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Place-based initiatives to tackle mature-age workers’ long-term unemployment in Australia, drawing on successful Nordic precedents

*Paper to the 2nd Australian Long-Term Unemployment Conference, Melbourne, 9-10 November 2015*

Dr Andrew Scott

*Associate Professor in Politics and Policy*
*Deakin University, Melbourne*

Paper Presented at the
Australian Long-Term Unemployment Conference
Pullman Melbourne on the Park, 9-10 November 2015
In order to tackle unemployment for the at-risk group of mature-age workers displaced by industry sector restructuring, exemplary place-based initiatives are needed focusing on a selected area of high disadvantage identified by Professor Tony Vinson’s 2015 Jesuit Social Services report *Dropping off the Edge*, with an Australian state government committed to supporting the initiative, as that report recommends. In order to make such a place-based initiative exemplary in its outcomes, so that it leads to uptake in other areas of high disadvantage, it needs to be thoroughly informed by successful Nordic precedents. In particular, the new Australian place-based initiative needs to be informed by Danish regionally-focused large-scale job skills programs involving transition into a proximate sector of employment growth; and by Norwegian measures for more even population distribution outside capital cities or in particular hard-hit regions within capital cities. An advantage of the proposed initiative is that it will also produce measurable results for children in families in which neither parent works, whose needs are normally tackled (if at all) by separate policy actions in separate tiers or departments of government. Australian children are disproportionately disadvantaged by the internationally extreme concentration of joblessness. Denmark’s *Løntilskud* and *Virksomhedspraktik* job training programs subsidised by municipalities and the national government, and supported by Danish trade unions, will be discussed in this paper for the positive effects they have for participants, including establishing or re-establishing unemployed people’s structured work habits and routines, improving their networks along with their social skills, and boosting their confidence. This paper will outline in detail the types of features the proposed new Australian place-based initiative will require, drawing on and drilling down further into data and analysis presented in the author’s recent book: *Northern Lights: The Positive Policy Example of Sweden, Finland, Denmark and Norway*.  

*Abstract*
In order to tackle unemployment in Australia for the at-risk group of mature-age workers displaced by industry sector restructuring, exemplary place-based initiatives are needed focusing on selected areas of high disadvantage, with Australian state governments committed to supporting those initiatives. This approach has been recommended in association with – and the areas in greatest need have been graphically identified in – a 2015 Jesuit Social Services report entitled *Dropping off the Edge* (Vinson et al., 2015). The report highlights the importance of crucial new community strengthening measures to be undertaken in places of locational disadvantage to reduce rising inequality in Australia. Mature-age unemployment and place-based disadvantage are not identical phenomena; but they overlap considerably.

In order to make such a place-based initiative exemplary in its outcomes, so that it leads to uptake in other areas of high disadvantage, it needs to be thoroughly informed by successful Nordic precedents. In particular, new Australian place-based initiatives need to be informed by Danish regionally-focused large scale job skills programs involving transition into a proximate sector of employment growth. Despite some demographic and policy differences Denmark is a suitable comparator for Australia (see further Scott, 2014, pp. 1-3).

Denmark’s unemployment rate was higher than Australia’s in only one of the 18 years from 1991 to 2008 inclusive (OECD, 2001, Table 2.14; OECD, 2013, Statistical Annex, Table A). Denmark’s provision of generous unemployment benefits for those who had lost a previous job, and its high investment in substantial and effective Active Labour Market Programs (ALMPs), and quality training, helped unemployed people gain new skills for new jobs, during the upswing from the early 1990s recession, until the effects of the Global Financial Crisis were felt in 2009, much better than did Australia, with its non-investment in ALMPs, over the same period. Further, Denmark cut the numbers and proportions of people out of work for twelve months or more, much more than did Australia in the decade following the international economic recession of the early 1990s. Denmark did this by keeping the ALMPs, which it initiated after the onset of that recession, going: rather than dismantling them before they could even produce positive effects, which is what Australia did. The following Table makes the results of this clear:
Table 1: Long-term unemployment rate as a total proportion of unemployed (%)

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<thead>
<tr>
<th>Year</th>
<th>Australia</th>
<th>Denmark</th>
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<tr>
<td>1991</td>
<td>24</td>
<td>32</td>
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<td>1992</td>
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<td>2002</td>
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(Source: OECD, 2015)

Denmark also has one of the Western world’s highest rates of ‘older’ people who are still in paid work. Labour force participation rates in Denmark in general – and for ‘prime-age’ persons, i.e. those aged 25 to 54 – have long been very much higher than the rates in Australia (OECD 2001, Table 2.2 and OECD, various years, Statistical Annex, Table C). There are practical policy lessons which Australia can learn and apply from Denmark’s experience to help unemployed people gain new skills for new jobs.

Recent Australian Bureau of Statistics figures confirm the importance of now considering new options to ensure adaptation by the many mature-aged workers from car-making companies and elsewhere who are losing their jobs, by: increasing the unemployment benefit, abolishing work for the dole and replacing it with quality, Danish-style skills retraining and job creation programs.

During 2015 the number of long-term unemployed people in Australia has risen to its highest level in 16 years. The number in August 2015 of 176 300 was the highest since September
More than 44,000 extra people have joined the ranks of the long-term unemployed since the Liberal/National Party Government came to office in the national election of September 2013 (Australian Bureau of Statistics, 17 September, 2015).

Writing on these and related trends earlier this year journalist Matt Wade noted that they are taking a growing toll on Australia's collective wellbeing...Long-term unemployment exacts a terrible human cost. Study after study has shown those who have been out of work for a year or more tend to become socially isolated, and at much greater risk of mental illness, heart disease and many other health problems.

Tony Nicholson, the executive director of welfare agency the Brotherhood of St Laurence, says economic change, especially the growing importance of knowledge jobs, has created a structural long-term unemployment problem. "We are not just talking about the cyclical unemployment we might have seen in previous decades," he said. "In the economy's transition to being more based on the services and knowledge industries, we are generating new jobs but they are not picking up the unemployed. The new jobs being generated privilege people with skills, qualifications and experience" (Wade, ‘Need to solve the big problem…’, 6 June, 2015).

In addition, Wade wrote then how:

...older workers tend to remain out of work longer than younger people...a quarter of those aged 45 to 64 remained unemployed for more than a year, compared with only 15 per cent of people aged under 44

and he emphasised the spatial disparity to long-term unemployment, with some outer urban areas and regional communities disproportionately affected.

"If you don't live on the outskirts of our major cities or in our regional centres you don't encounter this on a day-to-day basis," says Nicholson. "But if you do get into those regions it stares you in the face...we are going to find whole cohorts of people, and whole regions, where there are large numbers of unemployed who have mainstream aspirations that they can't achieve" (Wade, ‘Need to solve the big problem…’, 6 June, 2015).

Another journalist, Rachel Browne, reported then that “People aged over 50 comprise more than a third of the long-term unemployed and one-quarter of Newstart recipients” (Browne, 6 June, 2015). Economics Editor of The Age newspaper, Peter Martin has since reported that:

More than seven out of 10 Australians on unemployment benefits have been out of work for more than a year. The total is a big jump from six out of 10 three years ago.

The Australian Council of Social Service...obtained the figure from Centrelink data...
In August 538,900 Newstart recipients were so-called long-term unemployed, up from 498,290 in August 2014. Three years ago in August 2012 only 352,850 Newstart recipients had been out of work for more than a year (Martin, 27 September, 2015).

Bill Mitchell, Professor of Economics at the University of Newcastle points out that in Australia “We've now got upwards of 15 per cent of our available labour force not working in one way or another, either unemployment or under-employment” (McGrath, 13 August, 2015).

It is therefore now urgent that both major political parties nationally focus seriously on unemployment including the problem of mature-age unemployment. New policy ideas and proposals are needed drawing on successful Danish approaches, in order to reduce intractable concentrations of long-term unemployment in hard-hit regions. It is essential for the Australian economy to help displaced workers gain new skills to transition into different jobs so that they do not leave the workforce altogether for the long term.

In discussing the future of employment we must not be so pessimistic as to feel that we have gone so far down a path of insecure low-paid work that we cannot change to go in a different direction.

An exemplary place-based initiative or initiatives in Australia can also be informed by Norwegian measures for more even population distribution outside capital cities or in particular hard-hit regions within capital cities (see further Scott, 2015).

Dennis Glover’s important new book (Glover, 2015) describes vividly the history of decline in one of the most disadvantaged places identified now by Vinson, and how changes in employment have been central to that decline. Glover’s analysis could be misinterpreted as suggesting that male-defined skills in traditional heavy industry are the only ‘real’ jobs – but that is not in fact what he argues. Many migrant women – as well as many middle-age men – have been adversely affected by manufacturing job losses in Australia.

Part of the agenda for the future of work must be to challenge gendered notions of skill, to value more the skills of those who work in caring occupations and to see other skills which
are not yet even properly conceptualised – let alone recognised or paid – become formalised as skills, as part of Australia choosing to be a more high-wage, and more high-skill, nation.

An advantage of the proposed exemplary place-based initiative is that it will also produce measurable results for children in families hit by joblessness, i.e. in which neither parent works. These children’s needs are normally tackled (if at all) by separate policy actions in separate tiers or departments of government. Australian children are disproportionately disadvantaged by an internationally extreme concentration of joblessness double that in Scandinavia (see Scott, 2014, pp. 86-87).

Joblessness is a major cause of child poverty as well as of inequality. As the new Vinson report reiterates, high unemployment, joblessness and socio-economic disadvantage mean higher child poverty and maltreatment, higher rates of domestic violence, more people in prison, sapping our economy and society – particularly in places especially disadvantaged. These places include Doveton, in Melbourne’s outer south-eastern suburbs whose decline with the fortunes of Australia’s car manufacturing industry Glover discusses in detail; and Corio, next to Deakin University’s foundation and its continuing two Geelong campuses, afflicted by rising poverty. The recent negative Australian unemployment trends come on the eve of threats of further major job losses as regions like Geelong brace for the complete close-down of Australia’s car industry.

The member for the House of Representatives electorate of Corio in the years from 1940 to 1949 was John Dedman. He was a major figure in the Labor-led Reconstruction period following World War Two, a period recently very comprehensively analysed by Stuart Macintyre. One policy dimension of Post-War Reconstruction which has been little remembered was regional planning. As Macintyre writes, another key Post-War Reconstruction figure, ‘Nugget’ “Coombs, who had spent much of his early life in country towns, was sympathetic” to that policy. “The Commonwealth promoted regional planning to facilitate a balanced and integrated development” and “William McKell, the [New South Wales] premier, was [also] an apostle of decentralisation” in this era of “Labor's…nation-building ambition” (Macintyre, pp. 192, 414, 423).

In the Post-War Reconstruction era ‘Nugget’ Coombs also showed interest in Scandinavian policy approaches (Scott, 2014, p. 26). A compelling reason why such interest needs to be
reactivated today is the case of the city of Odense in southern Denmark, where – when 8000 direct and indirect jobs were lost in 2012 with the closure of the Lindø shipyard – the policy response taken by the Danish Government was supportive of the workers’ futures. Actions were taken to preserve many of the employees’ skills in that local region by redirecting those into the development of large-scale renewable energy projects. In Denmark when jobs were lost in shipbuilding the skills of those workers were re-employed there on those premises in that local region with the development of large-scale renewable energy projects. The Danish shipyard workers’ skills kept being used. They were not discarded. They were not abandoned. Jobs and production are continuing on those premises now (for details see: Lindø Offshore Renewable Centre) in contrast to the derelict position of many of Australia’s former industrial heartlands like Doveton and now, potentially even more if inaction persists, in Corio.

The Danish approach contrasts with a harsh dismissive attitude now being taken by the national government in Australia. Australian governments need to make serious detailed commitments for the transition and skills retraining of workers who are being displaced.

In terms of existing Australian policy responses, the last (2014) national Budget announced that “The government will…overhaul the existing $1.2 billion wage subsidy scheme designed to assist a broader range of job seekers. Older workers who have been out of the workforce for an extended period will be targeted by the changes. Under the more flexible scheme, employers who hire a job seeker aged over 50 will be eligible for a $10,000 subsidy over 12 months” (Wade, ‘Job crisis’, 2015). The current national Government has also announced a 155 million dollar Growth Fund for workers affected by the closure of automotive manufacturing (Macfarlane, 6 May, 2014). These measures however are quite inadequate and very small in scale compared with the Danish approaches. The report on the first year of the Restart wage subsidy measure indicates that only 1700 people have benefited from it out of the intended 32 000: i.e. it has fallen an astonishing 95 per cent short of target (Gartrell, 8 November, 2015). This indicates that it is too minimal or token a wage subsidy to make a difference and that it therefore needs to be reviewed and expanded to become more effective.

The Lindø regeneration project provides an imaginative example of great interest for the future – and for the possible transition – of Victoria’s La Trobe Valley, and other parts of Australia which have traditionally produced energy from non-renewable resources, such as
the coal-mining centres of the Hunter Valley in New South Wales. There is no reason why the engineering and other skills previously used to manufacture cars in Australia could not be adapted, for instance, towards the manufacture and operation of more wind turbines. The former Abbott Government’s obstinacy against wind energy has prevented workers threatened by job loss from transitioning into new jobs in wind power, but there remains enormous further employment potential there. There are also possibilities for building up in Australia the manufacturing needed for biomass, geothermal and other forms of renewable energy.

The most obvious proximate sector of employment growth for Australia – to parallel Denmark’s pursuit of wind power – is solar power. Australia may not have the natural advantages of abundant wind in as many places as Denmark does, which has made Denmark well-known for its massive and successful investment in wind turbines including to re-employ displaced former shipbuilding workers. However, Australia does have a much greater natural advantage of sunlight than most countries, including some countries which have already developed solar power far more extensively.

New international reports identify that solar photovoltaics (PV) will provide 9.7 million jobs around the world by 2030, equal to the amount of coal jobs today (Greenpeace International, 2015, p. 15).

There have been a number of positive developments in Australia towards being part of this employment growth. One is the national Labor Opposition’s promise in the lead-up to its mid-year National Conference to commit to dramatically boosting generation of renewable energy to provide half of all Australia’s energy by 2030, thereby matching the targets of Denmark, Norway and Sweden (Glenday, 22 July, 2015). This is a welcome goal – not only because it is environmentally responsible and because it will go some way towards making Australia a better global citizen; but also because it will create jobs.

Related to this, all political parties now need to discuss the equitable raising of more revenue to fund the investment in skills retraining programs which are needed to help Australia’s displaced steel and car industry and shipbuilding workers to move into new areas like renewable energy.
The Victorian State Labor Government, meanwhile, has embarked on a program which emphasises the employment benefits of further embracing renewable energy. It has declared that “Growing the share of renewable energy in Victoria is a key part of the Government’s strategy to create jobs, particularly in rural and regional Victoria…with a focus on” responding to “the reduction in employment occurring in areas such as automotive manufacturing. Renewable energy projects offer opportunities for job creation in a range of fields and skill types”. The government of that State has proclaimed the “growth of renewable energy in Victoria” as “vital” in order “to achieve sustainable jobs” and it has committed to “a multi-faceted approach to facilitate the creation of clean energy jobs” which already includes a “New Energy Jobs Fund of $20 million” (D’Ambrosio, pp. 7, 2, 5).

Another positive development is that Australia will get up to 10 new large solar power stations as part of an unprecedented $350 million tie-up between two major government renewable energy agencies. As part of a new funding round the Australian Renewable Energy Agency [ARENA] and the Clean Energy Finance Corporation [CEFC] will collaborate to offer, respectively, grants and loans to get major solar projects off the ground to feed into the energy grid…ARENA will offer grants of up to $30 million as part of its $100 million programme while the CEFC will roll out a complementary $250 million large-scale solar financing programme.

a central aim of the funding…[is] to bring down the cost of large-scale solar projects so that solar achieve[s]… cost parity with wind energy by 2020…the focus on solar for this funding round reflect[s]… the numerous projects on the drawing board and targeting large scale projects would correct a previous focus on rooftop solar.

…Both agencies have supported existing projects. AGL’s project at Broken Hill and Nyngan (supported by ARENA) is already grid-connected at Nyngan and generating electricity. The 56 MW Moree Solar farm (supported by both the CEFC and ARENA) is expected to come on line early next year.

Together the two projects will have 2.2 million panels and power 65,000 homes when fully operational (Dunckley, 9 September, 2015).

The Co-director of the Centre for Energy and Environmental Markets at UNSW points out that Australia is

compared to the rest of the world…At the end of 2014…ninth for total installed solar PV capacity (including large and small) and seventh in terms of capacity additions in that year. However, some 85% of our installed solar capacity is residential. By comparison, the US and Asia are predominantly large-scale solar markets and even Europe is only around two-thirds small-scale distributed solar.
In terms of large-scale utility solar, Australia isn’t [currently]...in the top 20 countries...[but] we have excellent opportunities for large-scale solar...[because in addition to] an excellent solar resource...[we have] plentiful land by comparison with many other countries (MacGill, 11 September, 2015, emphasis added).

Construction is also now underway on Australia's largest solar and battery storage project to date, at the Sandfire Resources DeGrussa copper mine in Western Australia, supported by both the CEFC and ARENA (Dunckley, 9 September, 2015). Researchers from Curtin University’s Sustainability Policy Institute point to the further expansionary potential of solar power storage:

Australia has 1.4 million solar rooftops. But it is with the addition of battery storage that energy grids will really be revolutionised. Australia has been quietly but dramatically embracing solar energy...In just a few years more than 190,000 Perth households have put solar panels on their rooftops – that is one in five homes or 490 megawatts of power, making these rooftops effectively the city’s biggest power station...Few places in the world have adopted solar energy at such a rate. But the uptake in solar power is set to receive another burst of acceleration, as the combination of solar panels with storage batteries becomes cost-effective and enters the mainstream...solar cells, combined with lithium ion phosphate battery storage...[are] about to become cheaper than the standard residential tariff for electricity customers on Western Australia’s main energy network.

This means that we are likely to see more and more households and businesses switching to renewable energy. This is happening particularly quickly in Perth and also nationally, with Morgan Stanley predicting that 2.4 million houses on the National Electricity Market (NEM) will install batteries by 2030.

Such is the pace of development in Perth that the city could become a global centre for such green innovation, largely because Perth has some 300 days a year without clouds, providing double the solar radiance of places like Germany. In a fossil-fuel free future, this will be a major resource. Retail electricity is more expensive here than in many places, such as the United States and Europe. This means that the point at which solar-battery storage becomes viable will arrive sooner (Green, Byrne and Newman, 16 September, 2015).

