44%). Almost one third indicated that they were “very unsatisfied” or “unsatisfied” (29%) and 27% felt that it was just ‘ok’. This suggests a significant level of dissatisfaction from vulnerable and marginalised jobseekers.

“The agency doesn’t know me as an individual and what I have to offer and will generalise my needs, skills and experience when linking me into prospective jobs. They really don’t take into consideration I’m a single dad which does affect my availability to work”  
(Male, 29 years on Parenting Payment)

Participants provided a number of reasons for why they were unsatisfied or felt the assistance they received from the Job Network agency was only ‘ok’. Of the 33 participants that responded to this question, 46% felt that their agency provided little assistance and was unhelpful. Almost a third (27%) felt that their agency did not take into account their individual interests, needs or skills when matching them with positions.

Experiences of employment and training programs

Participants were asked whether they had participated in any employment or training programs over the last two years. Over half of all participants had not participated in any employment or training programs (58%). Interestingly, of those participants that were not currently working but were looking, the majority had not participated in any employment or training programs within the last 2 years (56%). A significant 73% of this group were aged 18-25 years.

Of those participants that had recently participated in training, the majority indicated that it was either ‘helpful’ or ‘very helpful’ (61%). A proportion indicated that the training they received was ‘sort of helpful’ (21%) and 17% stated that it was ‘unhelpful’.
Future hopes, aspirations and goals

At the end of the survey, participants were asked about their hopes and aspirations for the next twelve months. Over half of all participants hoped to be in some form of study or training (56%) and 51% aspired to be in some form of paid employment. Almost a quarter were hoping to be in stable accommodation in twelve months time (24%), and 12% hoped to be in some form of independent housing.

"It all comes down to stable accommodation. Once I have that, it will all come together”
[Female, 20 years, on Youth Allowance]

Other aspirations discussed by participants included parenting and starting a family, starting a business, travel, sharing a home with significant others such as family or a partner, finding an apprenticeship and buying a car.

"My new years resolution is not to be on Centrelink and not be in supported accommodation. To do everything on my own.”
[Male, 18 years, on Youth Allowance]

Summary

Overall, the sample represented a younger cohort of clients than is usually seen across Melbourne Citymission as a whole. This was due to the eligibility criteria for participation in the survey that focussed on service users having prior experience of the employment assistance and income support as potential or actual jobseekers. Thus, for example a client on Disability Support Pension whose circumstances will not change under the welfare-to-work reforms, who is not seeking work and is incapable of obtaining work in open employment due to the higher level of disability, was not included in the sample.

Most participants in the survey were clients of either youth programs, such as Frontyard Youth Services (a crisis assistance service in the CBD) or supportive employment and training programs run by Melbourne Citymission (including JPET and PSP). The majority of participants were single and listed their main form of income as either Newstart or Youth Allowance. Almost a third of clients were living in unstable accommodation and almost half of all participants had left school at/or before year 10.

Typically, the participants represent a group of marginalised and disadvantaged jobseekers whose circumstances and experiences make it extremely difficult for them to obtain meaningful employment and a pathway out of poverty and reliance on government benefits. In the current labour market, with a reported low level of aggregate unemployment and emerging skilled labour shortages, the survey sample can be considered representative of the unemployed who ought to be the focus of employment assistance reforms, that should be seeking to ensure they have the training, skills and work readiness to compete for and fill job vacancies.

The experiences of our survey sample therefore serve as an indicator of the current effectiveness (or otherwise) of employment assistance arrangements for disadvantaged jobseekers (on Newstart and Youth Allowance). The findings also inform us about the likely
impact of the new wave of welfare-to-work reforms being implemented from July 2006 on those income recipients being encouraged to find work, including single parents with school age children and individuals with disabilities.

The great majority of participants were not currently working and were actively looking for work. Significantly, 16% were currently in paid work, however, the majority of these were still reliant on government payments as their primary source of income. This data reinforces feedback about their underemployment and inability to move from short-term casual work to more meaningful employment. However, the over representation of young adults was associated with higher study rates and receipt of Youth Allowance which may reflect casual work preference.

The experiences of another sub-group were quite different - a quarter of all participants reported no paid work experience. In general, exclusion from work is associated with poor educational achievement and insecure housing. This finding is supported by the recent ABS Multi-Purpose Household Survey, which found that the main difficulty facing the unemployed and underemployed (627,000 people) who were ready and able to start work was that, ‘they lacked the necessary training, qualifications and experience (106,800 or 17%). Over 60% (or 67,700) of the people who reported this as their main difficulty held no non-school qualifications, of which 43% were aged 18-24.’ (ABS 2006b)

Some participants were optimistic about their chances of finding work, with almost half believing they had a good chance of finding work over the next three months. A lack of experience and skills, training, ongoing personal issues and current housing crisis were the main factors preventing participants from finding work. One explanation for their optimism was the perceived ease reported by those with work experience in finding casual and short-term work in minimum wage occupations, such as the hospitality industry.

Surprisingly, job seeking participants reported a very low level of participation in any employment or training programs in the last two years. Despite the range of reforms to the Job Network since its inception, this finding clearly indicates that some high needs jobseekers are missing out on vocational training and skills development.

Participants were well able to describe the benefits of work with the majority listing financial security as an obvious important benefit. A significant proportion also listed independence and the ability to support themselves, as well as feeling productive and providing a sense of purpose and structure to their life.

Participants were enthusiastic about the prospect of working, with the majority listing employment as one of their main goals for the next twelve months. Most participants also hoped to be in some form of training or study. Securing stable accommodation was also an important aspiration for a significant proportion of participants. There was no evidence of any reluctance to get off benefits and obtain work. Those with significant barriers to employment such as homelessness or chronic health problems acknowledged the priority for resolving these barriers first.
A quarter of participants were unsatisfied with the assistance they received from Centrelink and almost half rated it as only ‘ok’. A critical aspect of their dissatisfaction was the inadequacy of their income support payments. Almost half reported difficulties paying for basic necessities such as food and accommodation on their current allowance.

Over half of all participants had at some stage been breached or had their payments suspended by Centrelink. Of those participants currently living in insecure housing, 72% had experienced a suspension or breach at some stage. As a result of their breach or suspension, almost half of respondents were unable to pay for necessities such as food and a quarter were unable to pay for accommodation. A number of participants stated that they became homeless as a direct result of their breach or suspension. Furthermore, a significant 13% of participants also reported resorting to illegal activities as a direct result of being on reduced payments. Illegal activities included theft, stealing food in particular and fare evasion.

