

**Submission to the House of Representatives Employment and
Workplace Relations Committee Inquiry: *Paving the way to paid
work***

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This submission reports on the results of a small project¹ undertaken in 2000 and 2001 on the employment issues of public housing tenants in three South Australian regional cities—Murray Bridge, Port Lincoln and Whyalla. Public housing tenants represent a group with high levels of unemployment and non-participation in the workforce, and the three cities studied represent contrasting types of regional cities. The submission is therefore relevant to the Committee's interest in 'measures that can be implemented to increase the level of participation in paid work' in regional areas of Australia. The aim of the project was to identify whether additional strategies were needed to assist unemployed people enter the workforce and gain employment, to identify what these strategies might be, and to have them evaluated by an 'expert' group of local people. The submission describes the situation as it existed in 2001. There have been some changes in employment service provision since then, but we believe that the major issues identified have not changed significantly.

Murray Bridge

Murray Bridge lies 78 kilometres to the east of Adelaide. At the 1996 Census the city had a population of 15,893 persons, of whom 623, or 3.9 per cent, were of Aboriginal or Torres Strait Islander descent. Only 8.7 per cent of the population were born overseas. The economy of the city is based on agriculture, agro-processing, manufacturing and service industries. Murray Bridge is an important centre for irrigated agriculture (especially horticulture and dairying) and pig and poultry production, and these industries support associated enterprises such as meat processing, the manufacture of irrigation products, and engineering enterprises. There are also some footloose industries, such as the assembly of electrical switchgear. Murray Bridge has long been an important retailing centre for its region, but, with a strategic location on the Adelaide-Melbourne highway and railway, it has recently attracted more national transport and distribution activities. Other emerging industries include environmental industries and tourism.

Both population and employment in Murray Bridge failed to grow between 1991 and 1996. While there was significant jobs growth in the private sector, this was partly balanced by losses in State government employment (South Australian Centre for Economic Studies 1997, p. 28). However, since 1996 both employment and population have increased. Like the other cities, the population is more youthful than

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the State as a whole, with a higher proportion of children aged 0-14 years, but the slightly lower percentage of young people aged 15 to 24 years indicates some out-migration of youth for education and employment. By September 2001 the rate of unemployment was estimated to be 8.7 per cent, not much above the State level and the lowest of the three case study cities². On the other hand, in 1996 the average weekly individual income of \$310 was the lowest of the three cities, and \$51 below the average for the State, suggesting that much of the employment in the city is in relatively low wage jobs. On the ABS index of relative disadvantage, which measures disadvantage by the proportions of low income families, unemployed people, people without educational qualifications, households renting public housing and people in low skilled occupations, Murray Bridge was marginally the most disadvantaged of the three cities.

Port Lincoln

Port Lincoln is situated at the southern foot of the Eyre Peninsula, 280 kilometres west of Adelaide by air and 682 kilometres by road. At the 1996 Census the city had a population of 12,182 persons of whom 589, or 4.8 per cent, were of Aboriginal or Torres Strait Islander descent, and 10.3 per cent were born overseas. Port Lincoln is the main retailing and service centre for the Peninsula, as well as a transportation hub and a centre for tourism. The port is a natural deepwater harbour able to take large bulk carriers, and is the principal centre for grain exports from, and fertiliser and petroleum imports into, Eyre Peninsula. Since the 1950s the city has developed a major fishing industry, and Port Lincoln is the home of Australia's largest tuna fleet, and is also the centre for a substantial abalone, lobster, oyster, prawn and finfish industry. Over recent years there has been a shift to aquaculture methods, with tuna being fattened in floating cages before harvesting, and on-shore production of abalone. These industries have become major employers, both in direct production and harvesting and in downstream processing, and the seafood industry in the Eyre Peninsula (which is concentrated in Port Lincoln) is estimated to directly and indirectly support nearly 2000 jobs (Eyre Regional Development Board 2000). The role of Port Lincoln as a major regional service centre is also shown in the occupational structure of the city, with higher percentages of professionals, associate professionals, and clerical and service workers than Murray Bridge.

Port Lincoln's population has grown faster than that of Murray Bridge over the last decade, and faster than the State as a whole, reflecting the strength of the city's economy. However, as in Murray Bridge, employment failed to grow between the 1991 and 1996 Censuses, and jobs growth in the private sector over this period was also partly balanced by job losses in State Government employment (South Australian Centre for Economic Studies 1997, p. 28). Despite the relative strength of the Port Lincoln economy, unemployment stood at 14.5 per cent at the 1996 Census, almost double the South Australian rate of 8.8 per cent. The rate of unemployment only declined to an estimated 10.6 per cent in September 2001, two percentage points higher than in Murray Bridge and over three percentage points higher than the State level. Some of the employment available is also seasonal, especially in the fish

² However, according to National Economics (National Economics 2000, pp. 52-59), the apparent fall in unemployment nationally and regionally since the 1996 Census is partly the result of changes in social security policies. These have reduced official unemployment levels by nearly three percentage points nationally, and by varying amounts in each region.

processing industries. In 1996 the average weekly individual income of \$338 was the second lowest of the three cities, and \$23 below the average for the State, again suggesting that much of the employment in the city is in relatively low wage jobs. On the other hand, on the ABS index of relative disadvantage Port Lincoln is the least disadvantaged of the three cities, although still above the South Australian average.

