



Hanover Welfare Services

**SUBMISSION TO SENATE
COMMUNITY AFFAIRS
LEGISLATION COMMITTEE**

*Inquiry into Employment and Workplace Relations Legislation
Amendment (Welfare to Work and other measures) Bill 2005
and Family and Community Services Legislation Amendment
(Welfare to Work) Bill 2005*

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The Work of Hanover Welfare Services

Founded in 1964, Hanover's range of services assist approximately 450 people daily, involving the provision of both crisis and transitional accommodation, financial and material aid, counselling, meals, budgeting, medical assistance, work skills training and recreational opportunities.

Hanover's mission is to empower people who are homeless or at imminent risk of becoming so, to enable them to take greater control over their lives and to stimulate and encourage change in Australian society to benefit them. This is achieved by delivering services, conducting research and through advocacy. It is a non-profit independent company limited by guarantee and is a registered charity.

Employment and homelessness services

Throughout its 40 year history, Hanover has always recognised that employment is critical in helping people to move out of poverty and homelessness. Hanover has a long history of linking homelessness services to employment and it is currently a provider of the Federal Government's Personal Support Program. It is also a partner agency in YP⁴, formerly the Young Homeless Jobseeker Trial, which seeks to join up services to achieve better employment outcomes for young unemployed people who are in a housing crisis.

While we concur with the Government's commitment to achieving higher rates of employment and economic participation across the community, Hanover's long experience shows the difficulties and long term nature of moving some groups of disadvantaged people into employment. As a result, we are very concerned by a number of the Government's proposals in the Welfare to Work legislation which we fear will lead to a greater incidence of housing crises and homelessness amongst some disadvantaged groups.

We acknowledge that the Government has made a number of recent amendments to the proposed legislation. These are very welcome but we believe there needs to be further amendments to protect people who suffer extreme forms of disadvantage which enmeshes them in homelessness.

This submission focuses on several areas of the proposed changes in terms of Hanover clients and the broader groups they represent. The term "*our clients*" is used in the submission to cover any group or individual in Australia who is, or potentially is, a homelessness service user.

Implications of new suspension rules for disadvantaged people

A principal concern of Hanover is the greater scope that our clients face in losing income support through the new suspension rules. These rules particularly impact on homeless people as they are at greater risk of non-compliance in relation to the strict participation requirements of the Welfare to Work legislation.

Lack of stable accommodation severely limits individuals from looking for work, being able to attend interviews and, indeed, from holding down a job. People experiencing homelessness are the most likely to lose income support under the new compliance measures because they are difficult for Centrelink or a Job Network provider to contact or, when in crisis, are unable to attend appointments. In addition, because of factors such as mental illness and family breakdown, they may not be able to accept and hold down a job, attend Work for the Dole or participate in other requirements such as training.

In 2001, Hanover undertook a major piece of research, *Homelessness and Employment Assistance*, involving 135 Newstart recipients experiencing homelessness. The research showed that Centrelink procedures did not adequately recognise the impact of homelessness and unstable accommodation when assessing the work readiness of unemployed people. Around sixty per cent of the sample had been breached and had lost Centrelink payments. They were, in effect, penalised for being homeless. Our experience, four years later, is that people in housing crisis are still at risk of losing payments, despite some improvements in parts of the service system. We believe there is potential that the Welfare to Work measures will exacerbate rather than improve this situation.

Frequently, Hanover deals with clients who have lost Centrelink payments. The loss of payments may have precipitated a housing crisis and homelessness or may have been a result of homelessness. This situation is a direct cost to our service and other homelessness services which must find ways of restoring payments and re-establishing the person in stable accommodation. Very often, Hanover itself provides income supplements from its own resources for people with no income.

Two thirds of Hanover clients are under the age of 35, and consistently tell us that their priorities are a job and a home. In Hanover's experience, however, employment for our clients requires a high degree of support including secure housing. Employment and housing services are essentially interdependent. They need a job to sustain stable housing and stable housing to sustain a job. An important aspect of the problem is that there is a chronic shortage of affordable and appropriate housing especially in areas where there are jobs.

Implications of RapidConnect for disadvantaged people

Hanover is concerned about the impact of the new RapidConnect system on homeless and disadvantaged people. The new system commencing in July 2006 means that people presenting to Centrelink for Newstart or Youth Allowance will be required to attend a Job Network agency in order to establish eligibility for payments. Payments are not made until the individual attends an interview at the designated Job Network agency. If the interview takes place within 14 days of approaching Centrelink, the payment is backdated to the date of initial contact. If there is a delay of more than 14 days, payment is made only from the date of the Job Network interview.

This new arrangement may mean that there has not been an identification of people who are homeless or experiencing a housing crisis which would have previously taken place through the initial Centrelink assessment. Homeless people whose lives are chaotic may miss the Job Network interview and may not attend an interview because

of problems such as mental illness. This situation further exacerbates existing social disadvantage.