Overall, the feedback from participants indicates that significant improvements in service is required by both Centrelink and the Job Network in assisting disadvantaged and vulnerable jobseekers.

Case Study – Tony (aged 17 years)

Tony was referred to Melbourne Citymission’s JPET program by his Juvenile Justice worker for assistance with employment, education and training options. He was living with his parents at the time of the referral, but this situation was tenuous because of long-term family problems. Tony had recently been sacked from an apprenticeship at Bakers Delight because he called in sick for one of his shifts. He had already decided that he wanted a change in career direction.

Tony and his JPET worker discussed possible career options and he attended a ‘trade taster day’ at the local TAFE, where he was able to try different trades. After the open day, he was very keen to undertake a pre-apprenticeship course and then obtain a full apprenticeship in carpentry.

Unfortunately Tony was kicked out of home and had to stay with friends until more stable accommodation became available. He also had difficulties obtaining Centrelink payments because Bakers Delight refused to provide him with a separation certificate. It took two months and extensive advocacy by JPET before Centrelink would start paying him. Having no income and nowhere to live left Tony with few choices, he began using speed and turned to crime to support himself. He also lost touch with his JPET worker for a couple of weeks and missed the opportunity to apply for the Certificate 2 in Carpentry.

After three months living on the streets, Tony reconciled with his parents who allowed him to return home. He still wishes to enrol in the carpentry course, unfortunately all of the positions in this course have been taken. He has been put on the waiting list with over 100 other applicants. It is likely that he will not be able to commence the course for another 6 months. Tony also faces a significant barrier regarding the cost of his education, including specialist equipment, materials, tuition fees and transport costs totalling $823.00.
5. Policy Implications

Characteristics of marginalised jobseekers

The findings from this survey reinforce the practical ‘field experience’ of service providers in that disadvantaged jobseekers:

- Lack the qualifications, skills and work experience to be competitive in the 21st century labour market
- Have multiple barriers including lack of support networks, housing instability, chronic health issues and low self-esteem
- Lack the confidence and persistence to negotiate the complex array of employment assistance programs and procedures, and
- Are reluctant to disclose personal issues such as homelessness, substance abuse and family violence to Centrelink staff.

The interviews with Melbourne Citymission service users contradict current opinion that the unemployed lack the motivation to resolve their problems, improve their skills and obtain work. The overwhelming majority of disadvantaged jobseekers face structural barriers to finding work or have to overcome significant health-related and vocational skills barriers. A more effective employment assistance system should be predicated on an acknowledgement of the aspirations and hopes held by most jobseekers to make a better life for themselves and their families.

Effective engagement and assessment of barriers

The starting point for reform to substantially improve the level of sustainable outcomes for disadvantaged jobseekers ought to be a meaningful engagement to facilitate complete assessment of their backgrounds and experiences.

This requires adequate resourcing of entry points to employment assistance with appropriate skills and training of Centrelink staff to engage with all clients in a non-judgemental manner. Budget pressures on Centrelink continue to drive changes to systems and processes designed to deal with the 80% of clients who are able to negotiate their way through benefits and support. The increasing reliance on telephone communications and electronic ‘kiosk’ interfaces with clients will serve to further marginalise the significant proportion of income support recipients who have single or multiple barriers, such as poor literacy, low self esteem, mental illness and homelessness.

The evidence from our interviews with marginalised income support recipients shows that, despite frequent changes to procedures over the past 5 years, there remain systemic weaknesses in the assessment and referral of disadvantaged income support recipients, resulting in:

- poor and ineffective communication with Centrelink
- incomplete information on barriers to work
- inappropriate breaching and suspension of payments
- further marginalisation and social exclusion
- increased welfare dependence and poor welfare-to-work transitions
It is Melbourne Citymission’s view that the latest changes under the welfare-to-work banner, to be implemented from July 2006, do not address these systemic weaknesses. In fact, many of the changes are likely to exacerbate the existing situation. The contracting out of the assessment of an income recipient’s capacity to work (Job Capacity Assessment) and further devolution of assessment and monitoring functions to Job Network providers, with tight unit costings and strict performance criteria, risk increased levels of incomplete assessment of the barriers faced by disadvantaged income recipients.

The consequences for many sole parents, those with disabilities and older jobseekers facing the new arrangements will mirror the experiences of the participants in our survey. They are likely to be channelled into an inappropriate level of assistance or program; they will be confronted with compliance hurdles that distract them from achieving their goals; they will face further marginalisation through suspensions and poor outcomes.

Centrelink should be better resourced to have in place effective processes that ensure effective engagement of disadvantaged jobseekers and complete disclosure of all relevant issues or barriers to participation in work. This requires a review of the skills, training and distribution of resources within Centrelink.

The proposed change to combine the roles of Customer Service Officer and Personal Adviser is a welcome first step. We also acknowledge the extra resources made available to Centrelink to implement the latest welfare-to-work changes. However, further simplification of roles within Centrelink will be necessary to redistribute additional resources to initial assessment and streamline the referral process for those identified as having special needs to a single case management function.

The pressure on Centrelink to improve efficiencies in responding to the high volume of transactions with clients risks further disengagement and frustration of jobseekers with complex needs. In particular, the development of self service, on-line and telephone based applications should be carefully considered in the context of its likely adverse impact on vulnerable clients, including those with learning difficulties, chronic health problems, disabilities or experiencing personal crises such as domestic violence or homelessness.

The responsibility for access to income support and employment assistance should be retained by Centrelink. The outsourcing of assessments and decisions on appropriate levels of assistance for individual jobseekers to private providers risks significantly higher misclassification rates because of the design of performance criteria focussed on budgetary and contractual accountabilities, rather than accuracy. The current experience of disadvantaged jobseekers and the levels of inappropriate breach reports by Job Network providers exemplify the inefficiencies of program mechanisms and their adverse impact on outcomes for many jobseekers. Under the new arrangements, we expect significant levels of inappropriate suspensions of genuine jobseekers through no fault of their own. We also anticipate increasing levels of frustration and poor client satisfaction.

