



A New System for Better Employment and Social Outcomes

Good Shepherd Australia New Zealand and Good Shepherd Microfinance response
to the *Interim Report of the Reference Group on Welfare Reform to the Minister
for Social Services*

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ABOUT OUR ORGANISATIONS

Good Shepherd Australia New Zealand is a community-based not for profit organisation auspiced by the Sisters of Good Shepherd, who have worked with marginalised communities in Australia, particularly women and girls, for over 150 years.

We work to break the inter-generational cycle of disadvantage for women and girls through a range of programs, primarily in and around Melbourne and Sydney. These programs include family support, family violence prevention, outreach and refuge, support for young people, inclusive education programs and financial inclusion programs.

Central to our work is the strong belief that everyone deserves a stake in their community and the conditions of life that make participation in community possible. This includes access to an adequate income, affordable housing, high quality education and training programs, decent employment and a non-exploitative market.

Good Shepherd Microfinance runs Australia's largest community microfinance program, and has reached over 100,000 people and families. In partnership with 258 accredited community agencies, the National Australia Bank and the Federal Department of Families, Housing, Community Services and Indigenous Affairs.

Since 1981, Good Shepherd has contributed towards maintaining and enhancing social participation by providing safe, fair and affordable credit to people who face financial exclusion and are vulnerable to experiencing profound crisis. Underpinned by the basic principles of trust, respect and non-judgement of people and their financial circumstances, these small and no interest loans programs enable people to build assets, engage in community life and / or find, or keep, a job.

Our suite of microfinance programs include:

- The No Interest Loan Scheme (NILS) - In partnership with the National Australia Bank (NAB), and a network of 257 community organisations, the NILS program offers applicants on a low income, and in receipt of a current concession card, no interest loans to the value of \$1,200 for essential goods and services.
- The StepUP Low Interest Loan - Developed in partnership with NAB, StepUP loans are for individuals and families living on low incomes or in receipt of Family Tax Benefit Part A for personal, domestic or household purposes
- Adds UP Matched Savings Plan - the AddsUP Matched Saving Plan is offered to people who have successfully completed at least one NILS or StepUP loan within the previous 12 months. Its core aim is to foster financial skills through saving.
- Good Money: is a pilot program delivering financial services through three community finance stores in Victoria. Good Money stores are located in Geelong, Collingwood and Dandenong. The success of the initial Victorian stores has generated a commitment from the South Australian government to open a fourth store in Adelaide within the next year.
- Good Insurance - Good Insurance is a response to the issue of non-insurance amongst low income earners by balancing affordability with appropriate product features that are both safe and tailored to the needs of this segment. The product is being piloted at 10 microfinance locations nationally.

RECOMMENDATIONS

Recommendation 1: Any tiered working-age payment for single parents factors in the costs of raising children, and accommodates meeting the needs of children in the design of mutual obligation requirements.

Recommendation 2: People with episodic mental illness are able to access income support readily during periods of ill-health (without re-applying each time) by remaining registered for the payment throughout periods of employment but only receiving it when income drops below a set amount.

Recommendation 3: Predictable additional costs, such as children's and young peoples' education, should be embedded into regular payment rates.

Recommendation 4: Where supplementary payments are required, they should be provided to meet larger, one-off expenses.

Recommendation 5: Government investigates systemic gender issues that inhibit women's economic participation, and invests in ways to specifically support these women.

Recommendation 6: Income support payment base rates should not be indexed against CPI but should be set as a percentage of full-time, male equivalent earnings and tiers should be developed on the basis of the actual costs of living for these specific groups.

Recommendation 7: A specialist advisory panel be formed to provide expert advice to government on Income Support Payment rates and indexation.

Recommendation 8: A supplementary payment be provided for the significant education costs incurred annually by school students, adult 'second chance' learners and young people living independently.

Recommendation 9: The Federal Government, corporate partners and Good Shepherd Microfinance work together to develop a low or no interest loan, or matched savings program for education costs.

Recommendation 10: Rent assistance be increased to match the true costs of private rental and indexed against the actual increase in the price of housing and not the CPI.

Recommendation 11: Income support payments cut-out at a higher income rates than currently to allow for more workforce participation and to reduce effective tax rates.

Recommendation 12: The work credit system be expanded and reviewed, to allow for greater flexibility to participate in paid work when it is available.

Recommendation 13: Mutual obligation requirements and individual work assessments account for the challenges of raising children as a single parent, leaving family violence, having episodic mental illness, and other individual circumstances.

Recommendation 14: Volunteering is considered a valued and legitimate activity under mutual obligation requirements.

Recommendation 15: Income support payments are sufficient to ensure people can meet their mutual obligation requirements.

Recommendation 16: Mutual obligation requirements provide legitimate pathways to meaningful jobs.

Recommendation 17: Capacity to work assessments are based on rigorous frameworks to ensure assessments are fair and consistent.

Recommendation 18: Mutual obligation requirements should be based on the best available evidence of effective behaviour change interventions such as positive reinforcement.

Recommendation 19: Income management be available for individuals and/or a particular community to choose as part of a suite of supports that can build their capability.

Recommendation 20: If income management is imposed, it must be through a judicial process including a simple and appropriate appeals process.

Recommendation 21: Centrepay remain a cheap, flexible bill-payment option to people receiving Centrelink payments, to support them in managing their expenses.

Recommendation 22: Place-based and holistic support programs that work with schools, employment providers and young people are adopted to transition young people into work (adapting elements of the Youth Connections model).

Recommendation 23: Systems be put in place to allow for the aggregation and sharing of outcomes data across sectors, to enable collaborative, place-based community support services.

Recommendation 24: Programs be developed to engage parents of vulnerable children in their children's schooling, using strength-based, community-development approaches.

Recommendation 25: Reform to vocational, technical and secondary school education be seen in the context of welfare reform, to ensure disadvantaged young people are provided with educational pathways to enable workforce participation.

Recommendation 26: Training and capacity be built into community support programs to better understand and deal with the employment needs of their service users, through programs such as 'I Just Want to Work'.

Recommendation 27: Key outcomes are identified and agreed to by key stakeholders (including service users) and the collection of outcomes data is resourced to enable ongoing evaluation to be embedded into program design.

Recommendation 28: Program design systematically includes program logic and evidence-base to map expected outcomes.

Recommendation 29: Government, National Australia Bank and Good Shepherd Microfinance work with the Job Services Australia providers to develop specific microfinance programs for job seekers who need access to work related resources, such as a vehicle to apply and attend work.

Recommendation 30: Government invests in longer term, more intensive programs for vulnerable groups to enable greater workforce participation that incorporate the latest developments in brain science and behavioural change.

Recommendation 31: An index similar to the 'Hot Jobs' list be created that outlines jobs for which there are vacancies, to enable better targeting of employment plans and skills development.

Recommendation 32: Government continues to invest on local community hubs, and extends their capacity to offer holistic, wrap-around services.

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INTRODUCTION

Good Shepherd recognises and values the dignity that comes with participation in the workforce. Access to meaningful employment through a good education is vital if we are to disrupt the inter-generational cycle of disadvantage for women and girls and to ensure that disadvantaged groups are able to experience the fullness of life.

There are many positive benefits of participation in paid work. Having parents in employment improves outcomes for children, reduces the likelihood of financial stress on families, and positively impacts on self-esteem and social relationships. Young people's life chances dramatically improve with each level of education completed. It also contributes to the productivity of the economy as a whole.

For these reasons, we support moves to enable greater workforce participation of vulnerable groups. For those unable to work for a variety of reasons, and for whatever periods of time, we also strongly support the simplification of the income support system. The current system can be difficult to navigate and hence reform is important. An adequate and well-structured welfare system is essential to the social and economic wellbeing of the country. The state has a role in alleviating poverty and managing the social risks associated with the free market (Sheen, 2014). It is necessary to address economic inequity by redistributing wealth as evidence supports that more equal societies have higher levels of wellbeing and are more productive. The income support and welfare system needs to be designed with these goals in mind in addition to being a safety net to catch those who are most in need, and we are heartened by the holistic nature of the review.

In this submission, we will address a number of the key questions posed by *A New System for Better Employment and Social Outcomes: Interim Report of the Reference Group on Welfare Reform to the Minister for Social Services* ("The Report"). We highlight the particular needs of the people our organisation works with: single parents, women who have experienced family violence and young people who are not able to live at home. Welfare reform should be based on a gender analysis when gender is known to be relevant to the increasing costs of welfare in Australia. Without a good understanding of how gender contributes to the high costs of welfare, we are not confident that the most preventable costs can be reduced.

Domestic violence, gender segregated work, women as low paid and dependent carers all contribute to the high costs of welfare. These are systemic issues that the best mutual obligations schemes in the world cannot fix and are issues we will raise in this submission.