Implications of the legislation for sole parents

Around one third of Hanover's clients are families with children and most of these are single parent families. For this group, issues such as domestic violence, poor mental health and financial problems contribute to housing breakdown.

Hanover believes that the Government's new approach to employment for single parents will create further stresses on families like those in Hanover's unique four-year study of families experiencing homelessness, *the Family Longitudinal Outcome Study*.

Our study shows that employment is a high priority for the families once housing is stabilised. The Welfare to Work measures for sole parents will be detrimental to these fragile families. The measures require a search for part time work once the youngest child turns 6 and a search for full time work once the youngest child goes to secondary school. For vulnerable sole parent families in a situation of housing crisis, requirements for job search will be very onerous.

A return-to-work approach tailored to individual family circumstances is needed. Of primary concern is that sole parents will no longer have an option for a Parenting Payment if they become a sole parent when their youngest child is aged between 8 and 15. They will be only eligible for Newstart Allowance, a lower rate than Parenting Payment. This is of great concern to Hanover given the existing crisis in housing affordability.

The lower Newstart payments for sole parents will mean that they will have reduced capacity to afford rent which may in some cases induce a housing crisis and homelessness. It may mean for some that they move to lower rent as well as lower employment opportunity areas perpetuating their disadvantage.

While we acknowledge that exceptions have been made to these rules for some family types, we have serious concerns about the potential for some families to fall through the gaps.

In addition, lack of affordable and accessible child care remains a major concern in terms of seeking greater workforce participation of sole parents. Affordable and easily accessible child care is a pre-requisite for sole parents' employment.

Implications of the legislation for people with disabilities

Many of Hanover's clients have both physical and mental health problems which make it difficult to search for and sustain employment. They will face a greater likelihood of going on to a Newstart Allowance rather than a Disability Support Pension because eligibility will require a capacity for just 15 hours of work per week rather than 30 hours at present, for new applicants from July 2006.

We have grave concerns for the capacity of our clients with mental health problems to deal with the new income support arrangements both in terms of Newstart and the Disability Support Pension. As an example, one 35 year old, Hanover client was recently cut off Newstart for failing to attend a mutual obligation interview. He was in a psychiatric hospital receiving treatment for chronic depression.

People with disabilities applying for Disability Support Pension but who are diverted onto Newstart Allowance will experience a decline in housing affordability especially those in the private rental market. This will expose more people to housing crisis and homelessness.

In addition, it is important to recognise that people with disabilities already have higher costs relating to medications and equipment. Lower payments for people with disabilities compromises their capacity to afford medications and equipment that they may need to sustain workforce participation and may contribute to a spiral of further deprivation.

A recent evaluation of the Personal Support Program conducted by Hanover Welfare Services, the Brotherhood of St Laurence and Melbourne City Mission, all community providers of the program, showed that 78 per cent of participants suffered from some type of mental health problem. In addition,

- 50% had been homeless in the past 5 years
- 70% have year 11 or less as their highest level of education
- their average length of unemployment (before entering PSP) is two and a half years

Hanover is greatly concerned at the confluence of disadvantages experienced by people with a mental illness. Our experience in the Personal Support Program is that people experiencing mental illness require very long term support before they are ready for employment. A grave problem however is that for participants in the Personal Support Program there is a lack of resources to support their endeavours to regain the skills and competencies they need for the contemporary workforce. The research showed that PSP agencies had a maximum of \$120 per client to pay for services such as counselling and training, which participants need to improve work readiness. In comparison, Job Network providers can access a jobseeker account containing \$1350 for additional services per disadvantaged client, despite this group having less severe barriers than PSP participants, in finding work.

Hanover believes that the situation for very disadvantaged people such as Personal Support Program participants will be exacerbated under the Welfare to Work legislation with more people requiring access to the Personal Support Program but inadequate resources will be available to support the additional demands on the program.

Conclusion

In conclusion, Hanover's submission to this inquiry has been informed by the experience emerging from YP⁴, formerly known as the Young Homeless Jobseeker

Trial. This trial is being conducted by Hanover Welfare Services, the Brotherhood of St Laurence, Melbourne City Mission and Loddon Mallee Housing Services.

YP⁴ represents a new approach for generating sustainable employment outcomes for particularly disadvantaged Australians. It recognises the interdependence of housing and employment assistance. It offers homeless jobseekers a single point of contact to address employment, housing, educational and personal support goals in an integrated manner over a two-year period. YP⁴ reinforces the value of a flexible, client centred, well-resourced approach to assisting disadvantaged Australians to fully participate in the economic and social life of the community. YP⁴ shows that services need to be fully integrated across multiple domains.

Hanover's experience is that the transition from welfare to work is a complex undertaking for disadvantaged people, such as our clients. YP⁴ takes us forward in terms of more sophisticated approaches that start with the needs of the client. This contrasts with the Welfare to Work approach which appears to impose a formula on the transition process. Our concern is that the formula will compound the disadvantage of already disadvantaged people as outlined in this submission.

All inquiries with respect to this submission:

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