These developments are part of the process by which Australia can now successfully boost mature-age workforce participation and cut long-term unemployment, by providing quality jobs skills programs for retrenched workers such as those affected by the pending closure of Australia’s car manufacturing industry, to make a difference in Corio, Doveton and in other hard-hit centres and regions.

Among Danish precedents which Australia can draw from to do this successfully are the Løntilskud and Virksomhedspraktik job training programs subsidised by municipalities and the national government, and supported by Danish trade unions. These have positive effects for participants, including establishing or re-establishing unemployed people’s structured
work habits and routines, improving their networks along with their social skills, and boosting their confidence.

They range in length from four weeks to six months (with a possible extension to twelve months), and are regulated by the Danish Agency for Labour Market and Recruitment as work experience or internship type opportunities.

Stuart Macintyre's new book reminds us, above all, of the crucial role which Ben Chifley's government played in drawing in a number of remarkable intellectuals to help plan Post-War Reconstruction in the 1940s. They were practical visionaries. As Macintyre writes: “Chifley was not anti-intellectual but he expected intellectuals to possess the robust earthiness that drew him to Coombs”. Further, “Chifley gave Coombs a free hand in recruiting the staff of his Department and resisted criticism of their academic backgrounds. Some were drawn into the circle with whom he talked over policy matters”. He appreciated their talent and enjoyed their company (Macintyre, p. 145).

The 1940s Labor government outlined explicitly how it was “planning, using the wisdom of the best thinkers...in close and daily contact with the everyday day lives of the people in field, factory and workshop”. Macintyre writes how there was “mistrust of the middle-class intellectuals who were planning reconstruction. It was Chifley who translated their plans into the idiom of labour ideology, adapted them to the party's objectives and use them to extend its policy repertoire” (Macintyre, pp. 156, 472).

Further, with its emphasis above all on achieving full employment, “The post-war settlement reconciled capitalism with democracy...The result in Australia was a belated vindication of Chifley's prediction of a golden age. He, more than anyone else, made it possible with his belief that a country should not be left at the mercy of market forces, and his conviction that it was possible to plan an economy and make it serve social objectives. While rejected by the voters in 1949, he set terms of political legitimacy that lasted until the 1980s”: which became, by contrast with the 1940s, “a decade of removing government from the operation of the market” under Bob Hawke and Paul Keating. Macintyre thus clearly and negatively contrasts the Hawke/Keating governments’ deregulatory economic policies with Chifley's Post-War Reconstruction project (Macintyre, p. 476). Today’s Labor Party needs to enlarge its horizons and again draw in thinkers as Chifley did – and other policy-makers need to do
likewise– if we are to effectively confront the problem of today’s entrenched and escalating problem of long-term unemployment in Australia.
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A new path to motivating change for long-term sickness absence

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Paper presented at the Australian Long-Term Unemployment Conference
Pullman Melbourne on the Park, 9-10 November 2015
A new path to motivating change for long-term sickness absence

ABSTRACT:

Recent evidence supports the benefits of providing support within days of sustaining a work-related injury in order to increase the probability of a successful and sustained resumption of work. The negative health impacts of not working are well documented in the literature. In fact, the literature indicates that for those who remain off work beyond 12 weeks post injury date the probability of returning to work reduces dramatically. Although the majority of people injured at work return to work (RTW) within days, and the majority of those remaining within the coming weeks, there remains a small, yet significant, proportion that do not RTW within the first few months or even years of being injured. These individuals (for varied reasons) were unable to RTW following the first wave ‘early intervention’ as recommended by the literature, and are then often over-looked and/or their situations are compounded, such that the initial weeks and months too easily become several years. IPAR, a large national provider of return to work and injury management services, saw the need to develop a specialised, unique service model to assist these individuals. The cases of interest for this novel service model were those referred to IPAR after already having had tens of thousands of dollars spent on workplace rehabilitation (WR) services over many years without showing any recognisable benefit. This paper outlines a recently implemented model that attempts to provide a service with a different focus, and to make an impact where previous interventions have failed. It firstly describes key elements of the model, and then provides an overview of some preliminary outcomes. Finally, the challenges experienced thus far are briefly outlined in the context of potential benefits of implementing this novel model of service delivery in the WR field.

Keywords: return to work, workplace rehabilitation, chronic injury, workers compensation

Introduction

Chronic conditions and disability arising from work-related or motor vehicle accidents are common and costly to society, employers, the injured individuals and their families. These conditions are a leading contributor to the burden of ill-health in Australia with the burden of chronic pain in our community estimated to be $34.3 billion in 2007 (Access Economics,
2007). Add to that the economic impact of people leaving the workforce prematurely (particularly in their 50’s) due to injury or illness (Schofield et al., 2011).

Long-term sickness absence (from work) resulting from these chronic conditions is a persistent problem for organisations and a major public health and economic concern. It is now widely accepted that work is good for employee health (RACP, 2011). For employees, returning to work represents a return to a sense of normality, which brings an increase in self-respect, self-esteem, mental well-being and social inclusion as well as financial stability and independence. Failure to return to work has been linked to poorer health outcomes for employees, with potential relapses often triggering secondary psychosocial causes of long-term sickness absence.

Vocational or workplace rehabilitation (WR) has been defined as activities which ‘enable a disabled person to secure and retain suitable employment’ (International Labour Organisation, 1998). Currently in Australia, the most common use of WR is for workplace assessments and modifications, guidance to support return to work following injury, and vocational counseling / job seeking assistance. The overarching aim is to re-establish a working capacity and provide the prerequisites for returning to suitable and sustainable work for those seeking to return to employment following injury (Selander et al., 2002). Returning to work can be with the same employer (i.e. at the workplace where the injury was sustained), performing the same or new job, or at the other extreme, can involve a new employer and different work.

Utilisation of workplace rehabilitation to support appropriate and timely return to work has grown significantly in Australia since it was mandated in workers compensation legislation in the 80s and 90s (Ellis, 2001). The rationale underpinning its availability to all those injured at work is the well recognised health benefits for the injured individuals through timely return-to-work (RACP, 2011), as well as the long-term cost savings for society and employers.

Within the injury recovery and disability prevention literature, there is now general agreement on a few key factors that can facilitate functional recovery following injuries that impact work capacity. These fundamental factors include early diagnostic triage to facilitate early intervention, remaining at work or early return to work, and the identification of potential psychosocial and workplace barriers for return to work (Loisel et al., 2005; RACP, 2011). It is generally the physical / anatomical component of the injury that represents the most straightforward aspect of injury recovery – this is usually treatable and often fixable.
However, there are complex systems at play that influence functional recovery, each involving many stakeholders, and the role of the individual should not be underestimated. The recent literature has, indeed, seen the development of several theoretical frameworks that attempt to integrate sociocultural and individual approaches to functional recovery following injury (e.g. Besen et al., 2015; Loisel et al., 2005). In terms of impacting work disability, psychosocial and environmental factors are equally, if not more, important than the physical injury and can no longer be ignored by WR service provision.

Emerging from the literature showing a rapidly declining likelihood of successful return to work post 12 weeks of the date of injury, is the assumption that it is no longer the injury that is the primary impediment to return to work and other daily activities, but rather the associated psychosocial factors that have developed during the time away from work (Sullivan, Adams, Rhodenizer & Stanish, 2006; Waddell & Burton, 2005). Along the same lines, it is also assumed that the longer an individual remains off the work, the more influential these factors can become as barriers to returning to work. This was the foundation underlying the development of a new targeted model of service delivery for IPAR.

Researchers have suggested that in order for WR to be effective, we must identify and subsequently address obstacles to recovery and RTW (at least those that are amenable to intervention) (Waddel & Burton, 2005). In other words, WR needs to incorporate aspects of the biological/physiological (injury-related), as well as the psychological and social dimensions as necessary. Indeed, the very first WR research priority identified by Waddell and Burton (2005) was to assist individuals in identifying the most common and most important health-related, personal, and occupational barriers to work. Of relevance here is a recently developed model of work disability that emerged from examining the relationship between psychosocial factors and RTW outcomes for those with recent onset low back pain (Besen et al., 2015). The model was tested utilising aspects of the ABC model commonly used in cognitive behavioural therapy (CBT), the fear-avoidance model, and the Theory of Planned Behavior. It suggests that psychosocial context, experiences and perceptions pre- and post-injury give rise to beliefs and expectations that (directly and indirectly) influence RTW outcomes (Besen et al., 2015). Thus it follows that identifying beliefs and perceptions early that have the potential to negatively influence recovery from injury, and the subsequent promotion of self-efficacy, resilience and positive coping behaviours should lead to more positive expectations, and also result in more positive outcomes.
IPAR recognises that long term personal injury claim portfolios only amount to a small number (in percentage terms), but also that these cases carry a disproportionately high claim cost. These are individuals who have been off work for many years and remain unfit for work. It is this group that is most likely to have the most significant psycho-social barriers to work and functional recovery, and it has become clear that a different approach is required to support these individuals and to reduce the associated costs.

Setting the Scene: Insight into the individual’s journey

The reality of sustaining a ‘compensable’ injury is that a determination must be made in relation to eligibility to entitlements. In the majority of cases, this is straightforward, but there remain a significant proportion of claims for which a thorough investigation needs to be conducted in order to determine the nature of the injury, causation and contribution, and legal entitlement to benefits. Although this process has been streamlined over time (particularly in some jurisdictions), it can take months for these more complex cases before a claim determination is made. Referring back to the literature surrounding the imperative for early intervention and support, it is simply too late for many of the individuals where claim determination has required a thorough (and lengthy) investigation.

This is where it is essential to take psychosocial factors into consideration, including beliefs, perceptions and expectations around recovery. These factors have been shown to play a key role in long-term work absence and disability (e.g. Heymans et al., 2006), and are also therefore likely to be important considerations for WR professionals in attempting to facilitate functional recovery and to build work capacity for long-term work absent individuals. In order for the WR sector to impact long term disability and facilitate functional recovery and RTW for the more complex cases, there is a clear need for the development and implementation of new models of WR service provision that are more evidence-based and whose foundations are built around the key concepts of behaviour change theory, such as those incorporating health coaching or self-management principles (Bergbom et al., 2014; Heymans et al., 2006; Strunin & Boden, 2004).

What does it then mean if someone has not worked for 5, 10, or even 20 years? As has already been suggested, RTW is unlikely for these individuals, but research has also shown that the poor health and vocational outcomes of those with long-term workers’ compensation (WC) claims are, to some extent, explained by additional barriers and complexity created by policies and procedures of the WC systems themselves (Eggert, 2010;...
MacEachen et al., 2010). For instance, evidence suggests that injured workers on paid benefits will behave differently to those with equivalent injuries who are not receiving compensation (Mayer & Polatin, 2000), and will be slower to recover.

When an individual is referred for WR and they have been off work for a prolonged period of time, in many cases this amounts to being off work for one third to one half of their life and ‘not working’ becomes the norm. Anecdotal accounts from these WR consultants confirm what the literature has suggested: that these individuals develop what has been described as ‘a sense of hopelessness’, and ‘low self-confidence’, and become ‘directionless’, ‘depressed’, and ‘socially isolated’. Despite their individual differences, a common picture emerges of a group of people who clearly demonstrate the negative impacts of not working. Irrespective of their initial injury, they are frequently found to be depressed and anxious on top of having to contend with the side-effects of years on pain medications and their ongoing limited function. When considering the current return to work barriers for these individuals, the initial injury becomes almost irrelevant. The main barriers include their poor physical condition and fitness, impaired psychological status, and their negative beliefs and perceptions about their health and also regarding working. They generally do not believe they can work, and this is reinforced by those closest to them. Clearly, while these individuals hold these beliefs and perceptions, it is likely to be both ineffective and inappropriate to initiate discussions regarding work. This ‘all too common’ scenario has been the impetus behind the development of IPAR’s novel approach, known as ‘The Path Ahead’.

Methods

“The Path Ahead”

The Path Ahead program is perhaps best represented as a ‘road’ on which the individual and the Path Ahead coach travel together, on a journey (along ‘the Path Ahead’) toward a future with improved function and quality of life. The route that each person takes is individualised, and unmapped at the beginning of the journey. Importantly, the journey for each individual is unique to them.

Figure 1: Depiction of a potential journey that can be taken by the individual together with the ‘Path Ahead coach’.
Although the journey is individualised, there are, importantly, some common components to IPAR’s novel approach (see below in Figure 2).

Figure 2: IPAR’s The Path Ahead model, illustrating the phases

The process following referral always involves the **initial assessment phase**. The primary aim is to establish ‘current baseline status’ and to determine whether there is any merit in providing services, recognising that it is likely that there will be significant psychosocial issues which have had many years to develop and evolve. This phase usually entails a minimum of two face-to-face meetings with the injured person, as well as phone calls which occur over a 6 – 8 week period. Unlike traditional WR services, where an initial assessment is typically completed within 5 days, sufficient time is allocated to cases referred to the Path Ahead to gain a thorough understanding of the complexity of issues and to establish rapport between the parties. At the end of the initial assessment phase, a report is provided to the referrer that clearly states and explains the decision as to whether or not
ongoing services are recommended\(^1\). The assessment process includes, as standard, an assessment of a targeted selection of bio-psychosocial factors to gain a better understanding of the individual’s current barriers, including the extent to which potential barriers may interfere with the achievement of anticipated goals. Importantly, the assessments also highlight areas identified as ‘enablers’ that have the capacity to positively influence or facilitate achievement of improved functional and vocational goals\(^2\).

The first phase of service provision incorporates an element of health coaching and self-management education. During this phase, it is important that the normal claims management processes continue to occur, including monitoring and reporting on attendance. The aim during this phase is to continue to build rapport and engagement between the consultant and individual, and also to begin working toward improving function. Depending on the individual’s unique needs, this phase will commonly involve engagement with current treating practitioners, or a recommendation and facilitation of complementary therapies, such as a change in medications, establishment of a fitness program, diet education, or psychological counselling.

Due to the nature of the population referred to the Path Ahead, this primary health coaching service phase may take 3 months or more. Key concepts are introduced, with an emphasis on ensuring client comprehension. The major premise here is that the thoughts and perceptions, learned habits and behaviours that have taken years to develop will also likely take time to undo and unlearn. During this phase it is recognised that the individual may begin to question their involvement, particularly as they are being challenged to make changes to their behaviour and daily routines.

The stage that an individual next moves to depends on their progress and work status. For some individuals, the next phase is focused on further improving their level of function. The reality is that many of these individuals are found to have severely diminished levels of daily functioning that require substantial work in order to rebuild fitness and confidence to acceptable levels before vocational goals can even be considered. Goals during this period

\(^{1}\) It should be noted that for some cases a recommendation of ongoing services may specify a non-vocational goal which is likely to vary from the goal indicated at the time of referral.

\(^{2}\) It should be noted here that recent preliminary research has suggested a predominant role for the clinician (as opposed to the vocational worker) in motivating improvements in clinical and social functioning (Catty et al., 2010); however, further research needs to be conducted to determine the role for a vocational worker in determining such outcomes when the intervention extends beyond the traditional WR service provision.
may include completing identified physical and/or social activities and outings, generally building fitness, pursuing avocational interests or participating in community activities through volunteering.

As soon as a vocational goal seems realistic, individuals move into the vocational assessment phase which includes skills assessments, as well as a functional capacity assessment, and a labour market analysis if relevant. Work trials are often pursued which assist with building confidence, testing fitness and determining readiness for work.

Once readiness for work has been established and treater approval obtained, traditional job seeking support can commence. The main difference with the Path Ahead approach is that although these services will normally be completed by a different consultant, the Path Ahead coach remains a consistent contact for the individual by maintaining their involvement and monitoring the process. It is recognised that looking for work is a significant life change and a huge step forward, particularly for those with a chronic injury and following a long period of not working. As such, this can be a huge emotional stressor and support and encouragement by a trusted person, such as the Path Ahead coach, is essential. The coach continues to reinforce the self-management approaches, monitor motivation and also engagement.

Once work has been obtained (or avocational goals achieved) the support and monitoring phase, ‘sustainability support’, has been designed to ensure that progress continues to be made. It is common to start slowly, on minimal hours, and it is also recognised that ongoing support and encouragement will be required to enable sustained employment and further progression and to mitigate the occurrence of increased levels of stress, anxiety, pain (where relevant) and fatigue which are likely to be experienced after such prolonged periods of inactivity (both vocational and general).

The outcomes of the program, once realised, will most likely be attributable to a combination of the above (overly-simplified) program features in addition to features which are more difficult to describe. The first is around the recognised necessity of building rapport, engagement and trust. In reality this is very challenging with this population, and requires both time and the introduction of a variety of techniques. Building on the first feature is the equally important requirement to build motivation and enable behavioural change. These are core drivers of the initial assessment phase but continue to be extremely important throughout the entire Path Ahead model.
The final feature worth elaborating on in order to comprehensively capture the additional features of this model, relates to the individual characteristics of the consultant who is nominated as the Path Ahead coach. The aim here is to maximise the potential for an effective relationship, or strong working alliance, to develop between the client and Path Ahead coach, as per the seminal work of Bordin (1979). Not every workplace rehabilitation consultant will be a suitable Path Ahead coach. The required competencies do not appear to be related to their qualifications; but rather, are more inherent characteristics. Such personal characteristics include empathy, non-possessive warmth, respect, genuineness, as well as high levels of flexibility and adaptability, tenacity, persistence, open-mindedness and problem solving; many of which have been identified as the personal qualities required of therapists in order to establish a quality therapeutic alliance (Deane, Crowe & Oades, 2010). IPAR have found that consultants that take on the role of a Path Ahead coach find it challenging, yet extremely rewarding. In recognition of the complexity of this particular population, each coach is also allocated a senior staff member to assist with brainstorming strategies and problem solving.

**Results**

The approach is in its infancy. The initial pilot was conducted with a single employer that referred 6 cases. They participated in the Path Ahead program over an average of approximately 12 months, and involvement has now ceased. There are currently another 8 cases at various phases of the model. High level results for the initial ‘completed’ cohort are described in Table 1 below.