Whyalla

Whyalla is located in northern Eyre Peninsula near the head of Spencer Gulf, 237 kilometres from Adelaide by air and 396 kilometres by road. At the 1996 Census the city had a population of 23,644, making it the second largest urban area in South Australia. The Aboriginal and Torres Strait Islander population numbered 519, or 2.2 per cent, while 24.7 per cent of the population was born overseas, reflecting the rapid growth of the city as a manufacturing centre since the 1940s. Unlike Murray Bridge and Port Lincoln, Whyalla did not start as a regional service centre, but was established in 1901 (as Hummock Hill) as a shipping port for iron ore from nearby Iron Knob. Broken Hill Pty Ltd (BHP) opened a blast furnace for the production of iron and steel in 1941, and also began building naval ships. In 1944 the Morgan to Whyalla pipeline was completed, which brought Murray River water to the town and removed a major constraint on industrial and population growth. By 1968 BHP had opened an integrated steel works and the population was growing at around 3,000 persons a year, many of them migrants from the United Kingdom and Europe. BHP's workforce in steel production and shipbuilding reached nearly 7,000 in 1970. However, the shipyards closed in 1978, bringing several decades of remarkable growth to an end, and the city's population started to decline from its peak in 1976 of around 33,000.

Iron and steel production remains the core of the economy, with the plant now operated by OneSteel, an independent company formed from BHP's Long Products Division. The company employs around 1,700 workers, a considerable reduction on the peak steelworks workforce of around 5,800 in 1982, although some of the former jobs have been outsourced to local contractors. Other industries include a fractionation plant for the processing and export of liquid hydrocarbons at Port Bonython, a beta carotene extraction plant, engineering and electrical services, and an emerging aquaculture industry. However, the long-term future of the steel industry in Whyalla is uncertain, and this contributes to a lack of new investment in the city, and of confidence in its future. Whyalla also has a major regional hospital, well developed education facilities (including a branch campus of the University of South Australia), professional and business services, major shopping centres, and the infrastructure for a city of up to 38,000 people. It serves as a regional centre for part of the Eyre Peninsula population.

Whyalla's population has been declining since the 1970s, although the rate of decline has slowed and local sources claim the population may have stabilised at around 23,000 at present. Despite its reputation as an ageing population, Whyalla's age structure in 1996 was actually the youngest of the three cities. However, like the other cities, Whyalla also appears to be losing young people aged 15 to 29 years through out-migration. Employment fell between the 1991 and 1996 Censuses, and unlike in the other two case study cities, there were job losses in the private sector as well as in government employment (South Australian Centre for Economic Studies

1997, p. 28). Unemployment remains the highest of the three cities, at an estimated 11.2 per cent in September 2001, but it has also been falling. On the other hand, Whyalla's average weekly individual income in 1996 of \$369 was the highest of the three case study cities, and \$8 higher than the State average, possibly reflecting the higher levels of skill and pay in much of the manufacturing industry in the city, or extra payment for overtime in the BHP plant.³ On the ABS index of relative disadvantage Whyalla was more disadvantaged than Port Lincoln but marginally less disadvantaged than Murray Bridge.

The case study cities therefore differ in the strength of their economies, their rates of population and employment growth, their levels of unemployment, and their levels of relative disadvantage. All three cities, however, have unemployment rates above the State average, which in turn is above the national average.

Unemployment and non-participation in the labour force amongst public housing tenants

The three case study cities contain sizeable stocks of public housing, and significant percentages of their populations are public housing tenants. Table 1 shows that from 13 per cent (Murray Bridge) to 30 per cent (Whyalla) of the total population of these cities lived in State Housing Authority rental accommodation in 1996.

Table 1: Population in State Housing Authority rental accommodation, Murray Bridge, Port Lincoln and Whyalla, 1996 (a)

City	City population	Population in State Housing Authority rental accommodation	Per cent of total city population in State Housing Authority rental accommodation
Murray Bridge	15,893	2137	13.4
Port Lincoln	12,182	2127	17.5
Whyalla	23,644	7190	30.4

(a) Based on place of enumeration, and includes overseas visitors.

Source: ABS Basic Community Profile and special tabulations.

Public housing tenants in the three cities have above average rates of unemployment and above average rates of non-participation in the labour force. Figure 1 compares the employment status of State Housing Authority tenants aged 15 South Australia at the time of the 1996 census. This graph shows that the percentage of persons aged 15 years and over who are either unemployed or not in the labour force is from 49 per cent (Whyalla) to 78 per cent (Murray Bridge) higher than the State average amongst male State Housing Authority tenants, and from 43 per cent (Whyalla) to 46 per cent (Murray Bridge) higher amongst female State Housing Authority tenants. Comparison of rates of unemployment and non-participation in the labour force between public housing tenants and the rest of the population by age group, family

³³ The relative income levels of the three case study cities and the State are confirmed by data on taxable income for 1995, in South Australian Centre for Economic Studies 1997, p. 36.

