



SYC's response to the Parliament of Australia's *Inquiry into Intergenerational Welfare Dependence*

Terms of Reference:

To inquire into and report on matters relating to welfare dependence of families and outcomes for children, and in conducting the inquiry, the committee:

- a. examine the reasons for welfare dependence, with particular focus on why some families require welfare assistance for short periods only and why others become 'trapped' in the system;
- b. consider:
 - i. the factors preventing parents from gaining employment;
 - ii. the impact of intergenerational unemployment on children;
 - iii. the important role of parents as 'first teachers';
 - iv. a multi-generational approach which assists parents and their children together;
 - v. the impact, if any, of welfare in creating disadvantage; and
 - vi. the impact of economic development in different locations and geography;
- c. recommend options for:
 - i. breaking cycles of disadvantage;
 - ii. measuring the effectiveness of evidence-based interventions;
 - iii. the improvement of the financial capacity and security of families; and
 - iv. better coordinating services between tiers of government to support families; and
- d. consider any other related matter.

SYC is pleased to have the opportunity to make a submission to this inquiry.

About SYC

SYC is a transition organisation. Every year we support more than 61,000 Australians on pathways towards independence and prosperous lives, often moving from a place of long-term welfare dependence.

SYC's heritage is in supporting young people who are experiencing homelessness and disconnection from their community to find safe and stable housing, reconnection with community and ultimately independence with employment. Although we now work with people of all ages, core to our purpose and our expertise, is in working and supporting young people to have opportunities to reach their full potential. It is for this reason that we make a submission to the *Inquiry into Intergenerational Welfare Dependence*.

Established in 1958, SYC is a leading not-for-profit provider of integrated human services that helps Australians across four important portfolio areas: Home, Wellbeing, Learning and Working. Our service portfolio is now broader than ever and covers employment services, flexible and alternative learning, vocational education, justice services, homelessness services, affordable housing, out-of-home care, disability services and mental health support. People accessing our services are highly diverse, leading to a continued expansion in the range and depth of services. These services also reflect the changing shape of human services delivery and the multiple funders represented by service contracts with federal and state governments, local government partnerships, projects funded by philanthropists,

charitable investments by SYC and our corporate partners as well as innovation projects funded by SYC to produce the next wave of improved client outcomes.

The economic case that supports our work

To assess the impact of our work we have determined an economic value for outcomes achieved by people accessing our services. To do this we have utilised datasets produced by the Australian Government as well as academics, which place a value on the cost or benefit of a range of services and their related outcomes. Utilising this available data it is evident that SYC generates substantial economic impact value to Australia, estimated at \$386.9 million in FY16-17 through client outcomes. This equates to a return of \$8.48 in current and future economic value for every \$1 of government funding provided to SYC programs.

This economic case is important. It is important because it assists funders to develop a business case for investing in services, particularly early intervention. It also creates a better enabling environment for organisations such as SYC to test different and new ways of working, including people using our services in the design, testing and piloting.

With intergenerational welfare dependence stubbornly entrenched, building the economic case is a crucial element of any solutions that are to be considered in response.

Flexibility in service response

As referenced earlier, SYC services are funded in multiple different ways. However the vast majority are facilitated via performance based contracts with state and federal governments. This way of working is unlikely to change, however the siloed nature of governments (ie. separate departments for different services and three tiers of government) does impede the extent to which organisations including SYC are able to work flexibly and adapt service provision to the needs of the individual.

Many of the people who access our services have multiple and complex barriers. They may not have a safe place to sleep, they may not be working, they may be experiencing mental health issues, they may be interacting with the justice system and they may be in need of skill development. In our experience, it is unlikely that just one of these elements will be present in a person's life.

Whilst we can argue which of these factors is cause and which is effect, the simple truth remains that forever whilst services are siloed (for example, an employment program, a training program or a homelessness service), the ability to take an holistic approach to support a person will be sub-optimal.

At SYC, we seek to support people so that in the future, they have the skills and knowledge base to become advocates for themselves and their family. This may include independent living skills and increased resilience through an understanding of how to deal with negative shocks in their life in the future, thereby decreasing their need to return to welfare support.

In this regard, we consider sustainable work is a major contributor to long-term independence and prosperity. However the changing labour market is disproportionately impacting many cohorts who are overrepresented in long-term welfare dependency. Young people, new migrants and those with low-skills face increasing competition for entry-level and low-skill positions, whilst experienced workers in declining industries face transitioning difficulties.