<table>
<thead>
<tr>
<th>Profile</th>
<th>Time since last employment</th>
<th>Outcome</th>
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</table>
| 50 year old Back injury (15 years ago) | 10 years | **Working 12 hours per week**
| | | Certified for 20 hours per week |
| 54 year old Shoulder injury (13 years ago) | 2 years | **Independently job seeking** and appears motivated to work.
(depressed labour market in outback regional Australia)
| | | Certified for 20 hours per week |
| 58 year old Back injury (12 years ago) | Working 4 hours per week at referral | **Working 20 hours per week** |
| 52 year old Back injury (13 years ago) | 11 years | Obtained a certificate to work 12 hours per week but reverted to unfit. Appears unmotivated to seek employment.|

Table 1: *Initial cohort: Profile and Outcomes.*
<table>
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<tr>
<th>55 year old</th>
<th>Working 38 hours per week, modified duties (unsustainable)</th>
<th>Resumed full time productive duties</th>
</tr>
</thead>
<tbody>
<tr>
<td>Back injury (5 years ago)</td>
<td></td>
<td></td>
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<table>
<thead>
<tr>
<th>54 year old</th>
<th>17 years</th>
<th>Prematurely discharged following threats of self-harm and harm to consultant</th>
</tr>
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<tbody>
<tr>
<td>Knee injury and Depression (23 years ago)</td>
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</table>

As described in the above table, three out of the six cases are now working; one having resumed full-time productive duties and two returning to part-time hours. Case estimates for future liabilities for the two cases returning to part-time employment were over $1 million prior to commencement with IPAR. The individual who returned to full-time productive duties was likely to be made redundant and would have been eligible for full weekly compensation payments, so securing a fully productive role represents a significant reduction in future liability risk.

The current cohort has a similar profile to the initial cohort, with an average age of 52 years, average time elapsed since date of injury of 12 years, and average time elapsed since work of 7 years. The key difference in the current cohort is the prevalence of psychiatric illness, either as the primary condition (in 2 cases) or a secondary diagnosis (the remainder). The degree of impairment related to the psychiatric conditions is also quite significant for many of the individuals in the current cohort. The application of the Path Ahead model and progress for these new cases can be best illustrated through a representative sample of case studies.

**Case study 1**

The first case is a 43 year old with Post Traumatic Stress Disorder and a chronic knee injury following an assault whilst working 2 years ago. When referred to the Path Ahead program, this individual presented with a myriad of health conditions related to inactivity and obesity including cardiac problems, back pain and insomnia. He had previously been employed in a carer role and had not worked for 18 months prior to the referral. He had been provided with workplace rehabilitation support for over a year post injury, with no vocational outcome achieved. There had also been a relocation to an area with a known depressed labour market.

The initial assessment determined slight indications of motivation towards working, but with no clear direction. The Path Ahead coach was able to ‘tap’ into an interest surrounding vintage cars. Engagement with the treating practitioner built trust and led to
facilitation of a short term physiotherapy and exercise program to reduce pain, build fitness and improve function. Health coaching enabled better self-management of stress levels, relaxation, sleep and activity pacing. A vocational assessment was completed and a work trial secured within 3 months of referral to the IPAR Path Ahead program. With ongoing support and assistance, this individual has been able to increase to full time (38 hours per week) paid employment, which has been sustained for over 6 months.

Case study 2

The second case is a 47 year old with anxiety, who experiences panic attacks and agoraphobia. On initial presentation, this individual was extremely focused on the agoraphobia and was heavily reliant on medications. Overall function was assessed as being significantly debilitated. The health coaching phase continues to focus on improving sleep, management of stress and anxiety, and goal setting in relation to activities outside the home. Currently, at six months into the Path Ahead program, there is good engagement and an identifiable motivation to change. Short term goals have been set and achieved, such as shopping at the local shopping centre. There has been a noticeable improvement in self-management of her condition, including utilisation of coping skills, stress management techniques and pacing to gradually achieve her goals. Her longer term goal is to be able to take her daughter away for a weekend of shopping in the city. Vocational goals will be reviewed according to progress.

Concluding Remarks

Compared to traditional workplace rehabilitation approaches, the Path Ahead approach has, to date, achieved lower return to work outcomes, is longer in duration, and has a higher than average cost. However, it addresses an unmet need in supporting individuals who have been off work for exceedingly long periods of time, an average of over ten years. Although a vocational goal has not been achieved as yet for all individuals, more subjective general outcomes include individuals’ improved knowledge of their condition, and being empowered to better manage their chronic symptoms including stress, depression, pain, fatigue and reduced function. Based on discussions with individuals who have participated in the program, the Path Ahead consultants, and referring case managers, acceptability of the program is high, and the potential for building on these initial encouraging results is also high. The referrers have advised that the program provides a viable option to support individuals who find themselves out of work for prolonged periods and is also a useful
strategy to assist with meeting legislative requirements to provide support and rehabilitation assistance in an efficient and effective manner.

IPAR’s the Path Ahead Model shows promise based on the outcomes to date, including encouraging progress of cases that are currently moving through the program. It is a novel approach that aligns well with the relevant literature and one we are excited about, but we must continue to review, evaluate and refine the approach, acknowledging the limited sample size to date.
References


“Well, That just Complicates Matters”:

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Paper presented at the
Australian Long-Term Unemployment Conference: Employment Pathways
Pullman Melbourne on the Park, 9th-10th November 2015
“Well, That just Complicates Matters”:
The Prevalence of Long-term Poverty in a Rural Victorian Community,
and its Interface with Enactments of Social and Health Policy Directives
through Government Agencies.

BRIEF ABSTRACT: Based on recent ethnographic research, this paper describes
the character of a rural Victorian community in terms of the prevalence of long-term
poverty, and the ways in which formalised enactments of moral policy directives and
institutionalised duty-of-care contribute to experiences of hardship.

ABSTRACT: This paper discusses aspects of a recent anthropological research project,
broadly focused on use of complementary and alternative medicine (CAM) in a rural Victorian
community. Participative research facilitated an in-depth understanding of the lives and character
of residents of the community, in terms of their experience of entrenched poverty, and the
relationship of this circumstance to personal and family hardships, impacted further by formalised
enactments of moral health policy directives and institutionalised duty-of-care, through
government agencies, including the Department of Human Services, the mental health system,
and decision-makers in the welfare sector.

In a community where little employment is available within reasonable travelling distance,
the most impoverished persons encountered during the research were sole-parents and their
children, who are specifically affected by recent changes to welfare payment rates designed to
stimulate their increased effort to find gainful employment.

Building from simple structuring frameworks developed from anonymous quantitative
appraisal of a poor segment of the community, and numerical tally of known community members
and interviewees with mental health problems, the paper unpacks richly descriptive ethnographic
data from the stories of research participants, particularly highlighting narratives about lives lived
in the long-term role of sole-parents, and through the eyes of mentally ill persons. Recent
‘improvements’ in policy approaches – addressing the seeming worklessness of sole-parents, the
need to accommodate children when family problems arise (often targeting Aboriginal, migrant,
mentally ill, and sole-parent families), and the exercise of powerful and increasingly legalised
sanctions that subjugate and control the experience of mental illness, for the benefit of sufferers,
families and communities – provide an effective government-citizen interface that serves to
complicate the life experiences of impoverished Australians, and seemingly overlooks attempts at
realistic, supportive solutions. This problem was starkly apparent even in a relatively trouble-free
yet poor community without imposed ‘income management’.

KEYWORDS: Rural poverty; Long-term Poverty; Sole Parents; Australian Welfare Policy; Child
Protection; Mental Health; Human Rights; Women’s Health; Ethnography.

Word count: 5307 includes footnotes; excludes title page, title, abstract, references list.
Introduction

This paper presents descriptive data about long-term unemployment and experiences of poverty, in a low-income Victorian rural community of small towns and villages, where I recently conducted ethnographic fieldwork. Data focused mainly on the specific research topic (use of complementary and alternative medicine (CAM) by low-income health consumers), but also strongly highlighted the extent of long-term poverty among ordinary rural Australian people. The incentive for this research was my own experience, sole-parenting for an extended time while living in a rural town.

The experience of poverty in Australia usually relates to circumstances of personal and family difficulty, such as family breakdown or mental health problems, as well as directly to lack of money due to unemployment and low-income. Poverty of Australian children, closely tied to impoverishment of parental households, has continued increasing for over a decade (Chadwick, 2013), with parents’ capacity to meet expenses compromised by welfare reductions. Living and food costs, healthcare access, and heating and cooling bills may all be higher for rural-dwelling people. Data of this research tells an even more complicated story, about the interface between poverty and enactments of social and health policy directives through government agencies and institutionalised systems.

Welfare poverty

Australian poverty is more prevalent than generally realised. As a middle-class society, the realities of life for welfare recipients (sole-parents, mentally ill, physically disabled, Indigenous persons, community-dwelling elders, and migrants/‘other’ ethnic-identified) are invisibilised by the general assumption of wealth. I estimate approximately 40% of Australians subsist on or below the poverty line (half of median income, presently not much over $20,000 p.a. for individuals[1]; welfare payments are less (Centrelink, 2015) particularly for unemployed persons without a pension, including most sole-parents).

Unfortunately, I realised, through some very enjoyable fieldwork, taking part in community events, and collecting narratives by and about impoverished Victorian people (too often sole-parents) with interest in holistic wellbeing, that governmental and other organisational interventions into families of ‘the unemployed’ as welfare recipients often only further complicates their challenging situation.

In this narration I attempt to do justice to stories of participants who made me feel a welcome part of their community. I summarise socio-demographic facts about the fieldwork location, which incidentally was not faced with the added obstruction of ‘income management’, currently imposed in numerous rural communities to restrict Aboriginal spending of welfare money. I then present ethnographic data, focused on the

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1 Australia’s poverty line (MIAESR, 2015: March quarters 2010, 2013, 2015) at March 2010 was $401.48 per week employment income for single persons without children (increased 2013 to $489.20; and 2015 to $510.16), compared to $396.70 single unemployed 2010 weekly poverty line. For sole parents with 2 children, the poverty line in 2010 was $623.86 per week ($760.22 in 2013; $792.74 in 2015). Compared to this, in 2010, the single welfare payment was $283.90 ($391.85 for pensioners), or $556.40 for a sole parent with 2 dependent children. Sole parent and dependants maximum welfare payment incl. family and other allowances was then slightly over single employed poverty line (now, 2015, is substantially lower); couples’ welfare incomes were slightly less than 2010 poverty line, though previously had been greater, reflecting Australia’s culture of encouraging employment, especially for men. Clearly sole parents experience long-term difficulty affording housing, food and other basic living expenses.
difficulties faced by Australian sole-parents and participants with mental health diagnoses (see also: Evans, 2012). I then critique some ways that contemporary policy-based interventions, and government-citizen interfaces derived from them – based in moral ideals and a concept of duty-of-care – complicate life for low-income people.

Methodology

Data collection relied on anthropological and qualitative techniques, mainly immersive participant observation, ethnographic documentation and 54 deeply conversational interviews, that aimed to situate interviewees as experts on their own experiences, practices and beliefs. Interviews were recorded and transcribed. Basic quantitative analysis of information about households was used to explore the level of community poverty. Ethics approval was given June 2011, by University of Melbourne HREC.

To recruit interviewees I used purposive snowball sampling based on ‘word of mouth’, commencing with a small number of familiar people. Questions encouraged description of CAM use, in conjunction with influences of poverty, low socio-economic status, and rural residence. Snowballing as a recruitment method suits research among socially-marginalised, closely networked or difficult-to-contact persons (Liamputtong, Ezzy, 2005), such as in niche fields (as CAM often is). Participant observation for fieldwork furnished detail about hardships that attend poverty experiences among sole-parents, long-term unemployed and mentally unwell. Although the major intended research focus was CAM use, there was a plethora of rich data describing participants challenging financial circumstances, with implications that reach vastly beyond the unaffordability of private-sector CAM.

Research Findings

Demographics

Sephirah is a pseudonym for the fieldwork location, a picturesque series of slow-growing rural-residential Victorian small towns and villages, two hours from Melbourne city, along a rural highway that runs between an outer fringe suburb and a forested range, and in a bushy valley, which is cold in winter and prone to summer bushfire. These towns are low-income areas, equivalent to 10th–20th most disadvantaged of ‘Greater Melbourne’ ABS statistical areas. In 2006 Census, 40.8% of Sephirah residents reported individual median income below the poverty line, $400 or less per week (ABS, 2009: ‘Income Inequality’). Sephirah incomes were significantly lower than surrounding regions, and Victoria. Dramatic contrasts exist between local regions with regard to socio-economic status (SEIFA rankings 12 to 93), education, and employment opportunity (Palermo, Smith, 2009). Despite average vocational training, there is a low level of high-school completions. Employment favours men without tertiary education (ABS, 2010). Earning capacity is reduced by distance from employment, and poor public transport access.

Sephirah has most markers of disadvantage among local communities (ABS, 2010; ABS, 2008), with a concentration of sole-parent families, consistently high rate of unemployment, many Newstart recipients on benefits for >1 year, the least taxable, waged, superannuation and business incomes of the shire, and few professional jobs. Residents are challenged by limited affordability and accessibility of healthful foods, causing ‘food insecurity’, preventable disease, and high living costs (Palermo et al,
2008). Despite substance abuse and graffiti, the crime rate is low and homelessness uncommon. This positive aspect is offset by an excess number of premature deaths, including tragic road deaths of inexperienced alcohol-affected drivers and passengers.

People of Sephirah’s rural community are often attached to the natural beauty and heritage of the place, and live in and frequently own small houses, in communities of several hundred to a few thousand. Many have resided locally for over 10 years, and often grew up there. Some originate from families that historically felled or milled timber, or took part in construction of major works. They form enmeshed social networks with familiar people who, despite financial and cultural disadvantages, are strongly bonded (see: Warr, 2005). Many locals, especially men, volunteer year-round for bushfire management training, and attend controlled burns and call-outs in summer.

Neighbourhood poverty

I analysed anonymous information about 70 clustered local properties (69 inhabited houses) in adjacent street blocks in a low-income area, a previous housing commission slum before many publically-owned houses were sold. Many residents lived in poverty for years to decades, with evident social and health problems. Sole-parent families, most affected by poverty, were 18/69 (26.1%) of these households, with 14 of 18 (77.8%) living in poverty all or most of the time as welfare recipients. At least 7/18 (38.9% of sole-parents) had diagnosed mental illness or were taking anti-depressant medications or had done for lengthy periods. 13/18, all women (2/18 were men), had weight problems and often diabetes. Several consumed alcohol and/or smoked regularly. Houses were usually owner-occupied (58/69, 84.1%), with 7 (of 11) rental homes occupied by sole-parent families although only 1 of these was public housing. Sole-parent families had the lowest household incomes, and highest accommodation costs relative to income.

Partner-headed households, with one or both partners employed, and single employed households, numbered 33/69 in total (47.8% of households). The majority of jobs were low-paid, often labouring work. Many households (minimum 38/69, or 55.1%) had adults (excluding teenagers and young-adult children) who relied on Centrelink benefits during the research, or had done for some years in the recent past (8 long-term unemployed or disabled, 14 sole-parents, 10 elders’ households, 1 adult mentally ill ‘dependant’ of a low-income worker, 3 low-paid workers and/or extended sick-leave, or disabled partner, and 2 households facing intermittent work, chronic illness, and/or previously/recently lived in poverty).

Among 69 households, only 1 young-adult tertiary student was receiving Austudy payments to attend university. Substance abuse was common, except in elders’ households. Mental illness and/or depression was experienced by adult members in at least 12/69 (17.4%) households. Early-adult death (see below) was over-frequent, affecting 5 (7.25%) households during fieldwork (more before and since). Trade qualifications represented work skills for 3 households (4.35%); known post-secondary and tertiary training including trades represent approximately 18 (26%) households. Children often lived in poverty, and with impacts of poverty in their home lives.

Participant circumstances

This section introduces community members who live with long-term poverty, and describes, in their words, problems and themes of hardship that characterise their lives. Searching for ‘poverty’ among interview transcripts and other writing, I mainly found mention of recurrent difficulties with rural public transport, exposure to cold wet
weather and being out alone, including at night, due to walking to and from buses, encountering other people in public spaces, and high general living costs.

62 year-old Marie Walder[2], semi-retired, was a sole-parent for many years, but now lives alone. She had paid $310 per-week rent for a 2-bedroom house in Sephirah’s main street, which ‘dried up’ her savings, forcing her to move into the bush, beyond the reach of bus services. She said carefully:

Having always been a sole-parent, I’m at an age where work is hard to procure. … I had income fluctuations. … I’ve avoided benefits as much as I’m able to [but] I’m not old enough, despite appearances, for the aged pension. [I’m on] Newstart[3] for the last 6 months. It isn’t possible to live on Centrelink alone, and it’s not intended for that. … It’s structured so we’re financially motivated to [try to get work].

George, who is 54, with partial visual disability, was unemployed and single “for a long time”. He does not drive, and receives Newstart Allowance, with little hope of improving his financial lot. He could not afford visits to health specialists, private-sector providers or private health insurance. A former fruit-shed labourer, he exclaimed:

Aarrh, six years at Cherry Hill [farm], … [then] unfortunately a new machine … took fifty jobs away [ironic tone]. … I wouldn’t pick cherries…[I was] stackin’ boxes. No way would I break my fingers ever to pick. Ya get ripped off! Yer get treated like an old piece of rope! … But it was good. … In three months I could earn four thousand dollars.[4] It paid me rates.

Some interviewees embraced the validity of a ‘low footprint’. Louisa Moncrieff, aged 58, expressed philosophical reasons for accepting a low-income lifestyle, that reach beyond circumstances, a trend referred to by Stone (2012) as ‘downshifting’. Louisa chose to be a sole-parent for several years after leaving a difficult relationship, and now lives on an isolated bush property, since moving from Sephirah. She said:

My children [moved out]. … I own a large property [from divorce settlement], with a house I had built, in the middle of nowhere, five kilometers from the bitumen, and fifty percent bush. It’s low-energy, almost sustainable, but in cloudy weather or … to watch television I run the generator. … My income is only Widow’s Allowance, the same as Newstart, but without job search.

Given steep hills or distance from services, transport poses particular difficulties for rural residents. I recalled hitch-hiking to university during my own undergraduate sole-parenting years in my 30s, attributing this to an all-encompassing poverty, where I barely ever had sufficient money for bus fares, even prior to recent reductions in sole-parent welfare payments. After collecting me from the bus-stop one morning in her small yellow car, my beanie-clad sole-parent friend Helaina said: “Funny, I never pick

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2 This and all participant names included are pseudonyms.

3 ‘Newstart Allowance’ (Unemployment Benefit (UB)), like Widow’s Allowance, was $469.70 per fortnight for singles in 2010, increasing incrementally each year ($489.70 per fortnight in 2012, and $523.40 in November 2015).