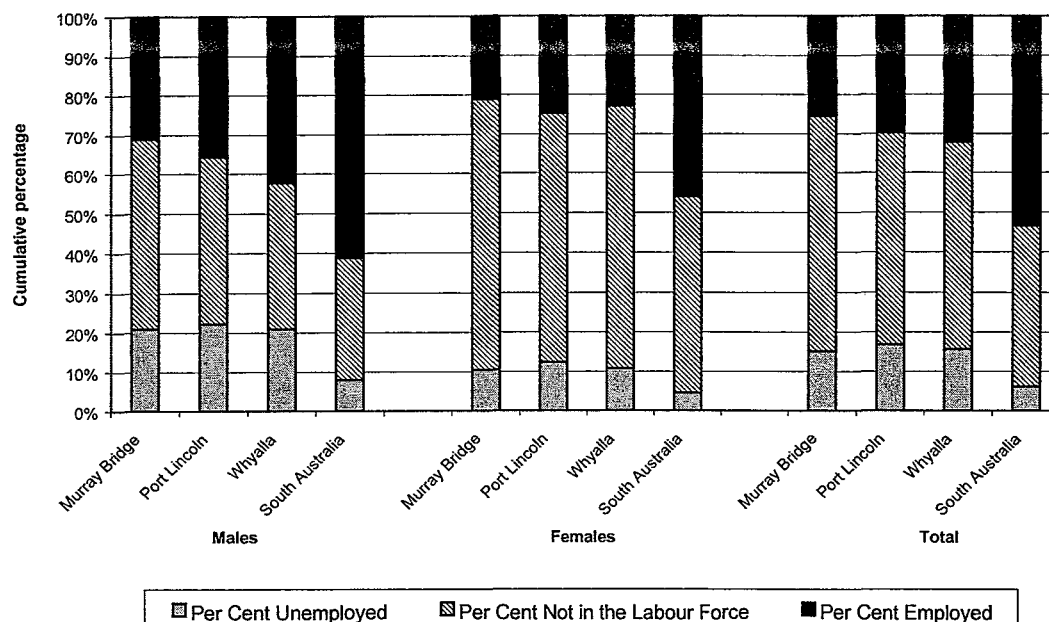
type and city shows that people in public housing in these cities have levels of unemployment that can't be explained by their concentration in particular age groups and family types, or by their location. We therefore conclude that there is a significant group of public housing tenants in each city who could be assisted into the labour force, if the individual disadvantages that currently exclude many of them (and which in most cases are the reasons for them being in public housing) could be reduced. Informants in all three cities also pointed to the existence of households experiencing second and maybe third generation unemployment. In such households economic and social disadvantage can become entrenched, with 'negative consequences for individuals, their families and the broader community' (Department of Family and Community Services 2000b, p. 3).

Barriers to gaining employment

Informants in the three case study cities identified a number of barriers to the employment of unemployed people, particularly the long-term unemployed and those with significant disadvantage. These included:

- lack of skills in relation to the jobs available
- poor literacy and numeracy;
- drug and alcohol problems;
- lack of confidence;
- inability to benefit from formal classroom training programmes;
- lack of a work ethic;
- lack of motivation;
- lack of a financial incentive to work;
- lack of transport;

Figure 1: Employment status of persons aged 15 years and over by sex, State Housing Authority tenants, Murray Bridge, Port Lincoln and Whyalla, and total South Australia, 1996



- discrimination against unemployed people by employers;
- shortage of jobs, especially unskilled and semiskilled jobs; and
- lack of childcare in workplaces.

Many of these barriers are being addressed through Centrelink funded programmes, such as the Community Support Programme (which was replaced by the Personal Support Programme in July 2002), the Job Placement, Employment and Training Programme, the Job, Education and Training Programme, and the Intensive Assistance Programme. However, informants felt that personnel and programmes in the regional cities were unable to cope with the need, that many people who would benefit from these programmes were unaware of them or were not being referred to them, and that underfunding and high case loads reduced the effectiveness of some of the programmes.⁴ For example, for people with mental health problems there are no resident psychiatrists outside Adelaide, and only a limited number of mental health specialists.

In regional cities employment programmes face the additional problem that unemployed people in these cities generally have access to only one or two relatively small and isolated labour markets. There is no significant labour market accessible to Port Lincoln residents outside the city and its immediate surrounds, while Whyalla residents have access to labour markets only in Whyalla and Port Augusta. Murray Bridge residents do have access to the Adelaide labour market, but the cost of travel excludes many low-income people from this opportunity. Single supporting parents, a significant group in public housing in the city, also find it difficult to work outside Murray Bridge. In addition, within their own city Murray Bridge residents have to compete with people from Adelaide and the Adelaide Hills for local jobs. The small size and relative isolation of many of Australia's regional labour markets means that programmes to assist unemployed people find jobs must place more emphasis on local job creation, and therefore on community economic development and employment generation, than is generally the case in the major cities. However, a major issue raised by informants was that when new employment does become available, as in Murray Bridge, unemployed people are unlikely to get the jobs. This may be because of lack of transport, lack of work experience, lack of motivation, unwillingness of employers to take on unemployed people, or other reasons.

The problem of unemployed people, especially the long-term unemployed, failing to benefit from jobs growth is a common one (Campbell with Sanderson and Walton 1998, pp. 3-5). To address this problem Campbell (2000, p. 657) writes:

...we believe that an LALMP [Local Active Labour Market Policy] is particularly relevant to those localities (neighbourhoods, communities and local authority areas) where long-term unemployment is particularly high and is either unresponsive to significant employment growth or occurs in localities experiencing weak or non-existent net jobs growth.

