



**Address to Christians for an Ethical Society (ACT)
Kasy Chamber, Executive Director, Anglicare Australia
30 September 2014**

UNEMPLOYMENT: CAUSES, CONSEQUENCES AND CURES

Acknowledgement

I would like to acknowledge the traditional custodians of this land and pay my respects to their elders past and present. I would also like to offer my respect to Aboriginal people from across the country and acknowledge their ongoing contribution to this Nation; to civil society.

Cures

Prevention is better than cure – we all know that. Anglicare Australia’s job is to hold a “strong prophetic voice” and we do that by telling how it should be. Many of the cures I will discuss are things that, were they in place, would stop many people from being unemployed and would certainly prevent many of the deleterious consequences of unemployment occurring.

I’ve begun with “cures” to make a point, but in every other forum, including public policy, we come to the cure last. We have to not only cure the unemployment, we have to cure the effects of the consequences. This is this bit where our public response falls down. Most employment programs are that – they attempt to find employment and put the person into it. I am arguing that after years of unemployment for many people the consequences of that unemployment are what need to be worked on before (or simultaneous) to curing the employment issue.

That takes me back to the causes, but we will come full circle to the actual step-by-step recipes of what works later.

Causes

Numerical

Numerical – the way the numbers work at the moment, it is clear that it is simply not possible for everyone to be employed; there are just not enough jobs to go around. Bob has talked about the numbers – 755,000 people seeking 142,000 jobs. We don't need sophisticated modelling to tell us it isn't going to work. Of course the real number is much higher when we add underemployment and it is much higher for some groups, especially young people, Indigenous Australians and those with low educational attainments. There is also an invisible set of people who do not appear in the figures but we know exist, who are not working but they're not reporting as seeking work either. Depending on your world view you can think of these people as having given up hope, or as happily existing outside the system. The large numbers of economic migrants cannot help this. Every year we add a city the size of Canberra to our population – 400,000. That's 400,000 new jobseekers each year. I must stress I am not talking about asylum seekers here, clearly we could easily double our intake of asylum seekers and refugees.

Wrong place, wrong time

Where people are resident in one geographical area, when the jobs are in another. The recent Productivity Commission report into geographical mobility found that people who are unemployed have different patterns of mobility and that long distance moves are harder for people with less resources (transport, money, education) and those that rely on family networks more. So simply moving is not always an option for our clients.

Where people are wrongly trained for what's around – maybe their training has become out of date. Wholesale macro-economic restructures which leave whole factories of workers high and dry.

Insecure work – a study of unemployed people in Victoria found that the main reason people had left their last job was because it was temporary or seasonal and no longer available. If time permits I'd like to say quite a bit about insecure work.

Personal

Attributes of the individual that make gaining and keeping employment harder - mental ill health, poor physical health (including ageing in workers with physical roles like building or aged care); low levels of education or training; even a low expectation of work.

We also need to note that we have higher expectations in the workforce now.

Consequences

For the sake of brevity and organisation tonight I am going to categorise the consequences of unemployment into poverty, exclusion, effect on skills and future employability and stigma.

It's a bit unnecessary to labour the point with this audience but I suppose I should prove the link between unemployment and poverty. Newstart Allowance is \$257.80 per week. Compare this to the minimum wage of \$622.20 a week or the average male weekly

earnings of \$1,575. I don't want to labour the point but for those of us who fund the annual figures, a more instructive reference point is that those on Newstart are asked to live on \$13,405 a year in a society where the average wage is \$81,900.

I can rattle off a litany of evidence created by Anglicare and its members that Newstart is not enough for people to live on.

NATSEM modelling commissioned by Anglicare Australia found that people on Newstart are spending 122% of their income – going backwards from the minute they start on Newstart. This means debt, which means high interest loans. Debt itself is a significant contributor to relationship and parenting difficulties as reported by an evaluation of Anglicare WA's Miking Ends Meet program (working with 110 families in WA).