An integrated, flexible service response is necessary if stability and then independence is to be achieved. Welfare payments do not provide this stability. A family or individual relying on welfare payments is unlikely to enjoy stable housing arrangements. In times of negative shock, a theme expressed and expanded upon by O'Flaherty and Curtis in a US context, such as job loss, relationship loss or increased living expenses, need a well-timed external financial support to cover a rent payment or debt. It is a shared experience in Australia and for those Australians living in instability, are highly likely to end-up in crisis, when a negative shock occurs and there are no or limited external supports.

Having regard to these environmental factors is crucial when considering intergenerational welfare dependence and how to reduce the number of Australians who experience this form of disadvantage in their lives.

The benefits of early intervention

Housing instability and homelessness is a predominant experience of those on long-term welfare support. For SYC, we seek to work with individuals and families prior to a crisis point. If this is not possible, we often work with a young person experiencing homelessness, from this crisis point to become stable and secure in their life. Only then can we begin to work towards independence. SYC's ultimate goal in working with Australians is to support them to secure private rental accommodation and be self-sufficient because they have employment.

Through our experience in working with young people, below the age of 25 years, SYC has developed two service responses targeted specifically at young people no-longer in crisis, although still at risk of homelessness.

HYPA Housing was first developed in 1992 in response to a need for suitable transitional housing for young people exiting homelessness but not yet ready or able to secure private rental accommodation. Today, the *HYPA Housing* model provides a young person at risk of homelessness, up to a 24-month lease paid for with rent set at 30 per cent of their income. The compact whilst living in *HYPA Housing*, other than paying your rent and being a responsible tenant, is that a young person must be engaged in learning, volunteering or working.

There are four *HYPA Housing* complexes in locations in and around metropolitan Adelaide, comprising 39 one- and two-bedroom apartments. A young person living in *HYPA Housing* must, as a requirement of their tenancy, commit to undertaking 15 hours per week of activity (learning, volunteering or working). They also receive additional support to maintain their tenancy. A youth worker from SYC is on site regularly during weekdays and meets with tenants both individually and in group sessions as they grow their independent living skills, confidence and resilience. Towards the end of their tenancy period, each young person is supported to find and secure their next home.

In 2017, there were 64 young people who lived in *HYPA Housing*, one with an accompanying child. All tenants were engaged in education, training and employment. Of those that exited, 73 per cent did so into independent housing, with the other 27 per cent going on to public and other supported housing options.

SYC was supported to build the apartments in part through federal government capital grants. However SYC receives no on-going government funding to support the operation of this model other than a small contribution under the National Rental Affordability Scheme (NRAS). *HYPA Housing* is an example of how a flexible service response can achieve substantial and lasting impact.

Investing in service innovation

Part of SYC's mission is to create better ways to support young people in their transition to independent lives, in which long-term employment plays a crucial role. This includes investing in service innovation such as *HYPA Housing* as well as SYC's *Sticking Together Project*.

The *Sticking Together Project* was inspired by SYC's My First Job initiative, which was in turn created to drive change towards the provision and support of genuine entry level jobs for workplace entrants. Through My First Job, post placement support for young people was identified as a key component of helping them retain employment for the long-term.

The Sticking Together Project addresses this need, supporting young people to develop work readiness skills and capabilities to enable them to 'stick' in work.

The Sticking Together coaching model was developed in collaboration with Queensland University of Technology (QUT) and The Australian Centre for Social Innovation (TACSI), and co-designed with young people themselves.

In 2016 SYC developed the Project and commenced the implementation of a pilot programs in Victoria and South Australia. During 2017 and 2018, the *Sticking Together Project* pilots supported 100 young people experiencing disadvantage, who on average had been unemployed for over two years prior to commencing their coaching support.

The outcomes of the pilot group were assessed against a control group who did not receive coaching. **Appendix A** to this submission highlights the pilot results – most notably that 66 per cent of young people who completed the pilot are now completely of welfare benefits.

After considering the positive results achieved in the pilot program, SYC contracted with the Queensland Government to extend the pilot to that state. The 60-week pilot period in Queensland will conclude in December 2018.

The *Sticking Together Project* utilises an intensive coaching model to build rapport with participating young people and their employer(s) over a 60-week period. The evidence for this sustained coaching timeframe is derived from the NZ Benefit System Performance Report , which identified 14 months as the optimal time to work with vulnerable people to help them move away from the welfare system.

Each Sticking Together Project coach works with no more than 25 participants at any given time.