Australian labour market programmes offer most of the components of an active labour market policy, such as recovery programmes, job search assistance, training

⁴ These problems should be reduced by the new Personal Support Programme, which will provide more places and increased funding for service providers

programmes, self-employment schemes, and subsidies for private sector employment. They also have some of the components of a local active labour market policy, in that services are delivered by locally based agencies. However, some of the elements of an LALMP, such as social enterprise or intermediate labour market initiatives, are missing, local communities have very little scope to influence the employment services delivered in their area, and there are no local partnerships of the type common in Europe. Given the difficulties experienced in the three regional cities in getting disadvantaged and unemployed people, including public housing tenants, into work, some of these strategies are worth examining, and will be discussed below.⁵

To explore ways of improving the situation outlined above we examined the literature on the experience of Australia and other developed countries, mainly in Europe, in a range of public housing redevelopment, urban regeneration, community development, labour market and welfare-to-work programmes. The strategies identified were then evaluated by a small number of key people in the three regional cities. A document outlining eight policy proposals was sent to 20 informants, drawn from Job Network providers, South Australian Housing Trust (SAHT) regional managers, community workers, local government officers and the regional development boards. Respondents were asked to indicate the extent to which they agreed or disagreed with the each policy proposal, on a five-point scale from 'strongly disagree' to 'strongly agree'. They were also asked to rate the extent to which they thought that the strategy was already being adequately provided in their city. Eleven written responses were received, while another nine 'professionals' were interviewed and provided comments on some of the proposals. These are referred to below as the 'professional group'. A further six responses were obtained from a client group of unemployed people attending a Community House activity in Murray Bridge. These are referred to below as the 'client group'. While these responses do not constitute a comprehensive or rigorous evaluation of our proposals, they do provide useful comment on their value.

Recovery programmes

Many of the 'recovery' type programmes needed for people with problems such as drug and alcohol dependency, poor motivation, poor literacy and numeracy, or lack of social skills and self-confidence, were claimed to be underprovided. However, many of these programmes can be provided by community groups. The experience of such groups, including Community House in Port Lincoln, shows that they can create activities and programmes that develop motivation and self-esteem, teach basic skills, and prepare people for the next step in gaining employment. This next step could be a return to formal education, vocational training, or employment. These programmes operate at minimal cost, and often draw on community resources such as volunteers. However, they need funding to employ professionals and support staff, and to maintain their facilities. Most operate on one-year grants and contracts, and lack the level, continuity and flexibility of funding to be fully effective. Consequently the proposal put to informants in the three regional cities was:

Funding should be provided to community groups to increase the provision of recovery programmes in regional cities.

⁵ See also OECD1999, Chapter 4.

This proposal was supported by both the professional and the client group, who either strongly agreed or agreed with the statement. The professional group thought that these programmes were already being partly provided, but no one thought that they were being adequately provided. The client group's responses ranged from 'partly provided' to 'not being provided'.

Building social capital

Many tenants of public housing lack the confidence, motivation, trust and skills to engage in personal or community self-help activities. Social capital in these disadvantaged communities is relatively weak, and needs to be developed before regeneration programmes can begin. Government agencies, including those belonging to local government, could help develop social capital in the following ways:

1. Assist existing voluntary groups to develop their capacity, and new ones to establish themselves and gain funding. Local government, for example, can provide advice, contacts and initial financial support. Support for organisations such as Community House in Port Lincoln, which develop social skills and confidence, and which enable people to learn to work together cooperatively, is one way of developing social capital in public housing areas. An excellent example of a community group that brings together young people at risk and retired skilled tradesmen is The Shed Project at Hackham West in Adelaide.⁶
2. Avoid imposing too many formal requirements on small non-profit organisations. If they are forced to adopt the corporate practices of larger for-profit organisations, their capacity to build social capital will be diminished.⁷
3. Support the arts and cultural activities, which have the potential to create bridging social capital, and to develop into industries.
4. Assist community groups that can create bridging social capital by linking different sections of the community together, such as cultural and sporting groups.
5. Conduct neighbourhood forums to find out people's needs, and then assist the community to form groups to provide answers to the problems that are raised.
6. Provide leadership and management training for community leaders, as well as training for professionals who need to learn how to work cooperatively with the community.
7. Promote volunteering. 'Policy options include both demand-side measures to encourage funding of organisations which make effective use of volunteers, and

⁶ The Shed teaches unemployed young people skills in woodworking, metalworking and painting. Volunteers estimate that at least half their time with participants is spent on personal rather than technical matters, talking about the problems and lives of the participants and developing good relationships between the younger participants and the older volunteer staff. More formal counselling from the YWCA and a range of support agencies reinforces the informal counselling at The Shed. Participation builds confidence, self-esteem and motivation.

⁷ Lyons 2000, p. 187.

supply-side measures which encourage employers to offer time off for some sorts of community activity.⁸

8. Assist schools to develop school-to-work relationships with businesses.
9. Encourage business involvement in community activities, such as:
 - financial support for community organisations and projects;
 - partnerships with community groups;
 - support for community forums and consultations;
 - sharing of managerial and technical expertise;
 - corporate volunteering⁹; and
 - involvement in school-to-work programmes.

The proposal put to informants in the three regional cities was:

Governments should increase support for organisations that can help communities develop social capital.

This proposal was also supported by both the evaluation groups. Nine of the eleven in the professional group responded 'strongly agree', along with five of the six in the client group. Most also felt that such support was only being partly provided at present.