4 Equivalent to 1/3 of average Australian income when George worked (at 2007 rate).
up hitchers. I didn’t even realise it was you.” On the way into town, she made another
detour, stopping to give her ex-husband a lift to his former workplace. “He’s
struggling”, she explained, and he, soon after climbing into the back seat, said, in his
burrly baritone, “I’m falling through the cracks. We’re all falling through the cracks.”

Social Stigma, and Government, Church and Health-System Interventions

Hard cold reality for Sole-Parents

In 2012, Julia Gillard’s 2010-2013 federal Labor government implemented a welfare-
payment reduction (ACOSS, 2013), first commenced 2006 by the former Howard
Liberal government (Summerfield et al, 2010). This change substantially reduced
Centrelink Sole-Parent Pension (SPP), to approximate Newstart Allowance (/UB), for
all sole-parents with a youngest child over 7 years. Sole-parent families, mainly headed
by women, were already Australia’s poorest, often faced with long-term poverty (lowest
Australian incomes, by number in household). Women (and children) are far more
likely to experience poverty than men. Single UB was a substantially lower welfare
payment rate, that until recently assumed no dependents.

Considering John Howard’s stated policy intention to reduce poverty, and
Gillard’s express sympathies for disabled and working-class constituents, the rationale
for radically reducing sole-parent payments remains unclear, appears openly
discriminatory, and smacks of ignorance or cruelty. Aside of a simple wish for sole-
parents to ‘find’ work, reducing their income is less likely to promote this goal in either
their case, or for unemployed Australians generally (ACOSS, 2012; Cook, Noblet,
2012; Cox, Priest, 2007). It dramatically increases poverty among Australian children in
sole-parent families (Harding et al, 2005), and feeds the expanding and expensively
funded DHS practice of removing children from sole-parents and other ‘minority’
groups, who are seen to be not coping (see below).

Increasing deliberate impoverishment of Australian sole-parent families, through
‘steps’ including inappropriately targeted welfare reductions, non-provision or removal
by private sale of public housing, and defunding charities and support networks, is
inadequately recognised. Sole-parents cannot be simplistically grouped with
unemployed or included with ‘disadvantaged’ (meaning disabled) groups. Yet their
current financial circumstance is extremely disadvantageous. Blog categories from the
Australian Long-Term Unemployment Conference (ALTU) webpage illustrates this
common blind spot, omitting mention of women, parents, mothers, and sole-parents,
while abstracts and the 2015 programme (Employment Pathways) includes only one
presentation discussing mums gaining work, without distinction between mothers
generally and sole-parents.

Rather than addressing publically-stated aims of relieving poverty for
Australia’s poorest (non-refugee) population (i.e. sole-parent families), or alleviating
child poverty, recent ‘employment-promoting’ policy reduces sole-parent welfare to an
impossibly low rate, effectively reversing former attempts to lessen hardship in this
sector and exacerbating existing problems among this sizeable population.

Women’s poverty experiences

In 2013 I attended a ‘Soul Parents Relationship to Work’ discussion group, convened by
Sephirean sole-parent, Poppy. Long-term home-schooling mum, Poppy, is sensitive to
stigma about parenting, and comments or policies representing sole-mothers as “irresponsible, lazy, or unwilling to try”.

Women attending the discussion group were mainly in their 40s (36-53 yrs). They met weekly, sharing stigmatising experiences and social alienation related to sole-parenting status. Examples cited included being implied to be ‘dirty’ or ‘grots’ if they can’t keep up with housework, or treated as ‘sluts’ who may sleep with other women’s husbands, or perceived as intrinsically “nasty, or useless in some way”, to explain how they ended up as sole-parents. Sole-parenting seemed to have cast them into an outsider role, as one among “a bunch of deviants”. Some felt accused of “avoiding work”, or “deliberately rorting the welfare system”, which is difficult to conceptualise in light of payment rates, currently $283 per/week per sole-parent, and less than half this amount per primary school-age child or teenager. How are basic living expenses, rent, food, electricity, water, car maintenance, public transport, shoes/clothes, healthcare, telephone, books/stationery, educational fees, etc affordable for a one-adult family with children, on such a tiny income?

Several group members (three of seven present) struggled with diagnosed mental illness, another had (unmedicated) depression complicated by disabling physical illness, and a fifth had chronic fatigue with severe intermittent pain, bordering on disability. All believed they were forced to carry a weight of responsibilities well beyond what was fair, for a few to many years. They felt extremely tied to home and family-based work, restricting their ability to simply “go out and work”, particularly in rural places where travel to employment was prohibitively time-consuming, with primary school and early teenage children at school during the day. Problems of depression, mental illness, ex-partner harassment, and the hard grind of isolation, poverty and endless work attendant on being a sole-parent were very real to these women, some of whom were challenged further by high housing costs or insecure tenancy. With limited social opportunities and tight finances, none had repartnered, almost all received little or no support from ex-partner(s), and some had additional roles supporting elderly parents or extended family.

Considering the reality and hardships of sole-parenting, its role in limiting employment opportunity, and frequent duration across numerous years of many women’s lives, Poppy perceives the $100+ per fortnight reduction in Centrelink payments, rolled in across the entire spectrum of sole-parents with school age children, needlessly casts virtually all Australian sole-parent families into dire poverty. Recent poverty statistics (ACOSS, 2012, p.8) estimate 17.3% of Australian children, many in sole-parent homes (Harding et al, 2005), live below the poverty line and are represented as ‘at risk’. Meanwhile, poverty distribution mainly among disabled, unemployed, mentally ill, sole-parents and children, elderly, youth/students, and homeless people, feeds stigmatising assumptions that poor people are unintelligent, deviant or incapacitated for normal life (Rusch et al, 2005).

‘Health’ as grist for DHS’ child-removal mill: Duty-of-care and structured inequality

Another problem, over-frequent removal of children from sole-parents, is couched in a language of justification based on concern for children’s health, and enacted through highly-structured policy frameworks and massive government funding directed to ‘child protection’. Sole-parent families as a specific target of DHS child-removal practices is not discussed or acknowledged in policy literature or sociological analyses (although it has been described historically directed toward ethnic minority sole-parents in USA, by novelist Lisa Unger in Beautiful Lies (2006), and is still experienced on an ongoing basis by Native American people, such as until recently in South Dakota, where the state had received federal funds for each child removed from Native families (cf.
Sullivan, 2015; Bender, 2015; Tolan, 2015), and also on an ongoing basis by Australian Aboriginal families\(^5\), where undue force may be used to remove children, sometimes on spurious grounds, as described in media reports, critical reviews of policy, and tabled statistics (cf. AIFS, 2015; Pilger, 2014; Lamacraft, 2014; Young, 2014; New Matilda, 2014; Edwards, 2015; Hall, 2014/1997)). To contextualise discussion of this problem, I will first situate sole-parents and their children in relation to the ‘duty-of-care’ concept in contemporary healthcare, by referring to ethnographic data from the research.

In conversation following a group meeting, Poppy commented on treatment she and her 12 year-old daughter, Phoebe, had received by staff in a specialist medical clinic they attended, seeking help for Phoebe’s chronic but non-serious health problem. They were subjected to excessive questioning about private, unrelated aspects of their life. Phoebe was interrogated even more closely by another person, without introduction or permission, when Poppy briefly left the room to re-park her car. This inappropriate ‘clinical approach’, excused on grounds of duty-of-care, eventually caused Phoebe to cry and to feel violated. Poppy believed such treatment was a reaction to her combined sole-parent status and home-schooling choice implying questions as to whether she (or someone) had abused Phoebe, to cause the health issue.

Assertive or responsible health decision-making (or alternatively, confusion and inability to cope) on the part of a sole-parent, may be portrayed as deviant, representing an uncomplying stance, defying normative constructions of medical duty (when it may be highly practical, reasonable and realistic for a rural location). This includes home use of complementary medicine, considered irresponsible in circumstances where less well-informed persons, or those with easier access to transport and urban service centres, might choose to attend a hospital. Similarly, the possibility of a sole-parent abusing a child may be over-hastily and unfairly read in, by professionals motivated by moral interpretations of duty. One very sad solo-mum told of having her children removed due to being deemed an unfit parent. She was suffering from mental illness, manifest only as mild confusion and depression, without abuse directed to the children.

Loss of children, it seems, can be an unwanted side-effect of ‘essential’ treatments delivered through the psychiatric system. Unfortunately, labelling parents as inadequate targets those with greater need for support, and, while funding is poured into maintaining large bureaucracies, and medical and court systems (Hansen, Ainsworth, 2013), little grass-roots assistance is provided for needy families experiencing child-parent relationship difficulties, aside of ‘assessments’ and stern supervisory visits.

I was aware of 5 community members encountered during fieldwork, who lost children through DHS or similar interventionist networks. All were sole-parents, fitting one or more of these categories: teenage mother, Aboriginal, mental illness diagnosis, or slow learner during school years (see: Sheehan, Levine, 2005; Boursnell, 2014; Seeman, 2012; Collings, Llewellyn, 2012; Mayes, Llewellyn, 2012; Douglas, Walsh, 2013; SNAICC, 2013). None received sufficient social support to facilitate them ‘keeping’ children (recommended in child protection and human rights legislation: Douglas, Walsh, 2009; Ainsworth, Hansen, 2011) either before or subsequent to child removal, though all, arguably, were adequate parents; they had not subjected children to direct abuse, according to their own representations. Other instances of sole-parents having children removed occurred soon before or after fieldwork. In all cases, removed children were never returned. Yet to date I know of no married, co-habiting or recently-separated parents who lost children, despite incidences of substance abuse, alcoholism, or violent physical or sexual assault directly affecting their children.

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\(^5\) Non-Aboriginal children are removed from Australian families at only 14.7% of the rate of child-removals from Aboriginal families at 5.7/1000 vs. 38.8/1000 (AIFS, 2015).
Churches: Child protectors or home-wreckers?

The ‘sternness’ of department interventions and decisions is echoed in Foucault’s (1975, 2008; and cf. Danaher et al, 2000) critiques of systemic surveillance and power wielded to subjectify citizens, and control social or familial deviance (Bell, 2011; Wrennall, 2010). It’s perhaps even more strongly reflected in ‘protective’ strategies of church organisations who participate in removing children. A pastor of a local Sephirean fundamentalist church, who prides himself on working with poor families, particularly ‘converting’ folk to Christianity, often cited a favoured catchphrase advocating removal of children from families, “especially boys, between ages 12 and 21”. Church-selected ‘placements’ for children after ‘intervention’ favours strongly-religious high-income families, and expensive accommodation options of a kind working class families and especially sole-parents are unable to compete with. Also, according to local informants, church counsellors recommended mothers ‘forgive’ the violent crimes of partners or ex-partners, including child sexual assault, to preserve a semblance of family, intact or otherwise, and especially to ensure continuity of fathers’ contact with affected child/ren. Conversely, sole-parents are often targeted as inadequate to provide parenting alone, and needing of ‘support’ (too-readily translated into child removal).

An outer-Melbourne suburban church organisation, servicing surrounding rural towns, provides assistance for homeless teenagers, or those “at risk of becoming homeless”. This criteria can include teens living at home who claim to be “distracted at school”, without necessity for parental violence or abuse, and may apply even to high academic achievers. Contravening the letter of the law (Douglas, Walsh, 2009), and avoiding requisite legal avenues also (Vic Gov, 2014), caseworkers for this organisation invoke absolution through ‘duty-of-care’ from having to contact or negotiate at all with parents of teenage ‘clients’, whose confidentiality is protected at the expense of their current family relationships, and longer-term family membership. A young Sephirah woman who lived two years in this organisation’s relatively palatial supported youth accommodation, claimed several resident teenagers had single mothers they described as ‘crazy’ and low-income, a high number had first-generation migrant parents, some teens used a wide range of illicit drugs their parent/s forbade, including ice and cocaine, and others slept regularly with boyfriends, which parent/s did not approve of at their age, or were paid for ‘jobs’ including under-age nude modelling (behaviour choices that caused conflict at home, while youth services staff apparently remained unaware or feigned ignorance). One beautiful young 18 year-old woman, after leaving her family to live in a supported accommodation cluster, where she had more personal freedom, became a road casualty, as an inexperienced driver, which devastated her family, who had taught several older siblings to drive.

Accommodating ‘needy children’, funnelled out of families by church agencies, justifies government and charity funding for numerous church organisations, while actual help for the families from which these teens originate, usually poor single mothers and migrant families – or ensuring parents’ involvement in community or family-building or due legal process – falls by the way. Effectively, church-based child protection results in negative labelling of affected parents, reinforced experiences of marginality and ‘under-class’ identity (Hyslop, 2008), and culminates in long-term estrangement of many teenagers – encouraged to enjoy generous perks and the security of little financial responsibility while ‘in care’ – from caring families.

These commonplace child-removal strategies, ostensibly well-meaning and protective, create extreme costs borne by governments ($3.3 billion in the 2013-14 year (PC, 2015)), to maintain bureaucracies, case-workers, accommodation, and professional
counselling-psychology services, in a scenario that is repetitive, self-justifying and self-perpetuating. Such practice ‘targets’ the most needy families, but fails to support parental roles or to promote family cohesion and rights outlined in relevant legislation.

Furthermore, if families observed in Sephirah reflect usual practices of Australian Aboriginal child-protection, then the trend is to remove Aboriginal children much younger than the teenagers described in this foregoing passage, and to place them in non-Aboriginal families. Again, where children were removed from Aboriginal families noted during this research, they were not returned, and supports were never provided that could have enabled parents to keep their children.

Frequent early mental health deaths

In this final data-based section of the paper, I describe a seemingly localised finding of a high number of early-adult deaths in Sephirah, often of an unexpected nature, and causing much grief for surviving family members.

Few existing studies engage with impoverished Victorians in sufficient depth to describe their circumstances in detail. One exception was a community study of mental health service users in outer eastern Melbourne (Cuff et al, 1998), which estimated 30-35% of these healthcare consumers were women with dependent children. Often sole-parents, with limited education, these women ‘fell into a gap’, experiencing isolation, vulnerability, inadequate housing, unemployment, family disruptions, abuse, and insufficient support. Realisations afforded by this patient-sensitive research are much needed, to raise awareness of mentally ill community members.

Familiarity with several sole-parents with mental diagnoses caused me concern when data from Sephirah suggested a connection between over-frequent early-adult deaths (<60 years old) and characteristics or personal circumstances of mental health clients who passed away. Among 10 self-motivated CAM-consumer interviewees with mental diagnoses, most had reasonable health (despite poverty, and usually being abuse survivors). In contrast, I noted a group of 20 early-adult deaths (during fieldwork) of community members known to myself and a well-networked local informant. Of these deceased, 14/20 (70%) had been taking prescribed medications, with/without substance abuse (mainly cigarette-smoking and alcohol) though only 5 (25%) were interested in CAM. The list did not include all community deaths from that period, however, the seeming correlation raises questions about a likely role of prescribed anti-psychotics and sedatives contributing to early-adult health-consumer deaths, especially with mental ill-health (which reduces life by up to 20-25 years, particularly with low-income (Cf. Laursen et al, 2013; Martin et al, 2014)). This finding urgently warrants further study.

Current ‘reactive’ mental health strategy aims to reduce acute states, permitting sleep and calmness. In the longer term, this same approach to mental-emotional conditions implies they remain acute, and never resolve. Over-regular prescribing of strong-acting medications may contribute to epidemic physical illness, chronic unwellness, and multi-layered disability among the mentally ill (cf. ‘Clozapine’ may cause extreme vomiting, anaemia, white blood cell reduction, immune-compromise, obesity/diabetes, trembling/seizures, thromboembolism, permanent heart weakness, cardiac arrest and other severe side-effects, including many deaths (Taylor et al, 2009; Modai et al, 2000), despite possibly safer than some other drugs). A legally-enforceable requirement that mental patients accept drug-taking to the extent that they often deal with embarrassing or disabling side-effects, extra to existing illness, compounds the social stigma and sense of disempowerment and helplessness they already contend with.

Premature deaths (<75 years/Australian statistics) have declined for almost all causes, including drowning, suicide and violent assault (AIHW, 2015a). Deaths from
‘accidental poisoning’ and mental/behavioural disorders continue increasing in both number, and rate per age-group (AIHW, 2015a, 2015b). Accidental poisoning is fatality from ingesting substances, including alcohol, sedatives, narcotics (often heroin/methadone), psychotropics/anti-psychotics (including antidepressants), anti-epileptics, and anti-inflammatories, or skin exposure and absorption of toxic chemicals. Particularly apparent, accidental poisoning is now respectively the 2nd and 3rd leading cause of death for 25-44 year-old men and women (AIHW, 2015a), and respectively 3rd and 2nd leading cause for age groups 15-24, and 25-44, irrespective of gender (AIHW, 2015c), with the lead cause being suicide for these ages. (Other increasing mortality is from lung cancer in women, due to frequent smoking, and melanoma, both sexes.)

Tobacco causes most ill health and premature death (AIHW, 2011), yet analyses focus on the glamour of illicit drugs, particularly heroin overdose, partly supplanted recently by prescribed opioid-replacement overdoses (AIHW, 2014; Roxburgh et al, 2013). The broader issue of frequent premature death through excess ingestion of non-illicit, regularly prescribed drugs (often anti-psychotics/anti-depressants) among non-habitual or mentally-ill consumers of pharmaceuticals remains inadequately discussed.

Links between increased mental health deaths, accidental ‘poisonings’, and a growing prescriptions and medication ingestion rate is further suggested by: (a) low and reduced deaths due to illicit drugs (AIHW, 2014), (b) very low premature deaths from any ingestive poisoning in children <15 years old (AIHW, 2015a), and (c) high and increasing prescribed medications among young to middle-aged adults, 15 to 55 years.

Conclusion

Poor rural Australians may live below the poverty line for long periods, ranging from several months to decades. Those experiencing entrenched poverty are acutely aware of ways in which formalisation and public implementation of policy directives, moral expectations and institutionalised duty-of-care contribute to hardship.

Specific problems highlighted or hinted at in the ethnographic data presented in this paper include welfare reductions and increasing impoverishment of sole-parents, unrealistically burdensome ‘job-seeker’ requirements, extensive defunding and closure of charity organizations and social support networks including mental health outreach services, over-frequent removal of children from sole-parent families by DHS and ‘churches’, and likely over-prescribing of medications to mentally unwell consumers. These interventions combined, targeting low-income people, appear as a form of systematised (largely gender-based) discrimination that attempts to exert inappropriate ‘control’ over the lives and destinies of women.

It appears urgent and imperative that:

(a) Australian sole-parent welfare payments, at least for families with primary-school aged and early-teenage children, be restituted to pension level,
(b) funding of charities and social support networks be widely reinstated,
(c) child removal protocols and practices be urgently revised and appropriate family support structures created, and
(d) prescribing practices for mental illness consumers be transparently reviewed.