Multi-faceted support is crucial. In addition to employment-related skills, support is provided by the coach in non-vocational skills development and overcoming other barriers to employment a young person might face, including home, health and relationship challenges. Support is provided when the young person is in work and during periods of unemployment. Support is also provided to employers to help them manage the employment relationship and 'stick with' the young person.

There are multiple factors for why a young person struggles to find attachment to the labour market. Intergenerational unemployment is one factor. If during a young person's childhood they have had limited or no exposure to work, because their parents or influential adults around them have not been employed, they have a limited understanding of what is expected of them.

Australian Government data shows that it is more likely than not, that a person who has grown-up in a parental welfare dependent family, will become welfare dependent themselves. In Australia, by the age of 25 years, 90 per cent of children who experienced childhood in a family of very high parental welfare dependence will have interacted with the welfare system in their own right (Parental Welfare Dependence Data: Valuation Report, 30 June 2017, Department of Social Services).

In many cases, young people accessing our services have experienced disadvantage in their past. Whilst they might not have all have experienced intergenerational welfare, their need for support from an organisation like ours, in these areas, means without SYC's intervention, their path would more likely than not, be life-long welfare dependence.

We also know through our work to develop the *Sticking Together Project*, that if a young person has been unable to secure and maintain some form of employment by the time they are 22 years of age, they are more likely to become Very Long-Term Unemployed (VLTU) and persistently welfare dependent throughout their life (Sissons & Jones, May 2012).

Why partnerships are crucial to addressing intergenerational welfare dependence

The benefits of early intervention are clear. SYC encourages stronger consideration of approaches that identify and alert those young people and families who are more likely to experience crisis as a result of a negative shock in their lives. SYC sees significant merit in the approach of *The Geelong Project*, which is a community response of early intervention, developed by a team led by Swinburne University in 2011. It is one proven example of working with families to divert them from crisis. SYC is proud to be a community partner involved in a pilot of *The Geelong Project* in Mount Gambier, South Australia, which is showing very positive outcomes yet funding expires December 2018, leaving a regional community with a gap in necessary support services.

The Geelong Project model is delivered by community organisations within school, utilising a survey to flag children and their families at high risk of crisis. This flag means families can be diverted into necessary service provision, to work on their barriers to stability.

Conclusion and request to make verbal submission

It is clear that the causes and impacts of intergenerational welfare dependence are complex and difficult to resolve with simple solutions. SYC commends the academic rigour that is being applied by researchers and governments in trying to consider improved policy and program responses. However it is only through practical action that opportunities to realise change can be tested, adapted and evaluated. As this submission shows, SYC has long-term experience in this regard. To this end, we would welcome the opportunity to make a verbal submission to extend and expand upon several points raised in this submission.

We wish the Committee well in its deliberations.

Contacts

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THE ISSUE

Young people supported by Sticking Together face a number of challenges to sustained employment



Human capital factors
(uncompleted secondary education or other qualification, low level of literacy skills)



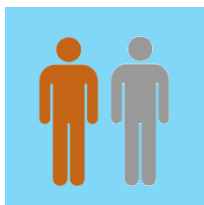
Social capital factors
(parents not working during childhood, little or no previous experience with work)

Structural factors
(no access to transport, homeless or unstable accommodation situation)



Personal factors

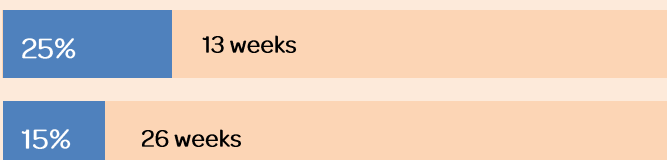
- Psychological conditions (depression, anxiety, severe stress)
- Learning difficulties
- Behavioural issues
- Family or relationship problems
- Caring responsibilities
- Substance abuse
- Criminal history



Over 50% of young people have 2 or more personal barriers impacting their ability to sustain employment