Centrelink has been proactive in recent years in working collaboratively with welfare agency services to implement local initiatives to ensure better assessment of disadvantaged jobseekers and improved case planning to ensure recipients are on the correct income support, are not inadvertently penalised for non-compliance due to genuine circumstances and are referred to the most appropriate specialist services. Examples of best practice through pilots and trials or local initiatives include the Family Homelessness Prevention...
Program (subsequently rebadged as the HOME Program), the Young Homeless Jobseeker Trial (now called YP\textsuperscript{4}) and Centrelink Community Officers who are outposted to community support agencies (for example Frontyard Youth Services). A single case management function within Centrelink focussed on income recipients with special needs or barriers should include resourcing to proactively coordinate individual case planning with community based support providers who are already working with these clients.

The capacity of Centrelink and the Job Network to engage disadvantaged jobseekers and to ensure complete assessment of barriers to work is reliant on adequate training and skills development of ‘front end’ staff. This has been an inherent weakness in employment assistance over the past decade. Acknowledgement of the range and complexity of factors faced by disadvantaged jobseekers points to the need for specialist training of program staff to develop:

- assessment skills for health problems (including mental illness, ABI and substance abuse)
- skills in responding to cultural diversity, and
- risk management strategies

Greater upfront investment in training would deliver substantial benefits through more accurate matching of jobseekers to the appropriate form and level of employment assistance or support program.

The effectiveness of the new Job Capacity Assessment role must also be questioned in light of the limited time - estimated to be one hour - that will be available for assessors to engage and interview jobseekers with significant barriers. There will be no case management of the jobseeker and we are doubtful of the accuracy of determinations of work capacity and hence activities in cases involving issues that are difficult to diagnose, such as personality disorders, ABI and substance abuse. Under previous arrangements, there has been significant churning of vulnerable jobseekers between spells in the Job Network, PSP and medical incapacity. The outsourcing of the assessment of work capacity with insufficient resourcing risks additional multiple referrals between Centrelink, Job Network and Job Capacity Assessor that will be detrimental to efficiency and outcomes. This will need to be carefully monitored as it is implemented.

**The impact of the punitive compliance regime**

The Commonwealth Government has sought to coerce income recipients to make greater efforts to obtain work and get off benefits through the implementation of multiple activities (for example the jobseeker diary) to encourage active participation in job search. Coercion is achieved through a strong compliance framework that includes punitive measures comprising immediate suspension and substantially reduced income support payments. A continual stream of evidence has been provided over the past decade to show this to be a flawed approach, in that:

- imposed penalties further marginalise and inappropriately penalise the most vulnerable disadvantaged jobseekers
- the majority of jobseekers do not need to be coerced into finding work to escape poverty.
There appears to be no substantive evidence to show that coercion through a harsh compliance framework increases welfare-to-work transitions.

The study’s findings gives voice to marginalised jobseekers and supports earlier research that breaches or suspensions of basic payments are invariably unfair, inappropriate and are counterproductive to the aim of assisting the long-term unemployed into meaningful work and off income support. They serve to penalise the individual for system failures or incapacity due to ill health or personal crisis.

Whilst all governments are entitled to take reasonable measures to ensure that income recipients are not rorting the welfare system, the compliance framework – although softened somewhat over the past 3 years following community based research and advocacy- is still predicated on the false assumption the majority of income recipients are ‘bludgers’. There has been no evidence to support this myth. One outcome of this flawed approach is that significant numbers of vulnerable jobseekers are being further marginalised. In our study, 55% of participants had had their payments reduced. For 13 % of this group, this had led to them undertaking illegal activities, such as fare evasion, to survive.

The reduction in income support payments takes away the basic means of survival for struggling individuals and families. It is counter productive in that it encourages greater dependence on welfare services and as our evidence shows leads to illegal activities which ultimately serve to further marginalise a significant proportion through criminal convictions and fines.

All Australians have a fundamental right to an adequate income to meet basic needs. Melbourne Citymission calls on the Commonwealth Government to abolish the compliance framework and associated penalties for disadvantaged jobseekers. It is our view that the welfare-to-work changes will result in substantially higher numbers of disadvantaged income recipients failing to meet active participation hurdles that are inappropriate and not conducive to employment outcomes.

Participation in training and skills development

Over half of those participants looking for work reported that they had not undertaken any employment or training programs in the last two years. This coupled with the perception of participants that their own lack of experience and skills was a significant barrier to finding work, highlights the need for more accessible and appropriate training options for jobseekers with multiple barriers.

Whilst the evidence from this study focuses on younger jobseekers and their recent experiences, their barriers to gaining the right type and level of skills and competencies to be competitive in the labour market are clearly applicable to single parents returning to work and to jobseekers with disabilities seeking open employment.
Melbourne Citymission’s experience points to the following barriers:

I. There remains a shortage of applied learning, pre-apprenticeship and apprenticeship places in occupations and trades that lead to emerging entry level jobs matched to local and regional needs. There exists a significant mismatch between the availability of places in courses and local labour shortages. The responsiveness of the vocational training system needs to be improved to eliminate this mismatch. Recent Victorian Government initiatives through the Maintaining the Advantage: Skilled Victorians package, announced in March, are welcomed by Melbourne Citymission. However, additional reforms are needed at a local level to ensure courses offered in existing secondary and tertiary learning facilities remain relevant to employment opportunities.

II. Entry level criteria for traineeships and apprenticeships are too high. These criteria in many instances were set in a period of higher unemployment enabling a higher minimum standard to be set. It is now appropriate to review the criteria so that they relate more closely to core competencies for the particular occupation, and thereby open up participation to more young people.

III. A significant proportion of applicants to vocational training courses in the future will have poor basic education and learning skills. Many will have poor histories of structured learning environments and will have long-term health conditions or disabilities. Whilst the Victorian Government’s skills and training initiatives are important, additional resources are required to support disadvantaged trainees and post-compulsory students so that they stay engaged and actively committed to learning.

IV. The ‘voluntary’ fees and charges imposed by schools and post secondary learning institutions and the costs of transport to attend learning are critical barriers faced by disadvantaged young people. These are evident from the experience of the Youth Employment, Education and Training Initiative (see box on next page). A commitment to a ‘learning guarantee’ that is inclusive of all Victorians must include policy measures that remove these critical barriers to participation. Despite the fact that public secondary school fees and charges are ‘voluntary’, in practice support workers report experiencing difficulties advocating for a waiver of fees for disadvantaged people returning to learning. In addition, students have to pay compulsory charges for consumable costs of participation in many vocational courses. These charges act to prevent or delay enrolment until funds are found through welfare assistance or initiatives such as YEETI.