Social economy strategies

Earlier it was argued that work need not be necessarily in the formal economy. It could be in cooperative activities such as vegetable growing, home maintenance, furniture cooperatives, local exchange trading systems (LETS), community services, community arts, neighbourhood security, child care and aged care. There are some excellent Australian examples of ways of promoting these types of activities in disadvantaged neighbourhoods, including public housing areas and rural communities, in the 80 projects funded by the Community Research Project¹⁰ of the former Commonwealth Department of Social Security. Many of these projects generated incomes and employment for the participants, and are therefore more likely to interest low-income, unemployed people than formal volunteering activities that have no material benefits. The report on these programmes concluded:

The Community Research Project demonstrated that the promotion of voluntary involvement in community-based initiatives can be an effective additional means of helping people on low incomes to find new ways of improving their personal and family living standards. (Smith and Herbert 1997a, p. 65)

In addition:

⁸ OECD 2001, p. 69.

⁹ Murphy and Thomas 2000, but heed the warnings by the same authors in Murphy and Thomas n.d.

¹⁰ See Herbert and Smith 1997; Smith and Herbert 1997a and 1997b. For United Kingdom examples see Macfarlane 1997, chapter 6.

...a number of projects funded under the Community Research Project provided benefits to the communities in which they operated—increased social cohesion, the provision of community facilities, training programmes, a basis for attracting government funds, strengthened community identity, coordination of efforts for the development of community and regional initiatives, and so on.

...

For communities established around a major industry that has weakened or disappeared—such as rural communities where primary industries are in decline or market and public services are being withdrawn—or for communities with no underlying industrial base, formal labour market opportunities are a finite commodity. ... Although the formal labour market in the local area may not be able to generate new or additional opportunities there still exists a range of possibilities for the generation of job opportunities through secondary industries and other alternative areas. In the case in the Community Research Project, reported possibilities included the establishment of community gardens, cheap retail outlets, community centres, infrastructure for the organisation of ‘whole of community’ events, new small business ventures, tourist attractions (including markets), tool libraries, the maintenance of public property (such as common greens), labour market training and other courses and, for one project, a reliable alternative source of household energy. (Smith and Herbert 1997a, pp. 37-38)

Other economic development activities could aim at promoting associations, cooperatives, credit unions, and community businesses to provide a range of services and activities in what is now commonly described as the social economy,¹¹ the third system or the third sector.¹² In a survey of eight countries in the European Union it was estimated that the third sector accounted for about 6.6 per cent of total employment, with a considerable potential for expansion, as well as involving a substantial number of volunteers (Campbell 1999, pp. 10-12). Campbell argues that job creation through the third sector is likely to be characterised by two features:

First, most local service provision to meet needs is labour intensive and, all else being equal, can tackle the low ‘employment intensity of growth’ problem that exists in many communities when local development takes the form of capital intensive projects, technologically sophisticated manufacturing plants or distribution centres which employ relatively few people. Second, local services to meet local needs offers a form of development which tends to reduce ‘leakages’ from the local economy and so ‘internalise’ it thereby reducing dependence on events outside the locality and maximising the local

¹¹ In Sweden the social economy is defined as ‘...organised bodies which have primarily social purposes, are based on democratic values and are organisationally independent of the public sector. Their social and economic activities are conducted mainly in associations, cooperatives, foundations and similar bodies. Activities in the social economy have the public good or the good of their members, not private interests, as their principal driving force.’ (Westlund 2001, p. 2)

¹² In Europe the third system ‘refers to the social and economic fields represented by cooperatives, mutual companies, associations and foundations, along with all local job creation initiatives intended to respond, through the provision of goods and services, to needs for which neither the market nor the public sector currently appear able to make adequate provision.’ (European Commission, accessed at europa.eu.int/comm/employment_social/empl&esf/3syst).

impact of the expansion of the Third System. This is because jobs tend to be accessed by local people who spend their wages largely locally and the goods/services can also often be purchased locally. This is in marked contrast to the 'weak' local effects of some major local developments because of their weak local supply chains and strong linkage into the global economy. (Campbell 1999, pp. 13-14)

Social economy activities also increase the employability of their workers, and contribute to building social capital. In addition, the experience of Sweden is that the social economy has been particularly important in sparsely populated and rural areas, where it has sometimes been 'the only opportunity for a district to survive and develop' (Sweden, Ministry of Industry, Employment and Communications 2001, p. 15). This suggests that a social economy strategy may be particularly appropriate for regional cities in Australia, especially those with little or no growth in employment. It is a strategy supported by the McClure Report on welfare reform (Department of Family and Community Services 2000b, p. 47), who use the Federal Government's Rural Transactions Centre Programme as a 'good example of the way disadvantaged communities can be supported in providing services that would otherwise not be available.'

Social enterprises are a component of the social economy, engaging in business activities to fulfil their social aims, which may be job creation, training or the provision of local services. They differ from the rest of the social economy in that they are commercially viable businesses operated to at least cover their costs.