… in order to respect laws and human rights, and to enable almost a quarter of Australian parents to raise their children and live their lives in a way that does not so starkly and cruelly resemble desperate poverty, and so that they might retain their sanity and preserve their families, their dignity and their lives.
References:


SNAICC, Secretariat of National Aboriginal and Islander Child Care. (2013) *Our Children, Our Dreaming: A Call for a More Just Approach for Aboriginal and Torres Strait Islander Children and Families*, Fitzroy North VIC.


Does Unemployment Cause Bankruptcy?

The Relationship between Unemployment Rates and Bankruptcy Rates in Australia

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Does unemployment cause bankruptcy?

**The relationship between unemployment rates and bankruptcy rates in Australia.**

**ABSTRACT:** If unemployment is consistently nominated by over a third of Australian bankrupts as the main cause of their insolvency, is there any correlation between unemployment rates, both State and National, and the associated rates of insolvencies, allowing for a lag between a rise or fall in unemployment and the decision to go/not go bankrupt? What other factors influence the rate of bankruptcies in Australia? This paper will investigate the link between unemployment and bankruptcy and discuss whether qualitative factors such as an individual’s level of financial literacy, the strength of their social network or legislative and regulatory changes are more important than the strength of the economy in determining the number of bankruptcies.

**Keywords:** bankruptcy, unemployment, financial literacy, insolvency, behavioural economics

I. **Introduction**

It is only natural that governments, social policy makers and the financial sector have a desire to find out what causes personal bankruptcies in Australia. If the cause(s) can be identified, then information and resources can be developed, remedies applied and possibly an “early warning system” created, such as the widely adopted “Z score” for predicting corporate insolvency (Altman, 1968). The commonly accepted culprits for the drivers of personal bankruptcies are macroeconomic factors such as unemployment, Gross Domestic Product growth and interest rates (Kumar et al, 1998). It is rare that microeconomic factors, the financial literacy of the debtor, and the beliefs and values of the debtor are considered as the reasons for them choosing to go, or not go, bankrupt. While there is some evidence of correlation between macroeconomic factors and personal bankruptcies in the US and the UK (Platt et al, 2011), the relatively small number of personal insolvencies in Australia, both as a total and as a percentage of the population, makes it difficult to establish a link between the health of the Australian economy and bankruptcy rates. From March 2000 to March 2015 the number of bankrupts averaged 0.42% of the total adult (over 15) population. The number of bankrupts averaged 7,450 a quarter. The highest number of Bankrupts in this period was 9,723 in the September Quarter 2009 (ITSA, 2015). The absence of any qualitative research, coupled with the existence of minimal quantitative studies, means that no theory has emerged to explain, or predict, the onset of personal insolvency in Australia.
Total Australian personal bankruptcies reached an all-time high of 27,520 in 2008-09 (ITSA, 2015). This record level occurred despite the existence of a strong, growing economy and low interest rates over the preceding years. Since then the number of bankruptcies has decreased every year, and at the end of the 2013-14 financial year had dropped to 18,601, a fall of 32% since 2008-09 (AFSA, 2015).

Since 1986 the government agency that oversees the administration of bankrupts’ estates has collected data on the causes of bankruptcy (AFSA, 2015). The most frequent cause has always been “unemployment” which is consistently responsible for around a third of bankruptcies (AFSA, 2015). Based on this information, it may seem natural to assume that bankruptcy rates would mirror unemployment rises and falls and that government policy should be to target the recently unemployed with options for dealing with debt. The problem with this data is that it is self-nominated by the debtor and, as this paper will show, the definition of “unemployed” used by the debtor does not necessarily match the definition used by the Australian government to measure unemployment.

Do macroeconomic indicators such as unemployment rates, Gross Domestic Product (GDP) and household debt have any correlation to bankruptcy rates or are individual behaviours and circumstances more important in a person’s decision to go bankrupt? Bodsworth (2013) interviewed debtors in the state of Victoria and found:

>a complex picture of relationships between debt and issues such as ill-health, disability and unemployment (Bodsworth, 2013, p 28).

Perhaps the seed for whether a debtor will choose to go bankrupt was sown, not when they lost their employment, but rather when they obtained credit or loans while employed.

This paper analyses the correlation between unemployment rates and the rates of personal insolvencies in Australia between March 2000 and March 2015. It will seek to answer two questions:

1. What effect does the unemployment rate have on bankruptcy rates, and
2. What effect do non-economic factors, such as the financial literacy of an individual or
legislative changes, have on bankrupt rates?

The literature review in the next section indicates that the use of aggregate or macro-level economic indicators as predictors for bankruptcy ignores the resilience and resourcefulness of individuals to prepare for financial shocks. This paper will show that individuals who are aware that they could be susceptible to periods of unemployment or under employment will prepare for the resulting drop in income in a myriad of ways such as paying down credit cards, selling assets, consolidating debts, refinancing, and borrowing from sources unlikely to be listed on the statement of affairs (SOA). Many will choose not to go bankrupt because of personal beliefs and the judgement that dealing with debt problems is preferable to the consequences of bankruptcy.

II. The Australian bankruptcy regime

The legislation that oversees personal bankruptcies in Australia is the Bankruptcy Act 1966 (Cth) (AustLii, 2010). A simple analogy is to see bankruptcy as an exchange. In return for protection from further legal action by creditors and, usually, a total release from debts at the end of the bankruptcy, the debtor gives certain assets and (temporarily) a large degree of control over their financial affairs to the trustee. The term “insolvencies” includes the three methods by which an individual can discharge their debts: 1. Through bankruptcy 2. A Part IX Debt Agreement or 3. A Personal Insolvency Agreement. In this paper, the term “insolvencies” will refer to these three insolvency options.

This paper is focused on bankruptcies, as distinct from the wider issue of insolvencies, for three reasons. First, Personal Insolvency Agreements are mainly used by higher income earners who would have access to qualified advice on their insolvency. Second, the number of Personal Insolvency Agreements is very small, with only 214 initiated in 2013-14 (ITSA, 2015). Last, the number of debt agreements has been growing steadily since their introduction in 1996 and in the 2013-14 year they formed 39% of total insolvencies, up from 5% in 2000-01 (ITSA, 2015). The increase in Debt Agreements, where debtors propose an alternative to bankruptcy to their creditors, has been driven by the aggressive marketing of this product by Debt Agreement Administrators who promote a Debt Agreement rather than other, more appropriate, options including bankruptcy so that they can earn a fee and a revenue stream (CCLS, 2004, CALC,
Debt Agreement Administrators use public court documents to target debtors who have had judgements awarded against them (Bodsworth, 2013). Desperate debtors may be enticed by the claims of “debt relief” and “avoid bankruptcy”.

Every Australian debtor who becomes bankrupt, or proposes a debt agreement or a personal insolvency agreement, is required to complete a statement of affairs (Form 3) and submit it to AFSA. AFSA is the executive agency responsible for the administration and regulation of the personal insolvency system (AFSA, 2015).

The SOA asks debtors a comprehensive range of questions about themselves and their financial situation - both at the time of their bankruptcy as well as in the 12 months leading up to their bankruptcy. It begins with questions for the collection of demographic data and moves onto questions about income, employment, assets and debts and the source of advice on the decision to go bankrupt. The SOA even drills down to specific questions on topics such as child support and private health insurance. Every page of the SOA reminds the debtor that there are penalties under Section 267(2) of the Bankruptcy Act for providing false or misleading information and they must sign a Declaration on the last page to confirm that the particulars they have provided are correct.

Despite this rich vein of data, there has been minimal analysis into the profiles of Australian debtors and any underlying themes, trends or lessons about who is going bankrupt and the reasons they give for going bankrupt. The only recent published articles or academic papers on (Australian) bankruptcy statistics have been articles from Ramsay and Sim (2009, 2010), and Morrison and Lee (2012a, 2012b), reporting on trends in insolvency.

III. Literature Review

This author is not aware of any studies that consider the connection between aggregate unemployment rates and bankruptcy rates in Australia. West and Worthington (2014) looked at the influence of macoeconomic conditions on financial risk tolerance in Australia and found that only two of the five macoeconomic indicators specified, specifically bond rates and the Consumer Price Index (CPI), exerted any statistically significant individual influences, rather than the cash rate, ASX200 Index and the unemployment rate that had no significant effect. A
1998 study looked at the rise of bankruptcy rates from 1987 to 1997 associated with a triumvirate of macroeconomic factors, namely interest rates, household debt and unemployment (Kumar, Mason & Ralston, 1998). The authors found it difficult to find any correlation and suggested that consumer lending practices had a greater impact on bankruptcy rates.

Australian research has found a range of social and structural factors that compound financial problems including: ill-health, injury, being a single parent and having English as a second language (Bodsworth, 2013). Rather than being a cause of financial hardship, unemployment is seen as a “trigger event” (Bodsworth, 2013).

That the effect of the national unemployment rate is mitigated by the effect of individual circumstances and micro-factors such as financial resilience is supported by the Australian research of Rohde et al. (2014), who state that, even when the unemployment rate is constant, the risk of job loss may be spread unevenly so that some individuals are exposed to considerably greater risk than others. Similarly, Australian researchers Caddy and Mortimer (2013) state that:

...unemployment is complex and multi-dimensional rather than simple and uni-dimensional.

Their study found that entrenched social disadvantage (including financial stress) is not affected by fluctuations in the labour market, but rather is impacted more by localised issues.

Bilston, Johnson and Read (2015) constructed a financial stress-testing model based on a sample of 9,000 individuals from the Household, Income and Labour Dynamics in Australia (HILDA) survey wealth modules and found that unemployment rate shocks (especially rises) have little impact on the “debt at risk” (or the probability of default) of households. They also found that unemployment rate shocks in their model disproportionately affect households that have historically been more likely to become unemployed. This includes lower-income households and renters, but these households tend to have lower household debt relative to their household income.

This paper uses statistics from AFSA that have been publicly available since 1986. Data from the Australian Bureau of Statistics on labour force participation and the unemployment rate for all states and territories as well as the National rate is used. When calculating the percentage of bankrupts to the population, only those aged 15 years and over are included. This is to be consistent with the calculation of the unemployment rate, as well as acknowledging that, at
common law, only those aged 18 years and over can enter into a contract for debt (Fitzroy Legal Service, 2015). The growth rate in personal bankruptcy rates is plotted against the unemployment rate to determine if there is any correlation between the data including allowances for a lag effect.

IV. **What do debtors say causes bankruptcy?**

The data on the causes of bankruptcy, as self-reported by debtors, is easy to locate as bankrupts are asked the following question on the SOA:

<table>
<thead>
<tr>
<th>Q18</th>
<th>What do you believe is the main cause of your insolvency?</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Tick one cause only</strong> that best describes the main cause of your financial difficulties:</td>
</tr>
<tr>
<td></td>
<td>o Unemployment or loss of income</td>
</tr>
<tr>
<td></td>
<td>o Adverse legal action</td>
</tr>
<tr>
<td></td>
<td>o Liabilities due to guarantees</td>
</tr>
<tr>
<td></td>
<td>o Gambling, speculation &amp; extravagance in living</td>
</tr>
<tr>
<td></td>
<td>o Ill health or absence of health insurance</td>
</tr>
<tr>
<td></td>
<td>o Domestic discord or relationship breakdowns</td>
</tr>
<tr>
<td></td>
<td>o Excessive use of credit facilities including losses on repossessions, high interest payments and pressure selling</td>
</tr>
</tbody>
</table>

The word “insolvency” is used in the question rather than “bankruptcy” or the phrase, “inability to pay your debts”. Debtors would need a very high degree of legal and/or financial sophistication to understand the meaning of the term “insolvency”. The definition of solvency and insolvency from Section 95 of the *Corporations Act 2001 (Cth)* is:

1. A person is solvent if, and only if, the person is able to pay all the person's debts, as and when they become due and payable.

2. A person who is not solvent is insolvent.

It is possible for a person to be insolvent, but not bankrupt. That is, individuals could be unable to pay their loans, say the minimum monthly payments required on their credit cards and an unsecured personal loan, but not yet have declared themselves bankrupt. Asking individuals about their insolvency requires the debtors to have the ability to construct a personal balance sheet and cash flow and to understand the difference between when they first became unable to
pay their debts and the date on which they lodged their Debtor’s Petition to declare themselves bankrupt.

Chart 1: Reasons for insolvency (Main reasons shown only)

![Bar chart showing reasons for insolvency 2007-2014]


Note that the Chart Title of “Reasons…” comes from the AFSA label (AFSA, 2015) of the chart as well as the description within the AFSA spreadsheet of what is being recorded:

Main reason for entering a non-business related personal insolvency (my underlining)

The SOA question is asking bankrupts to state what caused their bankruptcy, while the collected data is labelled “Reasons”. For the rest of this paper, the word “cause” shall be used in order to maintain consistency with the question that the bankrupts are asked on the SOA.

Chart 1 shows that the most nominated cause of insolvency from 2007 to 2014 is “unemployment or loss of income”. A 1 percentage point gap between the next cause “excessive use of credit” in 2007/08 grew to 10 percentage points in 2010/11 (a 900% growth), before falling back to a 5 percentage point gap in 2013/14. As AFSA states:

The causes of bankruptcy...are self attributed by bankrupts and debtors from a list on the Statement of Affairs Form. (AFSA, 2012)
This requires a high degree of self-reflection by the bankrupt and a deep understanding of the causes of bankruptcy – namely that choices made in the lead up to the bankruptcy may have had more effect than a period of unemployment.

V. Does unemployment “cause” bankruptcy?

As outlined in Section Four, the use of the word “cause” in the Statement of Affairs question infers a direct link between unemployment as the main “cause” of bankruptcy. Headlines that proclaim there will be a rise in bankruptcies following a rise in unemployment, either nationally or at a local level, are always attention grabbing. ¹

One challenge in linking the unemployment rate to the debtors who state they are unemployed on the SOA is that the employment status of bankrupts is self-attributed from the SOA. As AFSA states:

The Statement of Affairs does not provide a definition or list of criteria for employment, such as a minimum of one hour of work per week for remuneration or in a family business or farm, or actively looking and available to work (AFSA, 2011).

Therefore, the employment status of bankrupts may not be comparable with the official ABS rate of unemployment. The classification of not-employed at the date of bankruptcy includes the unemployed, pensioners, self-funded retirees and those engaged in unpaid domestic duties.

As AFSA stated in their 2011 Profiles of Debtors publication:

ITSA does not ask bankrupts and debtors for enough detail about their employment to comment further. For example, we do not know how many bankrupts and debtors worked for more than one employer and lost one or more jobs prior to bankruptcy, were employed on a part time or casual basis and involuntarily had their hours reduced, or lost their jobs altogether (ITSA, 2011).

The definition of an unemployed person used by the Australian Bureau of Statistics (ABS, 2014) is someone who meets three criteria:

- not working more than one hour in the reference week;
- actively looking for work in previous four weeks; and
- be available to start work in the reference week.

¹ See: ABC (2014), for example
Setting aside this mismatch in the definition of unemployed, is there a link at the macroeconomic level between unemployment and bankruptcy figures? The analysis in this paper does not apply a lag effect. Chart 2 displays the two figures for the Australian population from March 2000 to March 2015:

The chart shows that from September 2001 to April 2005, as unemployment fell nationally, the levels of insolvencies also fell. This would be the accepted logic – that as more people became employed, bankruptcies would also fall because more employment and wages would mean that debtors could maintain payment on their credit commitments. However, from April 2005 to June 2008, as the national unemployment figure continued to fall, from 5.4% to 4.1% (a 24% decrease), bankruptcies rose by 46%. The lowest unemployment rate in this period, 4.1% in June 2008, preceded the highest bankruptcy rate in this period of 0.0562% in September 2009.

Conversely, unemployment rose sharply from June 2008, due mainly to the effects of the Global Financial Crisis, to reach 6.0% in March 2009. This was a 46% increase in
unemployment from the June 2008 base. From June 2008 to March 2011 bankruptcies fell by 23%. This contradicts the accepted logic that a rise in unemployment will lead to a rise in bankruptcies. However, the data presents strong evidence for the reverse effect.

Nationally, a low period of unemployment from April 2005 to June 2008 preceded Australia’s highest ever bankruptcy rate as a percentage of the population in September 2009. This suggests that when the economy is strong and employment is high consumers feel confident to borrow. In this period, borrowing for personal credit (mainly credit cards and personal loans) increased by 40% as shown in Chart 3. While consumers who borrowed for housing can be buffered from a drop in income by the equity within their homes or investment properties, credit card and personal loan debt for consumer goods needs to be repaid from income.

Chart 3: Total Australian personal lending 2005-2008

The data from two States, Victoria and NSW, during this period also does not support the belief that a rise in unemployment causes a rise in bankruptcies and is typical of the data from the other States. Chart 4 shows that from March 2000 to April 2005, unemployment in Victoria began to decline from a high of 6.9% to 5.1% while bankruptcies for the State basically stayed at the same level. However, from April 2005 to December 2008 unemployment continued to fall from 5.6% to 4.7%. During this period, bankruptcies began to increase at a steady rate, with a 53% total increase over the period. The bankruptcy figures reached their peak in June 2008 and stayed at this level until September 2009. This means that, not only was there no immediate fall
in bankruptcies as unemployment fell, but neither was there a delayed impact. The fall in unemployment in Victoria actually corresponded to a significant increase in bankruptcies.

Chart 4: Victorian unemployment and bankruptcy rates

Continuing the analysis of the Victorian figures, unemployment increased from 4.5% in June 2011 to 6.6% in March 2015 – a 47% increase for the period. Bankruptcies stayed at the same level during this period. There has been a 40% decrease in bankruptcies from their high in September 2009 to March 2015.

There is also no evidence from the NSW data that a rise in unemployment causes a rise in bankruptcies. Chart 5 shows that from March 2002 to June 2008 unemployment in NSW fell by 30% while bankruptcies increased by 85%. From March 2009 to December 2010 there was a big decline in unemployment of 36% that was accompanied by a 25% decline in bankruptcies. However, since then the unemployment rate in NSW has steadily increased from 4.47% to 6.15%, a 38% increase, while bankruptcies have continued their steady decline by falling another 24%. 
VI. Legislative and regulatory changes

One explanation for the lack of correlation between insolvencies and unemployment rates could be that there were legislative or regulatory changes that impacted on a debtor’s decision to go, or not go, bankrupt during this period. There were three changes that may have had an impact on a debtor’s decision to go bankrupt. The first was a change to lending laws and guidelines. A new National Consumer Credit Protection Act 2009 came into force in July 2010 and with it requirements for “Responsible Lending” (ASIC, 2014). The responsible lending guidelines imposed a duty on credit providers to ensure that credit was “not unsuitable” for the borrower; make reasonable inquiries about the consumer’s financial situation, and their requirements and objectives; and take reasonable steps to verify the consumer’s financial situation. If credit card lending is used as an indicator of consumer credit, levels of debt have not experienced any significant decrease since the introduction of this change. Total credit card debt has risen from $47.8b in July 2010 to $51.2b in March 2015 – a 7% increase in nominal values (RBA).