If we wish to maximise the participation of disadvantaged Victorians in learning, exemptions from all fees and charges should be extended to increase equitable access and minimise exclusion because of financial hardship.
Current public transport costs (including the zoning system) unfairly penalise young people living in outer suburban locations who seek to enter post-secondary education, mainly at TAFE. Families in poverty also struggle to pay for a lump sum payment of an annual public transport card for their children attending school. Making public transport free for those involved in learning would remove one of the barriers to participation and assist in making education and learning inclusive for all Victorians.

V. A further barrier facing sole parents who seek to gain qualifications or skills is the lack of affordable childcare that allows participation in formal learning. Despite the welfare-to-work stimulated increase in childcare places pledged by the Commonwealth Government, a much higher level of resourcing is required to ensure that sole parents in disadvantaged communities who lack financial resources are able to access quality childcare that enables them to access training. This requires collaboration between Victorian and Commonwealth Governments to consider innovative solutions for child care facilities linked to training institutions.

Integrated assistance to achieve sustainable employment outcomes

The Commonwealth Government has implemented a range of changes to employment assistance over the past decade. The balance of resources have focussed efforts on the short-term unemployed with emphasis on ‘work first’ approaches largely borrowed from US welfare policy. This approach is based on flawed assumptions and misunderstandings about the barriers faced by the longer term unemployed.

It is evident that the international economy, with significant and sustained growth, has enabled a substantial reduction in the aggregate unemployment rate in Australia.

Youth Employment, Education and Training Initiative

YEETI commenced in late 2004 as a Victorian Government initiative contracted to Melbourne Citymission to provide tailored packages to assist young people experiencing homelessness with their training and skills development as well as resolving their barriers to a welfare-to-work transition. YEETI, a statewide program, receives applications from community support providers on behalf of their clients for financial assistance. A discretionary fund enables eligible clients to be assisted with amounts up to $500, whilst larger requests are assessed by a panel against agreed program criteria.

Analysis of the first year’s assistance data serves to show the categories of barriers faced by young marginalised people: a total of 251 applications had been received totalling $114,700 for discretionary funds (average $450) and 85 applications worth $221,500 assessed by the panel for larger assistance (YEETI unpublished data, February 2006).

Nearly one-third (30%) of discretionary assistance has been required to pay for secondary and post-secondary education fees. An additional 16% of financial assistance for larger panel applications has also been for secondary and post-secondary education fees. In total, over $70,000 has been expended for fees and tuition costs – 21% of all dollars provided by YEETI.

Thirty-one per cent of discretionary fund applications were for costs relating to education and training, including specialist clothing, uniforms, equipment and transport to enable participation in courses.

Nearly three-quarters of applicants were under 20 years of age. In general, this is a cohort that is being penalised for early school leaving and previous disengagement from learning due to family breakdown, parental ill health, poverty and homelessness. Current policies are in effect placing extra hurdles on marginalised young people who recognise the importance of learning and skills development as a pathway out of poverty and dependence on income support.
Those with work experience and relevant skills and qualifications in the sectors with jobs growth have found work. However, despite some reduction in the numbers of long-term unemployed, those with multiple barriers to obtaining meaningful work remain a substantial challenge. As we have argued above, the punitive approach to employment assistance does not work and is not necessary, as the great majority of disadvantaged jobseekers are committed to finding work and escaping poverty. They need support and investment.

In addition, current forms of assistance remain fragmented, inefficient and are not as effective as they might be. Melbourne Citymission is developing and participating in a range of initiatives that seek to integrate or ‘join up’ services for individuals and families experiencing significant disadvantage in the community.

One example serves to show how assistance might be reconfigured with the client at the centre of service delivery. YP\(^4\) (formerly the Young Homeless Jobseeker Trial) is a joint initiative of Melbourne Citymission, Hanover Welfare Services, the Brotherhood of St Laurence and Loddon Mallee Housing Services. It was established after considerable consultation with key stakeholders in the community and both State and Federal Government Departments to test an integrated service model to achieve better outcomes for jobseekers who experience homelessness and other personal barriers to employment (Campbell 2003, Horn 2004).

YP\(^4\) represents an example of bottom up approaches that attempt to respond to the silo configuration of programs that constrain service providers by limiting their capacity to deliver holistic packages of assistance in a timely manner. For example, a SAAP housing support service that finds public or private rental housing for a family in isolation may be meeting its contractual obligations to Housing Departments, however, this narrow outcome may be counterproductive to long term sustainability of that housing as it does not address the training and employment pathways for the parent(s). Not does it ensure that the children in such families are meaningfully engaged in school.

If we are to achieve sustainable outcomes for disadvantaged individuals and families who face multiple barriers to employment, then integrated models of assistance must be implemented that are based on the following key principles:

- the client is placed at the centre of assistance and support
- flexible and timely access to assistance is available
- centrality of a primary case worker to ensure engagement and continuity of assistance
- adequate resources to provide a tailored package to specialist services

Notwithstanding the changes that have taken place over the past decade across the welfare portfolios, the system, from the perspective of service users and service providers, is becoming more fragmented and complicated. The latest welfare-to-work reforms do not make the employment assistance and income support provisions any simpler.

Neither will these reforms increase the efficiency of assistance through reduction in the levels of churning, cross-referrals and advocacy between programs and providers.

Melbourne Citymission also believes that the underlying inequities of current policies are still to be addressed. Thus, someone who is assessed as not ‘job ready’ by Centrelink
and subsequent job capacity assessment, and is referred to the Personal Support Program, is eligible for substantially less assistance than a jobseeker referred to the Job Network (eligible for Intensive Support – Customised Assistance and access to the jobseeker training account).

A single customised support program is required for those with significant barriers to work adopting the principles of joined-up case management with adequate resources to deliver a coordinated suite of training, work experience, health and welfare support based on individual needs, until a sustainable pathway to employment is achieved.

This would involve a rationalisation and simplification of current targeted programs and mechanisms both within Centrelink and across employment assistance more generally. The efficiencies generated would lead to increased resources available to deliver meaningful assistance and achieve improve sustainable outcomes. Over the long term significant cost benefits would accrue to governments and the community through reductions in the level of churning of long term jobseekers currently experienced [for example see Parkinson and Horn 2002].