Although they are based in the non-profit sector, social enterprises are intended to be economically viable businesses that balance their budgets by successfully combining market revenues, public grants, non-monetary resources (voluntary work) and private grants. Because they operate at a distance from the public sector, they have been able to demonstrate a capacity to find innovative and dynamic solutions to the problem of unemployment and exclusion. However, unlike market sector entities, they are not constrained by the imperative of profit making. They are particularly active in training and reintegrating disadvantaged groups into the labour market and in revitalising distressed areas through the provision of new products and services of community benefit. (OECD 2000, p. 8)

In Europe one aim of social enterprises is:

...to get people back into work by helping them to gain practical experience in an environment similar to those found in a normal private sector firm. Re-acquainting young people to working practices and routine is seen as an important way to mobilise young people and integrate them back into active society. (OECD 1998, p. 127)

Social enterprises are now an integral part of urban regeneration, welfare-to-work and local development programmes in OECD countries. Social enterprises are growing in Australia, supported by organisations such as The Smith Family, the Brotherhood of St Laurence, and Adelaide Central Mission, so the experience and expertise to manage these activities already exists in this country.

The proposal put to informants in the three regional cities was:

Public housing authorities, or the agencies suggested later in this submission, should work with other government agencies to promote activities in the social economy.

This proposal was generally supported by both the professional and the client groups, but three of the eleven in the professional group were either neutral or strongly disagreed. One thought that these activities would require a high level of training and support, while another was unsure that it was an appropriate activity for public housing authorities. Most stated that social economy activities were not being provided in their city. None of them mentioned the Group/Community Cooperative Enterprise Development Programme available through Centrelink, which would appear to be designed to assist enterprises in the social economy.

Intermediate labour market strategies

Regional economic development programmes in Australia frequently focus on building nationally competitive firms and industries, which are unlikely to be able to employ people from strongly disadvantaged backgrounds, including the long-term unemployed. A strategy that has been used in the United Kingdom is the establishment of intermediate labour market (ILM) organisations, which are a specific type of social enterprise and therefore part of the social economy. ILMs are organisations established to provide temporary wage employment for the long-term unemployed, with simultaneous support to move into the mainstream labour market (Marshall and Macfarlane 2000, p. 1)

The main aim is to give those who are furthest from the labour market a bridge back to the world of work. It is about improving the participant's general employability. This involves targeting the long-term unemployed (usually over 12 months) or people with other labour market disadvantages.

The core feature is paid work on a temporary contract, together with training, personal development and job search activities. Although some ILM operators offer the option of a wage or staying on benefits, the majority would say the wage is an essential ingredient (to help recruitment, retention and progression). (Marshall and Macfarlane 2000, p. 2)

ILMs provide a comprehensive re-engagement package.

ILM experience has shown that the best way to engage people who are very distant from the labour market is to offer a wage and meaningful work. From there, progression in terms of skills development and confidence follows. The emphasis is on work disciplines and employability skills, but the package includes training to a qualification, personal support, career planning and aftercare support. (Marshall and Macfarlane 2000, pp. 6-7)

ILMs are more expensive than standard labour market programmes, but in the United Kingdom they generally have a higher success rate when measured by long-term employment (Marshall and Macfarlane 2000, pp. 40-48). They have been successful

in ‘...enabling people who are unable to find or maintain employment to obtain the motivation, skills and work experience they need in order to work their way permanently out of welfare into work’ (Marshall and Macfarlane 2000, p. 52). They seem particularly suited to regional cities in Australia where there are few jobs for unskilled, long-term unemployed people, no external labour markets to which the unemployed can be connected, and where job creation is therefore essential in reducing unemployment.

They have an additional advantage in these cities in that the goods and services they sell are designed to add to the local economy, by delivering something that is missing and inadequately supplied.

Real goods and services are produced. The organisation is a producing and trading enterprise, making and providing goods/services for the local community which are either not currently provided or not provided effectively to particular communities or groups. This is important, not only in that the activity is ‘socially useful’ in so far as needs are met which would otherwise not be, but also in minimising substitution and displacement effects. Indeed ILM actions are likely to lead directly to a net increase in jobs. (Campbell with Sanderson and Walton 1998, p. 31)

ILM activities in the United Kingdom include childcare (which has the added advantage of assisting some people to gain training while others are employed learning to care for their children), youth work, recycling, environmental programmes, home renovation, landscaping, information technology support, and call centres (Marshall and Macfarlane 2000, p. 12). Such activities belong mainly to the local level of the economy as defined in the previous chapter.

All of the elements of an ILM are provided in the case study cities, but by different agencies and through different programmes, and therefore cannot be accessed by an individual as a coordinated programme. We are so far aware of only one example in Australia of an organisation that claims to be an ILM and this is in Sydney, where job opportunities are much greater and more varied than in regional cities.¹³ An ILM in a regional city will need to be carefully designed so that it provides a service or produces a commodity that is currently lacking, and therefore adds to the local economy rather than competing against existing businesses. The organisation must also train people in skills that can be transferred into a range of jobs, as employment opportunities in any one area are likely to be limited in these small economies.

The proposal put to informants in the three regional cities was:

Appropriate non-government organisations or other bodies should be assisted to establish Intermediate Labour Market organisations in regional cities.

This proposal was again supported by both the evaluation groups. All of the professional group either strongly agreed or agreed, and the majority felt that this activity was not being provided in their cities. Several commented that ILM training

¹³ This is the Sydney ITeC Repair Centre, an electronics repairs business that employs 120 staff, and whose objective is job creation through labour market training and enterprise development.

must lead to employment, or people would simply become discouraged if forced back to further training or job preparation. Areas suggested for an ILM included technical training (since there are trade skills shortages in regional area), environmental rehabilitation and conservation, day care, house maintenance and plant propagation.