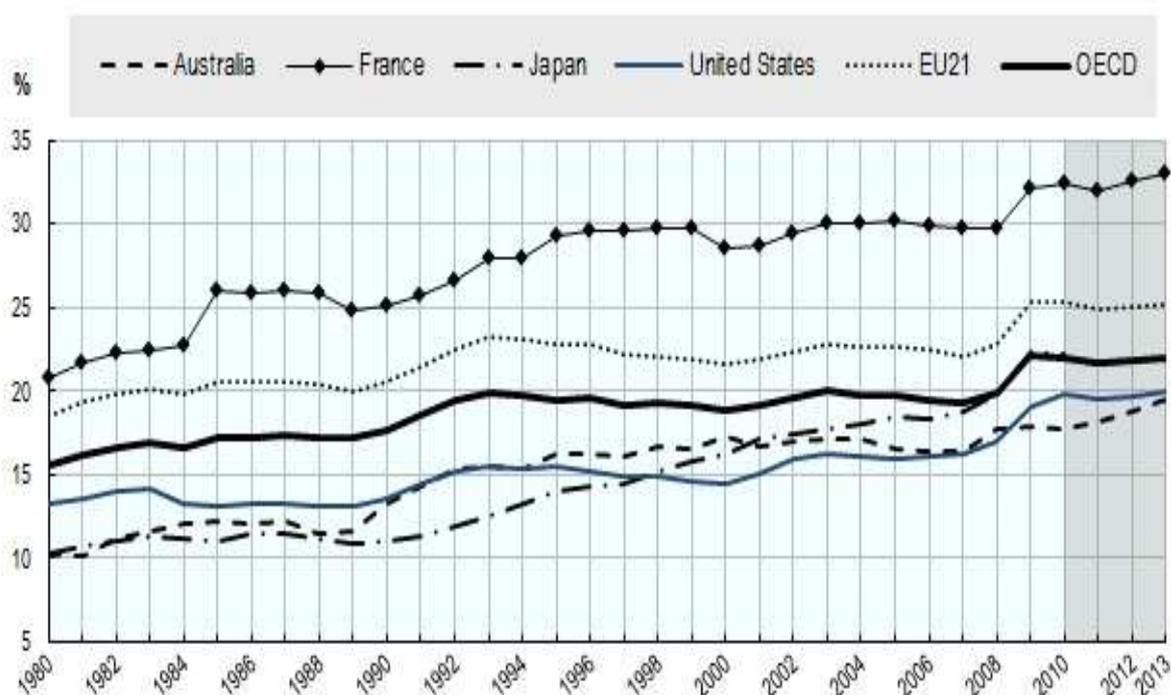
We will also comment briefly on the needs of people with disability, given that our client group often present with multiple and complex needs with disability among them. We will also offer some insight into approaches that work well in engaging and working with these groups and approaches that work best in enabling broader economic participation. We also

have a particular interest in effective outcome measurement and evaluation, and draw on the significant experience of our Social Policy Research Unit in research, policy analysis and evaluation.

1. PILLAR ONE: SIMPLER AND SUSTAINABLE INCOME SUPPORT SYSTEM

As Australia's population ages, the cost of welfare as a proportion of GDP is likely to increase, raising concerns about the sustainability of the system. While this is a problem, it is important to be mindful that the Australian system of welfare is still relatively cheap. Australia's social spend is relatively less as a percentage of GDP than many other like-countries in the OECD (OECD, 2014).

Figure 1: Public social spending based on detailed data for 1960-2009; national aggregates for 2010-2012 and estimates for 2013, in percentage of GDP



In reforming the system, we must ensure that efficiency is balanced with fairness.

a. What is the preferred architecture of the payment system?

There is no doubt that the current system is complex and difficult to navigate. This is a challenge for many of our service users. For example, women who have experienced family violence and may not have had to access income support before often require

external advocates to ensure their appropriate entitlements are being claimed (Corrie & McGuire, 2013).

We support the simplification of payments and the absorption of supplements into payments wherever possible. The architecture of the system needs to ensure that those with particular needs have those needs met, and that the cost of living a life with dignity can be sustained.

When setting a structure for working age payments, we would hesitate to conceptually include single parents, the majority of whom are women, into this category. Having children is more than just a disruption to women's work lives, and while there are changing expectations in the wider community about women's workforce participation, (Department of Social Services, 2014, p. 28), this has not been met with a corresponding reduction in the societal expectation that women take on caring roles. Single parents particularly must balance these two competing expectations, and it is important that any payment categorisation takes account of this fact. In particular, the rate that is set and any mutual obligation requirements that are developed must allow parents to meet the needs of children.

Recommendation 1: Any tiered working-age payment for single parents factors in the costs of raising children, and accommodates meeting the needs of children in the design of mutual obligation requirements.

Parenting needs to be understood both as an economically valuable activity and as an essential social function. While parenting is 'unpaid' work, the state has to pick up the costs for care when parenting fails.

b. Should people with a permanent impairment and no capacity to work receive a separate payment from other working age recipients?

In our practice we regularly work with people with disability, particularly those with episodic mental health conditions. It is difficult for people with episodic mental illnesses to maintain long-term connections to the workforce given the nature of their illness. To do so, people need adequate income support to protect them for those times that they are unwell. The DSP enables greater workforce participation without losing access to this important provision as the limits are more generous than those of other allowances. This is imperative to support this group of people (Corrie T. , 2011).

By completely losing access to the Disability Support Pension (DSP), people would be forced to reapply and go through the same laborious process each time they need to make a claim. This is more likely to *reduce* the capacity of people with disabilities to work.

Recommendation 2: People with episodic mental illness are able to access income support readily during periods of ill-health (without re-applying each time) by remaining registered for the payment throughout periods of employment but only receiving it when income drops below a set amount.

A related issue is that Australia has one of the lowest employment participation rates for people with disability.

As noted:

Finally, in its analysis the OECD pays rather more attention to supply-side issues than it does to demand-side issues. That is, it tends to focus on barriers to the employment of people with disability (primarily, too accessible, generous and long-term disability benefits) that do not involve labour market conditions. These could include things such as: a commitment to full employment (that is, a situation in which there is no involuntary unemployment due to there being at least as many jobs as there are people seeking employment); creating decent work; and, promoting positive attitudes towards people with disability in the workplace (Thomas, 2011).

Hence, it is important also to create an environment where employers are encouraged to employ people with disabilities.

The case study below highlights the complex intersection between disability, being a single parent, and the income support system. The case study also highlights the capacity of microfinance programs to enable economic participation, and the importance of DSP as a buffer for people with episodic health conditions.

Case Study 1: Intersection of disability, parenting and income support

Dina is a single mum in her late 30's. She has a young son who is in his second year of high school. She has suffered significant trauma in her life as a very young child

At fifteen, she had left home and was homeless for an extended period of time.

In her twenties, Dina was diagnosed with a serious, episodic mental illness. When Dina's illness escalates, she can require hospitalisation, however she is in a prolonged period of wellness.

Dina is successfully running a small business, volunteers with a wildlife rescue organisation and sells her artwork. She is a wonderful example of the intersection of support services and the right income support enabling positive work outcomes.

Via accessing local mental health support and through creative pursuits, Dina is managing her illness well. Because Dina has some social support, there is someone there to care for her son when she cannot or when she is working. This also gives him some of the stability he needs.

Accessing microfinance allowed Dina to purchase a car which was necessary for her business. Being able to run it herself means that she can manage her health first, be a

parent, but still work. She is supported by the Disability Support Pension as she is able to work without losing out financially.

This gives her the peace of mind and safety net she needs, and saves her going through the rigmarole of reapplying and re-proving her condition during periods when she is unwell.

Her work options are flexible, allowing her to volunteer and maintain her mental health. A combination of Dina's inbuilt strengths and the right community and social support has helped Dina maintain some economic independence.

c. How could supplements be simplified? What should they be?

There are a lot of interdependencies between the level at which rates are set (Part 2 (e)) and the simplification of supplements.

Where possible rates should be inclusive of any supplements that are required, based on the principals outlined in Part 2 (e).

If supplements are required, then they should be to meet specific costs. These could be:

- Supplements that recognise the complex needs of women who have experienced family violence and the challenges they face in finding and maintaining work, for example due to relocation, loss of confidence, or the experiences of trauma (Moe & Bell, 2004).
- Supplements are required to meet larger annual education expenses, such as school uniforms, books, fees and technology.
- Supplements are required to meet the costs of vocational education and training for adults and independent young adults.
- Rental supplements are required and should reflect the actual costs of renting in the private market.

Recommendation 3: Predictable additional costs, such as children's and young peoples' education, should be embedded into regular payment rates.

Recommendation 4: Where supplementary payments are required, they should be provided to meet larger, one-off expenses.

d. What are the incremental steps to a new architecture?

We cannot comment specifically on how to move toward a new system. It seems logical to begin simplifying supplements and add-ons and building them into existing payments, and then to gradually change payment types. Further consultation on this question may be advisable once the new architecture is set.

e. How should rates be set, taking into account circumstances such as age, capacity to work, single/couple status, living arrangements and/or parental responsibilities?

The overall level of payments must not decrease in real terms, and needs to reflect community living standards.

Rates should be relative to male full-time earnings, and should contain loadings that account for specific costs. These include:

- costs of raising children
- housing costs
- costs of education
- costs associated with disability
- costs associated with caring.

These costs could be taken from the Household Expenditure Survey or similar.

Loadings must be applied to meet what is a reasonable community standard of living.