At the State Government level, Melbourne Citymission welcomes in principle the development the new Workforce Participation Partnerships (WPP) announced in late 2005, which replace the Community Jobs Program (CJP) and Jobs for Young People (JYP). The CJP was limited in its usefulness for multiply disadvantaged jobseekers in that it focussed on the ‘job ready’. Its structure and performance criteria limited its flexibility to maximise the participation of unemployed people with multiple barriers, for example, those experiencing homelessness.

Whilst the employment emphasis of the WPP is appropriate, funding approvals should enable integrated, flexible and individualised assistance and support that acknowledges the need for longer-term stepping stones for marginalised jobseekers to develop self-esteem, resolve personal barriers and improve their skills through pre-employment training and work experience. It is of concern that projects to be funded under WPP must target unemployed jobseekers that are ineligible for Job Network services or who require complimentary services because they are at risk of long term unemployment.” (REF) This focus on those who are not ‘job ready’ appears to contradict the resourcing levels (funding per place) and performance criteria whereby an employment outcome of 30 hours per week for at least 16 weeks is sought.

Our long experience in providing employment assistance tells us that jobseekers with multiple barriers may well miss out on participation in WPP in the absence of increased flexibility in its parameters or targeted projects that compliment and integrate with existing interventions.

**Stable housing as a basis for welfare-to-work transition**

One of the critical barriers to a successful welfare-to-work transition is housing instability and homelessness. Our study’s sample typifies the circumstances of many disadvantaged jobseekers: reliance on temporary or short term accommodation such as boarding houses and hotels, staying with friends or relatives and use of housing assistance services (SAAP). Affordable, secure tenure housing plays a pivotal role in enabling jobseekers to meet
compliance requirements, participate in employment assistance, training and to take up work opportunities.

Yet, both Commonwealth and Victorian Governments have paid far too little attention to preventing homelessness and transience and ensuring Australian households have affordable housing to enable social and economic participation. Integrated programs as described above should incorporate guaranteed access to long-term transitional housing for disadvantaged jobseeker households with multiple barriers.

Current housing policy is increasingly reliant on rent assistance (Commonwealth) to provide some financial support to households in private rental and on steadily increasing dollars to the reactive crisis assistance program (SAAP) responding to homelessness and through small scale pilots (Victorian Homelessness Strategy). The former has been shown to be a flawed approach and the latter are ineffective in ensuring stable housing. Investment in a new national housing strategy to stimulate the supply of affordable housing for low-income households is urgently needed.

The reduction in income support payments under the latest welfare-to-work changes together with lower wages that will flow from the Industrial Relations reforms will exacerbate the levels of housing stress and transience in the future.

Melbourne Citymission urges both the Victorian and Commonwealth Governments to work together with housing industry representatives to implement substantive housing policy reform to increase the supply of low cost housing, especially in locations with low skilled jobs growth. These reforms should include resources to enable ‘joined-up’ models of assistance for disadvantaged jobseekers that includes housing.

Encouraging employers to take on the long term unemployed

Past and current welfare-to-work reforms have focussed on supply side issues within the labour market, that is, how to encourage the unemployed to take up jobs and to some degree improve their skills and capacities to be work ready. Inadequate attention is paid to strategies that encourage and support employers (especially small business) to take on the long-term unemployed. Employers will select the most able and skilled job applicant with minimum costs faced for training, support and capital outlays. A far bigger investment by governments is required to overcome employer barriers, including:

- discrimination against particular segments of the long term unemployed, such as those with disabilities and new migrants
- capital costs of workplace modifications to enable jobseekers with physical disabilities to be employed
- need for mentor support to new employees to ensure effective transitions to work and to employers
- need for wage subsidies to compensate employers for taking on less productive workers.

Despite welcome initiatives by both State and Commonwealth Governments in some of these areas, a far greater level of investment is needed to sustain change by employers – particularly targeted at entry-level occupations appropriate to low skilled jobseekers.
As an example, the Wage Assist initiative by the Federal Government, as part of welfare-to-work package, only has funding for 5,000 places nationally – equivalent to one or two places annually at each Job Network site.

A well considered advocacy and awareness campaign should be implemented aimed at changing the behaviour and attitudes of employers to disadvantaged jobseekers – especially those with disabilities or caring responsibilities.

An additional injection of resources, above that provided through the Workplace Modifications Scheme, is needed to ensure employers can and do undertake workplace modifications to facilitate employment of disabled jobseekers.

The long term unemployed with little or no work experience require ongoing support to ensure their long-term attachment to work. It is false economy to allow churning between casual jobs and spells of unemployment comprising repeated participation in mutual obligation activities. Sustainable transitions require continuity of individualised support that includes involvement of the employer to ensure worker retention and productivity. Mentor capacity should be increased through employment assistance programs and targeted mentoring programs to enable support to employers (especially small business) who take on inexperienced jobseekers.

Melbourne Citymission urges the Commonwealth and Victorian Governments to show leadership as employers through the implementation of policy initiatives to address the decline in levels of public sector employees who have disabilities or other significant barriers to employment. Such measures must be designed so that they do not stigmatise employees within the work environment. However, much more should be done to ensure equitable employment opportunities for long term disadvantaged jobseekers in the public sector.

**Likely impact of welfare-to-work reforms post July 2006**

Our analysis indicates that the systemic weaknesses of current employment assistance policy settings will not be addressed by the latest round of welfare-to-work reforms being implemented by the Commonwealth Government. In addition to continuing poor outcomes for disadvantaged jobseekers, including the new categories brought into active participation arrangements, we anticipate the following impacts:

1) **Increased demand on the Personal Support Program**

Referral rates Job Capacity Assessments and special needs assessment processes will increase significantly beyond the capacity of the Personal Support Program (PSP). However, PSP is a capped program with capacity ceilings. New arrangements include a threefold prioritisation process for entry into PSP and a limited increase in capacity.

The current community based evaluation of the PSP being undertaken by the Brotherhood of St Laurence in partnership with Melbourne Citymission and Hanover Welfare Services has found that significant delays and waiting periods lists are a significant problem facing
participants – over 15% of study participants reported waiting over 10 weeks between referral and commencement (Perkins 2005).

Government policy is clearly aimed at reducing the numbers of people on DSP through tighter assessments of work capacity through the Job Capacity Assessment process. This will lead to substantially higher numbers of unemployed Newstart recipients who are assessed as not being ‘work ready’ – and hence not referred to the Job Network – but instead referred to the PSP. It is unclear whether these referrals will have to meet activity requirements whilst waiting for commencement in the PSP.