Entrepreneurship strategies

Self-employment through the development of small businesses is a strategy being tried in Europe and the United States in areas of disadvantage.

...the goal is to convince local residents that they are capable of creating a business—and thus their own jobs—if they have an idea or some special skill. Recent efforts in the UK and France have focused particularly on creating regular employment out of hitherto informal services such as child care, other care services, maintenance and handywork, etc. (OECD 1998, p. 127)

This strategy is also advocated in the McClure Report (Department of Family and Community Services 2000b, pp. 50-52). However, developing successful self-employment and small business in disadvantaged areas is difficult, and some experts advise against this strategy. For example, Nolan (2001), an OECD expert employment and local development, advises against using the promotion of self-employment and micro-enterprise as a solution to social disadvantage, on the grounds that self-employment programmes work best with people who are motivated, experienced and have human and financial assets, and that self-employment can result in ‘...low and volatile earnings, long working hours, and limited social security.’ On the other hand, Australian examples, such as the Enterprise in the Community programme established in Salisbury North in Adelaide, show that the development of self-employment in disadvantage areas is not impossible.

The proposal put to informants in the three regional cities was:

Public housing authorities, or the agencies suggested later in this submission, should work with other government agencies to establish appropriate entrepreneurship programmes for public housing tenants.

Seven of the professional group agreed or strongly agreed with the proposal, while three neither agreed nor disagreed and one disagreed. All but one of the client group agreed or strongly agreed. Some noted that entrepreneurship programmes already existed, such as the New Enterprise Incentive Scheme and the Self Employment Development Scheme, but felt that there was a high failure rate amongst new businesses assisted by these programmes, and insufficient support after establishment. Others were sceptical that such programmes could be effective, and felt that they were not a priority at present.

The role of State and Territory Housing Authorities

The South Australian Housing Trust, and similar organisations in other jurisdictions, could play a key role in the economic and social regeneration of public housing populations, as well as in the physical redevelopment of the housing stock. The SAHT and its housing managers are the frontline of government contact with some of

the most disadvantaged people in our society, it already has a policy of encouraging successful tenancies through early intervention and adequate supports, as well as stable and sustainable communities, and it has well established networks with other agencies to provide assistance to Trust tenants. However, the Trust currently lacks the funding and the staff to effectively extend this role into integrating its activities with the economic development, employment and social capital building programmes that we advocate in this submission.

The proposal put to informants in the three regional cities was:

The South Australian Housing Trust should be funded to employ specialist staff, or engage third parties, who can develop the role of the Trust in the social and economic development of public housing tenants.

Nine of the professional group agreed or strongly agreed with the proposal, and two disagreed or neither agreed nor disagreed. The response of the client group was similar. Comments from the professional group were that the SAHT was already moving in this direction, with the appointment of Housing Support Coordinators in the regional offices, but was only concerned with social issues and not economic issues. An interviewee also felt that many people did not know that the Housing Support Coordinator existed. Another comment was that the SAHT could play a key role as a referral agency, rather than providing support services internally.

Integration of programmes through an appropriate institution

It has taken time to recognise that the answer [to the problems of distressed urban areas] does not depend solely on the level of social investment made by the central government in a particular area or on the adjustment of welfare regimes to target particular groups over others. The need for public policy to address both social and economic objectives in an integrated way is forcing administrations to re-evaluate not only specific programmes but also the way policy instruments, originating from different branches of government, interact with one another. (OECD 1998, p.102)

Earlier sections of this submission have argued that strategies to address social disadvantage in public housing areas must involve an emphasis on work, employment and economic development, together with the coordination and integration of programmes in areas such as education, training, employment, enterprise development, housing improvement and the physical environment, and community development. These programmes should be delivered through an area-based approach in which strategies are adapted to the local context, and closely integrated at the local level. They should involve the community in their design and delivery, and contribute to community capacity building and the development of social capital.

The achievement of these objectives requires the creation of an appropriate institutional framework. This could be a 'regeneration' agency, managed by a board representing government agencies, tenants, non-government organisations and business, and with a CEO with the status and the independence to lead the development of strategy, negotiate with partners for the delivery and coordination of programmes, and represent the partnership. The agency would have the task of

coordinating programmes across three levels of government, as well as between government, non-profit organisations and business, and of involving the community. It could also have the task of identifying the target populations, negotiating programmes that meet their needs, and developing ways of reaching these populations. As argued earlier, such an agency would serve the whole of a regional city, not just the public housing population, and its task would be to assist the unemployed into 'work' of the types discussed above, assist the low-income employed to remain in work, and reduce the extent of social disadvantage. The lead role in the formation of such regeneration partnerships could be taken by local government, with funding from Commonwealth Government programmes such as the Stronger Families and Communities Strategy, and the involvement of local community leaders would be essential in getting wider community and business support. An important point made by one interviewee in a regional city (and confirmed by international experience) was the need to identify the benefits, in terms of outcomes, for each agency in a partnership. For example, for local government the outcome could be increased rate revenue and reduced maintenance costs for public infrastructure, for the Commonwealth the outcome could be a reduction in welfare payments, for the Regional Development Board the outcome could be increased employment, for the community the outcome could be reduced crime and vandalism and stronger sports teams, and so on. A formal agreement establishing the partnership would identify these outcomes and the role of each partner.