The second legislative or procedural change may have had an impact on the level of insolvencies involved changes to the bankruptcy laws. There were two changes made to the Bankruptcy Act in this period that may have had an impact on the number of insolvencies. The first was a change to the Early Discharge provisions and the introduction of a Debtor’s
Lodgement Fee. The term of bankruptcy, when a Trustee is appointed to control the bankrupts’ financial affairs, bankruptcy was reduced to three years in 1980 through the Bankruptcy Amendment Act 1980 (Cth). From June 1992 to May 2003, the Bankruptcy Act allowed for a bankrupt to be discharged from their bankruptcy after six months, if certain conditions were met (Bankruptcy Amendment Act, 1991 (Cth)). In May 2003, a change was made to remove the early release provision so that all bankrupts would serve a bankruptcy term of three years. It was assumed that this change would discourage some debtors from declaring themselves bankrupt as debtors would no longer view the potential to be discharged after six months as an incentive and would explore other options, but Chart 2 shows that this change had little effect, or at least, no change occurred that could be attributed to this legislative change.

Chart 6: Effect of $120 Bankruptcy lodgement fee from 1/4/14 to 23/6/14

The second change to bankruptcy legislation in this period did have a brief, but significant impact. On the 1st of April 2014, a “Debtor’s Lodgement Fee” was introduced. Every person lodging a Debtor’s Petition to declare him or herself bankrupt would have to pay $120. However, on 23 June 2014, the Australian Senate passed a motion to cease the requirement to pay a fee to lodge a Debtor’s Petition, and the Debtor’s Petition fee was removed after the close
of business on Monday 23 June 2014. Chart 6 shows the impact this had on insolvency numbers for the April to June 2014 quarter. A 22% decrease in Debtor’s Petitions occurred. This is the largest quarterly decrease ever recorded. To put the 22% fall in context, fluctuations in quarterly numbers have averaged 1% over a 28 year period. Once the fee was removed the number of Debtor’s Petitions increased by 14% in the July to September quarter of 2014, after which they returned to their long term trend. The effect that a $120 fee had on insolvency numbers is evidence that a microeconomic issue, or a factor relevant to the debtor’s own current financial situation, is a greater determinant of a debtor going bankrupt than a macroeconomic issue.

Lastly, it is possible that monetary policy, particularly low interest rates, has been more important than fiscal policy in keeping insolvencies at stable levels since 2010 and buffering debtors from unemployment rises. While the Reserve Bank of Australia (RBA) cash rate (the main component of mortgage rates) has not been above 3% since November 2012 (RBA, 2015), mortgage debt only makes up 12% of the total debt declared by bankrupts (AFSA, 2011). The reason for this is that increasing property values would lead to an increase in the equity that debtors hold in their homes. If the debtor was unable to maintain mortgage payments, then they would be able to sell their property to pay off the mortgage, and possibly all other personal debts such as credit cards and personal loans with the proceeds. While a debtor can go bankrupt in Australia owning property, any equity in the property would go to their Trustee for use in paying off their unsecured creditors (AFSA, 2015). It would be rare if a debtor entered into bankruptcy having equity in their home that exceeded the total of their unsecured debts. Low mortgage rates do not necessarily flow through to lower interest rates for unsecured debts such as credit cards.

VII. Discussion and conclusion

The previous sections have shown that there is no direct correlation between macroeconomic conditions and insolvency levels, so how can someone who is unemployed stave off bankruptcy? Possible reasons why unemployment rates have no correlation with bankruptcy rates will now be briefly discussed.
First, if those who become unemployed have no debts, there can be no bankruptcy. A loss of income will mean trouble paying household bills (Facing financial stress, 2015), but this situation will not be improved by going bankrupt.

Second, those who become unemployed are less likely to have credit. This can be confirmed by HILDA data that shows that of those in the lowest quintile of income who would struggle to raise $2,000, only 17% could borrow the $2,000 from a lender. The majority would draw upon savings (58%) or borrow from family or friends (40%) (Headey 2006).

Third, the unemployed were in advance with their credit commitments at the time they became unemployed, or have sufficient liquid assets to buffer them until they find employment. The RBA has confirmed that many households have used lower interest rates to continue to pay down their mortgages more quickly than required. They calculate that the average mortgage is around 24 months ahead in its total scheduled repayments. They say that,

*This suggests that many households have considerable scope to continue to meet their debt obligations, even in the event of a spell of reduced income or unemployment* (ABS, 2014).

Finlay & Price (2014) found that one result of the Global Financial Crisis was that lower-income households started to save more and pay down debt as a precautionary move.

Fourth, the unemployed may have a strong social network able to sustain them with assistance such as informal loans or money for bills. This is supported by research from the bi-annual ANZ Survey of Financial Literacy that confirms that 35% of consumers turn to family and friends first for financial advice (ANZ 2014). Australian research by Singh and Shelly (2005), based on a small sample of fifteen financial stressed consumers, confirmed that the financial decisions made by consumers depend on a range of factors, including support networks, and that for those families who were not managing their finances, family and community support was invaluable.

Fifth, the unemployed are capable of negotiating with their creditors for financial hardship assistance or knowing where to access resources, such as financial counsellors, to negotiate for them. Financial literacy for debtors includes knowing their rights, where to find information about dealing with debts, knowing their options, and their ability to make effective
decisions (ASIC 2014). Researchers cite indicators, such as levels of bankruptcy, high levels of consumer debt and low rates of savings, as consequences of low financial literacy levels (Gathergood 2011, Lusardi and Tufano 2009). The 2011 ANZ financial literacy survey linked the high rate of under-insurance to those with low financial literacy (ANZ 2011). While low financial literacy levels are potentially a factor in any of these outcomes, there could be a range of personal characteristics determining why people make poor financial decisions, or do not make any decisions at all. These include attitudes, culture, social setting, life experiences and peer pressure. Baumann and Hall (2012) state that this logic – poor financial outcomes result from a lack of financial literacy – is flawed and dangerous. A financially literate person may ignore requests for payment, believing that their situation will improve or knowing that their creditors are unlikely to commence legal action to recover the debts.

Lastly, a person may not wish to go bankrupt even when they are clearly insolvent, and their problems appear to be long-term because of their personal beliefs and values. This could arise from their cultural or religious upbringing, a strong belief that it is wrong not to repay debts, even when circumstances change, or a feeling that going bankrupt will bring great shame and stigma. A significant Australian study researched the help-seeking behaviours of unemployed workers in Victoria. It found that shame, pride and embarrassment were the main barriers to seeking advice and help for financial problems (du Plessis 2010). This may have caused insolvent individuals to not go bankrupt, even when this was their best option. Bodsworth’s survey confirmed the stress felt by debtors when contacted by debt collectors, including feelings of humiliation, shame and embarrassment (Bodsworth 2013).

This paper has shown that Australian bankruptcy rates depend on a range of factors relevant to the individual, rather than just macroeconomic factors. The willingness of creditors to keep increasing levels of consumer debt against good repayment histories and increasing property values has kept debtors away from declaring bankruptcy - although an objective assessment may determine that the debt hole has merely been dug deeper and, at some point, the debtor has to swap the shovel for a ladder.

Further qualitative research is required to add meaning to the bankruptcy data and hear directly from bankrupts as to why they made their decisions. To further strengthen the evidence
base, a control group of individuals with the same profile as the “average” bankrupt who did not go bankrupt is needed. Strengthening the evidence base on what causes personal insolvencies can lead to more effective and efficient financial literacy strategies and resources.
Reference List


*Corporations Act 2001 (Cth).*


1) Introduction

Whilst the term Social Enterprises is relatively new in Australia, Social Enterprises have existed for over 100 in one form or another and have gone by other names such as Co-Operatives, Not for Profit Philanthropic Trusts or Community Based Enterprises.

The traditional role of Social Enterprises has been to provide local communities with essential services that the private sector finds difficult to provide, or where the return on investment is not high enough to satisfy shareholder need. Social Enterprises are established to fulfill objectives beyond the return of set profits to shareholders. Most Social Enterprises have very strong social objectives that drive the direction of the enterprise. Social Enterprises are defined by their social, economic, environmental and cultural objectives that emanate from a public need. They have very explicit social aims. These aims are usually expressed through employment generation policies, training objectives, profit redistribution practices, or provision of local services to enhance and benefit the local community. Moreover, social enterprises seek to add to economic development through the creation of local jobs for the benefit of local communities.

By and large, Social Enterprises are locally based and serve niche needs within a community. In the Australian context they have strong ties to local communities and create a multitude of economic and social benefits at the local level. Because the level of profit generated is not the ultimate objective of the social enterprises, they are able to provide valuable, needed niche services especially in areas that require specialist expertise which the private sector or governments find hard to provide, particularly in complex service areas such as health and social care. For example, Bawrunga Aboriginal Medical Service, based in Northern NSW (1) is an indigenous owned and managed not for profit community cooperative established in 1999 to address the need for affordable, accessible and high quality health and medical services through the provision of culturally appropriate primary health services for local indigenous people. The health services’ core social goal of fulfilling the unmet health and medical needs of indigenous communities is achieved through the operation of commercially viable medical clinics tailored to indigenous needs. This health service has never received government funding. It has received some philanthropic funding for health prevention programs, however it has never received any funding for clinical services. The service began operating out of the home of the one of the founding directors and after developing a business plan, approached the
Nanbucca Shire Council to occupy a vacant council building to set up permanent premises. It began operating a clinical service in 2001. From 1 unpaid CEO, 1 part time and 1 full time GP and a volunteer administration team, the health service employed in 2009, 1 full time CEO, 5 full time GP’s and 18 paid staff. The practice is totally self-funded.

The social goals of the enterprise were:
- Address the lack of primary health education and services in the area that were both affordable and culturally appropriate
- Achieve a financially sustaining Aboriginal medical clinic moving away from the ‘welfare model’ of traditional indigenous medical services
- Build a bridge between indigenous and non indigenous people in the community, to help overcome racism and barriers to working together

More traditional forms of social enterprises are farmer co-operatives. In the past century, farmer co-operatives were a common practice for establishing rural enterprises. One of Australia’s best know farmer co-operative is the Murray – Goulburn Co-Operative Ltd - an unlisted public company incorporated in Victoria. Murray Goulburn is 100 per cent controlled by its dairy farmer suppliers and operates under co-operative principles. Murray Goulburn processes one third of Australia’s milk supply and has 2500 dairy farmer shareholders. A public meeting was held Murray Valley soldiers settlers league at Katunga in 1949 with overwhelming support for the establishment of a new co-operative dairy factory.

Bega Cheese, Another iconic Australian company was established as a farmer co-operative in 1899. In 2015, it employed 500 people in the Bega area in South West NSW.

Whilst the above mentioned co-operatives are long established, are very large businesses and have yearly turnover in the hundreds of millions of dollars, their genesis and reason for existence is no different to that of the Bawrunga Aboriginal Medical Service – they were established in response to local social and economical needs.

This paper aims to explore the environmental conditions necessary for the establishment of social enterprises and how social enterprises can impact on local employment.

WHAT ARE SOCIAL ENTERPRISES - A DEFINITION

Depending on your point of view, social enterprises can be defined as following:

- Social Enterprise is a mean by which people come together around a common goal and use market – based ventures to achieve agreed social objectives. It is characterised by creativity, entrepreneurship, and a focus on community rather than individual profit. It is a creative endeavour that results in social, financial, educational, employment or other community benefits (2) (Talbot, Tregligas, Harrison)
- Social Enterprises deliver targeted social or community benefits using traditional business principles. They can take a number of forms and deliver outcomes as diverse as employment for the disadvantage, important goods and services or fundraising for other charitable activities and community projects (3) (Department of Employment 2013)

- Social Enterprises can be defined as organisations that conduct economic trading activities to resource their social or community mission. Social Enterprises offer a response to twin challenges of efficiency and equity: On the one hand, social enterprises aim to develop sustainable business models with efficient allocation of resources; on the other, they aim to create social benefits which are often underpinned by goals around inclusion and social participation (4) (Social Enterprises and Local Government – A scoping Study)

My preferred definition of social enterprises is the first one. It best encapsulates the various components that make up a social enterprise; that being: profit, community support and involvement, social benefits and a response to commonly recognized community needs.

In an Australian context the Yackandandah Community Development Company encapsulates the social enterprise principles. Yackandandah, a town in North East Victoria with a population of some 2000 people was about to lose its one and only service station in 2001 due to financial difficulties faced by the owners. The next nearest fuel station was Albury/Wodonga some 40 km away. Local residents with support of the local Council, not only managed to save the service station, but it turned a business in financial difficulty into a flourishing social enterprise retail business that in 2015 derives over 50% of its sales from non petrol related activities. In total 12 local community jobs have been created and the social enterprise invests 50% of its profits on local community causes and projects. These projects are identified on a yearly basis and can cover anything from funding the upgrade of the local tennis courts, equipment for the local school, and local hospital renovations as required. To further enhance local economic development and employment, the projects funded utilize local labour and resources as is available. (5)

LEGAL STRUCTURES THAT GOVERN SOCIAL ENTERPRISES

The biggest difference between a privately owned business or a publicly listed company and a social enterprise is the treatment of the annual profits and the ownership of the enterprise’s assets vis a vis the disposal of the assets in case that the enterprise has to be wound up.

Social enterprises are governed by a Constitution that specifies the purpose, management, profit, asset ownership and asset disposal of the enterprise. Typically all shareholders of the enterprise have an equal say on how the enterprise is managed regardless of the start up capital that an individual has contributed to establish the enterprise – one vote, one rule.

The enterprise is run to fulfill shareholder expectations that are specified in the incorporation papers (Constitution) that govern the enterprise.

WHAT ARE THE INGREDIENTS REQUIRED TO ESTABLISH A SUCCESSFUL SOCIAL ENTERPRISE
There are no universal rules that define how an enterprise may be established. As discussed earlier in this paper, social enterprises are often established to fulfill a public or community need/s. They serve a dual purpose of economic development with identified social, cultural and/or environmental benefits. Underpinning the success of the enterprise is the need for it to return a profit to grow the business as well as fulfilling the constitutional expectations of the enterprise in line with its stated social, community, cultural and environmental objectives.

Therefore there are some basic requirements that need to exist to ensure that a social enterprise has a chance of succeeding:

- Support from the local community: As discussed earlier, social enterprises are established to fill a gap in product/service delivery in the local community. A social enterprise works well when there is community support.
- Provides an identified product or service need that the community has expressed as being of importance and essential.
- Have clearly identified social objectives beyond achieving profit, such as employment, education and training, cultural and environmental that all shareholders agree on.
- Business leadership to develop the enterprise.
- Partner a business program that is able to support individuals with business skills and business training.
- A well researched business plan that underpins the objectives of the enterprise.
- Adequate working capital to ensure the survival of the enterprise beyond the initial, critical 12 months of operation.

- Whilst not essential, support from local government especially with regards to access to premises and capital resources.

POLICY CONCIDERATIONS TO FACILITATE THE ESTABLISHMENT OF SOCIAL ENTERPRISES BY THE LONG TERM UNEMPLOYED.

Can social enterprises act as an employment agent for the long term unemployed? Simply speaking they can, however for this to happen, government support would be required.

From an operational perspective there are no differences between social enterprises and for profit, privately owned businesses. A social enterprise has to meet customer demand, provide a product/service to an acceptable customer level, be well capitalised, have clear business objectives, have a strong financial management expertise much in the same manner as any other business.

In a competitive market economy no distinction is made between social enterprises and the for profit private sector. It is the product and the level of customer service that will attract the public to purchase. As such, those behind the establishment of a social enterprise need to have the appropriate business skills to make the enterprise work.

In Australia at the present time, the long term unemployed who wants to start a business can do so through the New Enterprise Incentive Scheme (NEIS). NEIS is a federal government program funded through Jobactive. It provides individuals with intensive small business training, the preparation of a commercially viable business
plan that represents the business idea an individual wants to establish, 40 weeks of income support equivalent to the full time Newstart allowance (Not means tested) and 12 months of business mentoring.

However the current funding guidelines of the NEIS program do not allow for the establishment of social enterprises because NEIS mandates that the business has to be owned and operated by the individual/s being funded for income support. The funded individual/s have to be majority shareholders. This of course precludes the establishment of social enterprises under the NEIS scheme.

For social enterprises to succeed, individuals driving the enterprise have to be properly trained in business management practices, they have to prepare their own business plan and they will require business support during the critical first 2 years of the business start up face. This level of support is critical for the success of the social enterprise.

A policy framework regarding the support of social enterprises as a viable employment tool for the long term unemployed needs to be established within the Department of Employment if social enterprises are to be used as a self employment tool for the long term unemployed.

The current framework of the current NEIS model of training, income support and business coaching could be replicated as a model for the establishment of social enterprises, however the guidelines would need to be modified.

**Bibliography**

(1) Social Traders Website: [www.socialtraders.com.au](http://www.socialtraders.com.au)

‘Whole of Family’ considerations in the design and delivery of services to address long-term joblessness in Australia

Geoff Revill, Manager Building Family Opportunities, UnitingCare Wesley Port Adelaide 2015

A statistical overview

» 1ABS Labour Force data June 2015 recorded 183,274 Australians as being unemployed for over 52 weeks

» Almost half (88,980) were unemployed for more than 2 years

The number of people affected is greater when we consider ‘jobless families’

» ABS rates a jobless family as one where all of the family members are either unemployed and/or not in the labour force

» In June 2012 there were 1.3 million jobless families (19% of all families)2

Jobless families with dependents

» 315,000 jobless families with dependants (11% of all families with dependants)

» 223,000 jobless one parent families with dependants - about 1/3 of all one parent families with dependants.

» 89% were single mother families. 72% of jobless single mothers had children under 10 years old.