It is also imperative to reduce the gap between pensions and allowances by increasing the value of allowances in real terms. The current payment levels of Newstart Allowance acts as a barrier to employment. People on Newstart cannot afford new clothes to present themselves for a job interview or to afford the phone credit and transport costs to apply for jobs and attend interviews (Business Council of Australia, 2012). Any reduction in payments will further reduce the capacity of people to find work.

This is answered more specifically in the next section.

We also urge the government to address the systemic gender issues, as it leads on reform that challenges, encourages and provides incentives for women to fully participate in society.

A woman might be committed to a contract with government that guides her back to school or work. This positive change can disappear in an instant with a threat to her life or her child's safety.

Where welfare substitutes for work, we must all take action to support change. Where welfare substitutes for justice, we must all advocate for the rights of victims survivors. Right now our welfare system doesn't know the difference.

Women are far more likely to be carers, single parents and experience family violence, all of which impact on economic participation. The review must account for the gendered nature of these circumstances.

Recommendation 5: Government investigates systemic gender issues that inhibit women’s economic participation, and invests in ways to specifically support these women.

f. What might be the basis for a common approach to adjusting payments for changes in costs of living and community standards?

Rate increases are proposed to be tied to the consumer price index (CPI). While no one benchmark for increases is without its flaws, the CPI is a particularly flawed mechanism. Many of the reasons for this are outlined in the report:

- Pg. 53 highlights the growing gaps between pensions and allowances, which raises the question as to whether allowances are sufficient. Previously pension increases were aligned with increases to full-time male earnings, which better reflect both changes in prices and changes in living standards. Tying all increases to CPI is not the approach we would recommend, for the reasons outlined below.
- Pg. 69 highlights that rent assistance is indexed to CPI but has failed to keep up with the increase in housing costs, as housing costs have risen more, relative to CPI.

CPI is a measure of an increase in a general ‘basket of goods’ by an ‘average person’ in a metropolitan area. As a high-level indication of inflation, it is a good measure. However the Australian Bureau of Statistics, who develops the measure, makes it clear it is not a cost-of-living index. Different groups in the community have different expenditure patterns and hence are impacted differently by certain price rises. This is particularly true for people whose main source (90%) of income is government pensions and allowances (GPA). These people spend proportionally more of their incomes on certain goods than other groups in the community. This is highlighted in the table below.

Table 1: Comparison between ‘all households’ and GPA spending

Item	All households	90% GPA	Variance ¹
Food	15.5%	19.4%	25.6%
Clothing	4.3%	3.6%	-16.3%
Housing	21.1%	23.6%	11.8%
Health	4.7%	4.6%	-2.9%
Transport	12.0%	9.9%	-17.4%
Communications	3.2%	4.3%	32.4%
Recreation	11.9%	8.9%	-25.3%
Rents	4.7%	10.0%	113.1%
Utilities	3.0%	4.8%	59.3%

The goods and services that GPA recipients spend proportionally more on have increased at a rate greater than the CPI. This includes the cost of housing (21.9% variance since Dec 2001) and utilities (67.6% since 2001) (Dufty, 2012).

Hence, indexing income support payments to CPI has eroded, and will continue to erode, the value of payments in both real terms and relative terms. It does not keep pace with the increase in costs of living, and does not keep pace with the adjustment in community living standards.

A fairer, more accurate and more equitable indexation would tie increases in pensions and allowances to full-time male earnings.

A compromise option would be to tie the direct payments to CPI, and the supplements to the actual cost increases for these 'baskets'. For example:

- rental assistance tied to housing cost increases
- utility supplements tied to utility increases
- child supplements tied to increases in education costs.

However, this would further complicate the system.

Recommendation 6: Income support payment base rates should not be indexed against CPI but should be set as a percentage of full-time, male equivalent earnings and tiers should be developed on the basis of the actual costs of living for these specific groups.

Recommendation 7: A specialist advisory panel be formed to provide expert advice to government on Income Support Payment rates and indexation.

g. How can we better support families with the costs of children and young people to ensure they complete their education and transition to work?

Good Shepherd views this issue from multiple perspectives: the perspective of families (particularly single parent families) who are struggling with the costs of raising children; the perspective of young people who are not able to live with their families and are hence attempting to complete education while supporting themselves financially; and from the perspective of a service who provides loans for people to meet the costs of their own and their children's education.

Firstly, it is important that people are able to afford to support their children's education. The payments to parents need to reflect the actual costs of education and needs to be embedded into the payments system, not something that is applied for. Some of these costs are part of weekly household budgeting (such as transport to school, sports and excursions, printing and technology), and should therefore be part of the calculation of payment rates. Other major expenses are concentrated at the start of the school year

(such as laptop, textbooks, uniforms, camp) and a supplement should be paid to assist with these at the start of each year (similar to the Victorian Education Maintenance Allowance or the Federal SchoolStart Bonus). A recent report has found that 16 per cent of children whose parents receive parenting payment miss out on school activities because of lack of money (Victorian Council of Social Service, 2014).

For young people who are not able to live at home, they need sufficient income to ensure they can maintain a decent quality of life while they are continuing their education. The low rates of Newstart and Youth Allowance make that a challenge for many of the young people we work with as they need to maintain the costs of housing and education. This group often disengages from education because of the challenges they face and require greater financial support to meet their needs.

Schemes like microfinance to enable people to take out small no-interest or low-interest loans via a national network of accredited community organisations to meet these needs are also vital. Having easy, safe access to no or low interest money for educational fees and related expenses is imperative for families and young people transitioning into employment. Not only does it meet their immediate requirement, it has long lasting impacts that accumulate as education increases and employment suitability grows. Evidence from an impact (economic and social) evaluation of the Good Shepherd Microfinance NILS program indicated that the economic return on investment for educational purchases (such as education support, laptops etc.) with a NILS loan, was not as immediate as the return on the purchase of household goods (such as a refrigerator or washing machine). But the educational purchases sustained longer benefits. The value of the social and health impacts of educational purchases were equitable with other types of NILS household and vehicle purchases. These findings together suggest that the increased wellbeing experienced from having access to safe affordable educational finance, is similar to other loan purposes, but that the overall social and economic return on educational items is longer lasting, thereby providing a better long term return on investment (Bennett, M, Hems, Marjolin, & Wong, 2013) .

Recommendation 8: A supplementary payment be provided for the significant education costs incurred annually by school students, adult ‘second chance’ learners and young people living independently.

Recommendation 9: The Federal Government, corporate partners and Good Shepherd Microfinance work together to develop a low or no interest loan, or matched savings program for education costs.

Case Study 2: The high cost of education

Financial counsellors at Good Shepherd often see people who are struggling with the costs of education. This is a reflection from one of our financial counsellors.

“A lot of Financial Counselling clients, once they hit Secondary Education, need to have a laptop through the school. This laptop is for school work and also for homework. The majority of schools on the Mornington Peninsula require either leasing or paying for it outright. I have also heard that one school only had supply for 75% of students entering into Year 7, so was first in got one. This would be very socially out-casting for the children that didn't receive one. Schools do not like the use of outside computers due to viruses.

Students need to have internet connection at home so they can connect with the school portal system where they receive homework, grades and exam questions on line out of school hours. Most financial counselling clients do not have a landline as they cannot afford one and have difficulty in getting internet connected if they have a default on their credit file. Telecommunication companies do not hesitate to cut off clients' accounts for non-payment as unlike Utility companies they do not consider it an essential service.”

(Landvogt & Maury, 2014)

h. In what circumstances should young people be able to access income support in their own right?

For Good Shepherd the main imperative is that young people are treated as independent if, for any reason, they are unable to live at home. These young people need to receive income support payments that are genuinely commensurate with the costs associated with living independently, undertaking study and/or job seeking.

The current rate of Youth Allowance is already well below what is required to live an independent life with dignity. It means young people who are not able to live at home are more reliant on services like ours to support them to find housing, for food, and for other material aid. This does not promote a sense of agency and self-sufficiency, but rather entrenches their disadvantage and reduces their job prospects. The lack of affordable housing for people on income support is already well-known - an Anglicare study found that there were no affordable rental properties available for single people on Newstart, DSP or Youth Allowance (Anglicare Australia, 2013). Any reduction or further rationalisation of these payments would have devastating consequences, and services like ours would not be able to meet the increase in demand.

Case Study 3: Living independently, living in poverty

'James' is 22 and has lived in Australia since 2010. Aside from the few people he has met since arriving here, he has no social or family support.

James has good English literacy and numeracy, which puts him one step ahead of many of the clients our service works with. Often, people from different cultural backgrounds (who make up more than half of our homelessness service users) do not understand the homelessness service system and how to navigate the complexities of accessing support.

Despite his skills and qualifications, James has not been able to find work as a labourer or in manufacturing. He actively improves his skills and seeks work diligently; there are simply too few jobs available. For those jobs that are available James is always overlooked.

James is living in poverty. His Newstart payment does not cover his basic cost of living, let alone the additional costs of looking for work, attending interviews, and improving his skills. At the moment, James is living in transitional housing however this tenure will end soon. All he wants is to work and find private rental. On his payment, and even with Rent Assistance, rent in a studio apartment in the outer suburbs will still take up 70-80% of his payment.