**Melbourne Citymission urges the Federal Government to uncap the PSP to enable eligible income support recipients to commence participation as soon as possible after assessment in a similar way as applicable to the Job Network.**

In addition to inadequate capacity within the PSP to meet demand, the level of funding to providers has been shown to be inadequate to fully implement the case management model and achieve better outcomes. The BSL evaluation has found that providers are able to allocate up to $120 per participant annually to broker personal support, employment or training assistance (Perkins 2005). This compares with the Job Network services that are resourced to use at least $1350 (Jobseeker Account) to address employment related barriers. This is both a contradictory and inequitable policy position in that unemployed jobseekers, with the highest level of barriers or needs preventing a successful welfare-to-work transition, are eligible for substantially lower levels of assistance compared with less disadvantaged jobseekers. This inequity also applies to like transition programs such as JPET.

Under the proposed Job Capacity Assessment procedures to be introduced from July, additional brokerage monies will be available to JCA providers to pay for pain management, psychological services and social casework solely targeted at Newstart recipients eligible for full time work. This appears to be a further instance of duplication of effort and inequitable resource allocation that will disadvantage the more vulnerable jobseekers.

**A review of funding to employment assistance programs should be undertaken to both simplify the provision of case management assistance to minimise duplication, simplify accountabilities, streamline pathways for jobseekers and ensure equitable resources according to level of barriers.**

**2) Impact of penalties for non-compliance with participation requirements**

The breaching of vulnerable jobseekers with the loss of 8 weeks of income will have a severe impact on individual health and well being. Further marginalisation and social exclusion is likely as parents with children, single adults and young people with health or personal issues are forced to seek welfare assistance from non-government organisations.
The Commonwealth Government’s reforms acknowledge this scenario by including provisions for a specific program response being developed by Centrelink for the delivery of ‘case management’ to clients servicing an 8 week non-payment period for serious or repeat participation failures. The aim of this ‘case management’ will be to support exceptionally vulnerable clients, including those with dependant children, during an 8-week non-payment period. The logic of this measure is hard to comprehend. It may be argued that any loss of 8 weeks of income support for unemployed households, who have no bank savings and live from week to week, will result in deprivation and further marginalisation. It is likely to result in increased demand at emergency relief and housing assistance services and lead to illegal activities such as petty crime and fare evasion. In effect, the policy shifts costs from one arm of government to another as well as to the welfare sector.

Over the past decade, thousands of disadvantaged income support recipients and their families have been wrongly penalised because of system failures within Centrelink and the Job Network. The active participation measures and compliance framework being introduced will result in many more disadvantaged households, including single parent families and those with disabilities, being unfairly penalised in the future.

3) Ongoing failure to ensure the most marginalised long-term jobseekers access meaningful assistance

Current policies place limits on the intensive support available to the most marginalised jobseekers through the Job Network to 2 six-month periods. The contractual arrangements and performance criteria impose higher risks on providers for focussing on jobseekers with multiple needs because they are more difficult and costly to achieve an employment outcome. This category of jobseekers need a level of investment to ensure they receive the assistance they need to resolve their barriers to employment in a more integrated way.

In the absence of further reforms to employment services contracts to address this weakness, increasing numbers of disadvantaged jobseekers will graduate to Work for the Dole - instead of obtaining meaningful welfare-to-work assistance.

Case Study – Sandy (23 years)

Sandy is a single parent with one child. She has been receiving Parenting Payments (single) for the past three years. She has a history of sexual abuse, domestic violence, mental health and drug issues, and has limited support from family. Melbourne Citymission has assisted Sandy on several occasions by placing her daughter into respite care when she has had to spend time in hospital. Sandy has also needed support and material aid during psychotic episodes. Sandy’s housing has broken down a number of times due to her illness. Sandy’s daughter has also been placed in temporary foster care until she can bring her health under better control.

Sandy has successfully detoxed from her substance abuse and by and large she has managed to keep her habit at bay but recognises the vulnerability of her health and emotional wellbeing. She struggles to maintain a stable lifestyle that is conducive to parenting successfully, looking at training and education options or seeking employment. Sandy is also now housed in an area that has few childcare facilities and limited access to public transport.

Sandy would love to have her child with her permanently and explore the prospect of joining the work force and increasing her education. To be able to do this, she would require low cost childcare to enable participation in education, training or employment, affordable transport, ongoing support to manage her mental illness and assistance to obtain clothing appropriate for job interviews.
Melbourne Citymission urges the Federal Government to rethink its model of assistance to marginalised jobseekers to be based on evidence of best practice principles and adequate funding levels that minimise churning between programs and avoid transitions to ineffective forms of activity such as Work for the Dole.

Whilst it is often argued that keeping the unemployed ‘busy’ may lead to increased motivation, the evidence indicates that the overwhelming majority of jobseekers do not need to be motivated. Rather they require meaningful support and assistance to resolve their barriers and gain work experience which matches their aspirations and realistic prospects for entry-level jobs. The resources currently assigned to Work for the Dole are better targeted to a simplified and integrated program of support.
‘Give Me A Break!’ Welfare to work – a lost opportunity
6. Recommendations

The following set of recommendations to Federal and State Governments is drawn from the previous discussion on the policy implications of this study’s main findings.

1. Effective engagement and assessment of barriers to employment

1.1. Review Centrelink entry and assessment processes to ensure that vulnerable customers are effectively engaged. Clients must be encouraged to fully disclose barriers to employment to assist Centrelink to make effective referrals to the most appropriate assistance. A review of Centrelink staff training and the distribution of its resources for initial assessment, monitoring and follow-up of disadvantaged jobseekers is required.

1.2. Provide additional funding to the Job Network for specialist training, to strengthen the capacity and skills of ‘front end’ staff to engage and support disadvantaged jobseekers with multiple barriers to work.

2. Active participation and compliance framework

2.1. Abolish the compliance framework and proposed breach penalty of 8 weeks non-payment of income support for disadvantaged jobseekers, as fundamentally inconsistent with the right of all households to adequate income to meet basic needs.

3. Participation in training and skills development

3.1. Introduce measures to ensure all fees and charges at public education institutions (schools and TAFE) are waived for disadvantaged students to enable implementation of the Victorian Government’s commitment to ensuring full participation of disengaged people in learning.