Whole of family joblessness

» About 92,000 couple families with dependants had all family members 15 years or over who were jobless (about one 1 in 25 couple families with dependants)

» 86% had their youngest dependant aged 0-14 years

Children in jobless families

» 167,000 children aged 0–14 in jobless couple families

» 362,000 children aged 0-14 in jobless lone parent families

Dependents aged 15-24 years

» In 2012, 1.4million dependant students aged 15-24 years attending school or full-time at tertiary level were usually resident with parents/guardian

1 ABS 6291.0.55.001 Table 14B Unemployed persons by Duration of unemployment and Sex – Trend, Seasonally adjusted, Original

Questions arising around job seekers and other members of jobless families

1. What are the contexts of their joblessness beyond a lack of available jobs?

   Possible contexts of joblessness for a Primary family income earner and/or 15-24 year old family member

<table>
<thead>
<tr>
<th>1-2 years jobless</th>
<th>2+ to 4 years jobless</th>
</tr>
</thead>
<tbody>
<tr>
<td>» Not worked since left school / TAFE / Uni</td>
<td>» Lack of recent / any work experience</td>
</tr>
<tr>
<td>» Short term casual / seasonal work history</td>
<td>» Lack of relevant vocational skills</td>
</tr>
<tr>
<td>» Previous established regular full time work history</td>
<td>» Lack of recent / relevant referees</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>5+ to 9 years jobless</th>
<th>10+ years jobless</th>
</tr>
</thead>
<tbody>
<tr>
<td>» Sole parent / carer returning to workforce with new activity obligation</td>
<td>» Never worked</td>
</tr>
<tr>
<td>» Not worked since left school / TAFE / Uni</td>
<td>» Non aged-pension eligible parent or grandparent ceasing care responsibilities for grandchild /other</td>
</tr>
<tr>
<td>» May have some previous work history</td>
<td>» Widowed and in need of income support</td>
</tr>
</tbody>
</table>

2. What are Possible Complicating Factors?

   » Lacking knowledge / confidence in job seeking
   » CALD background with limited English language and other participation capacities / confidence
   » Inability to meet task / behaviour /attendance standards
   » Work (or other) injury
   » Change in family circumstances including domestic / family violence
   » Diverse family structure
   » Recognition of diverse gender identity
   » Legal constraints / offending activity
   » Diagnosed/ undiagnosed or untreated disability, mental illness or other medical condition
   » Poor physical health
   » Poor dental health
   » Substance misuse
   » Unstable / transient accommodation, Homeless
   » Suffering entrenched poverty
   » Geographic isolation, lack of employment /transport options
   » Social disengagement
3. What resultant potential impacts are there on children?

- Experience of trauma, mental health issues at early age
- Limited social / recreational participation through poverty status
- Drug and alcohol misuse
- Offending
- Interrupted schooling / attendance at multiple schools
- Erratic / reduced access to services re physical or intellectual disability
- This often renders children to risks of incomplete / inadequate education and social experiences and potentially, and almost in the blink of an eye, leading many of them to ....

4. Are existing ‘employment’ services frameworks sufficient to reduce long term joblessness in these families... now and into the future?

In SA in 2009-10 the statistical and broader social observations mentioned above prompted a ‘Social Inclusion’ service approach for addressing long-term unemployment within families in the form of the ‘Building Family Opportunities’ program - commonly referred to as BFO in its regions of delivery.

Introduced by the SA Government, BFO was initially funded as a Demonstration Project over 4 years 2010-2013 and from 2014 was expanded in targeted regions.

The program is currently funded by the Department of State Development (DSD).

Participation is voluntary.

**BFO broad function**

- To support development of an enabling family environment that supports and builds the capacity of family members to participate in education, training and work, and in society more generally

**The primary objectives of BFO are to:**

- Secure employment in a decent job for one or more members of the family by removing the barriers that prevent family members from working.
- Increase the educational attainment of family members by providing tailored learning, training, and skills development opportunities.
- Improve the responsiveness of systems and services so that families are able to access services in a seamless, timely and coordinated way.
Outcomes for BFO include:

» sustained employment in a decent job
» improved educational attainment
» better health and wellbeing
» increased community capacity
» improved systems response to economic disadvantage

BFO does this through assertive family case management and collaborative work with other agencies.

Case Managers work with participants to...

» Identify barriers to participation in education, training and work
» Set agreed goals to overcome barriers in line with agreed priorities
» Assist participants to secure access to relevant services / supports / resources needed to implement these strategies. This includes advocacy and practical support such as transport.

The support provided by this single ‘go to’ person is seen as pivotal for clients who already have significant and complex barriers to overcome before they can manage to progress along a positive pathway towards social and economic participation.

» They provide professional and practical assistance to address complex and interrelated personal, family and vocational barriers - for up to 18 months, thus enabling family members to gain confidence and ability to access and use programs and services to move them along the workforce participation continuum.

» The central coordinating and advocacy role played by case managers is the key to working with service providers and other supports to provide the necessary referrals and access on behalf of families and individual members.

» The use of best practice case management principles such as a ‘life-first’ rather than ‘work-first’ approach to overcoming personal issues experienced as barriers to employment prior to and whilst moving along the employment participation continuum (and other domains of life, e.g. community participation with volunteering or joining social groups)

» A strengths-based focus working with the whole family while looking for opportunities to complement and support existing strengths and capacities of individuals thus enhancing the family’s ability to solve problems for themselves

» Motivational interviewing which relies upon identifying and mobilising the client’s intrinsic values and goals to stimulate behaviour

» The assertive case management includes Case Managers and Support workers going to where the families are: e.g. home or local shopping centre, rather than waiting for clients to attend a program or service, and in this way connecting and developing the relationship more proactively.

» Ensuring a comparatively low caseload ratio for each case manager in order to provide a high-intensity service to participants within the family, many of whom have high needs.
Case managers and support workers together provide up to three hours support per family per week.

BFO differs from other support services and programs in that it does not attempt to create a new service or funding outlet, but instead works to help increase access to support services which already exist. BFO has the capacity to buy in (broker) specialised services where services do not exist and gaps remain.

The BFO case management model has demonstrated its capacity and potential to significantly improve the client’s experience of case management especially where multiple and complex cross-agency input is required.

Where State and Federal involvement is required by clients who are experiencing multiple and complex personal barriers to social and economic participation, a single case management approach is shown to yield the most positive results.

In-turn there are opportunities for systemic improvements and efficiencies as BFO connects the systems and business of a range of State and Australian government agencies, and helps their services work better for clients.

**Support Workers**

Provide practical assistance to help participants to act on agreed strategies to achieve agreed goals: e.g. accompany clients to appointments, provide informal mentoring and personal encouragement, feedback progress or issues of concern to case managers.

**Business Liaison Officer**

Fosters and maintains labour market relationships

- Employment service providers
- Employers
- RTOs
- Business and service networks
- Individualised marketing of BFO participants to employers
- Post placement support

**BFO family eligibility:**

- Reside in a contracted BFO program Local Government Areas
- Include dependent young people aged 24 years or less living in the household
- Have principal wage earner who has been jobless for a period of 12 months or greater
- Have been eligible for full income support in the previous 12 months

**BFO Regions of service**

- **Port Adelaide / Enfield:** Western and inner Northern Adelaide, 2010-2013
- **City of Playford:** Northern Metro Adelaide around Elizabeth, 2010 to present
- **Northern Country SA:** Pt Augusta, Pt Pirie, Whyalla 2010-present; Peterborough 2014 to present
- **Southern Adelaide:** Cities of Onkaparinga, Marion and Mitcham, Holdfast Bay - 2014 to present
The following tables provide the SIEFA ranking of disadvantage context.

### SIEFA (2011) rankings in SA

**GREATER ADELAIDE: Statistical Local Areas**

**Most disadvantaged**

<table>
<thead>
<tr>
<th>Rank in Adelaide</th>
<th>Statistical Local Area (SLA)</th>
<th>Usual Resident Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Playford - Elizabeth</td>
<td>24,495</td>
</tr>
<tr>
<td>2</td>
<td>Playford - West Central</td>
<td>13,000</td>
</tr>
<tr>
<td>3</td>
<td>Port Adel. Enfield - Park</td>
<td>14,687</td>
</tr>
<tr>
<td>4</td>
<td>Onkaparinga - North Coast</td>
<td>17,215</td>
</tr>
<tr>
<td>5</td>
<td>Salisbury - Inner North</td>
<td>24,121</td>
</tr>
<tr>
<td>6</td>
<td>Port Adel. Enfield - Port</td>
<td>10,355</td>
</tr>
<tr>
<td>7</td>
<td>Salisbury - Central</td>
<td>26,857</td>
</tr>
<tr>
<td>8</td>
<td>Port Adel. Enfield - Inner</td>
<td>19,319</td>
</tr>
<tr>
<td>9</td>
<td>Onkaparinga - Hackham</td>
<td>13,731</td>
</tr>
<tr>
<td>10</td>
<td>Onkaparinga - Morphett</td>
<td>23,049</td>
</tr>
</tbody>
</table>

**SOUTH AUSTRALIA: Local Government Areas**

**Most disadvantaged**

<table>
<thead>
<tr>
<th>Rank in SA</th>
<th>Local Government Area (LGA)</th>
<th>Usual Resident Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Anangu Pitjantjatjara</td>
<td>2,232</td>
</tr>
<tr>
<td>2</td>
<td>Peterborough</td>
<td>1,902</td>
</tr>
<tr>
<td>3</td>
<td>Playford</td>
<td>70,010</td>
</tr>
<tr>
<td>4</td>
<td>Port Pirie City &amp; Districts</td>
<td>17,142</td>
</tr>
<tr>
<td>5</td>
<td>Murray Bridge</td>
<td>17,679</td>
</tr>
<tr>
<td>6</td>
<td>Coober Pedy</td>
<td>1,913</td>
</tr>
<tr>
<td>7</td>
<td>Whyalla</td>
<td>21,416</td>
</tr>
<tr>
<td>8</td>
<td>Copper Coast</td>
<td>11,445</td>
</tr>
<tr>
<td>9</td>
<td>Mid Murray</td>
<td>8,037</td>
</tr>
<tr>
<td>10</td>
<td>Port Augusta</td>
<td>13,876</td>
</tr>
</tbody>
</table>
What has been achieved by BFO since 2010?

992 families were referred

» 706 lone parent families (71%)
» 286 Couple parent families (29%)
» 288 Aboriginal families (29%)

938 families (94%) engaged with the program

» Average jobseeker age: 38 years
» Average duration of unemployment: 7 years
» 580* employment commencements
» 990* Training / education commencements
  * including multiple commencements for the same participant

What has been learned?

» The ‘whole of family’ case management approach, using a strengths-based, life first approach in working with family members, works.

» The golden thread of ‘employment aspiration’ forms the spine around which all other activity is wrapped and reinforced.

» Some families require more than 18 months support to overcome multiple and complex disadvantages.

» At a time when financial resources are scarce, working smarter with State, Federal and Community funds is important.

» ‘Voluntary’ participation is a VERY powerful motivator.

» There is a case for 2 types of ‘complementary’ BFO.

BFO 1

» A labour market program such as the current BFO model
» Has ‘employment’ as well as ‘education and training’ participation as outcome goals
» Funded though Labour market portfolio funds at State and where possible, Federal levels
» Assistance generally up to 12 months

BFO 2

» A social impact program that is focused on improved family and individual functioning
» Long term engagement – up to 2 years
» Funded jointly by State agency portfolios with a vested interest in very significant cost savings over time: e.g. education, child protection, disability, health, police, justice, prisons
» Has a view to building family capacity and a solid pathway to utilise BFO 1 along with other employment services
Collective Impact approaches in communities are beneficial

» Services available in communities are often ‘siloeed’ in delivering their particular social brief
» Sometimes this is driven by cost constraints
» Sometimes it is driven by competition between agencies for various financial and other resources
» Project impact funding could drive KPIs that require more collaborative KPI achievements

Note: Promise neighbourhoods:

Dr Michael McAfee provides great insight to effective work with communities suffering major, ongoing disadvantage and deprivation.

Ref: http://www.policylink.org/about/staff/michael-mcafee

Some principal ideas of his that have impacted and stimulated me in this area of work with residents of some of the most disadvantaged SIEFA index ranked communities

» FORM A PATHWAY FROM THE MOST STRESSED ENVIRONMENTS TO SUCCESS
» AIM FOR WHOLE OF POPULATION CHANGE
» BE AS AUDACIOUS AND AS BIG AS THE TASK TO SOLVE
» ADAPTIVE WORK BY ITS NATURE EVOLVES ALONG THE WAY
» BE TRANSFORMATIVE IN WHAT YOU DO...EVEN IF YOU DON’T CONTROL ANYTHING

The BFO program has provided opportunity to engage with all of these elements in practice

Geoff Revill, November 2015
Regional Australia and its industries face textbook structural adjustment pressures, the effect of which are complex and impact the entire supply chain. Market and environmental pressures are accelerating the need for new business strategies and models. At the same time, the skills, training and employer culture to make this possible are seriously deficient. If it is not managed collaboratively and holistically, with urgency and with a clear vision it is likely to severely impede the sector’s potential and impede achievement of the Government policy objectives.

SOLUTION

An innovative, scalable, cost-effective collaborative system with a proven ability to deliver sustained improvements in attraction, training and retention of the skilled people needed in regional communities. The system achieves the step-change required through an intense localisation, quick delivering the skills sets needed most by enterprises, creating a more mobile skilled regional workforce and developing the ability to become an ‘employers of choice’.

ACRES recognises that each region has a unique mix of attributes - economic, social, cultural, natural and historic - all of which are important in determining a region’s potential for growth and competitiveness. ACRES is therefore designed to be highly adaptable to each region. Local community and businesses become the owners and drivers of the region’s sustainable workforce solutions with a realisable set of objectives:

- The region will be able to attract and retain skilled workers
- Business owners and managers will develop their business & leadership capability
- Greater productivity and utilisation of skills will be realised
- And career opportunities will emerge, reducing outward migration of the region’s greatest asset: young people.

OUTCOMES

- Whole-of-region, cross industry and community driven approach; backed by contemporary international and local research
- Encompasses agrifood, resources, transport, services, health and education industries in each region; contributes to growth of sustainable regional towns and communities

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1 Michael Claessens was the national manager for the AgriFood National Regional Initiatives project over 2012-2014. This project, funded by the Department of Industry at the time, used the ACRES model nationally for the first time across a range of different regions.
• Harnesses the support of existing networks; reducing start up time and engagement issues with quicker results

• Provides a structure to build regional capability and capacity; meaningful KPIs, measureable results and real solutions

• Robust, skilled and mobile labour pool; core seasonal workforce; cross-industry trained; transferrable/adaptable skills

• Cost effective means for government investment; raise productive capacity and support structural adjustment

• Provides a platform for addressing other impediments to attracting and retaining workers and families in regional Australia, e.g. the availability of adequate childcare services

• Much enhanced engagement with the training system – including increased numbers of trainees and new higher quality proposals for government skills funding programs.

AWARDS

Winner – Industry Collaboration South Australian Training Awards 2014

Finalist – National Training Awards 2014

Regional Development Australia Northern Inland Innovation Awards in 2011 and 2010

Finalist in the Industry Collaboration Award for the 2012 NSW Training Awards.

BACKGROUND

Agrifood Skills Australia (‘AgriFood’) has developed the AgriFood Collaborative Regional Enterprise Skilling (ACRES). This system represents a break-through approach to solving a previously intractable problem for Australia: how to attract, train and retain the skilled people needed in regional communities to meet the needs of the food and agricultural industries.

The current picture in agrifood industries is one of textbook structural adjustment, the effect of which is complex and will impact along the entire supply chain. Market and environmental pressures are accelerating the need for new business strategies and models. At the same time, the skills, training and employer culture to make this possible are deficient. This is being felt most acutely in regional communities. If it is not managed collaboratively and holistically, with urgency and with a clear vision it is likely to severely impede the sector’s potential and impede achievement of the Government policy objectives.

Indeed skill requirements and training will increasingly determine ongoing business and community viability in the regions. It is demanding new skills and deep knowledge of our people and enterprises, and an unprecedented level of industry and community leadership and collaboration.

ACRES recognises the importance of understanding the complexities of regional labour markets and businesses, and empowering cross-industry, community and local government leaders to work together to implement local solutions to skills and workforce shortfalls. It is about getting results
for industry, not just establishing the process, using a pragmatic approach through funding skills sets based on what industry needs most immediately, as well as full qualifications where required.

The system also assists agrifood businesses make the transition to becoming “employers of choice” where skilled leaders and managers create contemporary and rewarding jobs and workplaces which are attractive for the talented people that are needed in the industry. Research suggests these are also the most innovative and resilient enterprises. However, this is far from being the norm in the industry. Our experience shows that the solution lies in the delivery of leadership and business skills to secure lasting cultural change in agrifood enterprises.

The ACRRS enables regional industries, enterprises and communities to work together with research bodies, schools, government and training providers to share intelligence, develop grass-roots strategies and data to operate a resilient regional skilling system which can ensure sufficient skills and labour are available into the future. It is based on a successful model, already developed, piloted and validated by AgriFood Skills Australia in Northern New South Wales and four other locations through the AgriFood National Regional Initiatives (ANRI) project in Western Downs (Qld); the Loddon-Malee (Vic), the Eyre Peninsula (SA) and the Warren-Blackwood (WA).

Four common objectives have emerged from these regions which are increasingly driving the local skills and workforce development agenda:

1. **Professional development for business owners** and managers especially in the areas of contemporary HR practice, skills utilisation, job design and recruitment.

2. **Retention of the existing workforce** through skills recognition, up-skilling and cross-industry skills sets that address common labour needs across the region.

3. **Career opportunities for the region’s young people** – developing a retention strategy for school students and expand work experience places for young people in general.

4. **Skills and labour demand** - identify peak labour demands and skill needs across different industry sectors in order to improve skills development and utilisation within enterprises, industry and across the region.

An independent assessment by ACIL-Tasman of available evidence for the various elements of the approach suggests that such a model has the potential to deliver improvements in the productivity of the local labour force (by as much as 3.2 per cent per year) and a reduction in net migration of workers from the target labour market (by as much as 33 per cent).

The system is broad enough to address the skill needs of large and small enterprises, including new corporate agricultural and resource sector models. The model has attracted a lot of attention nationally, with an increasing number of States and regional groups seeking support to establish similar initiatives. Indeed AgriFood is providing preliminary support for many such initiatives in various regions and supply-chains.
To establish itself and be successful ACRES, first secures the appointment of a well-respected business person from the region to serve as the ACRES Regional Manager. Secondly it conducts a regional jobs summit with all industries present, leading to establishment of a *Regional Steering Group* with key industry, government and community representatives participating. These groups have proven to be particularly resilient and in the case of NSW have continued on well beyond the initial project funding period.