James has a case worker with a Job Services provider, however their overwhelming case load means that the only support he can get is a ten minute interview once every month. We have worked with James to update his resume and draft application letters; however our service does not have the capacity to provide James with the kind of support he needs to find work.

If James is not able to find work, he will be placed on the public housing waiting list and will be homeless until a property is available, which could take months. He desperately wants to work, and does not know what more he can do.

i. How could rent assistance be better targeted to meet the needs of people in public or private rental housing?

Good Shepherd is heartened that the issue of the inadequacy of rent assistance is addressed in the Report. For many of our clients who require housing support, including young people and women leaving violence, public rental is the only viable option because of the high costs of private rental. Rent assistance should reflect the actual cost of rent. This does not necessarily mean that public housing rents should be charged differently than they are now but the rate at which people are paid rent assistance be commensurate with the costs of housing.

We would support moves to increase the amount of rent assistance paid. Payments should be set to subsidise the median rental price in the particular area where people are living,

and for a similar housing type. This would account for the higher rental costs of parents, for example, who need more bedrooms for children. It would also compensate those who live independently and on their own.

Recommendation 10: Rent assistance be increased to match the true costs of private rental and indexed against the actual increase in the price of housing and not the CPI.

- j. How should means testing be designed to allow an appropriate reward for work?**
- k. At what income should income support cease?**
- l. What would a simpler, more consistent approach to means testing income and assets?**

While not commenting on specific amounts, we believe certain principles must be adhered to if means-testing is to strike the appropriate balance of incentives to participate in work and fairness.

Work must be done to reduce effective tax rates so people are not penalised for working. This is an issue particularly for single parents who have been moved onto Newstart, as Newstart has fewer hours that can be worked before payments cut out than the current Parenting Payment.

Recommendation 11: Income support payments cut-out at a higher income rates than currently to allow for more workforce participation and to reduce effective tax rates.

There needs to be focus not just on the income limits before payments cut out, but also on the time-frames. This is particularly important for single mothers and people with disability. This would allow single parents to work where practical while still retaining the safety net. Given the highly casualised nature of the current workforce, income support payments should not necessarily cease when these women are working, but perhaps the payment amount reduced to zero. This way, when work is not available they are still able to draw an income. Similarly, when work is available, there is less of a disincentive to take it up through fear of needing to re-apply for the income support payment. Work 'credits' enable this to some extent, but a more systematic, time-based system is more practical. The same principle is true for people with disability who may have episodic illnesses or partial capacity to work.

Recommendation 12: The work credit system be expanded and reviewed, to allow for greater flexibility to participate in paid work when it is available.

Tapering of the assets threshold seems a fairer option on the face of it. However, the treatment of the family home is more complex. Many women retire with less superannuation than men, as a consequence of pay inequity and time taken out of the

workforce for care (Australian Human Rights Commission, 2009). The family home is often the only asset they have, and needs to be treated differently.

2. PILLAR TWO: STRENGTHENING INDIVIDUAL AND FAMILY CAPABILITY

Good Shepherd works with individuals, families and communities to build their capability and disrupt inter-generational disadvantage for women and girls. We do this through programs that centre on people's sense of agency, providing them with opportunities for a decent education, access to financial support and advice, and through ensuring women and girls are physically and economically safe.

We agree that it is important to ensure the functioning of individuals and families in order to support economic and social participation.

a. How should participation requirement be better matched to individual circumstances?

The idea of 'mutual obligation' can be beneficial to people if it is genuinely mutual. That is, the state also maintains its obligations to its citizens and genuine, respectful support is provided to enable people to meet their requirements.

The current system already imposes a high level of conditionality on welfare payments and we hope that the introduction of any mutual obligation requirements would act to simplify the conditions attached to income support payments rather than increase complexity.

Obligation requirements also need to be achievable. They need to account for the genuine challenges particular groups face in participating in paid work. For Good Shepherd this means:

- recognising parenting as economically and socially valuable
- ensuring that participation requirements genuinely reflect the limitations being a single parent has on participating in paid work
- ensuring that volunteering is recognised as a legitimate and valued activity
- ensuring people have the resources (money or otherwise) to meet their obligation requirements.

Individualised 'capacity to work' assessments can also be helpful. There is a real risk, however, that they will create further classes of 'deserving' and 'undeserving' based on inconsistent subjective assessments and create a further administrative barrier in the system. This in itself could create the same perverse outcomes that the measure is trying to address.

Recommendation 13: Mutual obligation requirements and individual work assessments account for the challenges of raising children as a single parent, leaving family violence, having episodic mental illness, and other individual circumstances.

Recommendation 14: Volunteering is considered a valued and legitimate activity under mutual obligation requirements.

Recommendation 15: Income support payments are sufficient to ensure people can meet their mutual obligation requirements.

Recommendation 16: Mutual obligation requirements provide legitimate pathways to meaningful jobs.

Recommendation 17: Capacity to work assessments are based on rigorous frameworks to ensure assessments are fair and consistent.

b. How can carers be better supported to maintain labour market attachment and access employment?

It is a challenge for carers to find work once their caring obligations are finished. The longer a person spends out of the workforce, the more challenging it is to find paid work. However, this is an issue with the labour market and less of an issue with the individual.

However, as an organisation that does not specifically support or represent carers, we do not have comment to make on this section.

c. What is the best way of ensuring that people in income support meet their obligations?

It is imperative that any requirements or conditionality of welfare that are proposed are simple, and that people are given the capacity to meet them. Studies that analysed the impacts of sanctions, for example, found that some groups in the community, particularly young people, were confused about their obligation requirements. This is often why they did not comply and hence why their payments were suspended, causing severe financial hardship and distress. This also led to an increase in demand of community services (Lackner & Marston, 2003)

Our work with people who are disengaged from work has shown us that a positive reinforcement for certain behaviours is more effective at changing those behaviours than punitive measures.

There is extensive research into what motivates people to make significant or difficult changes in their circumstances; this research is also bolstered by an understanding of how to maximise cognitive abilities for enabling change. It is firmly established that three characteristics must be present in order for an individual to have autonomous, or internally-held, motivation for change: Individuals have a sense of **competency** (that is,

they feel capable of achieving the task); individuals have a sense of **autonomy** (they are able to self-direct their time and energy); individuals have a sense of **community, or relatedness** (individuals have sense of contributing to a social network through their efforts, and being meaningfully supported by others). When motivation is externally applied (“controlled motivation”), it leads to rigid functioning, reduced wellbeing, and a lack of vitality - in short, characteristics which are inherently de-motivating for action (Deci & Ryan, 2008).

When developing policy that is intended to motivate individuals to change, there is greater chance of success when the individual is allowed adequate autonomy to self-identify internal motivations in line with the desired change, is provided with coaching or training to provide a sense of competency to effectively make the change, and is enabled to embed the change within a supportive community (Locke & Latham, 2002).

Self-efficacy, or a sense of self-directed control over decisions directly affecting the individual, is the cornerstone to effective change, as well as increased psychological wellbeing and internal resources (Lever, Pinol, & Uralde, 2005). There are other factors which lead to improved cognitive processing. These include reduction of stress and other persistent negative **emotion states**, and elevating positive emotion states (Lyubormirsky, King, & Diener, 2005; Isen, 2001; Isen & Reeve, 2005). Developing extensive and highly-supportive **social networks** also has a strong and positive association with improved cognitive processing; in part due to the emotional benefits of social networks, but also because positive and empathic social interactions lead to improved executive function skills (Ybarra, Winkielman, Yeh, Burnstein, & L, 2010; Ybarra, Burnstein, Winkielman, Keller, Chan, & Ridriguez, 2008).

Recommendation 18: Mutual obligation requirements should be based on the best available evidence of effective behaviour change interventions such as positive reinforcement.

d. In what circumstances should income management be applied?

A person and/or community-centric approach is important to build capability. This places the individual and community sense of agency as paramount. Restricting people’s capacity to make decisions for themselves erodes their capacity rather than builds it.

Income management as a budgeting tool, to enable individuals and families to stabilise their financial situation, can be positive. This is on the proviso that it is voluntary, and that it uses incentives to reward certain behaviours. Income management initiatives need to be led by the individual and/or the communities themselves if they identify it as a way of improving their outcomes.

If income management is imposed, then this must comply with principles of natural justice. The decision to place an individual on income management should follow a judicial process. There also must be simple and appropriate appeals processes in place.

One of our fundamental issues to do with Income Management as a blanket approach to larger groups of people is that it assumes that people who rely on income support do not know how to manage money, which is contrary to evidence (Corrie T. , 2011). There are also existing, cheaper mechanisms that enable people to manage their expenses, such as Centrepay, which is used widely and successfully by the people we work with to manage their money.

Income management does not work as a blanket solution, and evaluations on its effectiveness are unconvincing. As a community or individually led and owned initiative, it can form part of a suite of supports but in itself is insufficient.

The money spent on this program would be much better spent on services to build capacity, and not on a mechanism that reduces people self-reliance.

Recommendation 19: Income management be available for individuals and/or a particular community to choose as part of a suite of supports that can build their capability.