Our 2014 Rental Affordability Snapshot found of 62,862 properties surveyed only 25 were affordable for a single person on Newstart.

Our 2012 State of the Family report and national research into food insecurity found that up to a million Australians experience a lack of access to safe, healthy food.

Poverty is simple – it is not having enough money. The consequences of poverty are more complex, and when you have significantly less than those around you for a period of time you become excluded. The relationship between exclusion and poverty is complex and mutually reinforcing.

Each of these indicators of poverty has effects that lead to exclusion. People in our food insecurity study told us about keeping the kids home from school on days at the end of the benefit period when they couldn't fill their lunch box. People that can't afford rent move more often – one family we spoke to had an eight year old child who had been to six separate schools due to the families' need to move house.

Australian research show that individuals who experience unemployment in one calendar year have a 70% increased chance of divorce the following year!

I talked earlier about the connectedness of the building blocks of life, of housing, employment, education and health. When one falls the others can topple. It is not hard for us to think about the type of food we might be able to afford on \$257 a week and the health effects of that over a long period of time. Put into that mix a house that one might be able to rent on this income - it is likely to be too damp, too hot, too small. Add to it the mental strain of managing all of this, of juggling budgets and thinking about the effects it's going to have on your children. It's not too far a leap to think about how this affects people's health.

The consequences of all of this for your future employability is pretty negative. But wait there is more – a lengthy period of unemployment may lead to an atrophy of skills and it will certainly lead to stigma. It may also lead to a learning of new skills, skills to fill in your day, skills to persuade yourself that you are worthwhile when society says you're not.

Imagine being a child in a household whose income is one sixth of the average, where all the other pieces are falling down, where you and yours are excluded from the basics of normal life in Australia.

The effects are also long lasting. A visit to the dentist put off for years becomes early tooth decay and gum disease. Low attachment to the workforce becomes no or little superannuation and lowered income in retirement. It is certainly true that once you've been unemployed for a couple of years, your whole life course is likely to be different than that of someone in the same place with a job. And children growing up in households without a job are more likely to experience periods of unemployment themselves.

All these consequences are to the individual. I haven't even begun to talk about the loss of the human capital and potential to society in general.

I also haven't attempted to deal with the cost of these consequences, the costs of earlier poor health, crime or relationship breakdown to society. This approach is at the heart of the social investment model currently being explored by New Zealand.

Cures

All this brings me full circle back to cures. This is the hopeful bit of the talk which my optimistic nature prefers.

Firstly we should say that not everyone who is unemployed will need the intensive sort of programs I want to mention here. As I said earlier for some the cure will be simply employment. For those with strong and relevant training and skills, who don't have a disability, poor physical health or a mental illness, who have been out of work the shortest period, who have strong family and network supports, who don't fall victim to the trifecta of the consequences I've just outlined, it may simply be a matter of finding the hole in which to fit the peg.

However, most of the people Anglicare works with do not fit this picture and the cures for unemployment are beyond supply and demand of jobs, like some great big dating agency.

Our recently published report, *Beyond Supply and Demand*, details what works in attaining and keeping employment for those with more barriers to employment. If we are to build a welfare system that is sustainable then we need to ensure that those people getting jobs keep those jobs.

However, for many we need to address the precursors and the unemployment and the consequences of the poverty and exclusion. We need to work alongside people over a period of time, to interpret and describe the map that takes them from the present to the future, a future that is different to the now. To be there with the navigational aids along that path over time.

For some people the step from now to full employment is too big a jump. We need to work on pre-employment skills. The so called soft skills of working in today's workplace. Anglicare in Wagga worked with a group of people who saw themselves as

long-term unemployed, who had given up on the aspiration of a job. As we unpicked the barriers to unemployment, we found expired driving licenses and unpaid fines that needed to be paid.

We need to look at training that is tailored, relevant and provides a 'line of sight' to a job that is achievable and desired. To place someone into just any old training is expensive and ultimately not effective.