Support for a regeneration partnership strategy comes from a number of sources. For example, an OECD report on distressed urban areas states that: 'In the context of both decentralisation and territorial policymaking, partnership has become the model of choice' (OECD 1998, p. 111). Carter (2000, p. 37) writes:

There is an emerging consensus in Europe, and increasingly in the UK, that in order to address the interconnected problems facing many urban areas there is a need to develop strategic frameworks at the urban regional level. This consensus is based on the premise that successful urban regeneration requires a strategically designed, locally based, multi-sector, multi-agency partnership approach.¹⁴

Local partnerships are also widely used in welfare-to-work strategies in Europe and North America. The Interim Report of the Reference Group on Welfare Reform (Department of Family and Community Services 2000a, Appendix 6) states:

Welfare reform in OECD countries has increasingly recognised the importance of different sectors of the local community acting in partnership to solve local problems, such as long term unemployment. Partnerships between community organisations, businesses and government have increased scope to identify needs and opportunities in the local community and to bring together diverse services and assistance. If given the flexibility to find creative solutions, even within a national framework, their achievements can be impressive.

¹⁴ For an Australian example of a partnership at the neighbourhood level see Randolph 1999.

In the context of welfare-to-work programmes, Campbell, Foy and Hutchinson (1999, p. 205) argue that a partnership involves more than cooperation, and more than coordination of existing actions, because partnerships are seeking to do more than could be done by the organisations working separately. An effective partnership should generate both a more efficient use of resources, and an innovative set of policies and solutions. The benefits of a partnership approach therefore include:

- the establishment of a framework for collaboration between a broad range of agencies, making possible innovative and integrated solutions to local problems;
- the development of a long-term strategic framework (Carter 2000);
- the enhancement of mainstream economic and social policies (Conway and Konvitz 2000, p. 756);
- greater responsiveness to local conditions and needs; and
- better political commitment.

A further development of the regeneration partnership concept is to suggest that partnerships be funded by governments to purchase coordinated packages of services from other agencies, in a purchaser/provider relationship, so giving them much a greater ability to design comprehensive strategies to address specific problems. Randolph and Judd (2000, p. 102), for example, recommend that:

There is a strong case for a major new separate funding mechanism outside current state and federal government structures, to break away from the silo mentality of service providers and to take the strain of managing the whole problem away from the State Housing Authorities.

This strategy is supported by Spiller Gibbins Swan (2000, p. 52) in a review of overseas experience of public housing estate renewal. They write that:

The case studies [of overseas experience] have revealed that successful examples of community renewal seem to have one thing in common; there is funding available that is contingent upon productive partnerships being formed. The prospect of funding and hence of concrete outcomes being formed is a catalytic factor in bringing community leaders to the fore and in galvanising community interest and action.

This raises the prospect of developing a new model for community renewal in areas of concentrated social disadvantage. A pool of funds could be created, not from extra grants (although these would be desirable), but from pooling a proportion of existing funds from a range of program areas. For example, funds could be pooled from housing, education, training, employment and related budgets (from all levels of government) to be applied in the most effective way to achieve community renewal in the area in question.

Governments also need to recognise that reducing social disadvantage and unemployment requires time and continuity. A regeneration partnership should be

funded for periods of at least three years at a time, with the expectation that funding will be renewed if performance has been satisfactory.¹⁵

The proposal put to informants in the three regional cities was:

'Regeneration' agencies be established in regional cities with significant public housing populations, with the task of developing and coordinating programmes to assist tenants gain paid or unpaid work.

This proposal was generally supported by both the evaluation groups. Seven of the professional group strongly agreed, two neither agreed nor disagreed and two responded 'don't know'. Almost all stated that integration was not being achieved at present. Comments emphasised the lack of integration between programmes, and the limited extent of interagency cooperation, which some attributed to the competitive contract system through which agencies were funded. Agency staff developed their own personal networks of cooperation, but there were no formal agreements between agencies to facilitate this cooperation.¹⁶ While there was growing coordination between State Government agencies, the lack of coordination between the Commonwealth and the State was identified as a major problem, as was the lack of trust between these two levels of government and local government. Several of those interviewed saw considerable benefits in a partnership approach that permitted more local control over how funds were allocated, and so enabled funds to be used more strategically.

Conclusion

This submission has outlined a number of specific strategies, based on international and Australian experience, that might enhance the programmes already operating to assist unemployed people into work in the three regional cities examined. Given the high level of disadvantage that excludes many public housing tenants from employment (and which in most cases is the reasons for them being in public housing), the lack of success in getting long-term unemployed people back to work, and the restricted job opportunities in regional cities, we believe that current policies are insufficient to reduce welfare dependency amongst public housing tenants in these cities. The strategies we discuss—recovery programmes, building social capital, social economy and intermediate labour market programmes, and possibly entrepreneurship programmes—have all been shown to be effective elsewhere when properly implemented. The key to their effectiveness, however, lies in the establishment of 'regeneration' partnerships at the local level, and the integration of public housing authorities, as the landlord of and point of contact with a large number of socially excluded people, into these partnerships.

¹⁵ Randolph and Judd (2000, p. 102) suggest a ten year strategy, and write that: 'we must move away from the current approach of ad hoc, short-term and unlinked policy initiatives that do not embed themselves properly once completed'.

¹⁶ There are, however, examples of short-term cooperation between agencies to run programs to meet specific needs, such as the Adolescents at Risk Pilot Program in Murray Bridge.

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