Recommendation 20: If income management is imposed, it must be through a judicial process including a simple and appropriate appeals process.

Recommendation 21: Centrepay remain a cheap, flexible bill-payment option to people receiving Centrelink payments, to support them in managing their expenses.

e. How can programmes similar to the New Zealand investment model be adapted and implemented in Australia?

Investment in at risk groups is an obvious, preventative step. Our position on the income management aspect of these programs is outlined in the previous section.

Positive aspects of the programs, such as investment in training, the creation of job opportunities for young people, and other social supports can be replicated in the Australian context.

Case Study 4: Youth connections

Youth connections is an intervention program for young people who are early school leavers or at risk of leaving school early, to support them into education and training. The holistic program engages with a range of local service providers who work with young people and through collaboration these organisations build the capacity of schools to work with young people who are at risk of disengaging, as well as providing outreach and support to the young people themselves (Department of Education).

The program design harnesses the use of place-based, collaborative and holistic approaches to supporting young people to earn or learn.

94.2 per cent of the young people in the program were still engaged in education or employment six months after beginning the program, and after two years, 81.5 per cent were in employment or education (Thompson, 2014).

These figures highlight that this approach to engaging and transitioning young people is very effective. Unfortunately, this program has been de-funded.

This would be facilitated by working collaboratively in local communities, working with schools, employment providers, and the young people themselves to improve their capacity, and providing incentives to persist with programs.

Recommendation 22: Place-based and holistic support programs that work with schools, employment providers and young people are adopted to transition young people into work (adapting elements of the Youth Connections).

Working collaboratively would require the capacity to be built for the different sectors working together to share and report on outcomes data. This includes community services, state governments, and the Federal Government. This way, organisations can make informed decisions about policies and programs. It would also enable research to analyse key transition points and what interventions work best at each of these to support people into work.

Recommendation 23: Systems be put in place to allow for the aggregation and sharing of outcomes data across sectors, to enable collaborative, place-based community support services.

f. How can the social support system better deliver early intervention for children at risk?

Greater investment in early childhood education has been shown to improve educational and development outcomes of children. Access to affordable and high-quality childcare has the dual function of enabling carers of children to work, and improving children's development.

Childcare costs are a major barrier for women to re-enter the workforce, and research has shown that dealing with this issue is a more effective way of supporting women back into work than more generous paid parental leave systems.

A separate but important issue is **enabling parental engagement** in schooling. This has been shown to positively impact educational outcomes for children and young people and can be done at relatively low cost, as highlighted below (Maury, 2014).

Case Study 5: Parental engagement in schools

“Uplift” was a research project to pilot an empowering methodology to enable parental engagement in school, at a disadvantaged primary school in Melbourne’s South East. The process involved three workshops with parents at the school to develop actions that could better support their children’s education.

This was undertaken in a community where engagement was low in the community itself and then by extension the school community. The pilot found that the process for enabling parental engagement was critically important. It found that the problem needs to be framed as, not about ‘helping the school out’ but helping the parents and children out. It requires respectful dialogue between parents and other stakeholders, and a way of articulating needs that is inclusive (in this case, art therapy).

The important finding from this research in this context is:

“From a policy perspective, this pilot models one relatively simple, low-cost method of increasing parent engagement. Because it uses an empowerment framework, it is imperative that schools, community groups, and political bodies are prepared to share power and decision-making in a genuine and meaningful way. It would be unconscionable to use this kind of process but withhold the ability to influence and negotiate significant change (Maury, 2014, p. 48).”

Recommendation 24: Programs be developed to engage parents of vulnerable children in their children’s schooling, using strength-based, community-development approaches.

g. What can be done to improve access to literacy, numeracy and job relevant training for young people at risk of unemployment?

h. How can early intervention and prevention programmes more effectively improve skills for young people?

The issues outlined in the paper are tied to issues of poverty. That is, children from low socio-economic backgrounds are less likely to complete year 12 and hence are less likely to participate in the workforce when they have finished school.

Again, the more appropriate response is early intervention and more intensive supports. Implementation of education reforms as outlined in the Gonski review would go a long way in addressing the impacts of socio-economic disadvantage on educational outcomes, as those students with the higher needs would receive the most support.

Again, while it is outside of the scope of this review to address these issues, looking at the income support system in isolation of broader issues to do with poverty and other complex needs ignores the larger problem. The intersection of poverty, complex needs and education participation is highlighted in Walid’s story below.

Case Study 6: I Just Want to go to School - ‘Walid’

“I’m currently doing a pre-VCE course with a school in the city. I enjoy going there as I get to have a good lunch break in the city and plenty of smoke breaks. The teachers there are funny and keep us entertained. They treat us like adults. They didn’t treat us like adults in high school. I would have liked to have been treated like an adult in high school.

Being in care and getting an education can be hard. Once I got into school but had to wait two weeks to go to school ‘cos my fees weren’t paid for. That got me shitty. When you have to apply for funding for school and wait a long time for a response it gets annoying. I believe that it shouldn’t have taken so long to pay for my fees. I got annoyed and embarrassed when I got kicked out of class in front of everyone because my fees weren’t paid. I think that the school should have let me stay ‘cos it wasn’t my fault.

I just wanted to go to school.” (Campbell, McGuire, & Stockley, 2012)

There needs to be investment in programs that improve the literacy and job relevant training for at risk young people such as the Youth Connections which has since been defunded by the Federal Government.

Recommendation 25: Reform to vocational, technical and secondary school education be seen in the context of welfare reform, to ensure disadvantaged young people are provided with educational pathways to enable workforce participation.

i. How can a focus on ‘earn or learn’ for young Australians be enhanced?

We agree that there needs to be focus on education and employment for young people. This is easier said than done however, as graduates (who have study extensively to improve their job prospects) find it more and more difficult to find full-time paid work in their fields. Only 71% of graduates in a recent survey had found a full-time job within four months of graduating. These figures are the worst for graduates since the recession of 1992-1993 (Bowden, 2014). Therefore, even when young people ‘learn’ they are not always given the capacity to ‘earn’.

The young people we work with have many complex needs. They are usually unable to live at home because of family violence, drug and alcohol abuse, and/or family dysfunction. These experiences often impact on their capacity to remain engaged in education and hence their job prospects. These young people require a foundation from which to start building independent lives. This includes housing, job skills, development of life skills, self-esteem and a sense of agency. This requires multiple and complex interventions that can take time. Perhaps the definition of what is considered ‘learning’ needs to be clearly articulated to include the range of life-skills this group need to build. Being job ready is as important as having the skills to perform the job itself, and this must be considered.

Similarly, the costs of earning need to be tenable. Recent TAFE funding cuts means the cost of vocational training has increased, and young people who live independently need an appropriate level of financial support to meet these needs.

Case Study 7: Learning for earning

‘Chloe’ is originally from Africa, and spent most of her life in out-of-home care. She is now in her early twenties, is a single mother, and is at university obtaining a degree to improve her outcomes for her and her baby.

Chloe received some support for twelve months after leaving care, however because she has no family support, she has been very much on her own since then. The father of her baby (who she is no longer in a relationship with) is supportive; however he too has his own challenges.

Chloe is very intelligent, and is managing her study with caring for her child. This balance is precarious however. At the moment, she is still in transitional housing, which is only short term. She is able to manage her study because she received childcare through a Centrelink program, which is about to stop.

Chloe is doing her very best to learn and improve her capacity for self-sustaining work. The withdrawal of these supports will threaten this and increase the likelihood of her needing to access income support.

j. How can services enhance family functioning to improve employment outcomes?

k. How can services be improved to achieve employment and social participation for people with complex needs?

Community service organisations have a significant network and influence that does contribute to the empowerment of many disadvantaged individuals and groups. Community service workers occupy a unique place in lives of disadvantaged people. They often have a relationship of trust that has been established over many years. Many clients of community service organisations are amongst a cohort of highly disadvantaged job seekers. For example, research by St Luke’s Anglicare (Victoria) and work completed by Good Shepherd Youth & Family Service (Victoria) has identified that over 85% of parents who are accessing family support in their agencies are unemployed and/or not participating in any education/training programs, with many unemployed for over twelve months. These studies also showed that many parents aspire to be employed and/or in training but require additional supports to achieve this goal.

It is clear that a significant number of community service clients are over represented amongst the long-term unemployed and are increasingly being socially excluded due to a

lack of opportunity to participate in employment and/or education/training. This situation presents a considerable challenge for community service organisations and raises questions about the role and work of support agencies. Are community service organisations just the providers of support services or do they also have a role in ensuring vocational outcomes for clients? Whilst many agencies and services support vocational outcomes there are barriers that agencies face in embracing this role. In particular, services are often designed to focus on one particular issue rather than linking their clients to all the supports required to address their needs and their experience of social exclusion.

The tension between funding pressure aimed at highly focused goals and the desire to embrace a broader view can represent a blockage for agencies. A firm resolve is required to move workers from responding solely to the client's presented need (through funded services) for example, their drug problem, their mental health issue, their lack of money - to a more holistic service response.