What are often termed place-based approaches are really helpful for those with entrenched or multifaceted barriers to employment. Anglicare member, Brotherhood of St Laurence has recently completed a review of the Victorian government initiative Work and Learning Centres. This program works with individuals with multiple barriers to employment. It focusses on career planning, training and work, and it harnesses their local community network. The centres typically see people who the employment services have failed. About half of the participants had been out of work for a year or more. Remarkably 49% found employment and half of that number were still in 16 weeks later. Additional benefits were higher incomes, lower reliance on benefits, and increased confidence and life satisfaction.

A similar program here in the ACT saw Anglicare work with a number of people with significant and multiple barriers to employment. Working with ACT Housing they worked first to stabilise housing situations and then worked on employment. Once again the results were remarkable, with many people who most would see as the most difficult clients gaining employment and stable housing. This program was a pilot, itself the result of an exploratory experimental program called the Jobs Fund which was an employment program.

Our member in Bendigo has a program for young parents who are unemployed – it offers training in child care to young single parents. The parents become more confident in their parenting and in themselves, and they have a qualification as well as a positive experience of training and learning.

All of these programs do more than merely match people and jobs (where they exist). They change the individual's chances of sticking in the work by tailoring the program. In order to do that they need to talk and to listen.

These programs work with the individual. I also want to suggest some structural changes.

We need to stop thinking that full time engagement in the economy is the only way to contribute. We currently have the ridiculous situation where a carer of someone with a disability is worth less than someone employed full time as a porn star; where someone who volunteers for environmental work is not viewed as favourably as a hedge fund specialist gambling with people's incomes. Anglicare has argued for a 'living wage' to recognise non-economic inputs. Unlikely we'll see it in the next little while but there's that prophetic voice.

We need to make the boundaries between various government benefits more porous so that those on higher payments are not afraid to try working for fear that they will not

get back onto the benefit should they fail. And the journey from benefits onto wages needs to be more sensibly tapered so that greater work leads lineally to greater income.

We need to have jobs but those jobs need to be respectful to humans and their needs and to the environment. In low skill or high repetition jobs, maybe we should require the employer to provide monthly training unrelated to the role but in basic computing skills or some such to try to guard against the worker's skills being left up an evolutionary dead-end should the employer close and move off shore.

The social investment model offers some promise in persuading us to deal with unemployment in a way that heads off the consequences. The issue for us is to develop the data so that we can persuade the economic rationalists.

We need as a society to think about whether we are content to walk into the world of insecure work. Casual short-term and zero hours contracts are more and more being offered at the periphery of the workforce. More and more people can expect to work those type of arrangements, not just for a few years at university, but their whole career.

I believe we are standing on the edge of a precipice; behind us hard won working conditions like long service leave, the eight hour working day, pay equity, penalty rates. Ahead, over the precipice, a deregulated workplace where the market is king and the people exist to serve it. The price of this new world order of work is one group of people being churned through insecure work, underemployed with low income, incomes which are subsidised by government, in effect meaning that Australian tax payers are funding businesses and their profits by allowing them to pay so low. Where no day or hour is any different to any other and where a mortgage is out of reach even if you have enough quantity of money because you have no guarantee of the income. I'm not sure what the prize is for this price is. It seems to be masses of shoddy goods produced in an environmentally unsustainable manner by people whose working conditions are sub-standard. It seems to be an ability to get my nails painted at any time of day without having to queue.

Conclusion

I haven't talked about the punitive regimes or paltry payments as a response to unemployment. We have no belief that these policies drive sustainable changes to unemployment, nor help us meet our human, societal, moral, and even human rights obligations.

I've tried to cover some individual and structural issues in each section in the short time we've had. In the current economy with the mismatch of the numbers of job seekers and jobs, even the most transactional, spiteful person should not blame the job seeker for their situation or structural failures.

Anglicare, and I'm sure most of this audience, believe that even where there are enough jobs to go around the person without a job should be supported to get one, not punished for not having one.

The social investment model may even show us that the hard figures support this too.