3.2. Provide free public transport to all full time students from disadvantaged backgrounds at secondary and post secondary education institutions.

3.3. Increase the availability of affordable childcare to enable sole parents facing financial disadvantage to access training opportunities.

3.4. Ensure courses offered in existing secondary and tertiary learning facilities remain relevant to employment opportunities at the local community level. This should also include a review of the criteria for apprenticeships to ensure they relate more closely to core competencies for particular occupations, and thereby open up participation to more disadvantaged job seekers.

4. Integrated assistance to achieve sustainable outcomes for disadvantaged jobseekers

4.1. Address the needs and aspirations of disadvantaged jobseekers by making welfare support simpler and more efficient. This requires a single customised support program for those with significant barriers to work, adopting the principles of joined-up case management, with adequate resources to deliver a coordinated suite of training, work experience, health and welfare support.
4.2. Review the allocation of funds across the range of targeted programs (Job Network, PSP, JPET and DOES) and ensure resources equitably match the level and extent of barriers faced by individual jobseekers. The new JCA brokerage monies should be made available to all disadvantaged jobseekers.

4.3. Implement substantive housing policy reform to increase the supply of low cost housing for disadvantaged job seekers. This requires collaboration between the Victorian and Commonwealth Governments with the housing industry. Resources to enable ‘joined-up’ models of assistance that include transitional housing should be included.

5. Encouraging employers to take on the long term unemployed

5.1. Increase capital funding to ensure employers undertake workplace modifications to facilitate employment of jobseekers with disabilities. A targeted campaign should also be implemented aimed at changing the attitudes of employers to disadvantaged jobseekers, especially those with disabilities.

5.2. Increase funding through the Wage Assist initiative from 5,000 to 20,000 places nationally to make a meaningful contribution to paid work experience for marginalised jobseekers. The capacity for work related mentoring should also be increased, to enable support to employers (especially small business) who take on inexperienced jobseekers.

5.3. Increase the proportions of disadvantaged jobseekers in the public sector workforce at all levels, with targets set for each Department.

6. Ensuring welfare-to-work reforms are effective and fair

6.1. Uncap the Personal Support Program to enable eligible clients to commence participation immediately (rapid referral), as applies to the Job Network.

6.2. Resource the PSP and JPET programs for brokerage to an equivalent level as available through the Jobseeker Account for Job Network clients.

6.3. Reconsider the proposed tender regarding the assessment of hardship for households who are penalised for non-compliance. Any assessment of hardship should be undertaken by Centrelink and not contracted out.

6.4. Review the Intensive Support model of assistance to marginalised jobseekers to increase support based on evidence of best practice. Funding of intensive support should be sufficient to minimise ‘churning’ between programs and avoid transitions to inappropriate forms of activity such as Work for the Dole.

7. Building workforce capacity and resilience for the future

7.1. Increase investment now to reduce unemployment by a further 2 to 3 percentage points through strategies that remove barriers to work faced by disadvantaged jobseekers. Taking advantage of the current period of economic prosperity will reduce welfare assistance costs, improve economic productivity and significantly increase the resilience of the community to future economic downturn.
References


Appendix 1 Melbourne Citymission 2005
Employment Chances Survey

Staff use only
Date:
Program:
Location:
Has the client’s informed consent been obtained?  Yes □    No □

Thank you for agreeing to complete this survey. We are really interested to find out how people in your position are being affected by current policy changes. Your views will help us to advocate for better services. The survey is completely confidential and we do not need your name or any other identifying information. The answers you give will have no effect on the assistance you get now or in the future.

Q.1  What is your age?  ……………(years)

Q.2  Your gender? (please tick one box)
   Female □     Male □

Q.3  What is your family status? (please tick one box)
   Single □
   Single parent/ pregnant □
   Married/ de facto with kids □
   Married/ de facto no kids □

If you have children, how many do you have that you are responsible for?
…………………………………………………………………………….

How old is each child?
Child 1: .............. [years]
Child 2: .............. [years]
Child 3: .............. [years]
Child 4: .............. [years]
Child 5: .............. [years]

Q.4  What is your main form of income? (please tick just one box)
   No income □
   Newstart allowance □
   Youth allowance □
   Austudy/ABSTUDY □
   Disability support pension □
   Parenting payment □
   Other type of allowance or benefit □
   Workcover/ compensation □
   Maintenance/ Child support □
   Wages/ Salary/ Own business □
   Partner’s income □
   Other (please specify)……………………………………..
Q.5 Where are you living at the moment? *please tick just one box*
- Staying with family/friends rent free
- Staying with family/friends paying rent
- Private rental property
- Public housing
- Community housing
- Own/ purchasing home
- Boarding in a private home
- Hostel/ rooming house
- Hotel/ motel
- Emergency accommodation/ refuge
- Caravan park
- Living in a car/tent/park/street/squat
- Other *(please specify)* ……………………………..

Q.6 What is the highest level of education you have completed? *please tick just one box*
- Still at Secondary School
- Left school, but completed Year 8
- Left school, but completed Year 9
- Left school, but completed Year 10
- Left school, but completed Year 11
- Completed Year 12
- Trade/ apprenticeship qualification
- Degree/diploma/ other tertiary course
- Other *(please specify)* ……………………………..

Q.7 What kind of assistance were you looking for when you came to Melbourne Citymission? *(tick as many boxes as applies to you)*
- Accommodation/ housing support
- Assistance to obtain/ maintain benefit/ pension/ government allowance
- Employment & training assistance
- Financial assistance/ food assistance/ material aid
- Financial counselling & support
- General counselling & support
- Help with living skills/ personal development
- Pregnancy support
- Family planning support
- Drug/ alcohol support
- Assistance with legal issues/ court support
- Advice/ information
- Disability services
- Recreation
- Other *(please specify)* ……………………………..
Q.8 What best describes your work history? *(please tick just one box)*

- Never worked but looking
- Casual work
- Regular part-time work
- Regular full-time work
- Not in workforce (e.g. poor health, looking after children, caring for family member, fulltime study)

Q.9 Are you currently working? *(please tick one box)*

- Yes *(please go to Q.13)*
- No, but looking *(please go to Q.10)*
- No & not looking

If you are not currently working and not looking for work, why?

- Caring for children
- Caring for partner
- Caring for other family member
- Voluntary work
- Full-time study
- Poor health
- Other: *(please specify)* .................................................................