Case Study 8: I Just Want to Work

A resource kit 'I Just Want to Work' has been developed by the O'Sullivan Centre in partnership with Good Shepherd Youth & Family Service and with the support of St Luke's Anglicare. The kit is based on the belief that workers and community service organisations have a role in supporting clients to achieve vocational outcomes (i.e. education, training, paid and unpaid work); and belief in the importance of economic participation and work in establishing the identity, wellbeing and social inclusion of the individual. The kit aims to support workers and community service organisations who wish to build practical responses to unemployment among clients and to increase vocational outcomes, thereby contributing to creation of a more holistic service culture. The kit supports all levels of an agency to view their contribution as part of a much bigger picture, resulting in a client-centred focus rather than a problem- or program-centred focus.

The workshops explore the following themes:

- Exploration of vocational outcomes for clients through workers reflecting on their own experiences.
- Exploring the significance of vocational outcomes in improving wellbeing, health and social connection.
- Analysing current vocational outcomes for clients.
- Exploring the role of community service organisations and workers in supporting vocational outcomes
- Building a worker, team based and agency response to achieving vocational outcomes.
- Planning of actions to help promote vocational outcomes.
- Utilising the resource kit 'I Just Want to Work' to support vocational outcomes.

A summary of the workshops content can be found at Appendix 1, with the resource available at www.theosullivancentre.org.au.

Recommendation 26: Training and capacity be built into community support programs to better understand and deal with the employment needs of their service users, through programs such as 'I Just Want to Work'.

I. How can government funding of programmes developing individual and family capabilities be more effectively evaluated to determine outcomes?

As a first step, those developing programs to improve capabilities need to engage with service users to determine what their service needs are. The best available evidence then needs to be gathered in order to determine which interventions can address these needs. Finally, the key outcomes (those that are the highest priority) need to be determined. It is not feasible, or necessarily helpful, to collect data on the whole range of outcomes, but just those which are more important.

Ideally, data collection and analysis are built into program design to encourage reflective practice. This way, outcomes and evaluation data is collected on an ongoing basis and hence does not require greater resourcing.

Recommendation 27: Key outcomes are identified and agreed to by key stakeholders (including service users) and the collection of outcomes data is resourced to enable ongoing evaluation to be embedded into program design.

The measurement of outcomes is not always possible, particularly with shorter-term, crisis responses. However, strong program logics can enable logical deductions to be drawn.

Recommendation 28: Program design systematically includes program logic and evidence-base to map expected outcomes.

There is also a strong movement to more collective impact models. This recognises that it is often a variety of interventions that lead to certain outcomes, and not necessarily a single program.

To enable better outcomes measurements therefore requires:

- capacity building of the community and other sectors to measure outcomes
- data systems across sectors that enable the sharing of vital outcomes data for service users accessing multiple programs
- greater resources provided in program funding to enable robust evaluations
- greater flexibility for programs to adjust their programs in response to reflective practice - current funding and compliance requirements are too rigid to be responsive to changing needs and does not reflect practitioner expertise.

3. PILLAR THREE: ENGAGING WITH EMPLOYERS

It is imperative that demand side strategies encouraging employment are met with supply side strategies such as skills development. It is challenging to encourage workforce participation when there are too few jobs available. There are sound economic reasons for business to employ vulnerable groups, including from a social responsibility and brand perspective.

a. How can business-led covenants be developed to generate employment for people with disability and mental health conditions?

We do not have anything specific to say about business-led covenants as this is covered in responses to other, employer related questions.

b. How can successful demand-led employment initiatives be replicated, such as those of social enterprises?

c. How can transition pathways for disadvantaged job seekers, including young people, be enhanced?

We think that the best way to enhance pathways for disadvantaged job seekers is to:

- enable them to develop vocational skills through providing affordable education such as TAFEs and community education
- recognise some of the more complex needs of particular groups and develop strategies with potential employers to improve the employment rates among these groups (specifically women leaving violence, single mothers, and young people) such as:
 - incentive-based payments, such as those being flagged for the employment of older workers and the long-term unemployed
 - use of best practice guidelines, such as the Safe at Work guidelines for women experiencing or leaving family violence (Australian Domestic and Family Violence Clearinghouse, 2011)
 - flexible workplace arrangement for single mothers
- the creation of more employment pathways for these groups through government investment in infrastructure, community services and other stimulus activities

Access to transport for job seekers is also imperative. The most common purpose for StepUP microfinance loans is to purchase cars. Access to cars is particularly important for people who live in outer suburban and rural areas, and these are also the areas of higher socio-economic disadvantage. Access to cars through microfinance loans has been shown to improve economic participation (Corrie T. , 2011).

Recommendation 29: Government, National Australia Bank and Good Shepherd Microfinance work with the Job Services Australia providers to develop specific microfinance programs for job seekers who need access to work related resources, such as a vehicle to apply and attend work.

For particularly vulnerable groups, longer term and comprehensive support programs are needed that address the whole range of needs. These programs need to focus on building the individual's work skills, as well as working with education and employment providers and communities to build supportive networks for them. This approach incorporates principles of best practice in developing motivation and self-sufficiency. The Doyle program, below, is an example of this type of approach.

Case Study 9: The Doyle Program

The Doyle Program is a new initiative by Good Shepherd based on a program developed and successfully piloted by Crittenton Women's Union in Boston, USA (www.liveworkthrive.org).

The program will support single mothers to identify and attain a viable economic and social gain, which benefits the whole family. It will help women achieve economic self-sufficiency: a life-sustaining wage, a job with a viable career pathway, a tertiary qualification, stable housing (including potential home ownership), low debt and high savings, children well cared for, positive and supportive social networks and high levels of personal wellbeing.

This program:

- recognises there are no 'quick fixes' and works with women over a five-year period
- is based on the latest evidence in brain science and development
- is guided by practical tools, including the Bridge to Self Sufficiency™
- uses a collective impact approach, working with women, job providers, education providers and local communities
- coaches, not case manages
- focuses on building skills and social networks
- is individualised and tailored to each woman's needs
- provides tangible rewards
- focuses on outcomes

Recommendation 30: Government invests in longer term, more intensive programs for vulnerable groups to enable greater workforce participation that incorporate the latest developments in brain science and behavioural change.

d. How can vocational education and training into real jobs be better targeted?

This is covered in the previous section. Additionally, skills development needs to align with the demand in the market as outlined in the report. Meaningful skills development is necessary for people to find meaningful work, however this transition can take time, as lack of practical experience in a chosen field is a significant barrier. This is clear in the high rates of unemployment of recent university graduates.

While skills development is pivotal, so too is providing job seekers with the opportunity to meaningfully apply their skills.

Crittendon Women's Union (Boston USA) has developed an index of 'Hot jobs' that they use to guide the employment plans for the women they work with. This matches skills development with jobs that enable career progression and ultimately independence.

Case Study 10: 'Hot Jobs'

"The *Hot Jobs 2013* report is CWU's triennial survey of the Massachusetts labor market to identify career paths that lead to economic self-sufficiency. *Hot Jobs 2013* defines Hot Jobs as careers that require two years or less of post-secondary education or training, meet the Massachusetts Economic Independence Index income level for a single-parent family with two children, and currently post high-vacancy rates.

Hot Jobs 2013 identifies 15 jobs in Massachusetts that meet the criteria and, for the first time this year, identifies 50 "Smart Start Jobs," which position individuals not yet qualified for a "Hot Job," but in need of immediate employment, for future career advancement." (Crittendon Women's Union, 2013)

Recommendation 31: An index similar to the 'Hot Jobs' list be created that outlines jobs for which there are vacancies, to enable better targeting of employment plans and skills development.

e. How can models like Individual Placement and Support that combine vocational rehabilitation and personal support for people with mental health conditions be adapted and expanded?

While many of the people we work with present with mental health conditions, we ourselves are not a provider of programs for people with mental illness, hence do not wish to comment on the therapeutic and other benefits that programs such as these may or may not have.

However, in a general sense, programs that build both personal and work skills recognise the importance of a holistic response that addresses the challenges for people with mental health conditions.

f. How can employment focus be embedded across all employment and support services?

Our response to this question is in section 4 (k) and Case Study 8.

g. How can the job services system be improved to enhance job matching and effective assessment of income support recipients?

Good Shepherd does not provide employment services, so we can only comment from the perspective of the needs of those who use our service. These needs have been outlined in previous sections of the submission, however in summary, assessment should account for:

- the challenges for single mothers in finding work that enables them to balance participation requirements with caring responsibilities
- the needs of women who are escaping family violence and need time to recover and rebuild in order to participate in paid employment and this must be factored into capacity to work assessments
- the need for people to be placed in jobs that are genuine and lead to economic independence.

h. How can the administrative burden on employers and job service providers be reduced?

Case study 8 highlights the ways in which community service organisations may support the work of Job Service Provider in getting people ‘ready for work.’

4. PILLAR FOUR: BUILDING COMMUNITY CAPACITY

Good Shepherd firmly believes that healthy communities support thriving individuals. Understanding and building the capacity of local communities to meet their local needs is imperative to improve outcomes for disadvantaged groups.