National unemployment levels

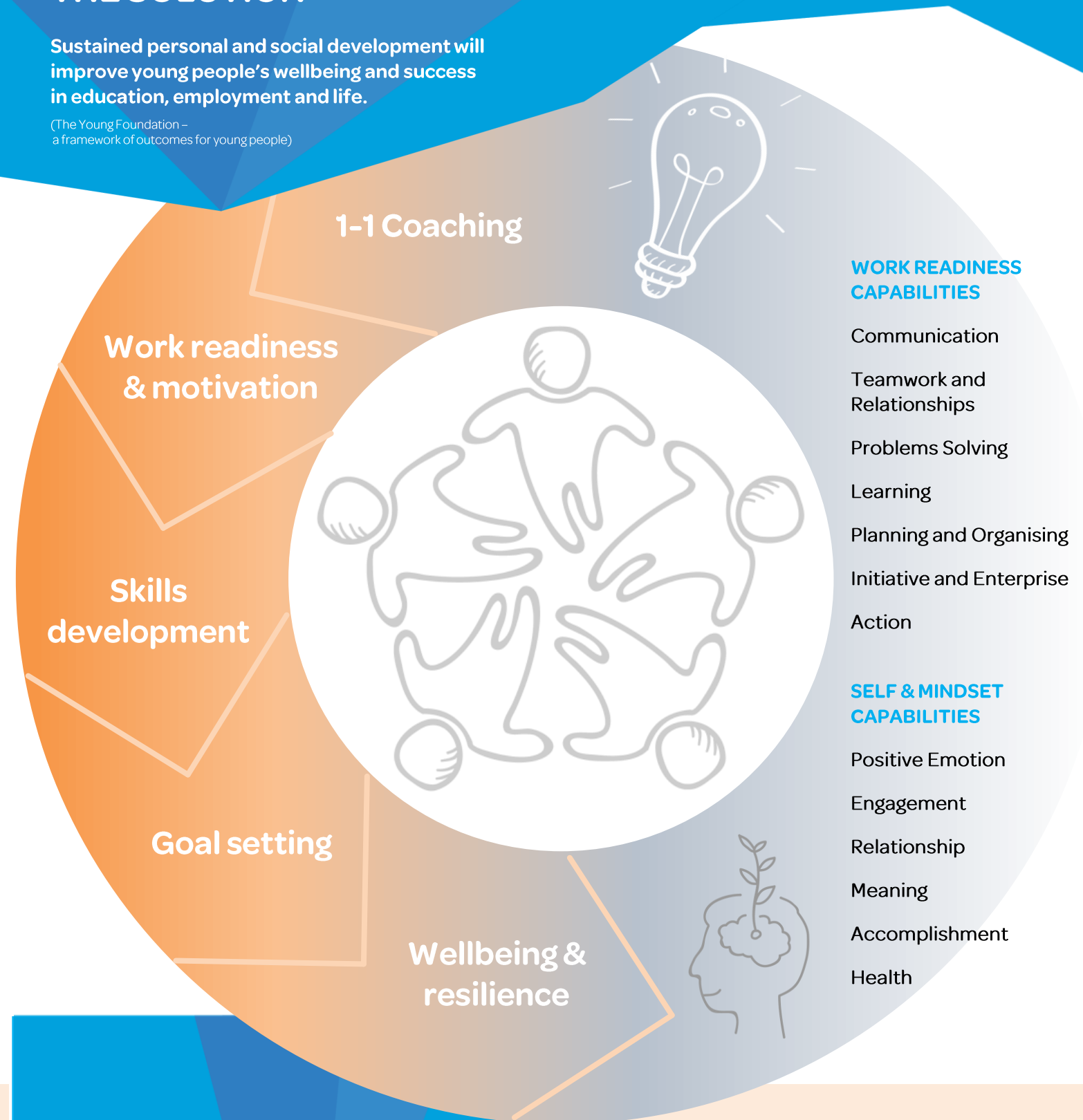
Nationally only 25% of young people placed into a job through the Federal Government's jobactive employment service reach 13 weeks. Only 15% of those young people remain in work at 26 weeks.



THE SOLUTION

Sustained personal and social development will improve young people's wellbeing and success in education, employment and life.

(The Young Foundation – a framework of outcomes for young people)



STICKING
TOGETHER
PROJECT

Sticking Together Mission

Deliver 60 week 'youth-centric' post-placement coaching service for young Australians and their employer/s nationally assisting development of non-vocational skills to 'stick' to sustained employment.

Gain philanthropic and government support, and develop social impact bond structure for sustained delivery.

THE OUTCOMES

Improved employment, skill development and wellbeing outcomes for young people

Improved employment outcomes
(4, 12, 26 & 60 weeks)



60%

capacity spent in work

improvement in skills development

improved wellbeing/ resilience

21
DAYS

timespan between job placements (or periods of unemployment)

Sticking Together Service Model

Pilot a new service and measure results:

60	weeks intensive coaching support
100	young people participating
100+	employers engaged
4	qualified coaches
2	states