The Regional Manager and Regional Steering Group then assume responsibility for an interdependent six-part strategy, adapted to the specific needs of the particular region. The key components are:

1. **Research** – skills and labour demand timeline created with regional workforce and skills need profiles; peak labour demands mapped and structural adjustment challenges identified.

2. **Skills Needs Analysis** - done on both a region and sector-wide basis along with ongoing enterprises specific analysis with an established AgriFood survey tool

3. **Skills Recognition** – providing managers, employees and job seekers with effective approach to up-skilling while recognising existing skills; an effective tool in a workforce retention strategy; also identifies skill gaps and incorporates provision for up-skilling, gap training and achieving qualifications. General business skills are a major proportion of this activity.

4. **Employer capability** – innovative ‘employer of choice’ survey tool used to help diagnosis enterprise culture, systems and skills needs leading to better employee engagement, retention and adoption of best practice business management. Further support and advice made available to secure sustainable workforce development results
5. **Cross-industry Skilling** – delivery of transferrable skills sets required by multiple industries within the region, can provide a mobile workforce deployment strategy including local mentors. Very strong results realised between agriculture and other large industries such as fishing, mining and tourism.

6. **Innovative Engagement** - a sixth and rapidly expanding element which has emerged more recently. This allows for awareness raising, more advanced workforce development approaches and diagnosis, export skills, higher education/research organisation engagement, supply chain skilling and networking. Other local social/community interventions which are identified as key impediments to achieving ACRES objectives can also be addressed – such as childcare solutions and suicide prevention.

These components are complimented with work in the local schools and illuminating career pathways such as through the AgriFood Career Access Pathways programs developed by AgriFood in the Northern NSW region.

**Evaluation of the model**

A major independent evaluation of our regional networks was completed by ACIL-Allens in May 2014. It notes that there are multiple concurrent market failures that have led to underinvestment in skills and workforce development in the agrifood sectors. The Report finds that despite the relatively short time that has elapsed there is strong feedback that the approach is well placed to meet local agricultural skills needs compared to similar programs. It enjoys significant support amongst all stakeholders who identify a new impetus for training and workforce development:

- Around 75 per cent agreed or strongly agreed that the relevant ANRI program was valuable and suited to local conditions.
- More than 40 per cent of survey respondents reporting an improvement in their understanding of the local job market.
- More than 60 per cent agreed or strongly agreed that ANRI had increased collaboration between stakeholder groups.
- Already more than 35 per cent of participants agree of strongly agree that the productivity of their business has improved as a result of ANRI.

The Evaluation goes on to find that this approach is not just able to develop networks, but can also shape the norms and values of those networks, or existing networks, through its programs. Important norms and values of networks include trust, reciprocity, cooperation, and acceptance of diversity.

The system is broad enough to address the skill needs of large and small enterprises, including new corporate agricultural models. The model has attracted a lot of attention nationally, with an increasing number of States and regional groups seeking support to establish similar initiatives. Indeed AgriFood is providing preliminary support for many such initiatives in various regions and supply-chains. National funding support and coordination is warranted.
Michael Claessens 22 October 2015

Agrifood Skills Australia

Bio provided separately.
The impact of a relationship based practice on employment outcomes and the individual and structural inhibitors to relationship based models of practice

- Website: www.e-focus.org.au
- Twitter: @employfocus
- Email: george@e-focus.org.au
Session overview

• Background and overview – Relational Case Management
• Current literature and the front-line worker / consultant
• Context – JobActive – DES – Transition to Work
• Data – time in sector and qualifications
• Engagement styles of frontline workers
• Individual and structural inhibitors to relationship based models of practice
• Practice implications for frontline workers - can relational models be implemented in contracted employment services - alternatives
• Conclusions and question / comment time (Evaluation – feedback)
Acknowledgements

• Victoria University Melbourne and Jobs Australia.
• Management staff and job seekers of the many community organisations who participated in focus groups surveys and provided performance data.
The impact of relationship based practice on employment outcomes.  Dr George Giuliani
Coming to grips with Unemployment

Giuliani 1979
Relevance

• The centrality of the worker client relationship
• Local labour market conditions and individual circumstances are important factors
• The capacity of the worker to effect change in the employment readiness of the job seeker.
• Historically - employment assistance programs borrowed from the case management and operated in a relational model with an emphasis on engagement, holistic support and advice (DEET, 1990; Ball 1996; Ball & Lam 2008; Eardley & Thompson 1997).
Employment Services Sector - Context

- Continuing quest for outcomes - Paradox
- Negative implications for those most disadvantaged
- Employment services - predominantly female (77%) low paid
- Claim to be Value Driven, Committed and Motivated but not the experience of job seekers (Murphy et al. 2011; Murray & Quinlan 2006; Thomas 2007; Ziguras 2004).
- History based on case management – now dissipating
- Loss of discretion at the front line replaced by technology and scripted processes (Lipsky, 1980 street level bureaucrats)
Frontline worker qualification levels

The impact of relationship based practice on employment outcomes. Dr George Giuliani
Major themes

- Low qualification levels compared with the community sector in general. Gabrielle (2006)
- DEA data indicates that 34.9% of DES workers have Certificate IV or lower qualifications compared with 62% in JSA
- Concern re 20% of Stream 4 workers with only high school qualifications
- Result = exodus from the sector – future risk for JobActive and DES
Duration in the sector

Number of Years in Sector - Comparison with Considine (2008)

- 24% less than one year (820 sample: 17%, Considine 2008: 21%)
- 42% 1-5 years (820 sample: 35%, Considine 2008: 40%)
- 35% more than 5 years (820 sample: 31%, Considine 2008: 33%)

The impact of relationship based practice on employment outcomes. Dr George Giuliani
### Attitude to job seekers

<table>
<thead>
<tr>
<th>Question</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
<th>Responses</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>I work flexibly with job seekers to help them in whatever way I can</td>
<td>250</td>
<td>319</td>
<td>57</td>
<td>7</td>
<td>3</td>
<td>636</td>
<td>1.73</td>
</tr>
<tr>
<td>I use participation reports to ensure compliance</td>
<td>164</td>
<td>270</td>
<td>141</td>
<td>49</td>
<td>12</td>
<td>636</td>
<td>2.17</td>
</tr>
</tbody>
</table>

The impact of relationship based practice on employment outcomes. Dr George Giuliani
Paradox!

• 93% positive attitude to Job seeker and relationship

• 89% claim to work flexibly but 68% use PR process to ‘engage’.

• Conclusion – workers unable to deliver consistent with their values and,

• Reliance of department policy and systems instead of relational engagement
Models and frameworks

• Most cited model – Department guidelines
• Policies – contract and agency (little discretion)
• Most requested change – more time – less admin
• 57% work extra hours – trying to improve outcomes for job seekers
The role of the Working Alliance

- The concept developed by Bordin (1979) who contends that the ‘working alliance between the person who seeks change and the one who offers to be a change agent is one of the keys, if not the key, to the change process’ (Bordin 1979, p. 252).

- The ‘Working Alliance’ includes the establishment of a positive ‘Bond’ (or attachment) an agreement on ‘Task’ (who will do what) and agreement and mutual participation in the identification of the ‘Goal’ (the proposed end result).

- The correlation of these three factors with positive outcomes is consistent in nearly all the psychotherapeutic literature.
Literature review

- Randomised control trial (RCT) (n = 312) Catty et al, (2008), significant correlation between vocational workers’ ratings of the working alliance (WA) and employment outcomes for people with severe mental illness.

- Research re WA in employment services and career counselling is well supported by Masdonati, Massoudi and Rossier (2009)

- Australian context - Deane, Crowe and Oades (2010) review with a mental health focus link evident.

- The overwhelming conclusions - stronger the alliance (Goal, Task and Bond), the more likelihood of a positive employment outcome.
### Qualitative themes – high – low relationship scoring ECs

<table>
<thead>
<tr>
<th>Score of 80 and above</th>
<th>Score of 70 and below</th>
</tr>
</thead>
<tbody>
<tr>
<td>To promote <strong>personal identity, worth</strong> and find the value in the job seeker, to increase their confidence in achieving.</td>
<td>We are here to <strong>assist</strong> them in employment opportunities through <strong>training and work experience</strong> where necessary.</td>
</tr>
<tr>
<td>My personal philosophy is to uplift, <strong>encourage and inspire</strong> people from all walks of life to become and achieve the best for themselves</td>
<td>Follow the <strong>compliance rules</strong> and be fair.</td>
</tr>
<tr>
<td>I think we need to treat the “<strong>whole person</strong>” rather than telling them to come back when they are ready to work.</td>
<td>Every job seeker is <strong>capable</strong> of gaining employment – it’s a matter of <strong>finding the employment</strong> for the job seeker</td>
</tr>
<tr>
<td>Dealing with jobseekers with <strong>dignity and respect</strong>.</td>
<td>Encourage and create a goal plan with job seekers and work closely together to achieve this goal.</td>
</tr>
</tbody>
</table>

The impact of relationship based practice on employment outcomes.  Dr George Giuliani
Case example

• I give a realistic picture of how things work within job services and in the workplace and labour market. I listen to what people are saying, and attempt to work with job seekers. In the instances where job seekers are not engaging I talk [to them] about what punitive measures I can use, and that I don't like being put in a position where I have to use them. (EC 340).
Higher scoring consultants focus on dignity, respect, empowerment, caring, honour, integrity, learning and communication, whereas the focus in low scoring responses is on training, work, goal plan compliance, pushing those that need pushing, outcomes, locating training and meeting contractual obligations.
Role of worker alliance 2015 research (quantitative)

• The correlation between the worker relationship scores and the Avgltu was assessed using the Pearson product moment correlation coefficient. The results indicate a weak but significant correlation between the two variables, \( r = .20, n = 108, p = < .037 \) (Giuliani 2015).

• The findings - work first approach for job seekers with significant disadvantage fails to account for their personal support needs. A relational case management approach can improve outcomes for this group, a finding consistent with other literature on this issue (Bennett, J & Cooke 2007; Catty, Jocelyn et al. 2011; Green & Hasluck 2009; Kukla & Bond 2009).
Inhibitors to good practice

‘The DEEWR contract disempowers everybody - it all comes down to money and less care for workers and job seekers, the administration takes over the ability to service clients as if you work hard with clients the more work there's is to do and double on paper work. It is a stress induced environment. This stops clients from getting the best from workers. Stops workers from being innovative because of high caseloads and financial pressure for outcomes. Without outcomes there are no workers because there is no money. Makes it very difficult and creates inappropriate pressure’ (EC373).

The price of Altruism – high case loads and low pay
Implications of the new agenda

• The increasing stronghold of neo-liberal ideology in recent policy positions of the current Coalition Government as they tighten job search requirements for people who need the most help (DSP and VLTU)
• Role of JobActive now akin to the old CES – monitor high volume – under resourced
• This gives little hope for those proposing a more humane and empathetic approach to disadvantaged job seekers.
Implications for practice

• Engagement of job seekers as ‘co-producers’
• The engagement process is directly influenced by the motivation of the consultant (and job seeker),
• Align service models with Working Alliance framework: agreement about the **Goal**, shared decision making as to the various **Tasks** and ‘who will do what’ and initial and continuing attention to the relationship – **Bond**.
• Clear and imminent risk that in the push for increased participation of under 35 year olds with disability and activation policies, that DES is the neo-liberals next frontier.
• Organisations need to seek alternative ways to assist people who are longer term unemployed – back to the future – community development and engaging local communities as party to the response (see Nicholson 2014)
Question time

Research contact details

George@giuliani.com.au
The impact of relationship based practice on employment outcomes. Dr George Giuliani

References

• Deane, FP, Crowe, TP & Oades, LG 2010, 'Therapeutic alliance in vocational rehabilitation', Vocational Rehabilitation and Mental Health, pp. 95-113.
• Giuliani, G 1979, Heidelberg youth participation project : report, Youth Council of Victoria, Melbourne.
• Murray, P & Quinlan, F 2006, 'A job network for job seekers: A report on the appropriateness of current services, provider incentives and government administration of Job Network with respect to assisting disadvantaged job seekers', Canberra: Catholic Social Services Australia.
• Nevile, A & Lohmann, R 2011, "'It is like they just don’t trust us": Balancing trust and control in the provision of disability employment services".
Massaging the Message

Long Term Unemployment Conference
http://longtermunemployment.org.au
Pullman Melbourne on the Park,
192 Wellington Parade, Melbourne, Victoria, Australia 3102
9th November 2015
4:02pm – 4:32pm

Sue Ellson BBus AIMM MAHRI CDAA ASA
http://au.linkedin.com/in/sueellson
http://sueellson.com
sueellson @ sueellson.com
• 1982 started work at Westpac in Adelaide
• 1987 started digital literacy and training, later recruitment
• 1994 moved to Melbourne from Adelaide
• 1994 started consulting – careers, business, marketing, training
• 2001 first website online Newcomers Network
• 2001 Member of the Australian Institute of Management
• 2003 joined LinkedIn now 7,602+ Connections, 725 profile views last 90 days
• 2005 Member of the Australian Human Resources Institute
• 2010 became an Independent LinkedIn Consultant
• 2011 started Global Mobility Network
• 2012 started Camberwell Network
• 2014 elected Victorian Councillor Australian Human Resources Institute
• 2014 became a Mentor for Camberwell Entrepreneurs Network
• 2014 tutor at the Centre for Adult Education and senior consultant NetExpat
• 2015 Associate Member of CDAA and Member of ASA

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Today

• why massage the message?
• how to prepare for massaging the message
• clarifying the message
• what to massage in the message
• ways to massage the message
• questions and Goodie Bag with links to more!

What does your online profile look like?
You need to set a good example
up to 90% of jobs are not advertised (95% in USA, previously 70%)

main ways to secure work for people with a disadvantage –
Referrals, Networking, Voluntary Work

not what you know or who you know but who refers you

95% of decision makers (and people at parties) will Google or Facebook search candidates before hiring – LinkedIn on first page of search results

your network is your net worth – so it needs to be built and maintained

employability is based on the value of your network – not security of your job as so many jobs are changing
• recruitment processes have changed – reduction in recruitment agents
• pull strategy rather than a push strategy – ideal for introverts
• rate of change of technology – keep up to date or be left behind
• importance of keywords – in house and online
• Digital Footprint (what is in Google), showcase your Digital Literacy, create a Digital Asset
• brand YOU – manage your own profile, career and business
• no privacy – past history, need to have a digital footprint
• other friends or colleagues don’t use it – that is their choice
• don’t know how to use it – align it with one or more purposes
• too much time – do a cost benefit analysis
• too costly – I use free accounts
• can’t write – dot point keywords
• scared of computers – need to show digital competency
• need help – ask a friend or expert

You may need to show examples, explain how other’s overcame their concerns, prepare the content based on their story, explain the ‘Australian Way’ versus the ‘American Way,’ but -

NEVER, NEVER, NEVER, NEVER, NEVER EVER EVER EVER EVER LIE!!!!!!!!!!!!!!!!!!!
• rebuild their self worth (the process of preparing a profile can help)
• find a job – a starting job or a stepping stone job (be realistic)
• create and develop a business idea (part time option)
• build a personal or business brand (can switch fields)
• develop a network
• maintain relationships
• source leads
• do research
• create a reputable digital footprint
• share knowledge

• be clear on purpose
  http://www.linkedin.com/pulse/how-choose-your-next-job-career-sue-ellson
Primary Keywords
Essential Keywords you must use to describe your value (Administration, Data Entry)

Secondary Keywords
Descriptive Keywords that match the Primary Keywords
(Office, KPM, WPM, Processing)
Related Keywords that are associated with Primary Keywords
(Accuracy, Efficiency, Error Rate)
New Keywords that replace the old keywords
(Virtual, Online, Remote)
Old Keywords that may still be in use
(Secretary, Batching, Ergonomic)
Positioning Keywords that help the reader say ‘hell yes’ or ‘hell no’
(Friendly, Reliable, Efficient, Process Minded)
Culturally Appropriate Keywords that may be needed in a particular location
(Melbourne, Hourly Rates, Test Results)

Find keywords
http://myfuture.edu.au

Always consider the target audience and what they will search for to find the candidate

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What to Massage in the Message

Computer Experience

- Keywords
- Related, Relevant, Recent Keywords
- Frequency of Keywords
- Content, Activity, Signals

User Experience

- Visual - photo or profile backgrounds
- Story - consistent and easy to read
- Bling - but don’t be a try hard
- Contact details and calls to action - included
- Offensive material – REMOVED
- Positioning – leads to a hell yes or hell no
- Demonstration - past behaviour predicts future behaviour – explain in DETAIL
- Gaps – need to be explained positively

Strategy and Tactics

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Ways to Massage the Message

• include voluntary work in experience (don’t mention it is voluntary, particularly useful if the voluntary work is related to purpose)

• connect and group dates (from Jan 2010 – present, Various, Details)

• alternative descriptions (sabbatical, research, studying, travelling etc)

• full disclosure (Holding Company Name for prison, Kitchenhand, Administration etc)

• comprehensive details of courses or study in ‘Education’ (even day sessions)

• consistent look and feel across all platforms (same message, primary keywords etc)

• absolute accuracy and consistent formatting (professional, include contact details)

• It is NOT ABOUT A LABEL – be a ‘GURU’ and describe VALUE
https://www.personalgrowth.com/over-50-looking-for-work/

• For specific tips for the major social media platforms, view
Get some value from this session

- take action today
- look at other profiles for ideas (search for a similar candidate)
- encourage edits with a friend
- set a deadline for updating your own profile
- find an accountability partner to keep you accountable
- find a mentor to review the modified profile
- be courageous – describe in dot points the truth and massage the message where necessary but never never never ever ever ever ever lie – pull marketing strategy
SMS 0402 243 271 or email sueellson @ sueellson.com with LTUC, your first name, email address and any feedback or questions from this session and you will receive

1. Free electronic copy of these slides and link to audio recording

2. Free copy of LinkedIn Profile Guide (value $5.95)

3. Invitation to connect on LinkedIn [http://au.linkedin.com/in/sueellson](http://au.linkedin.com/in/sueellson)

4. Free notification when *120 Ways to Achieve Your Purpose via LinkedIn* book is released

5. Reminder to visit [http://sueellson.com/publications](http://sueellson.com/publications) and [http://sueellson.com/presentations](http://sueellson.com/presentations)

**REMEMBER – BE ACCOUNTABLE – take action today! Ask me questions during the breaks!**

Reviews also welcome at [https://plus.google.com/+Sueellson2/?review=1](https://plus.google.com/+Sueellson2/?review=1)

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