We work with a diverse range of stakeholders to build the capacity of local communities to meet local needs. Microfinance is a clear example of this type of collaboration. Good Shepherd Microfinance’s service delivery is underpinned by collaboration; we have partnerships with more than 250 local community organisations in 650 locations across Australia. We select our partners based on trust and respect as well as a common goal to enable and empower clients to achieve financial wellbeing. We also work with corporate organisations, philanthropy and government to fulfil this same aim, using the same principals.

Microfinance initiatives build local community capacity, individual capacity and improve peoples' economic participation (Corrie T. , 2011).

Our proposed new program, the Doyle Program (case study 9), looks not only at how we can support the individual into work, but also how we can build the capacity of the local community and employment providers. This is because we know an integrated, evidence-based approach is the only real way to offer meaningful and sustained change for disadvantaged communities.

From this perspective, we wholly support building community capacity to improve individual outcomes.

a. How can the expertise and resources of corporates and philanthropic investors drive innovative solutions for disadvantaged communities?

A collective impact model recognises and values the contribution each group across each sector makes in enabling certain outcomes to be reached. This is a collaborative style of working that harnesses the strengths of each of these groups, and ensures there is a value-add for each.

There is business sense in sharing the risks associated with these types of investments, as well as a certain obligation of the business community through Corporate Social Responsibility to deal with some of the issues that economic exclusion causes.

However, as opposed to this being a required action by business, this can be done by maintaining focus on what business can offer and working collaboratively from that perspective. For this purpose, it is access to work, training and other programs that improve peoples' job readiness.

Good Shepherd Microfinance is again, another example of this approach.

b. How can the Community Business Partnership be leveraged to increase the rate of philanthropic giving of individuals and corporates?

For the Community Business Partnership initiative to be best leveraged, it must engage meaningfully with each sector with a stake in the issue, and develop tangible measures with which to gauge success.

Again, as per the principles stated previously regarding collective impact, the contribution of each needs to be respected and fostered. There needs to be support (both financial and non-financial) for collaboration, as it is challenging to work in partnership with different sectors with different goals and motivations.

c. How can disadvantaged job seekers be encouraged to participate in their community to improve their employment outcomes?

Recognising volunteering as part of 'mutual obligation' requirements and as an economically valuable activity would go some way in supporting people participating in their community to improve their job prospects. So too would support for organisations to take on more volunteers.

Working with school, TAFES and Universities would assist in supporting young people to volunteer for work experience. Volunteering opportunities that fit around the needs of their children are also important for single mothers, providing them with the skills and knowledge to transition into work. Supporting community organisations to develop skills in service users also enables greater workforce participation. The example of St Luke's Anglicare in Bendigo, is reflective of the power of developing service users as advocates and further improving their capacity to participate economically.

Case Study 11: Young People's Participation Panel - St Luke's Anglicare

St Luke's in Bendigo was looking for a way to improve the education outcomes for young people in their out-of-home care program. Through funding from the Sidney Myer Foundation, they developed a program by which young people were given the support to be developed as advocates. Particular young people were selected to undertake the training and support program.

These young people now work with government departments and community organisations as consultants, advising them the best ways to work with young people in care, and how to better support their needs. They have formed their own peer-support network, and meet regularly to develop resources, tools and support for young care leavers.

d. How can community capacity building initiatives be evaluated to ensure they achieve desired outcomes?

Enabling programs and initiatives to successfully measure outcomes is outlined in section 4 (l).

e. How can the income management model be developed to build community capacity?

Our response to the question of income management is at section 4 (d).

f. How can communities generate opportunities for micro business to drive employment outcomes?

g. How can mutuals and co-operatives assist in improving the outcomes for disadvantaged communities?

Good Shepherd Microfinance programs focus primarily on building individual assets; however building assets provides people with the capacity to establish micro businesses. Case study 1 provides an example the impact a small loan can have on enabling someone to run a microenterprise.

Starting a small business requires a lot of back up support, including managing business plans, cash flow, finance, marketing and range of other skills necessary for business to succeed. National Australia Bank's microenterprise scheme is an example of a program that provides finance while at the same time providing support.

Good Shepherd Microfinance sees a future in microfinance for microenterprise development. National Australia Bank's evaluation of their microenterprise scheme yielded positive results (The Centre for Social Impact, 2012).

However, as research has told us (at appendix 2), there is a need for there to be appropriate wrap-around supports for microenterprise and for this to be built into program design. This could include supports such as mentoring, accounting and book keeping, business planning and continuity planning such as savings and insurance. This forms a suite of supports that enables people to develop microenterprise.

h. How can disadvantaged job seekers' access to information and communication technology be improved?

There are many places that disadvantaged people need to be able to access information and technology in order to assist them in their job search.

Community Information Centres or Citizen's Advice Bureaus are important points of contact. This is because they are local, accessible and offer one-on-one and group support. Local libraries are also an important source of information and technology access, and similarly because of their physical locations and accessibilities.

It is important to provide information that is contextualised and relevant to people's needs. This can mean providing information in high school and TAFES for young people, for example; providing information through local primary school for single mothers and through other local organisations.

Lastly, ensuring technology is affordable for personal use is important. As a preventative measure, affordable technology means disadvantaged young people are less likely to fall behind in their education. Once of working age being able to access technology easily

makes searching for work or education opportunities simpler. Basic technology skills are also important job skills. Ensuring affordable technology can be facilitated greatly through access to microfinance, laptop or technology recycling programs, and through buying services that source the best available prices for low-income earners.¹

- i. What strategies help build community resilience, particularly in disadvantaged communities?**
- j. How can innovative community models create incentives for self-sufficiency and employment?**

For highly vulnerable populations, providing accessible wrap-around services locally is the preferred way to engage. This is particularly true for young or single mothers, where there is an opportunity to support them in best childrearing practices while also developing a realistic plan for a career pathway.

The hub model of providing service is already used in Australia, and there is enthusiasm about the results thus far. For example, the DEECD has trialled what it calls the extended school hubs model. Information can be found here:

<http://www.education.vic.gov.au/about/programs/partnerships/pages/partnerhub.aspx>

The DEECD website explains that “this [model] involves a school, or cluster of schools, working with a range of partners and organisations to provide services and activities before, during and after school hours to help meet the needs of children and young people, their families and the wider community” (DEECD, 2013). The information also explains that, as these hubs are flexible and location-specific, the exact nature of the partnerships and programs differs from school to school.

In a review of hub schools, Black et al (2010) indicate that hub models both make support services more accessible to students and families, and de-stigmatise their use. The authors caution that the various models are so diverse in their goals, structure, implementation - and perhaps most critically in the rigour of assessment processes - that drawing firm conclusions about this model is difficult. However, enthusiasm for these models is high and those involved point to many improvements across the spectrum, including increased student and parent engagement, improved educational performance and wellbeing, improved cross-sectoral care of students’ complex needs, increased proactive (rather than reactive) intervention, and increased networks between the school and the community (Ibid., pp. 11, 12). Certainly the potential is there for an excellent, de-stigmatised, universal service provision.

Community houses are another place where the hub model of service provision is the norm. Good Shepherd operates two community houses - Wallaroo Community Centre

¹ Such as Green PC, see <http://www.greenpc.com.au/> and the Good Shepherd Buying Service <http://www.goodshepvic.org.au/buyingservice/>

located in Hastings, and Good Shepherd Community House located in St Alban's. Both community houses provide a range of services, either directly, or through provision of space to other service providers. For example, Wallaroo Community Centre operates a kindergarten, hosts maternal & child health clinics, and runs workshops and courses such as arts therapy and financial literacy classes. They also have strong links to the community and primary school, and assist with facilitating the local community action group and the network of service providers in the area, as well as operating after-school and holiday programs in tandem with the school. Wallaroo Community Centre assists with the continuing of two major renewal efforts in the area: the DHS-sponsored Hastings Neighbourhood Renewal (2005 - 2013), and the Linking Schools and Early Years Project (LSEY).

The St Alban's community house operates a supported playgroup for young single mothers. The playgroup provides a friendly, low-pressure venue for this very difficult-to-engage cohort to connect to very targeted support, including social and community connection, mother-infant bonding, positive parenting practices, leadership and mentoring opportunities, and continuing education for the mothers. The playgroup successfully connects its members to a range of other services which this often isolated and disengaged cohort seldom seeks out.

Using a hub model of service provision supports the government priority for coordinated and integrated models across service providers, as demonstrated in the Child First pilots and is now being piloted for Services Connect. Schools, community houses, or other community spaces such as libraries can host such services as maternal child and health, parent mentoring, early learning opportunities, child care, kindergartens, classes for parents (e.g., financial management), and other tailored supports. While it requires adequate funding to ensure appropriate space and coordination, it is an efficient and effective way to provide a broad range of services locally.

Recommendation 32: Government continues to invest on local community hubs, and extends their capacity to offer holistic, wrap-around services.

CONCLUSION

Good Shepherd welcomes many of the proposed reforms. We are particularly interested in policies and programs that build an enhance individual and community capability and promote individual agency. The simplification of the income support system means that many more people will be able to navigate and self-advocate within the system, improving people's self-confidence and ensuring they are accessing the correct entitlements.