*(Please go to Q.14)*

Q.10 How long have you been looking for work? .............. *(months)*

Q.11 What do you think the chances are of you getting work within the next 3 months? *(please circle on the scale below)*

Really Bad | Bad | OK | Good | Really Good

If you circled ‘really bad’, ‘bad’ or ‘ok’, why do you think your chances aren’t so good?
......................................................................................................................................................
......................................................................................................................................................
......................................................................................................................................................
Q.12 What would help you find work? *please list as many as you can think of*

Q.13 What do you see as the benefits of having a job?

Q.14 Do you currently receive assistance from Centrelink? (income support/ employment assistance) *please tick one box*

Yes  

No  *(Please go to Q.15)*

If you answered yes above, how satisfied are you with the assistance you receive from Centrelink? *please circle on the scale below*

Very unsatisfied  Unsatisfied  It’s OK  Satisfied  Very Satisfied

If you circled ‘very unsatisfied’, ‘unsatisfied’ or ‘it’s ok’, why are you not satisfied with the assistance you receive?

...
Q.15 Have you ever been breached or had your Centrelink payments suspended? (*please tick one box*)

Yes

No (*please go to Q.16*)

If you answered yes above, why were you breached or your payments suspended?

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What impact on your life [eg. day to day activities, paying bills, buying food] did this breach or suspension have? (*List as many impacts you can think of*)

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Q.16 Do you receive assistance from a Job Network agency? (*please tick one box*)

Yes

No (*please go to Q.17*)

If you answered yes above, how satisfied are you with the assistance you receive from your Job Network agency? (*please circle on the scale below*)

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If you circled ‘very unsatisfied’, ‘unsatisfied’ or ‘it’s ok’, why are you not satisfied with the assistance you receive?

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Q.17 Have you participated in any employment or training programs within the last 2 years? *(please tick one box)*

- Yes
- No

If yes, what programs?

________________________________________________________________________

________________________________________________________________________

If you answered yes above, how helpful were the programs in helping you to find work? *(please circle on the scale below)*

- Very unhelpful
- Unhelpful
- Sort of helpful
- Helpful
- Very helpful

If you circled ‘very unhelpful’, ‘unhelpful’ or ‘sort of helpful’, in what way were the programs not helpful?

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________________________________________________________________________

Q.18 Thinking about 12 months from now, what do you hope to be doing? *(this may include work, study, training, living arrangements, goals)*

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Thank you for filling out this survey! It will really help us to improve our services for people seeking assistance in the future.
Appendix 2: Instructions for Support Workers/Interviewers

Purpose:

This survey seeks to find out how Melbourne Citymission clients are currently being affected by policies regarding employment assistance and income support. Participants will be asked basic background questions, some questions about their work history and future aspirations, and questions regarding their experiences with Centrelink and Job Network agencies. *The findings will help us to advocate for better services for clients.*

Client Eligibility:

Clients can be asked to take part if they meet any of the following criteria:

I. are unemployed, in the labour market or looking for work;
II. have used Centrelink to obtain benefits or pensions or to be interviewed for work capacity;
III. have tried to obtain or are receiving employment assistance from the Job Network or other support services, including Personal Support Program and JPET; or
IV. are planning to seek work or obtain employment assistance within the next 6 months.

Method:

The survey is to be conducted in a two week period between **Monday 5 December and Friday 16th December.**

Interviewers should ask clients to participate by verbally explaining the survey and providing the information sheet. Consent to participate should be obtained prior to conducting the survey. No identifying information should be recorded on the survey form. The survey should take about 10 minutes to complete. On completion of the questionnaire, clients are to be paid $10 (voucher or cash) to reimburse expenses.

Participants may complete the survey themselves or with assistance from the interviewer. If the participant requests assistance to fill out the survey, it is important that you record answers as fully and accurately as possible. Whenever possible report the respondent’s own words. If paraphrasing is necessary, then document the meaning of their answers clearly. Do not interpret their meaning – record accurately using their language. Please also write clearly to make data entry easier.

Procedure:

1. Mention the survey to *eligible clients* at an appropriate time.
2. Verbally explain the survey to interested clients and give them a copy of the ‘information sheet for participants’.
3. Before starting the survey, *reassure the client about confidentiality* and obtain their consent
4. If the client indicates they would like to answer the survey independently, give them a copy of the survey and ask them to answer
5. all questions carefully. Let them know that you are available for any queries or concerns they may have.

6. If the client indicates that they would like assistance to complete the survey, find a private, quiet location to complete the survey together. Conduct the interview, recording answers clearly and fully on the questionnaire. If necessary, explain specific questions, but use neutral language – *do not prompt answers*. You may clarify what an item is asking, or how to make a response, but do not suggest a response.

7. On completion of the survey, *check all questions have been answered*. Thank the participant for their help and give them the $10 payment.

**Debriefing:**

Although the survey does not include personal questions, it may raise issues of a personal nature for clients. Please be sensitive to the client’s attitude and state of mind during the interview. Be available to answer any questions they may have during or at the completion of the survey. If necessary, ensure that the client is able to talk to someone after completing the survey if they need to discuss any concerns from the survey.

**Completed forms:**

At the end of the survey period, please give all completed surveys to your coordinator/manager to arrange forwarding to RSPU.

**Any Problems?**

Please contact Michael Horn (8625 4468) or Lucinda Jordan (8625 4458) at the Research & Social Policy Unit (RSPU) if you have any problems or queries about the survey.

*Many thanks for your valuable time in helping to conduct this survey.*
Appendix 3: Information for Participants

This survey is being conducted by Melbourne Citymission to find out how people in your position are being affected by current policy changes. Your views are really important and they will help Melbourne Citymission to advocate for better services.

If you choose to take part, you will be asked some general background questions, some questions about your work history and some questions about your experiences with Centrelink and Job Network agencies.

The survey is completely confidential and we do not need your name or any other identifying information. The answers you give will have no effect on the assistance you get now or in the future.

If you have any concerns about this survey, please discuss them with the support worker/interviewer who gave you this survey.

If you agree to take part, it is very important that you think about each question carefully and answer as accurately and fully as you can. Please answer every question – if you are unsure about a question, please ask.

This survey will only take about 10 minutes. On completion you will be compensated with a payment of $10 for your time and travel costs etc.

Many thanks for your valuable information.