We think a holistic response is required to meet the complex needs of the people we work with, and are similarly pleased that the review took account of important inter-related policies that impact on the economic participation of vulnerable groups. This recognises

that finding employment is not just about the individual's capacity, but also the capacity of the community more generally. It also recognises that there are structural reasons why certain groups are excluded from the workforce.

We prefer an incentive-based approach that respects and values the dignity of the person and their inherent value. Further, approaches adopted need to account for the value of parenting and care both socially and economically and its centrality to individual and community functioning. Principles and policies designed to reform the welfare system need to account for this and continue to deal with the individual and structural aspects of economic exclusion.

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Appendix 1: I Just Want to Work - Workshop Structure

Workshop one: Managers

Workshop one is designed for managers in the agency or community service organisation. It covers:

- Why focus on vocational outcomes for clients?
- The significance of work in improving wellbeing and health.
- Reflection on personal experience of work and its significance.
- Reflection on the role of the workers and the agency in building vocational outcomes.
- Deciding on actions that managers could take to start building an agency response.

Workshop Two: Workers

Workshop two is designed for workers in the agency or community service organisation. It covers the following:

- Why focus on vocational outcomes for clients?
- The significance of work in improving wellbeing and health.
- Reflection on personal experience of work and its significance.
- Reflection on the role of the workers in building vocational outcomes.
- Discussion on two actions that workers will undertake over coming weeks

The key outcome from Workshop Two is the setting of two important actions that workers can undertake as a beginning point of building their response to the issue. These actions are:

- Seeking advice from five clients on how the agency could support clients in achieving vocational outcomes.
- Analysing the current profile of clients with regards to participation in employment and education/training, identifying how many clients have vocational outcomes as part of the client support plan, and identifying the aspirations of clients with regards to participation in employment and education/training. The actions discussed in Workshop Two will form the basis of Workshop Three with workers.

Workshop Three: Workers

Workshop Three is designed for workers in the agency or community service organisation.

The content and focus of the workshop is on reflecting on the action undertaken by workers

as a result of Workshop Two. The workshop will cover:

- Presenting the profile of clients and analysing the results. What does this tell us?
- Sharing the discussions with clients on their advice to the agency. What does this tell us about what we can do as individual workers and as an agency as a whole?

- Developing an action plan that workers can undertake and discuss with teams and managers.

Workshop Four: Managers

Workshop Four is designed for managers of the agency or community service organisation. The focus on the workshop is to reflect on the actions undertaken by managers and workers, and will begin the development of an agency action plan for achieving vocational outcomes for clients. In particular, the workshop will cover:

- What have we and the workers learnt from the actions undertaken and the previous workshops?
- What is our vision for achieving vocational outcomes for clients of the agency?
- What are the immediate decisions or commitment that can be made?
- Are there short-term and long-term goals that we wish to commit to?
- How will these goals be evaluated?

Appendix 2: Microfinance for microenterprise research summary

One of the issues raised by microfinance providers, corporate partners and policy-makers has been the need for microfinance for microenterprises. These small, innovative, often collective and/or community-based business ventures often struggle to get start-up funding, yet have the capacity to deliver social and economic change in disadvantaged communities. The 'Microenterprise: the role of Consumer Credit' Project was funded by the Consumer Credit Fund to investigate these options.

Understanding microfinance and microenterprise

The literature review of international and national research identified several qualities important to an ideal 'community-based' finance institution, including:

- organisational accountability to local people, rather than vice versa;
- linking to community structures and processes, rather than imposition or delivery from outside; and
- service design based upon the knowledge and needs of the community in which the program operates.

Microfinance services are only one tool for achieving social justice objectives. Microfinance for microenterprise therefore exists as one aspect of a broad array of integrated actions that contribute to community development. Ideally it is best provided by or in cooperation with, an organisation/s that is/are able to initiate, provide and maintain a range of integrated programs.

Community-based microfinance for enterprise development in Australia

As community-based microenterprise development and lending need to be relevant to local contextual factors including culture, gender, class, location, politics and ecology, a preliminary contextual analysis needs to occur before any other steps are taken. Generally, microfinance-supported initiatives should be embedded in and supported by the communities they serve, rather than centrally developed and delivered.

The review highlighted the importance of organisational, strategic (feasibility and business) planning and training, combined with capacity-building and mentoring support. Four process steps were identified as essential for social enterprises reaching sustainable practice/enterprise:

- a strong and coherent vision and strategic plan to guide and animate the enterprise, as well as organisational support and capital at Start-Up;
- a balancing of social and financial objectives, to build financial and management capacity and to adjust plans to fit circumstances arising in the Development phase;
- growth to enhance viability, improve working conditions and increase social impact during the Growth phase, and
- understanding 'sustainability' in the context of social enterprise and methods for capitalising the business to enhance sustainability when the enterprise reaches maturity (Foresters Community Finance Action Research Project - Burkett 2010).

Implications for policy and practice

If microfinanced microenterprise is to contribute to community development, the following are required: long-term approaches that develop consciousness, leadership, management capacity, financial literacy, and business planning and project pilots within the community.

A modification or extension of the NEIS model, whereby potential entrepreneurs receive a non-repayable seeding grant for financing a pilot project, would benefit the start up of micro/community/social enterprises. A feasibility study that indicates a reasonable expectation of success would be completed before awarding of grants. Successive and substantive loans for microenterprise would depend upon a successful pilot, followed by a detailed business plan and proof of at least three months savings history with a CDFI or finance institution. The financing institution would then administer a low interest, long-term loan.

Personal income from a microenterprise project should not affect a recipient's benefits for up to two years (or for a period determined under program guidelines). Broadening of government regulations or special legislation may be required to facilitate this and requires further exploration.

There is a vital role that business incubators could play in assisting the establishment and maintenance of community-based microenterprises. Incubators provide: advice and assistance with feasibility and business planning; opportunities to share overheads; offer an environment for the cross-fertilisation of ideas, skills and knowledge sharing; and close monitoring of enterprise growth, including mentoring and coaching.

Developing a model of community partnerships for microfinance for microenterprise

The main financial institutions and government are currently the major avenues of funding for microfinance in Australia.

To encourage local ownership and control over the financial resources needed for microenterprise development, more localised financing intermediary institutions should be developed, along with savings and loans circles. CDFI, further developed and strengthened, would also provide an appropriate financing institution.

The practice of partnerships for micro financing needs careful consideration; partnerships should primarily be conceived from the common goals of a program rather than from the respective positions of the participating agencies and their assumed and funded 'core' business.

The review recommended community providers of microfinancing for microenterprise explore partnerships with Credit Unions and credit cooperatives over partnerships with major banks. This would increase the likelihood of member participation and the inclusion of community development objectives in any initiatives.

Government at all levels need to establish enabling legislation and associated regulations that occur within a policy perspective of subsidiarity, recognising the need for local control and governance by those actively participating in microfinanced programs.

Implications for practice and policy

Additional research into the availability, number, awareness and effectiveness of savings and loans circles in Australia would be valuable in terms of identifying their existing and potential contribution to the microfinance arena.

Partnerships or coalitions between organisations can be an effective way of utilising the strengths of different organisational types and for creating an integrated and mutually complementary array of services. Networked service development and service delivery would assure seamless provision, as well as prevent unnecessary overlap and replication.

Microfinance for microenterprise is best provided by or in cooperation with, an organisation that is able to initiate, provide and maintain a range of integrated programs that can support community development goals.

The prevailing attitude of 'risk-aversion' needs to be addressed by all actors within the micro-financed microenterprise area. Risk should be welcomed with the necessary degree of precaution applied.

Lessons for optimizing opportunities for micro-lending in Australia

The review did not support one-model or recipe-type prescriptions for guiding micro-enterprise development. There was no evidence supporting a 'one size fits all' approach, as each program needs to be carefully designed in accordance with its particular context and community's needs.

Microfinance programs are more likely to achieve their community development objectives if they are embedded in, and supported by, the community in which they are located, whether geographical or interest-based. For example, in culturally and linguistically diverse (CALD) communities the cultural and social elements affecting individual relationships with and understanding of money, as well as the effects of culture on relationships and sharing, must be incorporated into any design.

The review identified community development principles as the best way to guide microfinanced microenterprise programs as they allow initiatives to respond to and be tailored to the needs of the local communities they serve.

In the literature the success of microenterprise loan programs was considered to rest upon 10 key factors (Copisarow 2000); however, the review revised them in accordance with known practice and collective wisdom. For instance, issues relating to sustainability were not listed and the research showed the need for business training and mentoring for microenterprises (and as such may be a useful requirement for lending). Copisarow's list

was recommended as a way of identifying the characteristics of a good model. The original list with workshop amendments in italics includes:

- Advancing small amounts of capital (in line with capacity to repay).
- Minimal waiting time for loan assessments/approval.
- A high probability of receiving a loan.
- Reasonable interest rates.
- Immediate subsequent loans (once the previous loan has been repaid).
- Friendly professional lending officers.
- Clearly explained terms and conditions.
- Other tailored financial services.
- *Application of training or mentoring requirements to obtain a loan, where applicable.*
- Opportunities to network.
- *Policy on sustainability using Burkett's typology*